RECORDATION NO. 11063 Filed 1425

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INTERSTATE COMMERCE COMMISSION

CRAVATH, SWAINE & MOORE

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9-323A067

NOV 19 1979

Date

Fee $ 50.00

ICC Washington, D. C.

November 19, 1979

Counterparts

Trailer Train Company
Conditional Sale Financing Dated as of October 1, 1979
10-3/8% Conditional Sale Indebtedness due March 15, 1995

[CS&M Ref. 2043-955]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Trailer Train Company, for filing and recordation, counterparts of the following:

New Number

(1) Conditional Sale Agreement dated as of October 1, 1979, between each of Bethlehem Steel Corporation, Pullman Incorporated, Thrall Car Manufacturing Company, ACF Industries, Incorporated, and Trailer Train Company; and

(2) the attached Agreement and Assignment dated as of October 1, 1979, between each of Bethlehem Steel Corporation, Pullman Incorporated, Thrall Car Manufacturing Company, ACF Industries, Incorporated, and Mercantile-Safe Deposit and Trust Company, as Agent.

The addresses of the parties to the aforementioned agreements are:

Builder-Vendor:

Bethlehem Steel Corporation,
Bethlehem, Pennsylvania 18016.

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

Thrall Car Manufacturing Company,
Post Office Box 218,
Chicago Heights, Illinois 60401.

ACF Industries, Incorporated,
750 Third Avenue,
New York, N. Y. 10017

Vendee:

Trailer Train Company,
300 South Wacker Drive,
Chicago, Illinois 60606.

Agent-Assignee:

Mercantile-Safe Deposit and Trust Company,
Two Hopkins Plaza (Post Office Box 2258),
Baltimore, Maryland 21203.

The equipment covered by the aforementioned agreements consists of the following:

623 Bethlehem, 89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flat cars, AAR Mechanical Designation FC, bearing identifying numbers of the Vendee 981885-982507, both inclusive;

125 Thrall, 68' 100-ton capacity, hydraulic draft gear, flush deck flat cars with bulk heads, AAR Mechanical Designation FC, bearing identifying numbers of the Vendee 81835-81959, both inclusive;

200 ACF, 89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flat cars, AAR Mechanical Designation FC, bearing identifying numbers of the Vendee 992100-992299, both inclusive;

Interstate Commerce Commission
Washington, D.C. 20423

12/26/79

OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath,Swaine, & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 12/26/79 at 3:50pm , and assigned re-recordation number(s). 11063-A

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

11/19/79

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Allen M. Harrison
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005

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 11/19/79 at 2:30 pm, and assigned re-recordation number(s). 11063

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

[CS&M Ref.: 2043-955]

11063
RECORDATION NO. Filed 1425
NOV 19 1979 -2 30 PM
INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED

and

TRAILER TRAIN COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of October 1, 1979, between each of BETHLEHEM STEEL CORPORATION, a Delaware corporation, PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and TRAILER TRAIN COMPANY, a Delaware corporation ("Vendee").

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the equipment described in Schedule B hereto ("Equipment"); and

WHEREAS the Vendee and the Builders of such Equipment have entered into agreements ("Interim Documents") providing, among other things, for the purchase of such Equipment by the Vendee;

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

ARTICLE 1. Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement will be assigned to Mercantile-Safe Deposit and Trust Company, acting as agent under a Finance Agreement dated as of the date hereof ("Assignee"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and

businesses.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

The term "Officer's Certificate" as used in this Agreement shall mean a certificate signed by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee, and the term "Request" shall mean a written request for the action therein specified, delivered to the Vendor, dated not more than 10 days prior to the date of delivery to the Vendor and signed on behalf of the Vendee by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant described in said Schedule B and will sell and deliver to the Vendee, and the Vendee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Vendee (which specifications and modifications, if any, are called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 equipment of the character of such units of the Equipment and each unit of the Equipment will be new railroad

equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid and for the account of the Vendee, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (c) of Article 16 hereof or if any event of default (as described in said Article 16), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

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

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the date specified in Item 2 of Schedule A hereto ("Cut-Off Date") shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Vendee shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of the fourth paragraph of Article 4 hereof), if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash after the delivery

of such Equipment, either directly or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such 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 shall execute and deliver to such Builder a certificate of acceptance ("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 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Vendee will assume the responsibility 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 such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto, the Builder or Builders (and any assignee of the Builders) and the Vendee, unless waived by the Vendee, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for

and specified by the Vendee, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than such Maximum CSA Indebtedness, and the Vendee agrees to purchase any such unit or units so excluded from this Agreement from the Builder thereof for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Vendee shall determine and shall be reasonably acceptable to such Builder.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Vendee ("Group"), as such Builder and the Vendee may agree to. The term "Closing Date" with respect to any Group of the Equipment shall mean such date (on or after October 1, 1979, and on or prior to the Cut-Off Date), not more than 10 business days following presentation by the Builder of the Equipment in such Group to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Vendee by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed (y) the amount then on deposit with the Vendor pursuant to the Finance Agreement under which the Vendor is acting as agent for the institutional investors therein named plus (z) the amount payable by the Vendee pursuant to subparagraph (b) of the next paragraph of this Article 4.

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

(a) on the Closing Date for each Group, if the Closing Date is later than the 30th day following the date of acceptance of any unit of Equipment, an amount equal to interest (computed on the basis of a 360-day year of 12 30-day months) on the Purchase Price of such unit from such 30th day after the date of acceptance to the Closing Date, at a rate equal to the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day

unsecured loans to large corporate borrowers of the highest credit standing for the period such interest is payable; provided, however, that changes in such rate occurring during the 10 business days preceding the Closing Date shall be disregarded; and provided further, however, that, if the Builder's invoice for such amount has not been presented to the Vendee at least 10 business days prior to such Closing Date, the Vendee may defer payment of such amount until 10 business days following receipt by the Vendee of said Builder's invoice;

(b) on the Closing Date for each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented in respect of such Closing Date (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (b); and

(c) in 15 consecutive equal annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (b) of this paragraph (the aggregate of said installments being hereinafter called the "CSA Indebtedness").

The installments of the CSA Indebtedness shall be payable annually on March 15 in each year commencing on March 15, 1981, to and including March 15, 1995, or, if any such date is not a business day, on the next business day. The unpaid portion of the CSA Indebtedness shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 10-3/8% per annum. All such interest shall be payable, to the extent accrued, on March 15, and September 15 in each year, commencing March 15, 1980, or, if any such date is not a business day, on the next business day.

All interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on March 15, 1980, shall be calculated on an actual elapsed-day, 365-day year, basis.

The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

The Vendee will pay, to the extent legally enforceable, interest at the rate of 11-3/8% per annum 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 shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Except as provided in Article 8 hereof, the Vendee shall not have the privilege of prepaying any installment of CSA Indebtedness hereunder prior to the date it becomes due.

If the Vendee is granted a quantity discount, refund or other allowance any portion of which is applicable to the Equipment or any Components (as hereinafter defined in Article 8 hereof) and which is not reflected in the invoices theretofore delivered to the Vendee pursuant to Article 4 hereof, the Vendee will, upon receipt of the same, promptly deposit with the Vendor an amount in cash equal to such portion, and deliver to the Trustee an Officer's Certificate setting forth the basis for the determination of such deposit. Cash deposited with the Vendor pursuant to this paragraph shall be held and applied as provided in the fourth paragraph of Article 8(A) hereof.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Vendee, the assignee thereof may request the Vendee to make and the Vendee shall make such payments to it at such address as shall be supplied to the Vendee by the assignee.

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 net income, gross receipts [except gross receipts taxes in the nature of or

in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Vendee assumes and agrees to pay on demand. 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 interest therein 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 and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such 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) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be included in the term "Equipment" as used in this Agreement, but the term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but

not limited to, automobile carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Vendee. The Vendee and the Vendor recognize that such special devices, racks and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Vendee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, racks and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Vendee and the Vendor, remove such special devices, racks and other assemblies from the Equipment.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full CSA Indebtedness, together with interest and all other payments as herein provided, shall have been paid, and all the Vendee's obligations herein contained shall have been performed by the Vendee, 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, upon receipt of a Request at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Vendee, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee, (b) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 8 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 bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time

after receipt of a Request.

ARTICLE 7. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Vendee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

The Equipment may be lettered "Trailer Train" or "TTX" or in some other appropriate manner for convenience of identification of the interest of the Vendee therein, and may also be lettered, in case of a lease of any Equipment made pursuant to Article 11 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein; but the Vendee, so long as the Equipment is subject to this Agreement, will not allow the name of any person, firm, association or corporation to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by the Vendee or by any person, firm, association or corporation other than the Vendor.

ARTICLE 8. Substitution and Replacement; Maintenance; Casualty Occurrences; Investments; Insurance. (A) Upon Request, the Vendor shall, at any time and from time to time, execute and deliver a bill of sale assigning and

transferring to the transferee named by the Vendee all the right, title and interest of the Vendor in and to any or all of the units of Equipment or Components (as hereinafter defined in this Article 8); provided, however, that none of the units of Equipment or Components shall be so assigned or transferred unless simultaneously (a) there shall be paid to the Vendor cash in an amount not less than the Value (as hereinafter defined in this Article 8), as of the date of such Request, of the units of Equipment or Components to be assigned or transferred by the Vendor or (b) there shall be conveyed to the Vendor at the time of assignment or transfer of any units of Equipment, other units of Equipment of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such Request of the units of Equipment to be assigned or transferred or (c) there shall be conveyed to the Vendor at the time of assignment or transfer of any Components, either other Components (which shall be affixed by the Vendee to units of Equipment) or units of Equipment, or both, of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such request of the Components to be assigned or transferred; and provided, further, that no Components shall be removed from any unit of Equipment, or a substitution of Components made, if such removal, or removal and substitution, will impair the use in the business of the Vendee of such unit of Equipment; and provided, further, that no substitution contemplated under this subdivision (A) shall be made if an event of default under this Agreement is then in effect or if the Value of Equipment and Components to be transferred by the Vendor, together with the Value of Equipment and Components theretofore transferred by the Vendor pursuant to this subdivision (A), shall exceed an amount equal to 20% of the aggregate principal amount of CSA Indebtedness originally incurred pursuant to Article 4 hereof, unless written consent to make such substitution is obtained from the Vendor. For the purposes of this Article 8 the term "Equipment" means complete units of standard-gauge railroad flatcars (other than work equipment) and any special trailer hitches, bridge plates, safety chains, riser planks, couplers, draft gears, tie downs, bulkheads, winches, channels, collapsible pedestals or other components (herein called "Components") if the cost thereof is separately stated in the invoice delivered pursuant to Article 4 hereof or this Article 8 when such Components are first subjected to this Agreement; the term "unit" when used with reference to Equipment being deemed to mean,

however, a complete unit of railroad rolling stock.

At the time of delivery of any Request pursuant to the preceding paragraph, the Vendee shall, if other Equipment is to be conveyed to the Vendor in substitution for the Equipment to be assigned or transferred by the Vendor, deliver to the Vendor the following papers:

(1) an Officer's Certificate stating (i) the Value, as of the date of said Request, of the Equipment so to be assigned or transferred by the Vendor and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), (ii) that such assignment or transfer will not impair the security under this Agreement in contravention of the provisions hereof, (iii) the Value to the Vendee of such substituted Equipment as of such date and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), and that such substituted Equipment has an expected useful life extending beyond the scheduled date for payment of the last installment of the CSA Indebtedness, (iv) if such substitution consists of one or more Components, that each such Component is to be substituted on a specified unit of the Equipment subject to this Agreement for another Component used for the same purpose concurrently being removed from such unit and assigned or transferred by the Vendor hereunder, (v) that each unit of Equipment so to be substituted has been marked as provided in Article 7 hereof, (vi) that each such unit so to be substituted is Equipment as herein defined, and (vii) that no event of default hereunder has occurred and is continuing;

(2) if Equipment is conveyed to the Vendor, certificates of acceptance and invoices and bill or bills of sale to the Vendor from the owner or manufacturer of such Equipment corresponding to those provided for in Section 4 of the Assignment; and

(3) an opinion of counsel for the Vendee to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Vendor title to such Equipment conveyed to the Vendor free from all claims, liens, security interests and other encumbrances other than the

rights of the Vendee hereunder and (ii) that a proper supplement hereto in respect of any units of Equipment conveyed to the Vendor has been duly executed and has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

At the time of delivery of any Request pursuant to the first paragraph of this subdivision (A), the Vendee shall, if cash is to be paid to the Vendor in respect of the Equipment to be assigned or tranferred by the Vendor, deliver to the Vendor an Officer's Certificate to the effect set forth in items (i), (ii) and (vii) of subparagraph (1) of the preceding paragraph.

Cash deposited with the Vendor pursuant to this subdivision (A), subdivision (B) of this Article 8 or the penultimate paragraph of Article 4 hereof shall, from time to time, be paid over by the Vendor to the Vendee upon Request, against conveyance to the Vendor of units of Equipment or Components having a Value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by the Vendee with all of the provisions of the second paragraph of this subdivision (A) insofar as they relate to the action requested.

For all purposes of this Article 8, Value shall be determined as follows (and the manner of such determination shall be set forth in each Officer's Certificate furnished in respect thereof):

(1) the Value of any Equipment assigned or transferred by the Vendor shall be deemed to be the greater of (a) the actual fair value thereof and (b) the original purchase price thereof less depreciation at a rate not in excess of 1/15th of such original purchase price thereof for each period of one year between the date as of which Value is to be determined and the later of (i) a date one year prior to the scheduled date of payment of the first installment of the CSA Indebtedness, or (ii) the date such Equipment was first put into use as certified to the Vendor; and

(2) the Value of any Equipment conveyed to the Vendor shall be deemed to be the lesser of (a) the actual fair value thereof and (b) the original purchase price of such Equipment less depreciation at a rate not less than 1/15th of such purchase price for each period

of one year elapsed between the date such Equipment was first put into use and the date as of which Value is to be determined;

(B) The Vendee agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, stolen, lost, destroyed or taken or requisitioned by condemnation or otherwise ("Casualty Occurrence"). Whenever any Equipment shall suffer a Casualty Occurrence the Vendee shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Vendor an Officer's Certificate describing such Equipment and stating the Value thereof as of the date such Equipment suffered such Casualty Occurrence. When the total Value of all Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Vendor pursuant to this subdivision (B)), shall amount to $250,000 (or such lesser amount as the Vendee may elect), the Vendee, within 30 days of such event, shall deposit with the Vendor an amount in cash equal to the Value of such Equipment as of the date of the Casualty Occurrence in respect thereof.

The rights and remedies of the Vendor to enforce or to recover the payments required to be made pursuant to this Agreement in respect of the CSA Indebtedness or interest thereon shall not be affected by reason of any Casualty Occurrence. Cash deposited with the Vendor pursuant to this subdivision (B) shall, at the option of the Vendee evidenced by a Request delivered to the Vendor, (1) be held and applied as provided in the fourth paragraph of subdivision (A) of this Article 8, or (2) to prepay installments of CSA Indebtedness on an installment date therefor (such prepayment to be applied to reduce each installment thereafter falling due pro rata).

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Vendee, after payment by the Vendee of a sum equal to the Value of such Equipment, execute and deliver to the Vendee or the Vendee's assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by

the Vendee.

(C) So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Vendee shall by a Request so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard & Poor's Corporation or by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of the Assignee or domestic commercial banks in the United States of America having total assets in excess of $1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such Investments shall from time to time be sold and the proceeds reinvested in such Investments as the Vendee may by Request direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Vendee. If such proceeds (plus such interest) shall be less than such cost, the Vendee will promptly pay to the Vendor an amount equal to such deficiency. The Vendee will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Vendee in its business or operations, such occurrence shall, upon the election of the Vendee evidenced by a Request, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Vendee shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of CSA Indebtedness.

(D) Notwithstanding anything to the contrary contained in this Article 8, if one or more events of

default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

(E) The Vendee will at all times, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment, and public liability insurance, in amounts and against risks customarily insured against by the Vendee in respect of similar equipment owned by it.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will at all times comply, and cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, 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 or replacement of or addition to any part on any unit of the Equipment, the Vendee will conform therewith, at its own expense; provided, however, that the Vendee 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. Reports and Inspections. On or before April 1 in each year, commencing with the year 1981, the Vendee shall furnish to the Vendor an Officer's Certificate (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may

reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement; provided, however, that the Vendee shall not be obligated to interrupt the use of any unit in normal operations nor shall the Vendee be liable for any injury to, or the death of, any agent or employee of the Vendor incurred while exercising any such right to inspect the Equipment under the preceding provision of this sentence.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing hereunder, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of the Equipment and the use thereof and also to lease the Equipment to, or to permit its use under the terms of car contracts by, a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), in Mexico (or any State or the Federal District thereof) or in the Dominion of Canada (or any Province or Territory thereof), upon lines of railroad owned or operated by such lessee or user, or over which such lessee or user has trackage right or rights for operation of its trains, and upon connecting and other carriers in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided that, if the Vendee leases or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any state or the Federal District thereof), the Vendee shall, except as otherwise provided in Article 19 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Vendor in the Equipment to be so leased or used and (b) furnished the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Vendor in such Equipment.

Any such lease may provide that the lessee, so long as it shall not be in default under such lease, shall be entitled to the possession of the Equipment included in such lease and the use thereof subject to the rights and

remedies of the Vendor in respect of the Equipment covered by such lease upon the occurrence of an event of default hereunder; and, subject to the provisions of Article 7 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such lessee therein. Every such lease shall subject the rights of the lessee under such lease to the rights of the Vendor in respect of the Equipment covered by such sublease in the event of the happening of an event of default hereunder. A copy of the form of each sublease (and of each amendment thereto, if any) shall promptly be filed with the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Vendee shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the 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 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.

ARTICLE 13. Vendee's Indemnities. The Vendee will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of any infringement of patents or other rights (except to the extent the Builder is obligated so to indemnify as provided in Article 14 hereof or in any assignment of this Agreement), retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Vendee during the period when said security interest

remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement.

ARTICLE 14. Patent Indemnities; Builder's Warranty of Material and Workmanship. Each Builder's indemnities with respect to patent infringement, its warranty of material and workmanship and the limitations of its liability with regard thereto are set forth in a letter, delivered concurrently herewith, dated the date hereof from such Builder to the Vendee and the Assignee which is herein incorporated by reference.

ARTICLE 15. Assignments. The Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor.

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 any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of any of its obligations to such Builder under Articles 2, 3, 4, 5, 13 and 14 hereof, and this Article 15 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee, 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 to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the respective Builders.

The Vendee will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Vendee, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of the Equipment of such Builder as provided in the instrument making such assignment, such Builder will promptly notify the Vendee of such event and, if such amount shall not have been previously paid by such assignee, the Vendee shall pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of

the fourth paragraph of Article 4 hereof), such payment to be made in cash after the delivery of such Equipment, either directly, or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment as provided in this Agreement or shall fail to pay in full any other sum payable by the Vendee as provided in this Agreement within 10 days after the same shall have become due and payable; 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 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 or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency law, 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 readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its property in connection with any such proceeding in such manner that such obligations shall 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 proceeding shall have been commenced; or

(d) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor in writing of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default hereunder and of what action, if any, the Vendee has taken or proposes to take to remedy such event of default or event.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default 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 had been made. 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 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to 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 17 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the Vendee's premises or any other premises where the Equipment may be located (without judicial process if this can be done without breach of the peace) 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.

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 which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks 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 such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

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 the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of 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 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 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment 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 21 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 second 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 by the Vendee; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, 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 as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment 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; provided, further, 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. If the Vendor shall have given no 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 17.

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 to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit 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, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling 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 such place or places and 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. 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 ten days prior thereto, by telegram or registered mail addressed to the Vendee as provided in Article 21 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it

shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Vendee hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Vendee at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall 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 attorneys' fees, if any, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction 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 unit 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 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, that the Vendee

shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) the Vendee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Vendee has taken all action required by law to protect the title of the Vendor to units of Equipment having a fair value of not less than 85% of the aggregate fair value of all such units then subject to this Agreement, and (3) any such unit at any time located in such jurisdiction shall have been marked with the markings specified in Article 7 hereof.

The Vendee will promptly furnish to the Vendor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Vendee with respect thereto satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 21. 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 chief place of business at the following specified addresses:

(a) to the Vendee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice-President-Finance,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to each of the other parties hereto 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 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred pursuant to 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, or in which any unit of the Equipment shall be located, and any rights arising out of the marking of the units of Equipment provided for in Article 7 hereof.

ARTICLE 24. 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. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursu-

ant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

TRAILER TRAIN COMPANY,

by

Vice President Finance

[Corporate Seal]

Attest:

T. D. Marron

Assistant Secretary

BETHLEHEM STEEL CORPORATION,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

Vice President-Freight Unit

[Corporate Seal]

Attest:

Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this 15th day of NOVEMBER 1979, before me personally appeared R. E. ZIMMERMAN , to me personally known, who, being by me duly sworn, says that he is the ~~Vice President Finance~~ Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires October 12, 1982

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President-Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

to

Conditional Sale Agreement

Item 1. (a) Bethlehem Steel Corporation (a Delaware corporation), Bethlehem, Pennsylvania 18016, Attention of Manager Railroad Products Sales.

(b) Pullman Incorporated (Pullman Standard Division) (a Delaware corporation), 200 South Michigan Avenue, Chicago, Illinois 60604.

(c) Thrall Car Manufacturing Company (a Delaware corporation), Post Office Box 218, Chicago Heights, Illinois 60401, Attention of Vice President-Finance.

(d) ACF Industries, Incorporated (a New Jersey corporation), 750 Third Avenue, New York, N. Y. 10017, attention of Robert W. Montgomery, Assistant Secretary.

Item 2. Cut-Off Date: December 31, 1980.

Item 3. The Builders agree, for the benefit of the Vendee, that the following provisions from their respective Interim Documents with the Vendee shall be applicable to this transaction:

> "All increases in the base price shall be subject to audit either by the Vendee or an independent public accounting firm of recognized standing selected by the Vendee. In connection with such audit all necessary documents and records necessary to substantiate and verify such increases shall be made available to the Vendee. All base price increases shall be reported to the Vendee by item lot number or in such other detail as may be reasonably requested by the Vendee in order to verify the accuracy of such increases.
>
> "Allowances for increased inventory carrying charges or interest charges arising from payments for materials by the Builder are specifically excluded from any base price

increases unless previously approved in writing by the Vendee. Premiums or additional materials charges resulting from materials purchased by the Builder from sources of supply not customarily used are specifically excluded from any base price increases unless previously approved in writing by the Vendee."

Item 4: The Maximum CSA Indebtedness referred to in Article 4 of the CSA is $79,000,000 plus the aggregate amount, if any, by which the commitments of the Investors are increased pursuant to the first paragraph of Paragraph 1 of the Finance Agreement.

SCHEDULE B

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
Bethlehem Steel Corporation	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-B	Johnstown, Pennsylvania	623	$50,000	$31,150,000	981885-982507	November 1979-February 1980, at Johnstown, Pa.
Pullman Incorporated (Pullman Standard Division)	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-P	Bessemer, Alabama	490	50,000	24,500,000	990400-990889	November 1979-January 1980, at Bessemer, Ala.
	89'4" 70-ton capacity, hydraulic draft gear, flush deck standard level flat-cars for auto rack device	FA	T-4079-P	Bessemer, Alabama	176	41,000	7,216,000	942700-942875	January-February 1980, at Bessemer, Ala.
Thrall Car Manufacturing Company	68' 100-ton capacity, hydraulic draft gear, flush deck flatcars with bulkheads	FC	T-4078-T	Chicago Heights, Illinois	125	52,000	6,500,000	81835-81959	November-December 1979, at East Chicago, Ill.

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-4079-A	St. Louis, Missouri	200	$46,250	$ 9,250,000	992100-992299	December 1979-February 1980, at St. Louis, Mo.
					1,614		$78,616,000		

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of October 1, 1979, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, acting as Agent under a Finance Agreement dated as of the date hereof ("Finance Agreement") (said Agent, so acting, together with its successors and assigns, being hereinafter called the "Assignee"), and each of BETHLEHEM STEEL CORPORATION, PULLMAN INCORPORATED (Pullman Standard Division), THRALL CAR MANUFACTURING COMPANY and ACF INDUSTRIES, INCORPORATED (collectively "Builders" or severally "Builder").

WHEREAS, the Builders and Trailer Train Company ("Vendee"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by each Builder, and the purchase by the Vendee of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: That, in consideration of good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Vendee, and when and as payment is made (i) by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof and (ii) by the Vendee of the amount required to be paid pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA (but only if the Vendee shall have received a correct invoice therefor at least 10 business days before the applicable Closing Date) and of the amount required to be paid pursuant to subparagraph (b) of the fourth paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct

and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 3 thereof, in subparagraphs (a) and (b) of the fourth paragraph of Article 4 thereof, and in the last paragraph of Article 15 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and, except as aforesaid, in and to any and all amounts which may be or become due or owing by the Vendee to such Builder under the CSA in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Vendee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 14 of the CSA, or relieve the Vendee from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 13, 14 and 15 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to Article 15 of the CSA, all obligations of such Builder to the Vendee with respect to such Builder's Equipment shall be and remain enforceable by the Vendee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Vendee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder shall construct its

Equipment in full accordance with the CSA and will deliver the same upon completion to the Vendee in accordance with the provisions of the CSA; and, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder will warrant to the Assignee and the Vendee that at the time of delivery of each unit of the Equipment of such Builder under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Vendee thereunder. No Builder will deliver any of its Equipment to the Vendee under the CSA until the filings and recordations referred to in Article 19 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by such Builder of any obligation with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Vendee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or

other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Vendee and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by such Builder, each Builder agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Vendee with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment of such Builder or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee (at the office of its special counsel, Messrs. Cravath, Swaine & Moore, in New York, New York) at least two business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from such Builder to the Assignee

transferring to the Assignee the security interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Vendee that at the time of delivery of such units under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Vendee as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Vendee and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment in such Group, subject only to liens, charges or security interests permitted to exist pursuant to Article 12 of the CSA, and such units, at the time of delivery thereof to the Vendee under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by

the CSA and this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee and such Investors are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any of the Investors;

(e) an opinion of counsel for the Vendee, dated as of such Closing Date, addressed to the Assignee, to the effect set forth in clauses (i), (ii), (iii), (v), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement, the CSA and this Agreement by parties thereto other than the Vendee) and stating that (i) the Vendee is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof and (ii) if any units of Equipment were subject to an Interim Document (as defined in the CSA) such Interim Document was duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery of the first such unit;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, addressed to the Assignee and

the Vendee, to the effect set forth in clause (iv) of subparagraph (d) above in respect of its Equipment insofar as such matters relate to such Builder and stating that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof, (ii) the CSA has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and (iv) the bill of sale referred to in subparagraph (a) above has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer the security interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and this Assignment) arising from, through or under such Builder;

(g) a certificate of an officer of the Vendee, dated as of such Closing Date, to the effect that, to the best of his knowledge and belief, (i) the Vendee's representations and warranties in Paragraph 15 of the Finance Agreement are true and correct as of such Closing Date with the same effect as though such representations and warranties had been made on and as of such Closing Date, (ii) no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (iii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and no other tax liens have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment;

(h) a release or releases in recordable form discharging and terminating all claims, liens, security interests and other encumbrances, if any, arising by, through or under any Interim Document relating to such Group; and

(i) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4 or by the Vendee pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Vendee.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Vendee as to such matter; in giving the opinion specified in said subparagraph (e), counsel may rely on the bill of sale and opinion of counsel for such Builder as to claims, liens, security interests and other encumbrances arising from, through or under such Builder; and in giving the opinion specified in said subparagraph (f), counsel may assume that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) of Article 16 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that

the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, unless the Assignee shall otherwise be obligated to make such payment under the provisions of this Assignment, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Vendee thereunder. 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 Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Vendee, the CSA is, insofar as such Builder is concerned, a valid and existing agreement binding upon it and the Vendee in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between said parties

shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the CSA.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Vendee, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, 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.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Assignment or to perform its obligations hereunder.

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.

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President--Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Corporate
Trust Officer

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

TRAILER TRAIN COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment as of October 1, 1979.

TRAILER TRAIN COMPANY,

by R. E. [illegible]

~~Vice President-Finance~~
Treasurer

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President --Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
CITY OF NEW YORK ,)

On this 13th day of October 1979, before me personally appeared [illegible], to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Leone P. Wollenberg
Notary Public

[Notarial Seal]

My Commission expires

LEONE P. WOLLENBERG
NOTARY PUBLIC, State of New York
No. 31-4041579
Qualified in New York County
Commission Expires March 30, 1981

[CS&M Ref.: 2043-955]

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED

and

TRAILER TRAIN COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of October 1, 1979, between each of BETHLEHEM STEEL CORPORATION, a Delaware corporation, PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and TRAILER TRAIN COMPANY, a Delaware corporation ("Vendee").

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the equipment described in Schedule B hereto ("Equipment"); and

WHEREAS the Vendee and the Builders of such Equipment have entered into agreements ("Interim Documents") providing, among other things, for the purchase of such Equipment by the Vendee;

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

ARTICLE 1. Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement will be assigned to Mercantile-Safe Deposit and Trust Company, acting as agent under a Finance Agreement dated as of the date hereof ("Assignee"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and

businesses.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

The term "Officer's Certificate" as used in this Agreement shall mean a certificate signed by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee, and the term "Request" shall mean a written request for the action therein specified, delivered to the Vendor, dated not more than 10 days prior to the date of delivery to the Vendor and signed on behalf of the Vendee by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant described in said Schedule B and will sell and deliver to the Vendee, and the Vendee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Vendee (which specifications and modifications, if any, are called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 equipment of the character of such units of the Equipment and each unit of the Equipment will be new railroad

equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid and for the account of the Vendee, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (c) of Article 16 hereof or if any event of default (as described in said Article 16), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

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

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the date specified in Item 2 of Schedule A hereto ("Cut-Off Date") shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Vendee shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of the fourth paragraph of Article 4 hereof), if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash after the delivery

of such Equipment, either directly or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such 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 shall execute and deliver to such Builder a certificate of acceptance ("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 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Vendee will assume the responsibility 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 such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto, the Builder or Builders (and any assignee of the Builders) and the Vendee, unless waived by the Vendee, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for

and specified by the Vendee, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than such Maximum CSA Indebtedness, and the Vendee agrees to purchase any such unit or units so excluded from this Agreement from the Builder thereof for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Vendee shall determine and shall be reasonably acceptable to such Builder.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Vendee ("Group"), as such Builder and the Vendee may agree to. The term "Closing Date" with respect to any Group of the Equipment shall mean such date (on or after October 1, 1979, and on or prior to the Cut-Off Date), not more than 10 business days following presentation by the Builder of the Equipment in such Group to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Vendee by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed (y) the amount then on deposit with the Vendor pursuant to the Finance Agreement under which the Vendor is acting as agent for the institutional investors therein named plus (z) the amount payable by the Vendee pursuant to subparagraph (b) of the next paragraph of this Article 4.

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

(a) on the Closing Date for each Group, if the Closing Date is later than the 30th day following the date of acceptance of any unit of Equipment, an amount equal to interest (computed on the basis of a 360-day year of 12 30-day months) on the Purchase Price of such unit from such 30th day after the date of acceptance to the Closing Date, at a rate equal to the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day

unsecured loans to large corporate borrowers of the highest credit standing for the period such interest is payable; provided, however, that changes in such rate occurring during the 10 business days preceding the Closing Date shall be disregarded; and provided further, however, that, if the Builder's invoice for such amount has not been presented to the Vendee at least 10 business days prior to such Closing Date, the Vendee may defer payment of such amount until 10 business days following receipt by the Vendee of said Builder's invoice;

(b) on the Closing Date for each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented in respect of such Closing Date (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (b); and

(c) in 15 consecutive equal annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (b) of this paragraph (the aggregate of said installments being hereinafter called the "CSA Indebtedness").

The installments of the CSA Indebtedness shall be payable annually on March 15 in each year commencing on March 15, 1981, to and including March 15, 1995, or, if any such date is not a business day, on the next business day. The unpaid portion of the CSA Indebtedness shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 10-3/8% per annum. All such interest shall be payable, to the extent accrued, on March 15, and September 15 in each year, commencing March 15, 1980, or, if any such date is not a business day, on the next business day.

All interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on March 15, 1980, shall be calculated on an actual elapsed-day, 365-day year, basis.

The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

The Vendee will pay, to the extent legally enforceable, interest at the rate of 11-3/8% per annum 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 shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Except as provided in Article 8 hereof, the Vendee shall not have the privilege of prepaying any installment of CSA Indebtedness hereunder prior to the date it becomes due.

If the Vendee is granted a quantity discount, refund or other allowance any portion of which is applicable to the Equipment or any Components (as hereinafter defined in Article 8 hereof) and which is not reflected in the invoices theretofore delivered to the Vendee pursuant to Article 4 hereof, the Vendee will, upon receipt of the same, promptly deposit with the Vendor an amount in cash equal to such portion, and deliver to the Trustee an Officer's Certificate setting forth the basis for the determination of such deposit. Cash deposited with the Vendor pursuant to this paragraph shall be held and applied as provided in the fourth paragraph of Article 8(A) hereof.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Vendee, the assignee thereof may request the Vendee to make and the Vendee shall make such payments to it at such address as shall be supplied to the Vendee by the assignee.

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 net income, gross receipts [except gross receipts taxes in the nature of or

in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Vendee assumes and agrees to pay on demand. 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 interest therein 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 and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such 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) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be included in the term "Equipment" as used in this Agreement, but the term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but

not limited to, automobile carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Vendee. The Vendee and the Vendor recognize that such special devices, racks and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Vendee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, racks and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Vendee and the Vendor, remove such special devices, racks and other assemblies from the Equipment.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full CSA Indebtedness, together with interest and all other payments as herein provided, shall have been paid, and all the Vendee's obligations herein contained shall have been performed by the Vendee, 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, upon receipt of a Request at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Vendee, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee, (b) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 8 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 bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time

after receipt of a Request.

ARTICLE 7. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Vendee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

The Equipment may be lettered "Trailer Train" or "TTX" or in some other appropriate manner for convenience of identification of the interest of the Vendee therein, and may also be lettered, in case of a lease of any Equipment made pursuant to Article 11 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein; but the Vendee, so long as the Equipment is subject to this Agreement, will not allow the name of any person, firm, association or corporation to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by the Vendee or by any person, firm, association or corporation other than the Vendor.

ARTICLE 8. Substitution and Replacement; Maintenance; Casualty Occurrences; Investments; Insurance. (A) Upon Request, the Vendor shall, at any time and from time to time, execute and deliver a bill of sale assigning and

transferring to the transferee named by the Vendee all the right, title and interest of the Vendor in and to any or all of the units of Equipment or Components (as hereinafter defined in this Article 8); provided, however, that none of the units of Equipment or Components shall be so assigned or transferred unless simultaneously (a) there shall be paid to the Vendor cash in an amount not less than the Value (as hereinafter defined in this Article 8), as of the date of such Request, of the units of Equipment or Components to be assigned or transferred by the Vendor or (b) there shall be conveyed to the Vendor at the time of assignment or transfer of any units of Equipment, other units of Equipment of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such Request of the units of Equipment to be assigned or transferred or (c) there shall be conveyed to the Vendor at the time of assignment or transfer of any Components, either other Components (which shall be affixed by the Vendee to units of Equipment) or units of Equipment, or both, of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such request of the Components to be assigned or transferred; and provided, further, that no Components shall be removed from any unit of Equipment, or a substitution of Components made, if such removal, or removal and substitution, will impair the use in the business of the Vendee of such unit of Equipment; and provided, further, that no substitution contemplated under this subdivision (A) shall be made if an event of default under this Agreement is then in effect or if the Value of Equipment and Components to be transferred by the Vendor, together with the Value of Equipment and Components theretofore transferred by the Vendor pursuant to this subdivision (A), shall exceed an amount equal to 20% of the aggregate principal amount of CSA Indebtedness originally incurred pursuant to Article 4 hereof, unless written consent to make such substitution is obtained from the Vendor. For the purposes of this Article 8 the term "Equipment" means complete units of standard-gauge railroad flatcars (other than work equipment) and any special trailer hitches, bridge plates, safety chains, riser planks, couplers, draft gears, tie downs, bulkheads, winches, channels, collapsible pedestals or other components (herein called "Components") if the cost thereof is separately stated in the invoice delivered pursuant to Article 4 hereof or this Article 8 when such Components are first subjected to this Agreement; the term "unit" when used with reference to Equipment being deemed to mean,

however, a complete unit of railroad rolling stock.

At the time of delivery of any Request pursuant to the preceding paragraph, the Vendee shall, if other Equipment is to be conveyed to the Vendor in substitution for the Equipment to be assigned or transferred by the Vendor, deliver to the Vendor the following papers:

(1) an Officer's Certificate stating (i) the Value, as of the date of said Request, of the Equipment so to be assigned or transferred by the Vendor and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), (ii) that such assignment or transfer will not impair the security under this Agreement in contravention of the provisions hereof, (iii) the Value to the Vendee of such substituted Equipment as of such date and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), and that such substituted Equipment has an expected useful life extending beyond the scheduled date for payment of the last installment of the CSA Indebtedness, (iv) if such substitution consists of one or more Components, that each such Component is to be substituted on a specified unit of the Equipment subject to this Agreement for another Component used for the same purpose concurrently being removed from such unit and assigned or transferred by the Vendor hereunder, (v) that each unit of Equipment so to be substituted has been marked as provided in Article 7 hereof, (vi) that each such unit so to be substi tuted is Equipment as herein defined, and (vii) that no event of default hereunder has occurred and is continuing;

(2) if Equipment is conveyed to the Vendor, certificates of acceptance and invoices and bill or bills of sale to the Vendor from the owner or manufacturer of such Equipment corresponding to those provided for in Section 4 of the Assignment; and

(3) an opinion of counsel for the Vendee to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Vendor title to such Equipment conveyed to the Vendor free from all claims, liens, security interests and other encumbrances other than the

rights of the Vendee hereunder and (ii) that a proper supplement hereto in respect of any units of Equipment conveyed to the Vendor has been duly executed and has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

At the time of delivery of any Request pursuant to the first paragraph of this subdivision (A), the Vendee shall, if cash is to be paid to the Vendor in respect of the Equipment to be assigned or tranferred by the Vendor, deliver to the Vendor an Officer's Certificate to the effect set forth in items (i), (ii) and (vii) of subparagraph (1) of the preceding paragraph.

Cash deposited with the Vendor pursuant to this subdivision (A), subdivision (B) of this Article 8 or the penultimate paragraph of Article 4 hereof shall, from time to time, be paid over by the Vendor to the Vendee upon Request, against conveyance to the Vendor of units of Equipment or Components having a Value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by the Vendee with all of the provisions of the second paragraph of this subdivision (A) insofar as they relate to the action requested.

For all purposes of this Article 8, Value shall be determined as follows (and the manner of such determination shall be set forth in each Officer's Certificate furnished in respect thereof):

(1) the Value of any Equipment assigned or transferred by the Vendor shall be deemed to be the greater of (a) the actual fair value thereof and (b) the original purchase price thereof less depreciation at a rate not in excess of 1/15th of such original purchase price thereof for each period of one year between the date as of which Value is to be determined and the later of (i) a date one year prior to the scheduled date of payment of the first installment of the CSA Indebtedness, or (ii) the date such Equipment was first put into use as certified to the Vendor; and

(2) the Value of any Equipment conveyed to the Vendor shall be deemed to be the lesser of (a) the actual fair value thereof and (b) the original purchase price of such Equipment less depreciation at a rate not less than 1/15th of such purchase price for each period

of one year elapsed between the date such Equipment was first put into use and the date as of which Value is to be determined;

(B) The Vendee agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, stolen, lost, destroyed or taken or requisitioned by condemnation or otherwise ("Casualty Occurrence"). Whenever any Equipment shall suffer a Casualty Occurrence the Vendee shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Vendor an Officer's Certificate describing such Equipment and stating the Value thereof as of the date such Equipment suffered such Casualty Occurrence. When the total Value of all Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Vendor pursuant to this subdivision (B)), shall amount to $250,000 (or such lesser amount as the Vendee may elect), the Vendee, within 30 days of such event, shall deposit with the Vendor an amount in cash equal to the Value of such Equipment as of the date of the Casualty Occurrence in respect thereof.

The rights and remedies of the Vendor to enforce or to recover the payments required to be made pursuant to this Agreement in respect of the CSA Indebtedness or interest thereon shall not be affected by reason of any Casualty Occurrence. Cash deposited with the Vendor pursuant to this subdivision (B) shall, at the option of the Vendee evidenced by a Request delivered to the Vendor, (1) be held and applied as provided in the fourth paragraph of subdivision (A) of this Article 8, or (2) to prepay installments of CSA Indebtedness on an installment date therefor (such prepayment to be applied to reduce each installment thereafter falling due pro rata).

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Vendee, after payment by the Vendee of a sum equal to the Value of such Equipment, execute and deliver to the Vendee or the Vendee's assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by

the Vendee.

(C) So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Vendee shall by a Request so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard & Poor's Corporation or by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of the Assignee or domestic commercial banks in the United States of America having total assets in excess of $1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such Investments shall from time to time be sold and the proceeds reinvested in such Investments as the Vendee may by Request direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Vendee. If such proceeds (plus such interest) shall be less than such cost, the Vendee will promptly pay to the Vendor an amount equal to such deficiency. The Vendee will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Vendee in its business or operations, such occurrence shall, upon the election of the Vendee evidenced by a Request, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Vendee shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of CSA Indebtedness.

(D) Notwithstanding anything to the contrary contained in this Article 8, if one or more events of

default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

(E) The Vendee will at all times, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment, and public liability insurance, in amounts and against risks customarily insured against by the Vendee in respect of similar equipment owned by it.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will at all times comply, and cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, 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 or replacement of or addition to any part on any unit of the Equipment, the Vendee will conform therewith, at its own expense; provided, however, that the Vendee 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. Reports and Inspections. On or before April 1 in each year, commencing with the year 1981, the Vendee shall furnish to the Vendor an Officer's Certificate (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may

reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement; provided, however, that the Vendee shall not be obligated to interrupt the use of any unit in normal operations nor shall the Vendee be liable for any injury to, or the death of, any agent or employee of the Vendor incurred while exercising any such right to inspect the Equipment under the preceding provision of this sentence.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing hereunder, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of the Equipment and the use thereof and also to lease the Equipment to, or to permit its use under the terms of car contracts by, a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), in Mexico (or any State or the Federal District thereof) or in the Dominion of Canada (or any Province or Territory thereof), upon lines of railroad owned or operated by such lessee or user, or over which such lessee or user has trackage right or rights for operation of its trains, and upon connecting and other carriers in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided that, if the Vendee leases or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any state or the Federal District thereof), the Vendee shall, except as otherwise provided in Article 19 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Vendor in the Equipment to be so leased or used and (b) furnished the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Vendor in such Equipment.

Any such lease may provide that the lessee, so long as it shall not be in default under such lease, shall be entitled to the possession of the Equipment included in such lease and the use thereof subject to the rights and

remedies of the Vendor in respect of the Equipment covered by such lease upon the occurrence of an event of default hereunder; and, subject to the provisions of Article 7 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such lessee therein. Every such lease shall subject the rights of the lessee under such lease to the rights of the Vendor in respect of the Equipment covered by such sublease in the event of the happening of an event of default hereunder. A copy of the form of each sublease (and of each amendment thereto, if any) shall promptly be filed with the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Vendee shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the 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 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.

ARTICLE 13. Vendee's Indemnities. The Vendee will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of any infringement of patents or other rights (except to the extent the Builder is obligated so to indemnify as provided in Article 14 hereof or in any assignment of this Agreement), retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Vendee during the period when said security interest

remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement.

ARTICLE 14. Patent Indemnities; Builder's Warranty of Material and Workmanship. Each Builder's indemnities with respect to patent infringement, its warranty of material and workmanship and the limitations of its liability with regard thereto are set forth in a letter, delivered concurrently herewith, dated the date hereof from such Builder to the Vendee and the Assignee which is herein incorporated by reference.

ARTICLE 15. Assignments. The Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor.

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 any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of any of its obligations to such Builder under Articles 2, 3, 4, 5, 13 and 14 hereof, and this Article 15 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee, 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 to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the respective Builders.

The Vendee will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Vendee, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of the Equipment of such Builder as provided in the instrument making such assignment, such Builder will promptly notify the Vendee of such event and, if such amount shall not have been previously paid by such assignee, the Vendee shall pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of

the fourth paragraph of Article 4 hereof), such payment to be made in cash after the delivery of such Equipment, either directly, or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment as provided in this Agreement or shall fail to pay in full any other sum payable by the Vendee as provided in this Agreement within 10 days after the same shall have become due and payable; 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 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 or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency law, 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 readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its property in connection with any such proceeding in such manner that such obligations shall 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 proceeding shall have been commenced; or

(d) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor in writing of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default hereunder and of what action, if any, the Vendee has taken or proposes to take to remedy such event of default or event.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default 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 had been made. 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 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to 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 17 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the Vendee's premises or any other premises where the Equipment may be located (without judicial process if this can be done without breach of the peace) 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.

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 which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks 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 such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

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 the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of 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 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 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment 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 21 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 second 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 by the Vendee; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, 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 as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment 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; provided, further, 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. If the Vendor shall have given no 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 17.

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 to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit 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, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling 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 such place or places and 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. 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 ten days prior thereto, by telegram or registered mail addressed to the Vendee as provided in Article 21 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it

shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Vendee hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Vendee at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall 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 attorneys' fees, if any, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction 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 unit 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 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, that the Vendee

shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) the Vendee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Vendee has taken all action required by law to protect the title of the Vendor to units of Equipment having a fair value of not less than 85% of the aggregate fair value of all such units then subject to this Agreement, and (3) any such unit at any time located in such jurisdiction shall have been marked with the markings specified in Article 7 hereof.

The Vendee will promptly furnish to the Vendor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Vendee with respect thereto satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 21. 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 chief place of business at the following specified addresses:

(a) to the Vendee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice-President-Finance,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to each of the other parties hereto 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 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred pursuant to 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, or in which any unit of the Equipment shall be located, and any rights arising out of the marking of the units of Equipment provided for in Article 7 hereof.

ARTICLE 24. 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. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursu-

ant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

TRAILER TRAIN COMPANY,

by

_____
Vice President-Finance

[Corporate Seal]

Attest:

_____
Assistant Secretary

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President-Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this 14th day of November 1979, before me personally appeared David Adams IV, to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

My Commission Expires
July 17, 1982
City of Bethlehem
Lehigh County

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President-Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

to

Conditional Sale Agreement

Item 1. (a) Bethlehem Steel Corporation (a Delaware corporation), Bethlehem, Pennsylvania 18016, Attention of Manager Railroad Products Sales.

(b) Pullman Incorporated (Pullman Standard Division) (a Delaware corporation), 200 South Michigan Avenue, Chicago, Illinois 60604.

(c) Thrall Car Manufacturing Company (a Delaware corporation), Post Office Box 218, Chicago Heights, Illinois 60401, Attention of Vice President-Finance.

(d) ACF Industries, Incorporated (a New Jersey corporation), 750 Third Avenue, New York, N. Y. 10017, attention of Robert W. Montgomery, Assistant Secretary.

Item 2. Cut-Off Date: December 31, 1980.

Item 3. The Builders agree, for the benefit of the Vendee, that the following provisions from their respective Interim Documents with the Vendee shall be applicable to this transaction:

"All increases in the base price shall be subject to audit either by the Vendee or an independent public accounting firm of recognized standing selected by the Vendee. In connection with such audit all necessary documents and records necessary to substantiate and verify such increases shall be made available to the Vendee. All base price increases shall be reported to the Vendee by item lot number or in such other detail as may be reasonably requested by the Vendee in order to verify the accuracy of such increases.

"Allowances for increased inventory carrying charges or interest charges arising from payments for materials by the Builder are specifically excluded from any base price

increases unless previously approved in writing by the Vendee. Premiums or additional materials charges resulting from materials purchased by the Builder from sources of supply not customarily used are specifically excluded from any base price increases unless previously approved in writing by the Vendee."

Item 4: The Maximum CSA Indebtedness referred to in Article 4 of the CSA is $79,000,000 plus the aggregate amount, if any, by which the commitments of the Investors are increased pursuant to the first paragraph of Paragraph 1 of the Finance Agreement.

SCHEDULE B

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
Bethlehem Steel Corporation	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-B	Johnstown, Pennsylvania	623	$50,000	$31,150,000	981885-982507	November 1979-February 1980, at Johnstown, Pa.
Pullman Incorporated (Pullman Standard Division)	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-P	Bessemer, Alabama	490	50,000	24,500,000	990400-990889	November 1979-January 1980, at Bessemer, Ala.
	89'4" 70-ton capacity, hydraulic draft gear, flush deck standard level flat-cars for auto rack device	FA	T-4079-P	Bessemer, Alabama	176	41,000	7,216,000	942700-942875	January-February 1980, at Bessemer, Ala.
Thrall Car Manufacturing Company	68' 100-ton capacity, hydraulic draft gear, flush deck flatcars with bulkheads	FC	T-4078-T	Chicago Heights, Illinois	125	52,000	6,500,000	81835-81959	November-December 1979, at East Chicago, Ill.

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-4079-A	St. Louis, Missouri	200	$46,250	$ 9,250,000	992100-992299	December 1979-February 1980, at St. Louis, Mo.
					1,614		$78,616,000		

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of October 1, 1979, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, acting as Agent under a Finance Agreement dated as of the date hereof ("Finance Agreement") (said Agent, so acting, together with its successors and assigns, being hereinafter called the "Assignee"), and each of BETHLEHEM STEEL CORPORATION, PULLMAN INCORPORATED (Pullman Standard Division), THRALL CAR MANUFACTURING COMPANY and ACF INDUSTRIES, INCORPORATED (collectively "Builders" or severally "Builder").

WHEREAS, the Builders and Trailer Train Company ("Vendee"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by each Builder, and the purchase by the Vendee of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: That, in consideration of good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Vendee, and when and as payment is made (i) by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof and (ii) by the Vendee of the amount required to be paid pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA (but only if the Vendee shall have received a correct invoice therefor at least 10 business days before the applicable Closing Date) and of the amount required to be paid pursuant to subparagraph (b) of the fourth paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct

and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 3 thereof, in subparagraphs (a) and (b) of the fourth paragraph of Article 4 thereof, and in the last paragraph of Article 15 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and, except as aforesaid, in and to any and all amounts which may be or become due or owing by the Vendee to such Builder under the CSA in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Vendee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 14 of the CSA, or relieve the Vendee from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 13, 14 and 15 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to Article 15 of the CSA, all obligations of such Builder to the Vendee with respect to such Builder's Equipment shall be and remain enforceable by the Vendee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Vendee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder shall construct its

Equipment in full accordance with the CSA and will deliver the same upon completion to the Vendee in accordance with the provisions of the CSA; and, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder will warrant to the Assignee and the Vendee that at the time of delivery of each unit of the Equipment of such Builder under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Vendee thereunder. No Builder will deliver any of its Equipment to the Vendee under the CSA until the filings and recordations referred to in Article 19 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by such Builder of any obligation with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Vendee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or

other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Vendee and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by such Builder, each Builder agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Vendee with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment of such Builder or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee (at the office of its special counsel, Messrs. Cravath, Swaine & Moore, in New York, New York) at least two business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from such Builder to the Assignee

transferring to the Assignee the security interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Vendee that at the time of delivery of such units under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Vendee as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Vendee and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment in such Group, subject only to liens, charges or security interests permitted to exist pursuant to Article 12 of the CSA, and such units, at the time of delivery thereof to the Vendee under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by

the CSA and this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee and such Investors are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any of the Investors;

(e) an opinion of counsel for the Vendee, dated as of such Closing Date, addressed to the Assignee, to the effect set forth in clauses (i), (ii), (iii), (v), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement, the CSA and this Agreement by parties thereto other than the Vendee) and stating that (i) the Vendee is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof and (ii) if any units of Equipment were subject to an Interim Document (as defined in the CSA) such Interim Document was duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery of the first such unit;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, addressed to the Assignee and

the Vendee, to the effect set forth in clause (iv) of subparagraph (d) above in respect of its Equipment insofar as such matters relate to such Builder and stating that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof, (ii) the CSA has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and (iv) the bill of sale referred to in subparagraph (a) above has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer the security interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and this Assignment) arising from, through or under such Builder;

(g) a certificate of an officer of the Vendee, dated as of such Closing Date, to the effect that, to the best of his knowledge and belief, (i) the Vendee's representations and warranties in Paragraph 15 of the Finance Agreement are true and correct as of such Closing Date with the same effect as though such representations and warranties had been made on and as of such Closing Date, (ii) no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (iii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and no other tax liens have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment;

(h) a release or releases in recordable form discharging and terminating all claims, liens, security interests and other encumbrances, if any, arising by, through or under any Interim Document relating to such Group; and

(i) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4 or by the Vendee pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Vendee.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Vendee as to such matter; in giving the opinion specified in said subparagraph (e), counsel may rely on the bill of sale and opinion of counsel for such Builder as to claims, liens, security interests and other encumbrances arising from, through or under such Builder; and in giving the opinion specified in said subparagraph (f), counsel may assume that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) of Article 16 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that

the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, unless the Assignee shall otherwise be obligated to make such payment under the provisions of this Assignment, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Vendee thereunder. 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 Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Vendee, the CSA is, insofar as such Builder is concerned, a valid and existing agreement binding upon it and the Vendee in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between said parties

shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the CSA.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Vendee, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, 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.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Assignment or to perform its obligations hereunder.

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.

BETHLEHEM STEEL CORPORATION,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

Vice President--Freight Unit

[Corporate Seal]

Attest:

Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Corporate
Trust Officer

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

TRAILER TRAIN COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment as of October 1, 1979.

TRAILER TRAIN COMPANY,

by

_____

Vice President-Finance

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this 14th day of November 1979, before me personally appeared David Adams III, to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Esther H. Vary
Notary Public

My Commission Expires
July 17, 1982
City of Bethlehem
Lehigh County

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President --Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
CITY OF NEW YORK ,)

On this 13th day of October 1979, before me personally appeared G. J. Johnston, to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Leone P. Wollenberg
Notary Public
LEONE P. WOLLENBERG
NOTARY PUBLIC, State of New York
No. 31-4641079
Qualified in New York County
Commission Expires March 30, 1981

[Notarial Seal]

My Commission expires

[CS&M Ref.: 2043-955]

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED

and

TRAILER TRAIN COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of October 1, 1979, between each of BETHLEHEM STEEL CORPORATION, a Delaware corporation, PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and TRAILER TRAIN COMPANY, a Delaware corporation ("Vendee").

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the equipment described in Schedule B hereto ("Equipment"); and

WHEREAS the Vendee and the Builders of such Equipment have entered into agreements ("Interim Documents") providing, among other things, for the purchase of such Equipment by the Vendee;

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

ARTICLE 1. Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement will be assigned to Mercantile-Safe Deposit and Trust Company, acting as agent under a Finance Agreement dated as of the date hereof ("Assignee"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and

businesses.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

The term "Officer's Certificate" as used in this Agreement shall mean a certificate signed by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee, and the term "Request" shall mean a written request for the action therein specified, delivered to the Vendor, dated not more than 10 days prior to the date of delivery to the Vendor and signed on behalf of the Vendee by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant described in said Schedule B and will sell and deliver to the Vendee, and the Vendee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Vendee (which specifications and modifications, if any, are called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 equipment of the character of such units of the Equipment and each unit of the Equipment will be new railroad

equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid and for the account of the Vendee, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (c) of Article 16 hereof or if any event of default (as described in said Article 16), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

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

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the date specified in Item 2 of Schedule A hereto ("Cut-Off Date") shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Vendee shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of the fourth paragraph of Article 4 hereof), if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash after the delivery

of such Equipment, either directly or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such 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 shall execute and deliver to such Builder a certificate of acceptance ("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 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Vendee will assume the responsibility 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 such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto, the Builder or Builders (and any assignee of the Builders) and the Vendee, unless waived by the Vendee, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for

and specified by the Vendee, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than such Maximum CSA Indebtedness, and the Vendee agrees to purchase any such unit or units so excluded from this Agreement from the Builder thereof for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Vendee shall determine and shall be reasonably acceptable to such Builder.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Vendee ("Group"), as such Builder and the Vendee may agree to. The term "Closing Date" with respect to any Group of the Equipment shall mean such date (on or after October 1, 1979, and on or prior to the Cut-Off Date), not more than 10 business days following presentation by the Builder of the Equipment in such Group to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Vendee by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed (y) the amount then on deposit with the Vendor pursuant to the Finance Agreement under which the Vendor is acting as agent for the institutional investors therein named plus (z) the amount payable by the Vendee pursuant to subparagraph (b) of the next paragraph of this Article 4.

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

(a) on the Closing Date for each Group, if the Closing Date is later than the 30th day following the date of acceptance of any unit of Equipment, an amount equal to interest (computed on the basis of a 360-day year of 12 30-day months) on the Purchase Price of such unit from such 30th day after the date of acceptance to the Closing Date, at a rate equal to the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day

unsecured loans to large corporate borrowers of the highest credit standing for the period such interest is payable; provided, however, that changes in such rate occurring during the 10 business days preceding the Closing Date shall be disregarded; and provided further, however, that, if the Builder's invoice for such amount has not been presented to the Vendee at least 10 business days prior to such Closing Date, the Vendee may defer payment of such amount until 10 business days following receipt by the Vendee of said Builder's invoice;

(b) on the Closing Date for each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented in respect of such Closing Date (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (b); and

(c) in 15 consecutive equal annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (b) of this paragraph (the aggregate of said installments being hereinafter called the "CSA Indebtedness").

The installments of the CSA Indebtedness shall be payable annually on March 15 in each year commencing on March 15, 1981, to and including March 15, 1995, or, if any such date is not a business day, on the next business day. The unpaid portion of the CSA Indebtedness shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 10-3/8% per annum. All such interest shall be payable, to the extent accrued, on March 15, and September 15 in each year, commencing March 15, 1980, or, if any such date is not a business day, on the next business day.

All interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on March 15, 1980, shall be calculated on an actual elapsed-day, 365-day year, basis.

The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

The Vendee will pay, to the extent legally enforceable, interest at the rate of 11-3/8% per annum 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 shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Except as provided in Article 8 hereof, the Vendee shall not have the privilege of prepaying any installment of CSA Indebtedness hereunder prior to the date it becomes due.

If the Vendee is granted a quantity discount, refund or other allowance any portion of which is applicable to the Equipment or any Components (as hereinafter defined in Article 8 hereof) and which is not reflected in the invoices theretofore delivered to the Vendee pursuant to Article 4 hereof, the Vendee will, upon receipt of the same, promptly deposit with the Vendor an amount in cash equal to such portion, and deliver to the Trustee an Officer's Certificate setting forth the basis for the determination of such deposit. Cash deposited with the Vendor pursuant to this paragraph shall be held and applied as provided in the fourth paragraph of Article 8(A) hereof.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Vendee, the assignee thereof may request the Vendee to make and the Vendee shall make such payments to it at such address as shall be supplied to the Vendee by the assignee.

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 net income, gross receipts [except gross receipts taxes in the nature of or

in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Vendee assumes and agrees to pay on demand. 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 interest therein 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 and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such 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) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be included in the term "Equipment" as used in this Agreement, but the term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but

not limited to, automobile carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Vendee. The Vendee and the Vendor recognize that such special devices, racks and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Vendee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, racks and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Vendee and the Vendor, remove such special devices, racks and other assemblies from the Equipment.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full CSA Indebtedness, together with interest and all other payments as herein provided, shall have been paid, and all the Vendee's obligations herein contained shall have been performed by the Vendee, 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, upon receipt of a Request at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Vendee, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee, (b) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 8 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 bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time

after receipt of a Request.

ARTICLE 7. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Vendee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

The Equipment may be lettered "Trailer Train" or "TTX" or in some other appropriate manner for convenience of identification of the interest of the Vendee therein, and may also be lettered, in case of a lease of any Equipment made pursuant to Article 11 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein; but the Vendee, so long as the Equipment is subject to this Agreement, will not allow the name of any person, firm, association or corporation to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by the Vendee or by any person, firm, association or corporation other than the Vendor.

ARTICLE 8. Substitution and Replacement; Maintenance; Casualty Occurrences; Investments; Insurance. (A) Upon Request, the Vendor shall, at any time and from time to time, execute and deliver a bill of sale assigning and

transferring to the transferee named by the Vendee all the right, title and interest of the Vendor in and to any or all of the units of Equipment or Components (as hereinafter defined in this Article 8); provided, however, that none of the units of Equipment or Components shall be so assigned or transferred unless simultaneously (a) there shall be paid to the Vendor cash in an amount not less than the Value (as hereinafter defined in this Article 8), as of the date of such Request, of the units of Equipment or Components to be assigned or transferred by the Vendor or (b) there shall be conveyed to the Vendor at the time of assignment or transfer of any units of Equipment, other units of Equipment of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such Request of the units of Equipment to be assigned or transferred or (c) there shall be conveyed to the Vendor at the time of assignment or transfer of any Components, either other Components (which shall be affixed by the Vendee to units of Equipment) or units of Equipment, or both, of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such request of the Components to be assigned or transferred; and provided, further, that no Components shall be removed from any unit of Equipment, or a substitution of Components made, if such removal, or removal and substitution, will impair the use in the business of the Vendee of such unit of Equipment; and provided, further, that no substitution contemplated under this subdivision (A) shall be made if an event of default under this Agreement is then in effect or if the Value of Equipment and Components to be transferred by the Vendor, together with the Value of Equipment and Components theretofore transferred by the Vendor pursuant to this subdivision (A), shall exceed an amount equal to 20% of the aggregate principal amount of CSA Indebtedness originally incurred pursuant to Article 4 hereof, unless written consent to make such substitution is obtained from the Vendor. For the purposes of this Article 8 the term "Equipment" means complete units of standard-gauge railroad flatcars (other than work equipment) and any special trailer hitches, bridge plates, safety chains, riser planks, couplers, draft gears, tie downs, bulkheads, winches, channels, collapsible pedestals or other components (herein called "Components") if the cost thereof is separately stated in the invoice delivered pursuant to Article 4 hereof or this Article 8 when such Components are first subjected to this Agreement; the term "unit" when used with reference to Equipment being deemed to mean,

however, a complete unit of railroad rolling stock.

At the time of delivery of any Request pursuant to the preceding paragraph, the Vendee shall, if other Equipment is to be conveyed to the Vendor in substitution for the Equipment to be assigned or transferred by the Vendor, deliver to the Vendor the following papers:

(1) an Officer's Certificate stating (i) the Value, as of the date of said Request, of the Equipment so to be assigned or transferred by the Vendor and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), (ii) that such assignment or transfer will not impair the security under this Agreement in contravention of the provisions hereof, (iii) the Value to the Vendee of such substituted Equipment as of such date and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), and that such substituted Equipment has an expected useful life extending beyond the scheduled date for payment of the last installment of the CSA Indebtedness, (iv) if such substitution consists of one or more Components, that each such Component is to be substituted on a specified unit of the Equipment subject to this Agreement for another Component used for the same purpose concurrently being removed from such unit and assigned or transferred by the Vendor hereunder, (v) that each unit of Equipment so to be substituted has been marked as provided in Article 7 hereof, (vi) that each such unit so to be substituted is Equipment as herein defined, and (vii) that no event of default hereunder has occurred and is continuing;

(2) if Equipment is conveyed to the Vendor, certificates of acceptance and invoices and bill or bills of sale to the Vendor from the owner or manufacturer of such Equipment corresponding to those provided for in Section 4 of the Assignment; and

(3) an opinion of counsel for the Vendee to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Vendor title to such Equipment conveyed to the Vendor free from all claims, liens, security interests and other encumbrances other than the

rights of the Vendee hereunder and (ii) that a proper supplement hereto in respect of any units of Equipment conveyed to the Vendor has been duly executed and has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

At the time of delivery of any Request pursuant to the first paragraph of this subdivision (A), the Vendee shall, if cash is to be paid to the Vendor in respect of the Equipment to be assigned or tranferred by the Vendor, deliver to the Vendor an Officer's Certificate to the effect set forth in items (i), (ii) and (vii) of subparagraph (1) of the preceding paragraph.

Cash deposited with the Vendor pursuant to this subdivision (A), subdivision (B) of this Article 8 or the penultimate paragraph of Article 4 hereof shall, from time to time, be paid over by the Vendor to the Vendee upon Request, against conveyance to the Vendor of units of Equipment or Components having a Value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by the Vendee with all of the provisions of the second paragraph of this subdivision (A) insofar as they relate to the action requested.

For all purposes of this Article 8, Value shall be determined as follows (and the manner of such determination shall be set forth in each Officer's Certificate furnished in respect thereof):

(1) the Value of any Equipment assigned or transferred by the Vendor shall be deemed to be the greater of (a) the actual fair value thereof and (b) the original purchase price thereof less depreciation at a rate not in excess of 1/15th of such original purchase price thereof for each period of one year between the date as of which Value is to be determined and the later of (i) a date one year prior to the scheduled date of payment of the first installment of the CSA Indebtedness, or (ii) the date such Equipment was first put into use as certified to the Vendor; and

(2) the Value of any Equipment conveyed to the Vendor shall be deemed to be the lesser of (a) the actual fair value thereof and (b) the original purchase price of such Equipment less depreciation at a rate not less than 1/15th of such purchase price for each period

of one year elapsed between the date such Equipment was first put into use and the date as of which Value is to be determined;

(B) The Vendee agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, stolen, lost, destroyed or taken or requisitioned by condemnation or otherwise ("Casualty Occurrence"). Whenever any Equipment shall suffer a Casualty Occurrence the Vendee shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Vendor an Officer's Certificate describing such Equipment and stating the Value thereof as of the date such Equipment suffered such Casualty Occurrence. When the total Value of all Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Vendor pursuant to this subdivision (B)), shall amount to $250,000 (or such lesser amount as the Vendee may elect), the Vendee, within 30 days of such event, shall deposit with the Vendor an amount in cash equal to the Value of such Equipment as of the date of the Casualty Occurrence in respect thereof.

The rights and remedies of the Vendor to enforce or to recover the payments required to be made pursuant to this Agreement in respect of the CSA Indebtedness or interest thereon shall not be affected by reason of any Casualty Occurrence. Cash deposited with the Vendor pursuant to this subdivision (B) shall, at the option of the Vendee evidenced by a Request delivered to the Vendor, (1) be held and applied as provided in the fourth paragraph of subdivision (A) of this Article 8, or (2) to prepay installments of CSA Indebtedness on an installment date therefor (such prepayment to be applied to reduce each installment thereafter falling due pro rata).

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Vendee, after payment by the Vendee of a sum equal to the Value of such Equipment, execute and deliver to the Vendee or the Vendee's assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by

the Vendee.

(C) So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Vendee shall by a Request so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard & Poor's Corporation or by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of the Assignee or domestic commercial banks in the United States of America having total assets in excess of $1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such Investments shall from time to time be sold and the proceeds reinvested in such Investments as the Vendee may by Request direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Vendee. If such proceeds (plus such interest) shall be less than such cost, the Vendee will promptly pay to the Vendor an amount equal to such deficiency. The Vendee will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Vendee in its business or operations, such occurrence shall, upon the election of the Vendee evidenced by a Request, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Vendee shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of CSA Indebtedness.

(D) Notwithstanding anything to the contrary contained in this Article 8, if one or more events of

default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

(E) The Vendee will at all times, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment, and public liability insurance, in amounts and against risks customarily insured against by the Vendee in respect of similar equipment owned by it.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will at all times comply, and cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, 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 or replacement of or addition to any part on any unit of the Equipment, the Vendee will conform therewith, at its own expense; provided, however, that the Vendee 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. Reports and Inspections. On or before April 1 in each year, commencing with the year 1981, the Vendee shall furnish to the Vendor an Officer's Certificate (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may

reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement; provided, however, that the Vendee shall not be obligated to interrupt the use of any unit in normal operations nor shall the Vendee be liable for any injury to, or the death of, any agent or employee of the Vendor incurred while exercising any such right to inspect the Equipment under the preceding provision of this sentence.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing hereunder, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of the Equipment and the use thereof and also to lease the Equipment to, or to permit its use under the terms of car contracts by, a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), in Mexico (or any State or the Federal District thereof) or in the Dominion of Canada (or any Province or Territory thereof), upon lines of railroad owned or operated by such lessee or user, or over which such lessee or user has trackage right or rights for operation of its trains, and upon connecting and other carriers in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided that, if the Vendee leases or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any state or the Federal District thereof), the Vendee shall, except as otherwise provided in Article 19 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Vendor in the Equipment to be so leased or used and (b) furnished the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Vendor in such Equipment.

Any such lease may provide that the lessee, so long as it shall not be in default under such lease, shall be entitled to the possession of the Equipment included in such lease and the use thereof subject to the rights and

remedies of the Vendor in respect of the Equipment covered by such lease upon the occurrence of an event of default hereunder; and, subject to the provisions of Article 7 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such lessee therein. Every such lease shall subject the rights of the lessee under such lease to the rights of the Vendor in respect of the Equipment covered by such sublease in the event of the happening of an event of default hereunder. A copy of the form of each sublease (and of each amendment thereto, if any) shall promptly be filed with the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Vendee shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the 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 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.

ARTICLE 13. Vendee's Indemnities. The Vendee will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of any infringement of patents or other rights (except to the extent the Builder is obligated so to indemnify as provided in Article 14 hereof or in any assignment of this Agreement), retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Vendee during the period when said security interest

remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement.

ARTICLE 14. Patent Indemnities; Builder's Warranty of Material and Workmanship. Each Builder's indemnities with respect to patent infringement, its warranty of material and workmanship and the limitations of its liability with regard thereto are set forth in a letter, delivered concurrently herewith, dated the date hereof from such Builder to the Vendee and the Assignee which is herein incorporated by reference.

ARTICLE 15. Assignments. The Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor.

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 any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of any of its obligations to such Builder under Articles 2, 3, 4, 5, 13 and 14 hereof, and this Article 15 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee, 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 to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the respective Builders.

The Vendee will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Vendee, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of the Equipment of such Builder as provided in the instrument making such assignment, such Builder will promptly notify the Vendee of such event and, if such amount shall not have been previously paid by such assignee, the Vendee shall pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of

the fourth paragraph of Article 4 hereof), such payment to be made in cash after the delivery of such Equipment, either directly, or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment as provided in this Agreement or shall fail to pay in full any other sum payable by the Vendee as provided in this Agreement within 10 days after the same shall have become due and payable; 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 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 or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency law, 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 readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its property in connection with any such proceeding in such manner that such obligations shall 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 proceeding shall have been commenced; or

(d) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor in writing of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default hereunder and of what action, if any, the Vendee has taken or proposes to take to remedy such event of default or event.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default 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 had been made. 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 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to 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 17 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the Vendee's premises or any other premises where the Equipment may be located (without judicial process if this can be done without breach of the peace) 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.

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 which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks 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 such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

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 the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of 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 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 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment 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 21 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 second 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 by the Vendee; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, 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 as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment 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; provided, further, 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. If the Vendor shall have given no 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 17.

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 to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit 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, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling 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 such place or places and 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. 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 ten days prior thereto, by telegram or registered mail addressed to the Vendee as provided in Article 21 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it

shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Vendee hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Vendee at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall 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 attorneys' fees, if any, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction 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 unit 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 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, that the Vendee

shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) the Vendee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Vendee has taken all action required by law to protect the title of the Vendor to units of Equipment having a fair value of not less than 85% of the aggregate fair value of all such units then subject to this Agreement, and (3) any such unit at any time located in such jurisdiction shall have been marked with the markings specified in Article 7 hereof.

The Vendee will promptly furnish to the Vendor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Vendee with respect thereto satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 21. 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 chief place of business at the following specified addresses:

(a) to the Vendee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice-President-Finance,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to each of the other parties hereto 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 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred pursuant to 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, or in which any unit of the Equipment shall be located, and any rights arising out of the marking of the units of Equipment provided for in Article 7 hereof.

ARTICLE 24. 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. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursu-

ant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

TRAILER TRAIN COMPANY,

by

_____
Vice President-Finance

[Corporate Seal]

Attest:

_____
Assistant Secretary

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by Stanley Brown
Vice President-Freight Unit

[Corporate Seal]

Attest: William O. Eddy
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this 14th day of November 1979, before me personally appeared Stanley Brown, to me personally known, who, being by me duly sworn, says that he is a Vice President-Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Janice K. Rintzer
Notary Public

[Notarial Seal]

My Commission expires 8/7/83

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

to

Conditional Sale Agreement

Item 1. (a) Bethlehem Steel Corporation (a Delaware corporation), Bethlehem, Pennsylvania 18016, Attention of Manager Railroad Products Sales.

(b) Pullman Incorporated (Pullman Standard Division) (a Delaware corporation), 200 South Michigan Avenue, Chicago, Illinois 60604.

(c) Thrall Car Manufacturing Company (a Delaware corporation), Post Office Box 218, Chicago Heights, Illinois 60401, Attention of Vice President-Finance.

(d) ACF Industries, Incorporated (a New Jersey corporation), 750 Third Avenue, New York, N. Y. 10017, attention of Robert W. Montgomery, Assistant Secretary.

Item 2. Cut-Off Date: December 31, 1980.

Item 3. The Builders agree, for the benefit of the Vendee, that the following provisions from their respective Interim Documents with the Vendee shall be applicable to this transaction:

"All increases in the base price shall be subject to audit either by the Vendee or an independent public accounting firm of recognized standing selected by the Vendee. In connection with such audit all necessary documents and records necessary to substantiate and verify such increases shall be made available to the Vendee. All base price increases shall be reported to the Vendee by item lot number or in such other detail as may be reasonably requested by the Vendee in order to verify the accuracy of such increases.

"Allowances for increased inventory carrying charges or interest charges arising from payments for materials by the Builder are specifically excluded from any base price

increases unless previously approved in writing by the Vendee. Premiums or additional materials charges resulting from materials purchased by the Builder from sources of supply not customarily used are specifically excluded from any base price increases unless previously approved in writing by the Vendee."

Item 4: The Maximum CSA Indebtedness referred to in Article 4 of the CSA is $79,000,000 plus the aggregate amount, if any, by which the commitments of the Investors are increased pursuant to the first paragraph of Paragraph 1 of the Finance Agreement.

SCHEDULE B

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
Bethlehem Steel Corporation	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-B	Johnstown, Pennsylvania	623	$50,000	$31,150,000	981885-982507	November 1979-February 1980, at Johnstown, Pa.
Pullman Incorporated (Pullman Standard Division)	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-P	Bessemer, Alabama	490	50,000	24,500,000	990400-990889	November 1979-January 1980, at Bessemer, Ala.
	89'4" 70-ton capacity, hydraulic draft gear, flush deck standard level flat-cars for auto rack device	FA	T-4079-P	Bessemer, Alabama	176	41,000	7,216,000	942700-942875	January-February 1980, at Bessemer, Ala.
Thrall Car Manufacturing Company	68' 100-ton capacity, hydraulic draft gear, flush deck flatcars with bulkheads	FC	T-4078-T	Chicago Heights, Illinois	125	52,000	6,500,000	81835-81959	November-December 1979, at East Chicago, Ill.

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-4079-A	St. Louis, Missouri	200	$46,250	$ 9,250,000	992100-992299	December 1979-February 1980, at St. Louis, Mo.
					1,614		$78,616,000		

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of October 1, 1979, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, acting as Agent under a Finance Agreement dated as of the date hereof ("Finance Agreement") (said Agent, so acting, together with its successors and assigns, being hereinafter called the "Assignee"), and each of BETHLEHEM STEEL CORPORATION, PULLMAN INCORPORATED (Pullman Standard Division), THRALL CAR MANUFACTURING COMPANY and ACF INDUSTRIES, INCORPORATED (collectively "Builders" or severally "Builder").

WHEREAS, the Builders and Trailer Train Company ("Vendee"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by each Builder, and the purchase by the Vendee of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: That, in consideration of good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Vendee, and when and as payment is made (i) by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof and (ii) by the Vendee of the amount required to be paid pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA (but only if the Vendee shall have received a correct invoice therefor at least 10 business days before the applicable Closing Date) and of the amount required to be paid pursuant to subparagraph (b) of the fourth paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct

and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 3 thereof, in subparagraphs (a) and (b) of the fourth paragraph of Article 4 thereof, and in the last paragraph of Article 15 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and, except as aforesaid, in and to any and all amounts which may be or become due or owing by the Vendee to such Builder under the CSA in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Vendee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 14 of the CSA, or relieve the Vendee from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 13, 14 and 15 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to Article 15 of the CSA, all obligations of such Builder to the Vendee with respect to such Builder's Equipment shall be and remain enforceable by the Vendee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Vendee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder shall construct its

Equipment in full accordance with the CSA and will deliver the same upon completion to the Vendee in accordance with the provisions of the CSA; and, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder will warrant to the Assignee and the Vendee that at the time of delivery of each unit of the Equipment of such Builder under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Vendee thereunder. No Builder will deliver any of its Equipment to the Vendee under the CSA until the filings and recordations referred to in Article 19 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by such Builder of any obligation with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Vendee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or

other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Vendee and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by such Builder, each Builder agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Vendee with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment of such Builder or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee (at the office of its special counsel, Messrs. Cravath, Swaine & Moore, in New York, New York) at least two business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from such Builder to the Assignee

transferring to the Assignee the security interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Vendee that at the time of delivery of such units under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Vendee as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Vendee and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment in such Group, subject only to liens, charges or security interests permitted to exist pursuant to Article 12 of the CSA, and such units, at the time of delivery thereof to the Vendee under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by

the CSA and this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee and such Investors are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any of the Investors;

(e) an opinion of counsel for the Vendee, dated as of such Closing Date, addressed to the Assignee, to the effect set forth in clauses (i), (ii), (iii), (v), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement, the CSA and this Agreement by parties thereto other than the Vendee) and stating that (i) the Vendee is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof and (ii) if any units of Equipment were subject to an Interim Document (as defined in the CSA) such Interim Document was duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery of the first such unit;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, addressed to the Assignee and

the Vendee, to the effect set forth in clause (iv) of subparagraph (d) above in respect of its Equipment insofar as such matters relate to such Builder and stating that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof, (ii) the CSA has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and (iv) the bill of sale referred to in subparagraph (a) above has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer the security interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and this Assignment) arising from, through or under such Builder;

(g) a certificate of an officer of the Vendee, dated as of such Closing Date, to the effect that, to the best of his knowledge and belief, (i) the Vendee's representations and warranties in Paragraph 15 of the Finance Agreement are true and correct as of such Closing Date with the same effect as though such representations and warranties had been made on and as of such Closing Date, (ii) no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (iii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and no other tax liens have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment;

(h) a release or releases in recordable form discharging and terminating all claims, liens, security interests and other encumbrances, if any, arising by, through or under any Interim Document relating to such Group; and

(i) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4 or by the Vendee pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Vendee.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Vendee as to such matter; in giving the opinion specified in said subparagraph (e), counsel may rely on the bill of sale and opinion of counsel for such Builder as to claims, liens, security interests and other encumbrances arising from, through or under such Builder; and in giving the opinion specified in said subparagraph (f), counsel may assume that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) of Article 16 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that

the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, unless the Assignee shall otherwise be obligated to make such payment under the provisions of this Assignment, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Vendee thereunder. 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 Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Vendee, the CSA is, insofar as such Builder is concerned, a valid and existing agreement binding upon it and the Vendee in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between said parties

shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the CSA.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Vendee, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, 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.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Assignment or to perform its obligations hereunder.

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.

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President--Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Corporate
Trust Officer

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

TRAILER TRAIN COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment as of October 1, 1979.

TRAILER TRAIN COMPANY,

by

_____

Vice President-Finance

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this 7th day of November 1979, before me personally appeared Stanley Brown to me personally known, who, being by me duly sworn, says that he is a Vice President --Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Jessica K Rustrus
Notary Public

[Notarial Seal]

My Commission expires 8/7/83

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
CITY OF NEW YORK ,)

On this 13th day of October 1979, before me personally appeared G. S. Johnston, to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Leone P. Wollenberg
Notary Public

[Notarial Seal]

My Commission expires

LEONE P. WOLLENBERG
NOTARY PUBLIC, State of New York
No. 31-4641079
Qualified in New York County
Commission Expires March 30, 1981

[CS&M Ref.: 2043-955]

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED

and

TRAILER TRAIN COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of October 1, 1979, between each of BETHLEHEM STEEL CORPORATION, a Delaware corporation, PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and TRAILER TRAIN COMPANY, a Delaware corporation ("Vendee").

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the equipment described in Schedule B hereto ("Equipment"); and

WHEREAS the Vendee and the Builders of such Equipment have entered into agreements ("Interim Documents") providing, among other things, for the purchase of such Equipment by the Vendee;

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

ARTICLE 1. Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement will be assigned to Mercantile-Safe Deposit and Trust Company, acting as agent under a Finance Agreement dated as of the date hereof ("Assignee"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and

businesses.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

The term "Officer's Certificate" as used in this Agreement shall mean a certificate signed by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee, and the term "Request" shall mean a written request for the action therein specified, delivered to the Vendor, dated not more than 10 days prior to the date of delivery to the Vendor and signed on behalf of the Vendee by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant described in said Schedule B and will sell and deliver to the Vendee, and the Vendee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Vendee (which specifications and modifications, if any, are called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 equipment of the character of such units of the Equipment and each unit of the Equipment will be new railroad

equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid and for the account of the Vendee, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (c) of Article 16 hereof or if any event of default (as described in said Article 16), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

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

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the date specified in Item 2 of Schedule A hereto ("Cut-Off Date") shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Vendee shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of the fourth paragraph of Article 4 hereof), if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash after the delivery

of such Equipment, either directly or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such 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 shall execute and deliver to such Builder a certificate of acceptance ("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 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Vendee will assume the responsibility 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 such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto, the Builder or Builders (and any assignee of the Builders) and the Vendee, unless waived by the Vendee, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for

and specified by the Vendee, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than such Maximum CSA Indebtedness, and the Vendee agrees to purchase any such unit or units so excluded from this Agreement from the Builder thereof for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Vendee shall determine and shall be reasonably acceptable to such Builder.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Vendee ("Group"), as such Builder and the Vendee may agree to. The term "Closing Date" with respect to any Group of the Equipment shall mean such date (on or after October 1, 1979, and on or prior to the Cut-Off Date), not more than 10 business days following presentation by the Builder of the Equipment in such Group to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Vendee by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed (y) the amount then on deposit with the Vendor pursuant to the Finance Agreement under which the Vendor is acting as agent for the institutional investors therein named plus (z) the amount payable by the Vendee pursuant to subparagraph (b) of the next paragraph of this Article 4.

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

(a) on the Closing Date for each Group, if the Closing Date is later than the 30th day following the date of acceptance of any unit of Equipment, an amount equal to interest (computed on the basis of a 360-day year of 12 30-day months) on the Purchase Price of such unit from such 30th day after the date of acceptance to the Closing Date, at a rate equal to the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day

unsecured loans to large corporate borrowers of the highest credit standing for the period such interest is payable; provided, however, that changes in such rate occurring during the 10 business days preceding the Closing Date shall be disregarded; and provided further, however, that, if the Builder's invoice for such amount has not been presented to the Vendee at least 10 business days prior to such Closing Date, the Vendee may defer payment of such amount until 10 business days following receipt by the Vendee of said Builder's invoice;

(b) on the Closing Date for each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented in respect of such Closing Date (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (b); and

(c) in 15 consecutive equal annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (b) of this paragraph (the aggregate of said installments being hereinafter called the "CSA Indebtedness").

The installments of the CSA Indebtedness shall be payable annually on March 15 in each year commencing on March 15, 1981, to and including March 15, 1995, or, if any such date is not a business day, on the next business day. The unpaid portion of the CSA Indebtedness shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 10-3/8% per annum. All such interest shall be payable, to the extent accrued, on March 15, and September 15 in each year, commencing March 15, 1980, or, if any such date is not a business day, on the next business day.

All interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on March 15, 1980, shall be calculated on an actual elapsed-day, 365-day year, basis.

The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

The Vendee will pay, to the extent legally enforceable, interest at the rate of 11-3/8% per annum 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 shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Except as provided in Article 8 hereof, the Vendee shall not have the privilege of prepaying any installment of CSA Indebtedness hereunder prior to the date it becomes due.

If the Vendee is granted a quantity discount, refund or other allowance any portion of which is applicable to the Equipment or any Components (as hereinafter defined in Article 8 hereof) and which is not reflected in the invoices theretofore delivered to the Vendee pursuant to Article 4 hereof, the Vendee will, upon receipt of the same, promptly deposit with the Vendor an amount in cash equal to such portion, and deliver to the Trustee an Officer's Certificate setting forth the basis for the determination of such deposit. Cash deposited with the Vendor pursuant to this paragraph shall be held and applied as provided in the fourth paragraph of Article 8(A) hereof.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Vendee, the assignee thereof may request the Vendee to make and the Vendee shall make such payments to it at such address as shall be supplied to the Vendee by the assignee.

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 net income, gross receipts [except gross receipts taxes in the nature of or

in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Vendee assumes and agrees to pay on demand. 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 interest therein 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 and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such 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) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be included in the term "Equipment" as used in this Agreement, but the term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but

not limited to, automobile carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Vendee. The Vendee and the Vendor recognize that such special devices, racks and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Vendee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, racks and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Vendee and the Vendor, remove such special devices, racks and other assemblies from the Equipment.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full CSA Indebtedness, together with interest and all other payments as herein provided, shall have been paid, and all the Vendee's obligations herein contained shall have been performed by the Vendee, 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, upon receipt of a Request at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Vendee, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee, (b) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 8 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 bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time

after receipt of a Request.

ARTICLE 7. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Vendee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

The Equipment may be lettered "Trailer Train" or "TTX" or in some other appropriate manner for convenience of identification of the interest of the Vendee therein, and may also be lettered, in case of a lease of any Equipment made pursuant to Article 11 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein; but the Vendee, so long as the Equipment is subject to this Agreement, will not allow the name of any person, firm, association or corporation to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by the Vendee or by any person, firm, association or corporation other than the Vendor.

ARTICLE 8. Substitution and Replacement; Maintenance; Casualty Occurrences; Investments; Insurance. (A) Upon Request, the Vendor shall, at any time and from time to time, execute and deliver a bill of sale assigning and

transferring to the transferee named by the Vendee all the right, title and interest of the Vendor in and to any or all of the units of Equipment or Components (as hereinafter defined in this Article 8); provided, however, that none of the units of Equipment or Components shall be so assigned or transferred unless simultaneously (a) there shall be paid to the Vendor cash in an amount not less than the Value (as hereinafter defined in this Article 8), as of the date of such Request, of the units of Equipment or Components to be assigned or transferred by the Vendor or (b) there shall be conveyed to the Vendor at the time of assignment or transfer of any units of Equipment, other units of Equipment of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such Request of the units of Equipment to be assigned or transferred or (c) there shall be conveyed to the Vendor at the time of assignment or transfer of any Components, either other Components (which shall be affixed by the Vendee to units of Equipment) or units of Equipment, or both, of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such request of the Components to be assigned or transferred; and provided, further, that no Components shall be removed from any unit of Equipment, or a substitution of Components made, if such removal, or removal and substitution, will impair the use in the business of the Vendee of such unit of Equipment; and provided, further, that no substitution contemplated under this subdivision (A) shall be made if an event of default under this Agreement is then in effect or if the Value of Equipment and Components to be transferred by the Vendor, together with the Value of Equipment and Components theretofore transferred by the Vendor pursuant to this subdivision (A), shall exceed an amount equal to 20% of the aggregate principal amount of CSA Indebtedness originally incurred pursuant to Article 4 hereof, unless written consent to make such substitution is obtained from the Vendor. For the purposes of this Article 8 the term "Equipment" means complete units of standard-gauge railroad flatcars (other than work equipment) and any special trailer hitches, bridge plates, safety chains, riser planks, couplers, draft gears, tie downs, bulkheads, winches, channels, collapsible pedestals or other components (herein called "Components") if the cost thereof is separately stated in the invoice delivered pursuant to Article 4 hereof or this Article 8 when such Components are first subjected to this Agreement; the term "unit" when used with reference to Equipment being deemed to mean,

however, a complete unit of railroad rolling stock.

At the time of delivery of any Request pursuant to the preceding paragraph, the Vendee shall, if other Equipment is to be conveyed to the Vendor in substitution for the Equipment to be assigned or transferred by the Vendor, deliver to the Vendor the following papers:

(1) an Officer's Certificate stating (i) the Value, as of the date of said Request, of the Equipment so to be assigned or transferred by the Vendor and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), (ii) that such assignment or transfer will not impair the security under this Agreement in contravention of the provisions hereof, (iii) the Value to the Vendee of such substituted Equipment as of such date and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), and that such substituted Equipment has an expected useful life extending beyond the scheduled date for payment of the last installment of the CSA Indebtedness, (iv) if such substitution consists of one or more Components, that each such Component is to be substituted on a specified unit of the Equipment subject to this Agreement for another Component used for the same purpose concurrently being removed from such unit and assigned or transferred by the Vendor hereunder, (v) that each unit of Equipment so to be substituted has been marked as provided in Article 7 hereof, (vi) that each such unit so to be substi tuted is Equipment as herein defined, and (vii) that no event of default hereunder has occurred and is continuing;

(2) if Equipment is conveyed to the Vendor, certificates of acceptance and invoices and bill or bills of sale to the Vendor from the owner or manufacturer of such Equipment corresponding to those provided for in Section 4 of the Assignment; and

(3) an opinion of counsel for the Vendee to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Vendor title to such Equipment conveyed to the Vendor free from all claims, liens, security interests and other encumbrances other than the

rights of the Vendee hereunder and (ii) that a proper supplement hereto in respect of any units of Equipment conveyed to the Vendor has been duly executed and has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

At the time of delivery of any Request pursuant to the first paragraph of this subdivision (A), the Vendee shall, if cash is to be paid to the Vendor in respect of the Equipment to be assigned or tranferred by the Vendor, deliver to the Vendor an Officer's Certificate to the effect set forth in items (i), (ii) and (vii) of subparagraph (1) of the preceding paragraph.

Cash deposited with the Vendor pursuant to this subdivision (A), subdivision (B) of this Article 8 or the penultimate paragraph of Article 4 hereof shall, from time to time, be paid over by the Vendor to the Vendee upon Request, against conveyance to the Vendor of units of Equipment or Components having a Value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by the Vendee with all of the provisions of the second paragraph of this subdivision (A) insofar as they relate to the action requested.

For all purposes of this Article 8, Value shall be determined as follows (and the manner of such determination shall be set forth in each Officer's Certificate furnished in respect thereof):

(1) the Value of any Equipment assigned or transferred by the Vendor shall be deemed to be the greater of (a) the actual fair value thereof and (b) the original purchase price thereof less depreciation at a rate not in excess of 1/15th of such original purchase price thereof for each period of one year between the date as of which Value is to be determined and the later of (i) a date one year prior to the scheduled date of payment of the first installment of the CSA Indebtedness, or (ii) the date such Equipment was first put into use as certified to the Vendor; and

(2) the Value of any Equipment conveyed to the Vendor shall be deemed to be the lesser of (a) the actual fair value thereof and (b) the original purchase price of such Equipment less depreciation at a rate not less than 1/15th of such purchase price for each period

of one year elapsed between the date such Equipment was first put into use and the date as of which Value is to be determined;

(B) The Vendee agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, stolen, lost, destroyed or taken or requisitioned by condemnation or otherwise ("Casualty Occurrence"). Whenever any Equipment shall suffer a Casualty Occurrence the Vendee shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Vendor an Officer's Certificate describing such Equipment and stating the Value thereof as of the date such Equipment suffered such Casualty Occurrence. When the total Value of all Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Vendor pursuant to this subdivision (B)), shall amount to $250,000 (or such lesser amount as the Vendee may elect), the Vendee, within 30 days of such event, shall deposit with the Vendor an amount in cash equal to the Value of such Equipment as of the date of the Casualty Occurrence in respect thereof.

The rights and remedies of the Vendor to enforce or to recover the payments required to be made pursuant to this Agreement in respect of the CSA Indebtedness or interest thereon shall not be affected by reason of any Casualty Occurrence. Cash deposited with the Vendor pursuant to this subdivision (B) shall, at the option of the Vendee evidenced by a Request delivered to the Vendor, (1) be held and applied as provided in the fourth paragraph of subdivision (A) of this Article 8, or (2) to prepay installments of CSA Indebtedness on an installment date therefor (such prepayment to be applied to reduce each installment thereafter falling due pro rata).

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Vendee, after payment by the Vendee of a sum equal to the Value of such Equipment, execute and deliver to the Vendee or the Vendee's assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by

the Vendee.

(C) So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Vendee shall by a Request so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard & Poor's Corporation or by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of the Assignee or domestic commercial banks in the United States of America having total assets in excess of $1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such Investments shall from time to time be sold and the proceeds reinvested in such Investments as the Vendee may by Request direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Vendee. If such proceeds (plus such interest) shall be less than such cost, the Vendee will promptly pay to the Vendor an amount equal to such deficiency. The Vendee will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Vendee in its business or operations, such occurrence shall, upon the election of the Vendee evidenced by a Request, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Vendee shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of CSA Indebtedness.

(D) Notwithstanding anything to the contrary contained in this Article 8, if one or more events of

default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

(E) The Vendee will at all times, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment, and public liability insurance, in amounts and against risks customarily insured against by the Vendee in respect of similar equipment owned by it.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will at all times comply, and cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, 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 or replacement of or addition to any part on any unit of the Equipment, the Vendee will conform therewith, at its own expense; provided, however, that the Vendee 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. Reports and Inspections. On or before April 1 in each year, commencing with the year 1981, the Vendee shall furnish to the Vendor an Officer's Certificate (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may

reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement; provided, however, that the Vendee shall not be obligated to interrupt the use of any unit in normal operations nor shall the Vendee be liable for any injury to, or the death of, any agent or employee of the Vendor incurred while exercising any such right to inspect the Equipment under the preceding provision of this sentence.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing hereunder, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of the Equipment and the use thereof and also to lease the Equipment to, or to permit its use under the terms of car contracts by, a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), in Mexico (or any State or the Federal District thereof) or in the Dominion of Canada (or any Province or Territory thereof), upon lines of railroad owned or operated by such lessee or user, or over which such lessee or user has trackage right or rights for operation of its trains, and upon connecting and other carriers in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided that, if the Vendee leases or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any state or the Federal District thereof), the Vendee shall, except as otherwise provided in Article 19 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Vendor in the Equipment to be so leased or used and (b) furnished the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Vendor in such Equipment.

Any such lease may provide that the lessee, so long as it shall not be in default under such lease, shall be entitled to the possession of the Equipment included in such lease and the use thereof subject to the rights and

remedies of the Vendor in respect of the Equipment covered by such lease upon the occurrence of an event of default hereunder; and, subject to the provisions of Article 7 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such lessee therein. Every such lease shall subject the rights of the lessee under such lease to the rights of the Vendor in respect of the Equipment covered by such sublease in the event of the happening of an event of default hereunder. A copy of the form of each sublease (and of each amendment thereto, if any) shall promptly be filed with the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Vendee shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the 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 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.

ARTICLE 13. Vendee's Indemnities. The Vendee will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of any infringement of patents or other rights (except to the extent the Builder is obligated so to indemnify as provided in Article 14 hereof or in any assignment of this Agreement), retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Vendee during the period when said security interest

SCHEDULE B

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
Bethlehem Steel Corporation	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-B	Johnstown, Pennsylvania	623	$50,000	$31,150,000	981885-982507	November 1979-February 1980, at Johnstown, Pa.
Pullman Incorporated (Pullman Standard Division)	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-P	Bessemer, Alabama	490	50,000	24,500,000	990400-990889	November 1979-January 1980, at Bessemer, Ala.
	89'4" 70-ton capacity, hydraulic draft gear, flush deck standard level flat-cars for auto rack device	FA	T-4079-P	Bessemer, Alabama	176	41,000	7,216,000	942700-942875	January-February 1980, at Bessemer, Ala.
Thrall Car Manufacturing Company	68' 100-ton capacity, hydraulic draft gear, flush deck flatcars with bulkheads	FC	T-4078-T	Chicago Heights, Illinois	125	52,000	6,500,000	81835-81959	November-December 1979, at East Chicago, Ill.

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-4079-A	St. Louis, Missouri	200	$46,250	$ 9,250,000	992100-992299	December 1979-February 1980, at St. Louis, Mo.
					1,614		$78,616,000		

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of October 1, 1979, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, acting as Agent under a Finance Agreement dated as of the date hereof ("Finance Agreement") (said Agent, so acting, together with its successors and assigns, being hereinafter called the "Assignee"), and each of BETHLEHEM STEEL CORPORATION, PULLMAN INCORPORATED (Pullman Standard Division), THRALL CAR MANUFACTURING COMPANY and ACF INDUSTRIES, INCORPORATED (collectively "Builders" or severally "Builder").

WHEREAS, the Builders and Trailer Train Company ("Vendee"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by each Builder, and the purchase by the Vendee of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: That, in consideration of good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Vendee, and when and as payment is made (i) by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof and (ii) by the Vendee of the amount required to be paid pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA (but only if the Vendee shall have received a correct invoice therefor at least 10 business days before the applicable Closing Date) and of the amount required to be paid pursuant to subparagraph (b) of the fourth paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct

and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 3 thereof, in subparagraphs (a) and (b) of the fourth paragraph of Article 4 thereof, and in the last paragraph of Article 15 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and, except as aforesaid, in and to any and all amounts which may be or become due or owing by the Vendee to such Builder under the CSA in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Vendee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 14 of the CSA, or relieve the Vendee from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 13, 14 and 15 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to Article 15 of the CSA, all obligations of such Builder to the Vendee with respect to such Builder's Equipment shall be and remain enforceable by the Vendee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Vendee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder shall construct its

Equipment in full accordance with the CSA and will deliver the same upon completion to the Vendee in accordance with the provisions of the CSA; and, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder will warrant to the Assignee and the Vendee that at the time of delivery of each unit of the Equipment of such Builder under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Vendee thereunder. No Builder will deliver any of its Equipment to the Vendee under the CSA until the filings and recordations referred to in Article 19 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by such Builder of any obligation with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Vendee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or

other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Vendee and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by such Builder, each Builder agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Vendee with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment of such Builder or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee (at the office of its special counsel, Messrs. Cravath, Swaine & Moore, in New York, New York) at least two business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from such Builder to the Assignee

transferring to the Assignee the security interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Vendee that at the time of delivery of such units under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Vendee as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Vendee and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment in such Group, subject only to liens, charges or security interests permitted to exist pursuant to Article 12 of the CSA, and such units, at the time of delivery thereof to the Vendee under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by

the CSA and this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee and such Investors are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any of the Investors;

(e) an opinion of counsel for the Vendee, dated as of such Closing Date, addressed to the Assignee, to the effect set forth in clauses (i), (ii), (iii), (v), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement, the CSA and this Agreement by parties thereto other than the Vendee) and stating that (i) the Vendee is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof and (ii) if any units of Equipment were subject to an Interim Document (as defined in the CSA) such Interim Document was duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery of the first such unit;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, addressed to the Assignee and

the Vendee, to the effect set forth in clause (iv) of subparagraph (d) above in respect of its Equipment insofar as such matters relate to such Builder and stating that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof, (ii) the CSA has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and (iv) the bill of sale referred to in subparagraph (a) above has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer the security interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and this Assignment) arising from, through or under such Builder;

(g) a certificate of an officer of the Vendee, dated as of such Closing Date, to the effect that, to the best of his knowledge and belief, (i) the Vendee's representations and warranties in Paragraph 15 of the Finance Agreement are true and correct as of such Closing Date with the same effect as though such representations and warranties had been made on and as of such Closing Date, (ii) no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (iii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and no other tax liens have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment;

(h) a release or releases in recordable form discharging and terminating all claims, liens, security interests and other encumbrances, if any, arising by, through or under any Interim Document relating to such Group; and

(i) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4 or by the Vendee pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Vendee.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Vendee as to such matter; in giving the opinion specified in said subparagraph (e), counsel may rely on the bill of sale and opinion of counsel for such Builder as to claims, liens, security interests and other encumbrances arising from, through or under such Builder; and in giving the opinion specified in said subparagraph (f), counsel may assume that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) of Article 16 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that

the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, unless the Assignee shall otherwise be obligated to make such payment under the provisions of this Assignment, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Vendee thereunder. 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 Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Vendee, the CSA is, insofar as such Builder is concerned, a valid and existing agreement binding upon it and the Vendee in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between said parties

shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the CSA.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Vendee, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, 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.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Assignment or to perform its obligations hereunder.

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.

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President--Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Corporate
Trust Officer

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

TRAILER TRAIN COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment as of October 1, 1979.

TRAILER TRAIN COMPANY,

by

_____

Vice President-Finance

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President --Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this 14th day of November 1979, before me personally appeared Jerome A. Thrall, to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Senna L Krez
Notary Public

[Notarial Seal]

My Commission expires January 11, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
CITY OF NEW YORK ,)

On this 13th day of October 1979, before me personally appeared G. W. Johnston, to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Leone P. Wollenberg
Notary Public

[Notarial Seal]

My Commission expires

LEONE P. WOLLENBERG
NOTARY PUBLIC, State of New York
No. 31-[illegible]
Qualified in New York County
Commission Expires [illegible]

disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no 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 17.

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 to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit 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, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling 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 such place or places and 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. 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 ten days prior thereto, by telegram or registered mail addressed to the Vendee as provided in Article 21 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it

shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Vendee hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Vendee at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall 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 attorneys' fees, if any, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction 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 unit 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 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, that the Vendee

shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) the Vendee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Vendee has taken all action required by law to protect the title of the Vendor to units of Equipment having a fair value of not less than 85% of the aggregate fair value of all such units then subject to this Agreement, and (3) any such unit at any time located in such jurisdiction shall have been marked with the markings specified in Article 7 hereof.

The Vendee will promptly furnish to the Vendor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Vendee with respect thereto satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 21. 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 chief place of business at the following specified addresses:

(a) to the Vendee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice-President-Finance,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to each of the other parties hereto 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 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred pursuant to 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, or in which any unit of the Equipment shall be located, and any rights arising out of the marking of the units of Equipment provided for in Article 7 hereof.

ARTICLE 24. 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. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursu-

ant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

TRAILER TRAIN COMPANY,

by

_____
Vice President-Finance

[Corporate Seal]

Attest:

_____
Assistant Secretary

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President-Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President-Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this 14th day of November 1979, before me personally appeared Jerome A. Thrall, to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Donna L. Knez
Notary Public

[Notarial Seal]

My Commission expires January 11, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

to

Conditional Sale Agreement

Item 1. (a) Bethlehem Steel Corporation (a Delaware corporation), Bethlehem, Pennsylvania 18016, Attention of Manager Railroad Products Sales.

(b) Pullman Incorporated (Pullman Standard Division) (a Delaware corporation), 200 South Michigan Avenue, Chicago, Illinois 60604.

(c) Thrall Car Manufacturing Company (a Delaware corporation), Post Office Box 218, Chicago Heights, Illinois 60401, Attention of Vice President-Finance.

(d) ACF Industries, Incorporated (a New Jersey corporation), 750 Third Avenue, New York, N. Y. 10017, attention of Robert W. Montgomery, Assistant Secretary.

Item 2. Cut-Off Date: December 31, 1980.

Item 3. The Builders agree, for the benefit of the Vendee, that the following provisions from their respective Interim Documents with the Vendee shall be applicable to this transaction:

> "All increases in the base price shall be subject to audit either by the Vendee or an independent public accounting firm of recognized standing selected by the Vendee. In connection with such audit all necessary documents and records necessary to substantiate and verify such increases shall be made available to the Vendee. All base price increases shall be reported to the Vendee by item lot number or in such other detail as may be reasonably requested by the Vendee in order to verify the accuracy of such increases.
>
> "Allowances for increased inventory carrying charges or interest charges arising from payments for materials by the Builder are specifically excluded from any base price

increases unless previously approved in writing by the Vendee. Premiums or additional materials charges resulting from materials purchased by the Builder from sources of supply not customarily used are specifically excluded from any base price increases unless previously approved in writing by the Vendee."

Item 4: The Maximum CSA Indebtedness referred to in Article 4 of the CSA is $79,000,000 plus the aggregate amount, if any, by which the commitments of the Investors are increased pursuant to the first paragraph of Paragraph 1 of the Finance Agreement.

remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement.

ARTICLE 14. Patent Indemnities; Builder's Warranty of Material and Workmanship. Each Builder's indemnities with respect to patent infringement, its warranty of material and workmanship and the limitations of its liability with regard thereto are set forth in a letter, delivered concurrently herewith, dated the date hereof from such Builder to the Vendee and the Assignee which is herein incorporated by reference.

ARTICLE 15. Assignments. The Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor.

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 any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of any of its obligations to such Builder under Articles 2, 3, 4, 5, 13 and 14 hereof, and this Article 15 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee, 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 to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the respective Builders.

The Vendee will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Vendee, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of the Equipment of such Builder as provided in the instrument making such assignment, such Builder will promptly notify the Vendee of such event and, if such amount shall not have been previously paid by such assignee, the Vendee shall pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of

the fourth paragraph of Article 4 hereof), such payment to be made in cash after the delivery of such Equipment, either directly, or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment as provided in this Agreement or shall fail to pay in full any other sum payable by the Vendee as provided in this Agreement within 10 days after the same shall have become due and payable; 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 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 or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency law, 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 readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its property in connection with any such proceeding in such manner that such obligations shall 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 proceeding shall have been commenced; or

(d) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor in writing of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default hereunder and of what action, if any, the Vendee has taken or proposes to take to remedy such event of default or event.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default 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 had been made. 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 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to 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 17 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the Vendee's premises or any other premises where the Equipment may be located (without judicial process if this can be done without breach of the peace) 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.

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 which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks 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 such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

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 the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of 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 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 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment 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 21 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 second 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 by the Vendee; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, 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 as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment 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; provided, further, 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

[CS&M Ref.: 2043-955]

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED

and

TRAILER TRAIN COMPANY

AGREEMENT AND ASSIGNMENT

Dated as of October 1, 1979

between each of

BETHLEHEM STEEL CORPORATION

and

PULLMAN INCORPORATED
(Pullman Standard Division)

and

THRALL CAR MANUFACTURING COMPANY

and

ACF INDUSTRIES, INCORPORATED,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent.

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of October 1, 1979, between each of BETHLEHEM STEEL CORPORATION, a Delaware corporation, PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation, and ACF INDUSTRIES, INCORPORATED, a New Jersey corporation (collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and TRAILER TRAIN COMPANY, a Delaware corporation ("Vendee").

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee has agreed to purchase, the equipment described in Schedule B hereto ("Equipment"); and

WHEREAS the Vendee and the Builders of such Equipment have entered into agreements ("Interim Documents") providing, among other things, for the purchase of such Equipment by the Vendee;

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

ARTICLE 1. Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement will be assigned to Mercantile-Safe Deposit and Trust Company, acting as agent under a Finance Agreement dated as of the date hereof ("Assignee"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and

businesses.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

The term "Officer's Certificate" as used in this Agreement shall mean a certificate signed by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee, and the term "Request" shall mean a written request for the action therein specified, delivered to the Vendor, dated not more than 10 days prior to the date of delivery to the Vendor and signed on behalf of the Vendee by the President, any Vice President, the Controller, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Vendee.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant described in said Schedule B and will sell and deliver to the Vendee, and the Vendee will purchase from such Builder and accept delivery of and pay for such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Vendee (which specifications and modifications, if any, are called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 equipment of the character of such units of the Equipment and each unit of the Equipment will be new railroad

equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid and for the account of the Vendee, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (c) of Article 16 hereof or if any event of default (as described in said Article 16), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

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

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the date specified in Item 2 of Schedule A hereto ("Cut-Off Date") shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Vendee shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of the fourth paragraph of Article 4 hereof), if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash after the delivery

of such Equipment, either directly or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such 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 shall execute and deliver to such Builder a certificate of acceptance ("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 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Vendee will assume the responsibility 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 such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto, the Builder or Builders (and any assignee of the Builders) and the Vendee, unless waived by the Vendee, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for

and specified by the Vendee, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than such Maximum CSA Indebtedness, and the Vendee agrees to purchase any such unit or units so excluded from this Agreement from the Builder thereof for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Vendee shall determine and shall be reasonably acceptable to such Builder.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Vendee ("Group"), as such Builder and the Vendee may agree to. The term "Closing Date" with respect to any Group of the Equipment shall mean such date (on or after October 1, 1979, and on or prior to the Cut-Off Date), not more than 10 business days following presentation by the Builder of the Equipment in such Group to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Vendee by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed (y) the amount then on deposit with the Vendor pursuant to the Finance Agreement under which the Vendor is acting as agent for the institutional investors therein named plus (z) the amount payable by the Vendee pursuant to subparagraph (b) of the next paragraph of this Article 4.

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

(a) on the Closing Date for each Group, if the Closing Date is later than the 30th day following the date of acceptance of any unit of Equipment, an amount equal to interest (computed on the basis of a 360-day year of 12 30-day months) on the Purchase Price of such unit from such 30th day after the date of acceptance to the Closing Date, at a rate equal to the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day

unsecured loans to large corporate borrowers of the highest credit standing for the period such interest is payable; provided, however, that changes in such rate occurring during the 10 business days preceding the Closing Date shall be disregarded; and provided further, however, that, if the Builder's invoice for such amount has not been presented to the Vendee at least 10 business days prior to such Closing Date, the Vendee may defer payment of such amount until 10 business days following receipt by the Vendee of said Builder's invoice;

(b) on the Closing Date for each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented in respect of such Closing Date (said invoiced prices being herein called the "Invoiced Purchase Prices"), exceeds (y) the Maximum CSA Indebtedness specified in Item 4 of Schedule A hereto and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (b); and

(c) in 15 consecutive equal annual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (b) of this paragraph (the aggregate of said installments being hereinafter called the "CSA Indebtedness").

The installments of the CSA Indebtedness shall be payable annually on March 15 in each year commencing on March 15, 1981, to and including March 15, 1995, or, if any such date is not a business day, on the next business day. The unpaid portion of the CSA Indebtedness shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 10-3/8% per annum. All such interest shall be payable, to the extent accrued, on March 15, and September 15 in each year, commencing March 15, 1980, or, if any such date is not a business day, on the next business day.

All interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on March 15, 1980, shall be calculated on an actual elapsed-day, 365-day year, basis.

The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland, Chicago, Illinois, or New York, New York, are authorized or obligated to remain closed.

The Vendee will pay, to the extent legally enforceable, interest at the rate of 11-3/8% per annum 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 shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Except as provided in Article 8 hereof, the Vendee shall not have the privilege of prepaying any installment of CSA Indebtedness hereunder prior to the date it becomes due.

If the Vendee is granted a quantity discount, refund or other allowance any portion of which is applicable to the Equipment or any Components (as hereinafter defined in Article 8 hereof) and which is not reflected in the invoices theretofore delivered to the Vendee pursuant to Article 4 hereof, the Vendee will, upon receipt of the same, promptly deposit with the Vendor an amount in cash equal to such portion, and deliver to the Trustee an Officer's Certificate setting forth the basis for the determination of such deposit. Cash deposited with the Vendor pursuant to this paragraph shall be held and applied as provided in the fourth paragraph of Article 8(A) hereof.

In the event the Vendor, pursuant to Article 15 hereof, assigns the right to receive the payments herein provided to be made by the Vendee, the assignee thereof may request the Vendee to make and the Vendee shall make such payments to it at such address as shall be supplied to the Vendee by the assignee.

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 net income, gross receipts [except gross receipts taxes in the nature of or

in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Vendee assumes and agrees to pay on demand. 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 interest therein 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 and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such 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) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be included in the term "Equipment" as used in this Agreement, but the term "Equipment" as used in this Agreement shall not include any special devices, racks (including, but

not limited to, automobile carrying superstructures) or assemblies at any time attached to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment or the title to which is in a person other than the Vendee. The Vendee and the Vendor recognize that such special devices, racks and other assemblies may be attached to the Equipment and may be owned and financed by persons other than the Vendee. The Vendor expressly acknowledges, for the purpose of assurance of any such persons and for the purpose of inducing attachment of such special devices, racks and other assemblies to the Equipment, that the Vendor has no rights therein and that such persons may, at their own cost and expense, upon written notice to the Vendee and the Vendor, remove such special devices, racks and other assemblies from the Equipment.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full CSA Indebtedness, together with interest and all other payments as herein provided, shall have been paid, and all the Vendee's obligations herein contained shall have been performed by the Vendee, 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, upon receipt of a Request at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Vendee, or upon its order, free of all claims, liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee, (b) execute and deliver, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 8 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 bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time

after receipt of a Request.

ARTICLE 7. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Vendee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

The Equipment may be lettered "Trailer Train" or "TTX" or in some other appropriate manner for convenience of identification of the interest of the Vendee therein, and may also be lettered, in case of a lease of any Equipment made pursuant to Article 11 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein; but the Vendee, so long as the Equipment is subject to this Agreement, will not allow the name of any person, firm, association or corporation to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by the Vendee or by any person, firm, association or corporation other than the Vendor.

ARTICLE 8. Substitution and Replacement; Maintenance; Casualty Occurrences; Investments; Insurance. (A) Upon Request, the Vendor shall, at any time and from time to time, execute and deliver a bill of sale assigning and

transferring to the transferee named by the Vendee all the right, title and interest of the Vendor in and to any or all of the units of Equipment or Components (as hereinafter defined in this Article 8); provided, however, that none of the units of Equipment or Components shall be so assigned or transferred unless simultaneously (a) there shall be paid to the Vendor cash in an amount not less than the Value (as hereinafter defined in this Article 8), as of the date of such Request, of the units of Equipment or Components to be assigned or transferred by the Vendor or (b) there shall be conveyed to the Vendor at the time of assignment or transfer of any units of Equipment, other units of Equipment of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such Request of the units of Equipment to be assigned or transferred or (c) there shall be conveyed to the Vendor at the time of assignment or transfer of any Components, either other Components (which shall be affixed by the Vendee to units of Equipment) or units of Equipment, or both, of a Value which when added to any cash paid to the Vendor at the time of assignment or transfer shall aggregate not less than the Value as of the date of such request of the Components to be assigned or transferred; and provided, further, that no Components shall be removed from any unit of Equipment, or a substitution of Components made, if such removal, or removal and substitution, will impair the use in the business of the Vendee of such unit of Equipment; and provided, further, that no substitution contemplated under this subdivision (A) shall be made if an event of default under this Agreement is then in effect or if the Value of Equipment and Components to be transferred by the Vendor, together with the Value of Equipment and Components theretofore transferred by the Vendor pursuant to this subdivision (A), shall exceed an amount equal to 20% of the aggregate principal amount of CSA Indebtedness originally incurred pursuant to Article 4 hereof, unless written consent to make such substitution is obtained from the Vendor. For the purposes of this Article 8 the term "Equipment" means complete units of standard-gauge railroad flatcars (other than work equipment) and any special trailer hitches, bridge plates, safety chains, riser planks, couplers, draft gears, tie downs, bulkheads, winches, channels, collapsible pedestals or other components (herein called "Components") if the cost thereof is separately stated in the invoice delivered pursuant to Article 4 hereof or this Article 8 when such Components are first subjected to this Agreement; the term "unit" when used with reference to Equipment being deemed to mean,

however, a complete unit of railroad rolling stock.

At the time of delivery of any Request pursuant to the preceding paragraph, the Vendee shall, if other Equipment is to be conveyed to the Vendor in substitution for the Equipment to be assigned or transferred by the Vendor, deliver to the Vendor the following papers:

(1) an Officer's Certificate stating (i) the Value, as of the date of said Request, of the Equipment so to be assigned or transferred by the Vendor and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), (ii) that such assignment or transfer will not impair the security under this Agreement in contravention of the provisions hereof, (iii) the Value to the Vendee of such substituted Equipment as of such date and the date such Equipment was first put into use (or that such Equipment was first put into use not later than a specified date), and that such substituted Equipment has an expected useful life extending beyond the scheduled date for payment of the last installment of the CSA Indebtedness, (iv) if such substitution consists of one or more Components, that each such Component is to be substituted on a specified unit of the Equipment subject to this Agreement for another Component used for the same purpose concurrently being removed from such unit and assigned or transferred by the Vendor hereunder, (v) that each unit of Equipment so to be substituted has been marked as provided in Article 7 hereof, (vi) that each such unit so to be substituted is Equipment as herein defined, and (vii) that no event of default hereunder has occurred and is continuing;

(2) if Equipment is conveyed to the Vendor, certificates of acceptance and invoices and bill or bills of sale to the Vendor from the owner or manufacturer of such Equipment corresponding to those provided for in Section 4 of the Assignment; and

(3) an opinion of counsel for the Vendee to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Vendor title to such Equipment conveyed to the Vendor free from all claims, liens, security interests and other encumbrances other than the

rights of the Vendee hereunder and (ii) that a proper supplement hereto in respect of any units of Equipment conveyed to the Vendor has been duly executed and has been filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

At the time of delivery of any Request pursuant to the first paragraph of this subdivision (A), the Vendee shall, if cash is to be paid to the Vendor in respect of the Equipment to be assigned or tranferred by the Vendor, deliver to the Vendor an Officer's Certificate to the effect set forth in items (i), (ii) and (vii) of subparagraph (1) of the preceding paragraph.

Cash deposited with the Vendor pursuant to this subdivision (A), subdivision (B) of this Article 8 or the penultimate paragraph of Article 4 hereof shall, from time to time, be paid over by the Vendor to the Vendee upon Request, against conveyance to the Vendor of units of Equipment or Components having a Value, as of the date of said Request, not less than the amount of cash so paid, and upon compliance by the Vendee with all of the provisions of the second paragraph of this subdivision (A) insofar as they relate to the action requested.

For all purposes of this Article 8, Value shall be determined as follows (and the manner of such determination shall be set forth in each Officer's Certificate furnished in respect thereof):

(1) the Value of any Equipment assigned or transferred by the Vendor shall be deemed to be the greater of (a) the actual fair value thereof and (b) the original purchase price thereof less depreciation at a rate not in excess of 1/15th of such original purchase price thereof for each period of one year between the date as of which Value is to be determined and the later of (i) a date one year prior to the scheduled date of payment of the first installment of the CSA Indebtedness, or (ii) the date such Equipment was first put into use as certified to the Vendor; and

(2) the Value of any Equipment conveyed to the Vendor shall be deemed to be the lesser of (a) the actual fair value thereof and (b) the original purchase price of such Equipment less depreciation at a rate not less than 1/15th of such purchase price for each period

of one year elapsed between the date such Equipment was first put into use and the date as of which Value is to be determined;

(B) The Vendee agrees that it will maintain and keep all the Equipment in good order and proper repair at its own cost and expense, unless and until it becomes worn out, unsuitable for use, stolen, lost, destroyed or taken or requisitioned by condemnation or otherwise ("Casualty Occurrence"). Whenever any Equipment shall suffer a Casualty Occurrence the Vendee shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Vendor an Officer's Certificate describing such Equipment and stating the Value thereof as of the date such Equipment suffered such Casualty Occurrence. When the total Value of all Equipment having suffered a Casualty Occurrence (exclusive of Equipment having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Vendor pursuant to this subdivision (B)), shall amount to $250,000 (or such lesser amount as the Vendee may elect), the Vendee, within 30 days of such event, shall deposit with the Vendor an amount in cash equal to the Value of such Equipment as of the date of the Casualty Occurrence in respect thereof.

The rights and remedies of the Vendor to enforce or to recover the payments required to be made pursuant to this Agreement in respect of the CSA Indebtedness or interest thereon shall not be affected by reason of any Casualty Occurrence. Cash deposited with the Vendor pursuant to this subdivision (B) shall, at the option of the Vendee evidenced by a Request delivered to the Vendor, (1) be held and applied as provided in the fourth paragraph of subdivision (A) of this Article 8, or (2) to prepay installments of CSA Indebtedness on an installment date therefor (such prepayment to be applied to reduce each installment thereafter falling due pro rata).

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Vendee, after payment by the Vendee of a sum equal to the Value of such Equipment, execute and deliver to the Vendee or the Vendee's assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by

the Vendee.

(C) So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Vendee shall by a Request so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard & Poor's Corporation or by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of the Assignee or domestic commercial banks in the United States of America having total assets in excess of $1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such Investments shall from time to time be sold and the proceeds reinvested in such Investments as the Vendee may by Request direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Vendee. If such proceeds (plus such interest) shall be less than such cost, the Vendee will promptly pay to the Vendor an amount equal to such deficiency. The Vendee will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Vendee in its business or operations, such occurrence shall, upon the election of the Vendee evidenced by a Request, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Vendee shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of CSA Indebtedness.

(D) Notwithstanding anything to the contrary contained in this Article 8, if one or more events of

default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

(E) The Vendee will at all times, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment, and public liability insurance, in amounts and against risks customarily insured against by the Vendee in respect of similar equipment owned by it.

ARTICLE 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will at all times comply, and cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, 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 or replacement of or addition to any part on any unit of the Equipment, the Vendee will conform therewith, at its own expense; provided, however, that the Vendee 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. Reports and Inspections. On or before April 1 in each year, commencing with the year 1981, the Vendee shall furnish to the Vendor an Officer's Certificate (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may

reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement; provided, however, that the Vendee shall not be obligated to interrupt the use of any unit in normal operations nor shall the Vendee be liable for any injury to, or the death of, any agent or employee of the Vendor incurred while exercising any such right to inspect the Equipment under the preceding provision of this sentence.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing hereunder, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of the Equipment and the use thereof and also to lease the Equipment to, or to permit its use under the terms of car contracts by, a lessee or user incorporated in the United States of America (or any state thereof or the District of Columbia), in Mexico (or any State or the Federal District thereof) or in the Dominion of Canada (or any Province or Territory thereof), upon lines of railroad owned or operated by such lessee or user, or over which such lessee or user has trackage right or rights for operation of its trains, and upon connecting and other carriers in or between the United States, Mexico or Canada in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided that, if the Vendee leases or permits the use of the Equipment in Canada (or any Province or Territory thereof) or in Mexico (or any state or the Federal District thereof), the Vendee shall, except as otherwise provided in Article 19 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Vendor in the Equipment to be so leased or used and (b) furnished the Vendor with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Vendor to the effect that such action is all that is necessary to protect the right, title and interest of the Vendor in such Equipment.

Any such lease may provide that the lessee, so long as it shall not be in default under such lease, shall be entitled to the possession of the Equipment included in such lease and the use thereof subject to the rights and

remedies of the Vendor in respect of the Equipment covered by such lease upon the occurrence of an event of default hereunder; and, subject to the provisions of Article 7 hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such lessee therein. Every such lease shall subject the rights of the lessee under such lease to the rights of the Vendor in respect of the Equipment covered by such sublease in the event of the happening of an event of default hereunder. A copy of the form of each sublease (and of each amendment thereto, if any) shall promptly be filed with the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Vendee shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the 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 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.

ARTICLE 13. Vendee's Indemnities. The Vendee will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of any infringement of patents or other rights (except to the extent the Builder is obligated so to indemnify as provided in Article 14 hereof or in any assignment of this Agreement), retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Vendee during the period when said security interest

remains in the Vendor or the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement.

ARTICLE 14. Patent Indemnities; Builder's Warranty of Material and Workmanship. Each Builder's indemnities with respect to patent infringement, its warranty of material and workmanship and the limitations of its liability with regard thereto are set forth in a letter, delivered concurrently herewith, dated the date hereof from such Builder to the Vendee and the Assignee which is herein incorporated by reference.

ARTICLE 15. Assignments. The Vendee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor.

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 any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 14 hereof, or relieve the Vendee of any of its obligations to such Builder under Articles 2, 3, 4, 5, 13 and 14 hereof, and this Article 15 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Vendee, 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 to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the respective Builders.

The Vendee will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Vendee, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of the Equipment of such Builder as provided in the instrument making such assignment, such Builder will promptly notify the Vendee of such event and, if such amount shall not have been previously paid by such assignee, the Vendee shall pay the full purchase price therefor, determined as provided in this Agreement (plus any interest due, calculated as set forth in subparagraph (a) of

the fourth paragraph of Article 4 hereof), such payment to be made in cash after the delivery of such Equipment, either directly, or, in case the Vendee shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Vendee shall determine and as shall be reasonably acceptable to such Builder.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment as provided in this Agreement or shall fail to pay in full any other sum payable by the Vendee as provided in this Agreement within 10 days after the same shall have become due and payable; 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 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 or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency law, 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 readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or for its property in connection with any such proceeding in such manner that such obligations shall 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 proceeding shall have been commenced; or

(d) the Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare ("Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor in writing of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default hereunder and of what action, if any, the Vendee has taken or proposes to take to remedy such event of default or event.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default 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 had been made. 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 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to 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 17 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the Vendee's premises or any other premises where the Equipment may be located (without judicial process if this can be done without breach of the peace) 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.

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 which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks 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 such interchange point or points as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

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 the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of 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 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 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment 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 21 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 second 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 by the Vendee; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, 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 as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment 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; provided, further, 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. If the Vendor shall have given no 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 17.

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 to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit 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, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling 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 such place or places and 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. 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 ten days prior thereto, by telegram or registered mail addressed to the Vendee as provided in Article 21 hereof. In the event that the Vendor shall be the purchaser of the Equipment, it

shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Vendee hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor an amount equal to the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

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

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Vendee at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall 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 attorneys' fees, if any, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction 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 unit 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 19. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, that the Vendee

shall not be required to take any such action in respect of any jurisdiction outside the United States of America if (1) the Vendee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Vendee has taken all action required by law to protect the title of the Vendor to units of Equipment having a fair value of not less than 85% of the aggregate fair value of all such units then subject to this Agreement, and (3) any such unit at any time located in such jurisdiction shall have been marked with the markings specified in Article 7 hereof.

The Vendee will promptly furnish to the Vendor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Vendee with respect thereto satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 21. 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 chief place of business at the following specified addresses:

(a) to the Vendee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice-President-Finance,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Vendee, at such address as may have been furnished in writing to each of the other parties hereto 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 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

ARTICLE 23. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred pursuant to 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, or in which any unit of the Equipment shall be located, and any rights arising out of the marking of the units of Equipment provided for in Article 7 hereof.

ARTICLE 24. 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. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursu-

ant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

TRAILER TRAIN COMPANY,

by

_____
Vice President-Finance

[Corporate Seal]

Attest:

_____
Assistant Secretary

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President-Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President-Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 14th day of November 1979, before me personally appeared C. R. GARR, to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Irwin M. Lewis
Notary Public

[Notarial Seal]

My Commission expires

IRWIN M. LEWIS
NOTARY PUBLIC, State of New York
No. 60-234777
Qualified in Westchester County
Certificate filed in New York County
Commission Expires March 30, 1981

SCHEDULE A

to

Conditional Sale Agreement

Item 1. (a) Bethlehem Steel Corporation (a Delaware corporation), Bethlehem, Pennsylvania 18016, Attention of Manager Railroad Products Sales.

(b) Pullman Incorporated (Pullman Standard Division) (a Delaware corporation), 200 South Michigan Avenue, Chicago, Illinois 60604.

(c) Thrall Car Manufacturing Company (a Delaware corporation), Post Office Box 218, Chicago Heights, Illinois 60401, Attention of Vice President-Finance.

(d) ACF Industries, Incorporated (a New Jersey corporation), 750 Third Avenue, New York, N. Y. 10017, attention of Robert W. Montgomery, Assistant Secretary.

Item 2. Cut-Off Date: December 31, 1980.

Item 3. The Builders agree, for the benefit of the Vendee, that the following provisions from their respective Interim Documents with the Vendee shall be applicable to this transaction:

"All increases in the base price shall be subject to audit either by the Vendee or an independent public accounting firm of recognized standing selected by the Vendee. In connection with such audit all necessary documents and records necessary to substantiate and verify such increases shall be made available to the Vendee. All base price increases shall be reported to the Vendee by item lot number or in such other detail as may be reasonably requested by the Vendee in order to verify the accuracy of such increases.

"Allowances for increased inventory carrying charges or interest charges arising from payments for materials by the Builder are specifically excluded from any base price

increases unless previously approved in writing by the Vendee. Premiums or additional materials charges resulting from materials purchased by the Builder from sources of supply not customarily used are specifically excluded from any base price increases unless previously approved in writing by the Vendee."

Item 4: The Maximum CSA Indebtedness referred to in Article 4 of the CSA is $79,000,000 plus the aggregate amount, if any, by which the commitments of the Investors are increased pursuant to the first paragraph of Paragraph 1 of the Finance Agreement.

SCHEDULE B

uilder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ethlehem teel orporation	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-B	Johnstown, Pennsylvania	623	$50,000	$31,150,000	981885-982507	November 1979-February 1980, at Johnstown, Pa.
ullman ncorpo-ated Pullman tandard ivision)	89'4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-6078-P	Bessemer, Alabama	490	50,000	24,500,000	990400-990889	November 1979-January 1980, at Bessemer, Ala.
	89'4" 70-ton capacity, hydraulic draft gear, flush deck standard level flat-cars for auto rack device	FA	T-4079-P	Bessemer, Alabama	176	41,000	7,216,000	942700-942875	January-February 1980, at Bessemer, Ala.
hrall ar anufac-uring ompany	68' 100-ton capacity, hydraulic draft gear, flush deck flatcars with bulkheads	FC	T-4078-T	Chicago Heights, Illinois	125	52,000	6,500,000	81835-81959	November-December 1979, at East Chicago, Ill.

Builder	Type	AAR Mechanical Designation	Builder's Specifications	Builder's Plant	Quantity	Unit Base Price	Total Base Price	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	89' 4" 70-ton capacity, hydraulic draft gear, flush deck all purpose flatcars	FC	T-4079-A	St. Louis, Missouri	200	$46,250	$ 9,250,000	992100-992299	December 1979-February 1980, at St. Louis, Mo.
					1,614		$78,616,000		

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of October 1, 1979, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, acting as Agent under a Finance Agreement dated as of the date hereof ("Finance Agreement") (said Agent, so acting, together with its successors and assigns, being hereinafter called the "Assignee"), and each of BETHLEHEM STEEL CORPORATION, PULLMAN INCORPORATED (Pullman Standard Division), THRALL CAR MANUFACTURING COMPANY and ACF INDUSTRIES, INCORPORATED (collectively "Builders" or severally "Builder").

WHEREAS, the Builders and Trailer Train Company ("Vendee"), have entered into a Conditional Sale Agreement dated as of the date hereof ("CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by each Builder, and the purchase by the Vendee of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT ("Assignment") WITNESSETH: That, in consideration of good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee:

(a) the security interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Vendee, and when and as payment is made (i) by the Assignee to such Builder of the amount required to be paid pursuant to Section 4 hereof and (ii) by the Vendee of the amount required to be paid pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA (but only if the Vendee shall have received a correct invoice therefor at least 10 business days before the applicable Closing Date) and of the amount required to be paid pursuant to subparagraph (b) of the fourth paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct

and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 3 thereof, in subparagraphs (a) and (b) of the fourth paragraph of Article 4 thereof, and in the last paragraph of Article 15 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and, except as aforesaid, in and to any and all amounts which may be or become due or owing by the Vendee to such Builder under the CSA in respect of the Purchase Price (as defined in Article 4 of the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraphs (a) and (b) of this paragraph, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Vendee to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 14 of the CSA, or relieve the Vendee from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 13, 14 and 15 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to Article 15 of the CSA, all obligations of such Builder to the Vendee with respect to such Builder's Equipment shall be and remain enforceable by the Vendee, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Vendee with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder shall construct its

Equipment in full accordance with the CSA and will deliver the same upon completion to the Vendee in accordance with the provisions of the CSA; and, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by such Builder. Each Builder will warrant to the Assignee and the Vendee that at the time of delivery of each unit of the Equipment of such Builder under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Vendee thereunder. No Builder will deliver any of its Equipment to the Vendee under the CSA until the filings and recordations referred to in Article 19 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by such Builder of any obligation with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 15 of the CSA, to strike any defense, setoff, counterclaim or recoupment asserted by the Vendee in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or

other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Vendee and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by such Builder, each Builder agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Vendee with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment of such Builder or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee (at the office of its special counsel, Messrs. Cravath, Swaine & Moore, in New York, New York) at least two business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from such Builder to the Assignee

transferring to the Assignee the security interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Vendee that at the time of delivery of such units under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Vendee as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Vendee and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment in such Group, subject only to liens, charges or security interests permitted to exist pursuant to Article 12 of the CSA, and such units, at the time of delivery thereof to the Vendee under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by

the CSA and this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee and such Investors are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any of the Investors;

(e) an opinion of counsel for the Vendee, dated as of such Closing Date, addressed to the Assignee, to the effect set forth in clauses (i), (ii), (iii), (v), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement, the CSA and this Agreement by parties thereto other than the Vendee) and stating that (i) the Vendee is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof and (ii) if any units of Equipment were subject to an Interim Document (as defined in the CSA) such Interim Document was duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery of the first such unit;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, addressed to the Assignee and

the Vendee, to the effect set forth in clause (iv) of subparagraph (d) above in respect of its Equipment insofar as such matters relate to such Builder and stating that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date thereof, (ii) the CSA has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and (iv) the bill of sale referred to in subparagraph (a) above has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer the security interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and this Assignment) arising from, through or under such Builder;

(g) a certificate of an officer of the Vendee, dated as of such Closing Date, to the effect that, to the best of his knowledge and belief, (i) the Vendee's representations and warranties in Paragraph 15 of the Finance Agreement are true and correct as of such Closing Date with the same effect as though such representations and warranties had been made on and as of such Closing Date, (ii) no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (iii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and no other tax liens have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment;

(h) a release or releases in recordable form discharging and terminating all claims, liens, security interests and other encumbrances, if any, arising by, through or under any Interim Document relating to such Group; and

(i) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4 or by the Vendee pursuant to subparagraph (a) of the fourth paragraph of Article 4 of the CSA) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Vendee.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Vendee as to such matter; in giving the opinion specified in said subparagraph (e), counsel may rely on the bill of sale and opinion of counsel for such Builder as to claims, liens, security interests and other encumbrances arising from, through or under such Builder; and in giving the opinion specified in said subparagraph (f), counsel may assume that the CSA and this Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) of Article 16 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that

the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, unless the Assignee shall otherwise be obligated to make such payment under the provisions of this Assignment, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Vendee thereunder. 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 Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Vendee, the CSA is, insofar as such Builder is concerned, a valid and existing agreement binding upon it and the Vendee in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the payment of the sums due it hereunder and under the CSA, upon request of the Assignee, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between said parties

shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the CSA.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Vendee, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, 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.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Assignment or to perform its obligations hereunder.

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.

BETHLEHEM STEEL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

PULLMAN INCORPORATED
(Pullman Standard Division),

by

_____
Vice President--Freight Unit

[Corporate Seal]

Attest:

_____
Assistant Secretary

THRALL CAR MANUFACTURING COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

ACF INDUSTRIES, INCORPORATED,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

Vice President

[Corporate Seal]

Attest:

A. Palmer

Assistant Corporate
Trust Officer

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

TRAILER TRAIN COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment as of October 1, 1979.

TRAILER TRAIN COMPANY,

by

_____

Vice President-Finance

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF LEHIGH,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, a Delaware corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President --Freight Unit of PULLMAN INCORPORATED (Pullman Standard Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 14th day of November 1979, before me personally appeared G. R. GARR , to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Irwin M. Lewis
Notary Public

[Notarial Seal]

My Commission expires

IRWIN M. LEWIS
NOTARY PUBLIC, State of New York
No. 60-234777
Qualified in Westchester County
Certificate filed in New York County
Commission Expires March 30, 1981

STATE OF NEW YORK,)
) ss.:
CITY OF NEW YORK ,)

On this 13th day of October 1979, before me personally appeared G. J. Johnston, to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Leone P. Wollenberg
Notary Public

[Notarial Seal]

My Commission expires

LEONE P. WOLLENBERG
NOTARY PUBLIC, State of New York
No. 31-4041079
Qualified in New York County
Commission Expires March [illegible]