Illinois Central Gulf

An IC Industries Company

William H. Sanders
Corporate Counsel

Illinois Central Gulf Railroad
Two Illinois Center
233 N. Michigan Avenue
Chicago, IL 60601
312 565 1600

January 31, 1979

No. 9-C37A040

Honorable H. Gordon Homme, Jr.
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

RECORDATION NO. 11078 Filed 1425
FEB 5 1979 12 40 PM
INTERSTATE COMMERCE COMMISSION

Date FEB 2 1979
Fee $ 50.00
ICC Washington, D. C.

Dear Sir:

Pursuant to the provisions of former Section 20(c) of the Interstate Commerce Act (now 49 U.S.C. Sec. 11303) and the applicable regulations of the Interstate Commerce Commission, there are herewith transmitted for filing and recording a number of counterparts of a Conditional Sale Agreement dated as of December 1, 1978 between First Tennessee Bank N. A. Memphis and Illinois Central Gulf Railroad Company.

A draft payable to the order of the Interstate Commerce Commission for the recording fee applicable to this filing is enclosed herewith. The name of the Conditional Vendor is:

First Tennessee Bank N. A. Memphis
165 Madison Avenue
Memphis, Tennessee 38103

The name of the Conditional Vendee is:

Illinois Central Gulf Railroad Company
233 N. Michigan Avenue
Chicago, Illinois 60601

The equipment covered by this Agreement is 100 newly-constructed 70-ton Woodchip Hopper Cars, Nos. ICG 867300 through 867399. This Agreement has not previously been recorded with the Interstate Commerce Commission.

It is respectfully requested that all counterparts not needed for the Commission's files be returned to the bearer of this letter with the Commission's recordation stamp shown thereon.

Very truly yours,

William H. Sanders

Enc.

Interstate Commerce Commission
Washington, D.C. 20423

2/6/79

OFFICE OF THE SECRETARY

William H. Sanders
Illinois Central Gulf
233 North Michigan Avenue
Chicago, Illinois 60606

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 2/6/79 at 12:40pm, and assigned recordation number(s) 10070

Sincerely Yours,

H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

RECORDATION NO. 10075 Filed 1425

FEB 5 1979 - 12 40 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT dated as of December 1, 1978, between FIRST TENNESSEE BANK N. A. MEMPHIS (hereinafter called the Vendor), and ILLINOIS CENTRAL GULF RAILROAD COMPANY, a Delaware corporation (hereinafter called the Railroad).

WHEREAS Chicago & Illinois Western Railroad (hereinafter called the Manufacturer) and the Railroad have entered into a purchase agreement dated August 1, 1978 (hereinafter called the Purchase Agreement), pursuant to which the Manufacturer has agreed to construct, sell and deliver, and the Railroad has agreed to purchase, the equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS, pursuant to an Agreement of Assignment dated as of December 1, 1978 (hereinafter called the Assignment), the Railroad has assigned to the Vendor all the right, title and interest of the Railroad in and to the Purchase Agreement;

WHEREAS the Vendor has agreed to sell and deliver to the Railroad, and the Railroad has agreed to purchase, the Equipment following construction thereof by the Manufacturer;

WHEREAS the Railroad is a party to the three Conditional Sale Agreements and the five Equipment Trust Agreements listed in Schedule B hereto (such eight agreements being hereinafter sometimes collectively called the Existing Security Agreements, and the secured party under each being hereinafter called an Existing Secured Party);

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

ARTICLE 1. Construction and Sale. Pursuant to this Agreement, the Vendor will sell and deliver to the Railroad, and the Railroad will purchase from the Vendor and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications set forth therefor in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Manufacturer, the Vendor and the Railroad (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture 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 (except to the extent, if any, referred to in Article 8 hereof) will be new railroad equipment; provided, however, that the Vendor does not make any representation or warranty as to the construction of any unit (or assume any responsibility in respect thereof) or as to a unit conforming to the requirements and specifications referred to in this sentence.

ARTICLE 2. Inspection and Delivery. The Vendor will cause the Manufacturer to deliver the units of Equipment to the Railroad at the place or places specified in Schedule A hereto (or if Schedule A does not specify a place or places, at the place or places designated from time to time by the Railroad), in accordance with the delivery schedule set forth in Schedule A hereto; provided, however, that the Vendor shall not have any obligation so to cause the Manufacturer to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause (e) or (f) of Article 16 hereof or if any event of default (as described in Article 16 hereof), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred.

The Vendor's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Vendor's or the Manufacturer'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 2, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the Cut-Off Date (as defined in Article 4 hereof) shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the immediately preceding sentence, the Vendor and the Railroad shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If Equipment is so excluded from this Agreement as a result of one or more of the causes set forth in the immediately preceding paragraph, the Railroad shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement, if and when such Equipment shall be completed and delivered by the Manufacturer, such payment to be in cash on the delivery of such Equipment.

During construction, the Vendor shall arrange for the Equipment to be subject to inspection and approval by the authorized inspectors of the Railroad and for the Manufacturer to grant to such authorized inspectors reasonable access to its plant. 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 Railroad 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 Railroad shall execute and deliver to the Manufacturer a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendor and are marked in accordance with Article 7 hereof; provided, however, that the Manufacturer shall not thereby be relieved of any warranty referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Railroad 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; provided, however, that the Manufacturer shall not thereby be relieved of any warranty referred to in Article 14 hereof.

ARTICLE 3. Conditions to Obligations of Vendor. The obligations of the Vendor to sell and deliver the Equipment to the Railroad on the Closing Date shall be subject to receipt by the Vendor, on or prior to such Closing Date, of the following documents in such number of counterparts or copies as may reasonably be requested in form and substance satisfactory to it:

(a) a bill or bills of sale from the Manufacturer transferring all its right, title and interest in and to the Equipment to the Vendor and warranting to the Vendor that at the time of delivery of each unit of Equipment the Manufacturer had legal title to such unit and good and lawful right to sell the same and title to such unit was, at the time of such delivery, free from all claims, liens, security interests and other encumbrances of any nature except as created by the Purchase Agreement, the Assignment or this Agreement;

(b) an invoice or invoices with respect to the Equipment from the Manufacturer to the Railroad describing the units of Equipment and specifying the Purchase Price (as hereinafter defined) per unit and the aggregate Purchase Price for all the units;

(c) the Certificate of Acceptance for the Equipment from the Railroad as contemplated by the fourth paragraph of Article 2 of this Agreement;

(d) an opinion of counsel for the Manufacturer, dated the Closing Date, stating that (i) the Manufacturer is a duly organized and existing corporation in good standing under the laws of the state of its incorporation, (ii) the Purchase Agreement has been duly authorized, executed and delivered by the Manufacturer and, assuming the due authorization, execution and delivery by the Railroad, is a legal and valid instrument binding upon and enforceable against the Manufacturer in accordance with its terms, (iii) the units of the Equipment, at the time of delivery thereof pursuant to Article 2 hereof, where free of all claims, liens, security interest and other encumbrances of any nature except as created by the Purchase Agreement, the

Assignment or this Agreement and (iv) such bill or bills of sale have been duly authorized, executed and delivered by the Manufacturer and are valid and effective to transfer all right, title and interest of the Manufacturer in and to the Equipment to the Vendor free of all claims, liens, security interests or other encumbrances of any nature or arising from, through or under the Manufacturer;

(e) an opinion of counsel for the Railroad, dated the Closing Date, stating that (i) this Agreement has been duly authorized, executed and delivered by the Railroad and, assuming due authorization, execution and delivery by the Vendor, is a legal, valid and binding instrument, enforceable in accordance with its terms, (ii) the Vendor has a valid and perfected security interest in the Equipment and such units, at the time of delivery thereof to the Railroad hereunder, were free from all claims, liens, security interests and other encumbrances (other than those created or authorized by this Agreement), (iii) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of this Agreement, or if any such authority is necessary, it has been obtained, (iv) this Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Vendor in any state of the United States of America or in the District of Columbia; (v) the Railroad 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 now conducted and (vi) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Railroad) pending or threatened against or affecting the Railroad or any property rights of the Railroad at law, in admiralty or in equity, or before any commission or other administrative agency, which could materially and adversely affect the condition, financial or otherwise, of the Railroad; and the Railroad is not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality; and

(f) such other documents as the Vendor may reasonably request.

In giving the opinions specified in subparagraphs (d) and (e) of the first paragraph of this Article 3, 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 subparagraph (e), counsel may rely on the opinion of counsel for the Manufacturer as to authorization, execution and delivery by the Manufacturer of the documents executed by the Manufacturer and as to title to the Equipment at the time of delivery thereof under the Purchase Agreement and 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 the Manufacturer or the opinion of counsel for the Railroad as to such matter.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule A hereto. Such base price or prices are subject to such increase or decrease as is agreed to in writing by the Manufacturer, the Vendor and the Railroad. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased, including without limitation any increase, pursuant to the presentation of a supplemental invoice as hereinafter provided.

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment in 15 consecutive equal annual installments of $275,200.00; the aggregate of the payments provided for in this paragraph hereinafter being called the Conditional Sale Indebtedness.

The installments of the Conditional Sale Indebtedness payable pursuant to the second paragraph of this Article 4 shall be payable annually on December 1 in each year commencing on December 1, 1979, to and including December 1, 1993. The unpaid portion of the Conditional Sale indebtedness shall bear interest from the Closing Date,

at the rate of 10.25% per annum. Such interest shall be payable, to the extent accrued, on June 1 and December 1 in each year, commencing June 1, 1979.

The term "Closing Date" shall mean such date, on or after December 1, 1978, and prior to April 1, 1979 (hereinafter called the Cut-Off Date), not more than ten business days following presentation by the Railroad to the Vendor of the invoice received from the Manufacturer and the Certificate of Acceptance for all the Equipment, as shall be fixed by the Railroad by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Chicago, Illinois, are authorized or obligated by law to remain closed.

All interest under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Railroad will pay, to the extent legally enforceable, interest at the rate of 10-1/2% 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 immediately available funds. Except as provided in Article 8 hereof, the Railroad shall not have the privilege of prepaying any installment of its indebtedness hereunder prior to the date it becomes due, provided, however, that at the sole option of the Vendor the Railroad shall on either December 1, 1988, or December 1, 1990, as shall be designated in writing by the Vendor to the Railroad not less than 90 days prior to either such date, prepay all the Conditional Sale Indebtedness outstanding on the date so designated together with all accrued interest and other amounts then payable hereunder.

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

ARTICLE 5. Taxes. All payments to be made by the Railroad 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 Railroad assumes and agrees to pay on demand. The Railroad 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 Railroad 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 proceeding 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 Railroad 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 Railroad 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 Railroad shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. Subject to the provisions of the third paragraph of Article 12 hereof, the Vendor shall and hereby does retain a security interest in the Equipment until the Railroad 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 Railroad 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, subject to the provisions of the third paragraph of Article 12 hereof, and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further tansfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Railroad, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. The Railroad 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 written demand by the Railroad.

ARTICLE 7. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A 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 nd conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Owned by a Bank or Trust Company under a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or the name of the Vendor followed by the word "Owner", 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, provided, however, that so long as any unit of Equipment shall be subjected to a security interest under an Existing Security Agreement in accordance with the provisions of the third paragraph of Article 12 hereof, any such unit may be marked with such words as shall be required by such Existing Security Agreement. The Railroad 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 or destroyed. The Railroad 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 Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 8. Casualty Occurrences; Insurance. In the event that any unit of the Equipment, other than a unit which shall be subject to the lien of an Existing Security Agreement as authorized by the third paragraph of Article 12 hereof and which shall be subject to the casualty provisions of such Existing Security Agreement (but only so long as such unit shall remain so subject to such Existing Security Agreement and such casualty provision), shall be worn out,

lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called Casualty Occurrences), the Railroad shall promptly and fully inform the Vendor in regard thereto (after it has knowledge of such Casualty Occurrence). When the aggregate Casualty Value (as defined herein) of all units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Vendor pursuant to this Article 8) hereunder shall exceed $100,000, the Railroad, within 30 days after it has knowledge of such event, shall promptly pay to the Vendor a sum equal to the aggregate Casualty Value of such units of the Equipment as of the date of such payment and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall, as the Railroad may direct in a written instrument filed with the Vendor, be applied on or before the next date for the payment of interest on Conditional Sale Indebtedness occurring more than 30 days following the date of such payment to the Vendor (so long as no event of default shall have occurred and be continuing), in whole or in part, to prepay installments of Conditional Sale Indebtedness or toward the cost of a unit or units of standard gauge railroad equipment (other than passenger or work equipment of types other than locomotives) first put into service no earlier than the date of this Agreement, to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life (as evidenced by a certificate of an operating officer of the Railroad) at least as long as that which the Equipment being replaced would have had, but for the Casualty Occurrence. If such replacement equipment shall be equipment theretofore used in railroad service, the Railroad shall deliver to the Vendor a certificate of an officer of the Railroad that the cost of such equipment does not exceed the fair value thereof. In case any money is applied to prepay Conditional Sale Indebtedness, it shall be so applied, on the date for the payment of interest on Conditional Sale Indebtedness next following receipt by the Vendor of such written direction to reduce installments thereafter falling due in the inverse order of maturity thereof.

The Casualty Value of each unit of the Equipment (other than a replacement unit) shall be deemed to be the original Purchase Price thereof depreciated from the Closing Date at the rate of 6-2/3% per annum. The Casualty Value of each replacement unit shall be deemed to be that amount which bears the same ratio to the portion of the cost thereof paid by the Vendor as the unpaid Conditional Sale Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 8) as of the date payment is made with respect to such Casualty Occurrence bears to the unpaid Conditional Sale Indebtedness (without giving effect to any such prepayments) as of the date of acquisition by the Vendor of such replacement unit.

The Railroad will cause any replacement unit or units to be marked as provided in Article 7 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by the second and third paragraphs of Article 12 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Agreement. All such replacement units shall be guaranteed and warranted in like manner as is customary at the time for similar equipment.

If (i) any unit subject to the lien of an Existing Security Agreement authorized by the third paragraph of Article 12 hereof shall suffer a casualty occurrence under such Existing Security Agreement as a result of which the Railroad shall deposit funds with the Existing Secured Party under such Existing Security Agreement rather than replacing such unit and (ii) upon the termination of such Existing Security Agreement the Railroad shall be entitled to receive all or any portion of such funds in lieu of receiving such unit, then such funds shall be and they hereby are assigned by the Railroad, as of such termination date, to the Vendor and upon receipt of such funds the Vendor shall apply them

to the prepayment of Conditional Sale Indebtedness in the same manner and at the same time as funds received hereunder on such date in respect of a Casualty Occurrence would have been applied.

Whenever the Railroad shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file therewith:

(1) a certificate of a Vice President or the Controller or other Chief Accounting Officer of the Railroad certifying that such replacement unit is standard gauge railroad equipment (other than work or passenger equipment of types other than locomotives) first put into service no earlier than the date of this Agreement, and has been marked as required by the provisions of this Article 8 and certifying, in the event such replacement unit is new equipment, the cost of such replacement unit and, in the event such replacement unit shall be equipment theretofore used in railroad service, the fair value thereof and the original cost thereof and rate of depreciation taken thereon;

(2) a bill of sale from the owner of such replacement unit to the Vendor transferring to the Vendor title to such unit warranting to the Vendor and to the Railroad that at the time thereof such owner had legal title to such unit and good and lawful right to sell such unit and that such unit was free of all claims, liens, security interests and other encumbrances (other than those created by this Agreement), and covenanting to defend the title to such unit against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such owner under this Agreement; and

(3) an opinion of counsel for the Railroad that the Vendor has a valid and perfected security interest in such replacement unit, free and clear from all claims, liens, security interests and other encumbrances except the rights of the Railroad under this Agreement, and that such unit has come under and become subject to this Agreement.

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 Railroad shall in writing 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 faith of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 or better 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 commercial banks in the United States of America having a capital and surplus aggregating at least $50,000,000, in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called Investments). Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing 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 Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

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 Equipmemt pursuant to Article 17 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad, after payment by the Railroad of a sum equal to the Casualty Value of such Equipment, execute and deliver to the Railroad or the Railroad's vendee, 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 Railroad.

The Railroad will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, at its own expense, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Railroad on similar equipment owned by it.

ARTICLE 9. Maintenance; Compliance with Laws and Rules. The Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense.

During the term of this Agreement, the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its 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, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad 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 March 31 in each year, commencing with the calendar year which begins after the expiration of 120 days from the date of this Agreement, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (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 calendar year (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 Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 11. Possession and Use. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, from and after delivery of the Equipment by the Builder to the Railroad, but only upon and subject to all the terms and conditions of this Agreement.

ARTICLE 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad 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 Railroad 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, and, provided, further, that the interest of an Existing Secured Party in any unit of Equipment under an Existing Security Agreement to the lien of which such unit of Equipment shall have been subjected pursuant to the third paragraph of this Article 12 shall not

be deemed a lien, charge or security interest equal or superior to the Vendor's interest therein so long as the obligations of the Railroad secured by such Existing Security Agreement are timely paid in accordance with the schedule for such payment existing on the date of this Agreement, and the Railroad will upon request of the Vendor provide the Vendor with evidence of such timely payment. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

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

The Vendor agrees that, notwithstanding any other provisions of this Agreement, the Equipment or any portion thereof may be subjected to the respective security interests of the Existing Secured Parties under the Existing Security Agreements; the number of units of Equipment so subjected under each Existing Security Agreement shall not at any time however exceed the number of units set forth opposite the description of such Existing Security Agreement in Schedule B hereto. The security interest of an Existing Secured Party in any unit of Equipment will be senior to the security interest therein of the Vendor, and the Vendor will, upon request of the Railroad, or of such Existing Secured Party, and at the Railroad's expense, execute and deliver to such Existing Secured Party a bill or bills of sale for such units of Equipment transferring the Vendor's interest therein to such Existing Secured Party, provided, however, that the execution and delivery of any such bill of sale shall not in any way affect the obligations of the Railroad to make payments of Conditional Sale Indebtedness in accordance with the provisions of Article 4 hereof or to make any other payments pursuant to this Agreement. The Railroad does hereby assign to the Vendor, as of the date of delivery of any bill of sale referred to in the immediately preceding sentence hereof, all its rights under the Existing Security Agreement to which such bill of sale shall have transferred a unit of Equipment in and to such unit including the right to take title to such unit upon the expiration of such Existing Security Agreement but excluding

the right to use and operate such unit during the term of such Existing Security Agreement, and if such unit of Equipment shall be leased to the Railroad pursuant to such Existing Security Agreement, the Railroad will create in favor of the Vendor a lien on the Railroad's leasehold interest in such unit. Upon the termination of any Existing Security Agreement to which any unit of Equipment shall have been subjected pursuant to this paragraph, the Railroad will at its expense, cause the Existing Secured Party under such terminated Existing Security Agreement to execute and deliver to the Vendor a bill of sale for each such unit transferring any interest which would have been acquired therein by the Railroad under such Existing Security Agreement but for the assignment in the immediately preceding sentence of this paragraph contained to the Vendor or upon its order, free of all liens (other than liens created by this Agreement) whereupon such unit shall for all purposes be deemed resold and redelivered to the Railroad by the Vendor hereunder and subject in all respects to this Agreement the same as if such unit had never been subjected to the lien of such Existing Security Agreement. The expiration date for each Existing Security Agreement is set forth opposite the description of each such Existing Security Agreement in Schedule B hereto, and the Railroad will not consent to any later termination date for any Existing Security Agreement without the written consent of the Vendor. The Vendor shall, at the expense of the Railroad, and the Railroad shall, at its own expense, 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 any transfers made pursuant to this paragraph.

ARTICLE 13. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees arising out of retention by the Vendor of a security interest in the Equipment, the use and operation thereof by the Railroad 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. This covenant of indemnity shall continue in full force and effect

notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 14. No Warranties. THE VENDOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OF EQUIPMENT DELIVERED TO THE RAILROAD HEREUNDER, AND THE VENDOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OF EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OF EQUIPMENT OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OF EQUIPMENT, EITHER UPON DELIVERY THEREOF TO THE RAILROAD OR OTHERWISE, it being agreed that all such risks, as between the Vendor and the Railroad, are to be borne by the Railroad; but the Vendor hereby irrevocably appoints and constitutes the Railroad its agent and attorney-in-fact to assert and enforce from time to time, in the name of and for the account of the Vendor and/or the Railroad, as their interests may appear, at the Railroad's sole cost and expense, whatever claims and rights the Vendor may have against the Manufacturer under the provisions of the Purchase Agreement, the assignment, or both; provided, however, that if at any time an event of default shall have occurred and be continuing hereunder, the Vendor may assert and enforce, at the Railroad's sole cost and expense, such claims and rights. Without limitation, the Vendor shall have no responsibility or liability to the Railroad or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any units of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any units of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any units of Equipment. The Railroad's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Railroad and the Vendor that the units of Equipment described therein are in all the foregoing respects satisfactory to the Railroad, and the Railroad will not assert any claim of any nature whatsoever against the Vendor based on any of the foregoing matters.

ARTICLE 15. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Articles 11 and 12 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor. A sale, assignment, transfer or disposition to a corporation organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Vendor, shall assume and agree to perform each of, and all, the obligations and covenants of the Railroad under this Agreement, shall not be deemed a breach of this covenant, provided such corporation shall not, upon the effectiveness of such sale, assignment, transfer or disposition, be in default under any provision of this Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating he 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 Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

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 Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement within five days after payment thereof shall be due hereunder; or

(b) the Railroad shall fail to pay in full any indebtedness or any other sum payable by the Railroad as provided in any Existing Security Agreement to the lien of which any unit of Equipment shall have been subjected (and not yet released on the date of such nonpayment) within five days after payment thereof shall be due thereunder; or

(c) the Railroad 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

(d) the Railroad shall be in default (other than default in making a payment referred to in subparagraph (b) above) under an Existing Security Agreement to the lien of which any unit of Equipment shall have been subjected and not yet released, and such default shall continue for more than 30 days; or

(e) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad 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 appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(f) any other proceedings shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law 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 the indebtedness payable hereunder), 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 Railroad 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 Railroad or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(g) the Railroad 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 Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a Delcaration of Default) the entire unpaid balance of the 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 Railroad wherever situated. The Railroad shall promptly notify the Vendor 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 under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad 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 expressly understood and agreed by the Railroad 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 and subject to the rights of any Existing Secured Party under any Existing Security Agreement, 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 Railroad 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 Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to

be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor or (b) the Equipment to be moved to such interchange point or points of the Railroad as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad and, at the Railroad's risk, to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 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 Railroad 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 Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the

Railroad, 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 Railroad; provided, further, that if the Railroad 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 Railroad 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 Railroad or any other party claiming from, through or under the Railroad (except any Existing Secured Party), 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 Railroad 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 Railroad. 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 Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 21 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (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 Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor 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 Railroad shall not otherwise alter or affect the Vendor's rights or the Railroad'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 Railroad'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 Railroad 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 Railroad at the rate per annum set forth in Article 4 hereof, applicable to amounts remaining unpaid after becoming due and payable. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. 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 Railroad.

The Railroad 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, 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 (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement.

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

ARTICLE 20. Payment of Expenses. The Railroad will pay all reasonable costs and expenses incident to the Purchase Agreement, the Assignment, this Agreement and any instrument supplemental or related hereto or thereto, including all fees and expenses of counsel for the Vendor.

ARTICLE 21. Notice. Any notice hereunder to either 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 Railroad, at 233 North Michigan Avenue, Chicago, Illinois 60601, Attention of Treasurer, and

(b) to the Vendor, at 165 Madison Avenue, Memphis, Tennessee 38103,

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 Railroad 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 Railroad.

ARTICLE 23. Law Governing. The Railroad warrants that its chief place of business and its chief executive offices are located in the state specified in clause (a) of Article 21 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 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. 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 pursuant to due corporate authority, have caused this

instrument to be executed in their respective corporate names by their officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

ILLINOIS CENTRAL GULF RAILROAD COMPANY,

By _____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

FIRST TENNESSEE BANK N. A. MEMPHIS

By _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

General Specification

EXHIBIT A

Built at Centralia Shops - 1978

70-Ton Woodchip Hopper, Series 867300-867399

GENERAL

The car is 70-ton, all steel open-top hopper car of riveted and welded construction designed for wood chip service and is to comply in all respects to the latest revision of AAR "Specification for Design, Fabrication and Construction of Freight Cars" as well as current United States Safety Appliance Acts and AAR Interchange Rules.

Car is to be designed to facilitate and withstand unloading in a rotary dumper or by use of a top car shaker.

Clearance - A.A.R. Plate "F"

Body - Riveted Steel Construction

Underframe - Welded design

Coupler - Type "E", 21-1/2" Shank, Cat. No. E60C-HT, Grade "C" Steel

Coupler Yoke - Y40A-HT

Draft Gear - A.A.R. Spec. M-901E, High Capacity 3-1/4" Travel

Doors - Hopper - 1/4" Material - Five sets per car (Three double opening Clam-Shell Type, and one single opening at each end)

Sides - Outside stakes - riveted with 9 Ga. - "Indentured" design, Side Sheets, 3-1/2" x 7 Ga. Hat Section Side Stakes and 7" Channel Bolster Stakes

End Sheets - #7 Gauge C.B.S.

Floor Sheets - 3/16" Gauge C.B.S.

Hopper Sheets - #7 Gauge C.B.S.

Hood Sheets - #7 Gauge C.B.S.

Brakes - ABDW 8-1/2-12, 2" H.F. Comp. Shoes, #18 Beams, A.A.R. 1966 Handbrake Unit with Sheave Wheel

Body Center Filler Plates - "Low Profile" (Dresser)

Trucks - Barber S-2-C Double Coil Side Spring, 14" Diameter Center Plates

Truck Spring Snubber - 50 C.S. MDA Control Master 50 C.S. Stucki HS 7B

Truck Spring Group - 25 Outer, 16 Inner - AAR D-5

Wheels - 33" Diameter - One Wear Steel

Number of Hoppers - 10

Sheet Slope - 45°

ILLINOIS CENTRAL GULF RAILROAD

General Specifications

Dimensions:	Length:	Between pulling face of couplers	59'-3"
		Over Strikers	56'-7"
		Over End Sills	55'-6-3/8"
		Inside	55'-6"
		Center to Center Bolsters	45'-8"
		Truck Wheel Base	5'-8"
	Width:	Over Side Plates (Extreme Width)	10'-7-7/8"
		Between Side Sills	9'-11-13/1
		Over Side Plate Shaker Bar	10'-1-5/8"
		Over Side Stakes	10'-6-13/1
		Inside	9'-11-1/2
	Height:	Rail to Top of Shaker Bar (Extreme Height)	15'-5-3/4"
		Rail to Top of Side Plate	15'-5"
		Rail to Extreme Width	15'-5"
		Rail to Center Line of Coupler	2'-10-1/2
		Rail to Bottom of Side Sill	4'-2-15/1
		Rail to Bottom of End Sill	3'-5-5/16"
		Rail to Top of Truck Center Plate	2'-1-1/2"
		Rail to Hopper Door - Open (Lt. Car)	4'-11/16"
		Rail to Hopper Door Oper. Mech-Closed (Lt. Car)	11-3/4"

Estimated Light Weight 65,300 Lbs.
Cubic Capacity - 5,791 Cu. Ft.

Office of Mechanical Engineer
Date: June 2, 1978

Spec. 0-450

SCHEDULE B

Existing Agreements

Type of Agreement	Description or Date	Number of Units of Equipment to be Subjected to Lien	Expiration Date
Equipment Trust	IC 53	8	February 1, 1980
" "	IC 54	3	February 1, 1981
" "	IC 61	1	October 1, 1979
" "	ICG 4	50	March 1, 1983
" "	GM&O P	17	January 15, 1980
Conditional Sale	February 1, 1970	12	February 1, 1980
" "	February 1, 1969	5	February 1, 1979
" "	July 1, 1969	4	July 1, 1979
		100	