ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

P. O. BOX 880
JOLIET, ILLINOIS 60434

JOHN D. MORRISON
GENERAL COUNSEL

WILLIAM C. LEIPER
ASST. GEN. COUNSEL

PAUL M. WILLARD
ATTORNEY

PLEASE REPLY TO
P. O. BOX 536
PITTSBURGH, PA. 15230

October 26, 1977

RECORDATION NO. 9056 Filed & Recorded

OCT 28 1977 -10 [illegible] AM

INTERSTATE COMMERCE COMMISSION

7-301A037

OCT 28 1977

Date

Fee $ 50

ICC Washington D.C.

Interstate Commerce Commission
Washington, D.C. 20423

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and five (5) counterparts of a Conditional Sale Agreement dated as of August 1, 1977.

The general description of the railroad equipment covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Investor-Seller under the Conditional Sale Agreement	Mellon Bank, N.A. Mellon Square Pittsburgh, Pennsylvania 15230
Railroad-Purchaser under the Conditional Sale Agreement	Elgin, Joliet and Eastern Railway Company P.O. Box 536 Pittsburgh, Pennsylvania 15230

The undersigned consents to the above Conditional Sale Agreement and has knowledge of the matters set forth in the enclosed documents.

Please return the original and four (4) copies of the Conditional Sale Agreement to Paul M. Willard, Esq., Elgin, Joliet and Eastern Railway Company, P.O. Box 536, Pittsburgh, Pennsylvania 15230.

Enclosed is a check in the amount of $50.00 covering the required recording fee.

Very truly yours,

ELGIN, JOLIET AND EASTERN
RAILWAY COMPANY

By [signature]
Assistant Secretary

OCT 28 10 41 AM '77
I.C.C.
FEE OPERATION BR.

PMW/rja
Enclosures

Counterpart — Stephen W. Chiles

SCHEDULE A

TO CONDITIONAL SALE AGREEMENT

INVESTOR-SELLER.	Mellon Bank, N.A.
DESCRIPTION OF EQUIPMENT.	100 new 100-ton capacity coil cars bearing Elgin, Joliet and Eastern Railway Company Identifying Nos. 6850 to and Including 6949.
PURCHASE PRICE.	$18,560 per Item ($1,856,000 for 100 Items)

Interstate Commerce Commission

Washington, D.C. 20423

10/28/77

OFFICE OF THE SECRETARY

Paul M. Willard, Esq.
Elgin,Joliet & Eastern Railway Co.
P.O.Box 536
Pittsburgh, Pennsylvania 15230

Dear Sir:

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 10/28/77 at 10:50am, and assigned recordation number(s) 9056

Sincerely yours,

H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

Recorded with the Interstate Commerce Commission on

_____

_____ A. M. and assigned

Recordation No. _____

RECORDATION NO. 9056 Filed & Recorded

OCT 28 1977 10 52 AM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1977

Between

MELLON BANK, N.A.

As Investor-Seller

ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

As Railroad-Purchaser

Re:

$1,856,000 Maximum Principal Amount
Conditional Sale Indebtedness due 1985

of

Elgin, Joliet and Eastern Railway Company

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Attachments to Conditional Sale Agreement

Schedule A - Description of Equipment

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of August 1, 1977 between MELLON BANK, N. A., a national banking association ("Investor-Seller" sometimes hereinafter referred to as "Investor") and ELGIN, JOLIET AND EASTERN RAILWAY COMPANY, an Illinois and Indiana Corporation ("Railroad-Purchaser" sometimes hereinafter referred to as "Railroad").

WHEREAS, the Investor-Seller is willing to sell security title to the Railroad-Purchaser and the Railroad-Purchaser is willing to purchase security title in and to the equipment described in Schedule A attached hereto (collectively the "Equipment" or "Items" and individually "Item of Equipment" or "Item"); and

WHEREAS, the Investor-Seller and the Railroad-Purchaser have agreed that this Agreement shall exclusively and completely state the rights of the Investor-Seller and the Railroad-Purchaser with respect to the Equipment and shall supersede all other agreements, oral or written, with respect to the Equipment, other than the Finance Agreement ("Finance Agreement") dated as of August 1, 1977 between Investor and Railroad.

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

SECTION 1. SALE

The Investor-Seller will sell and deliver to the Railroad-Purchaser and the Railroad-Purchaser will purchase security title to the Equipment from the Investor-Seller and pay for same as hereinafter provided.

SECTION 2. DELIVERY OF TITLE

2.1 The Investor-Seller will deliver, transfer and set over security title in and to the various Items of Equipment to the Railroad-Purchaser upon satisfaction by the Railroad-Purchaser of the agreements and conditions hereof; provided, however, that the Investor-Seller shall have no obligation to deliver, transfer or set over security title in and to any Item of Equipment hereunder sub-

sequent to the filing by or against the Railroad of a petition for reorganization under Section 77 of the Bankruptcy Act.

2.2 Upon execution of this Agreement the Railroad-Purchaser shall bear the risk of loss of or damage to such Items of Equipment.

SECTION 3. PURCHASE PRICE AND PAYMENT.

3.1 The price payable for the security title per Item of Equipment, sometimes hereinafter referred to as "Purchase Price", exclusive of interest and all other charges, is as set forth in Schedule A hereto.

3.2 For the purpose of making settlement for the purchase of security title to the Equipment, the Equipment shall be treated as one group of Items of Equipment (the "Group").

3.3 The Railroad-Purchaser hereby acknowledges itself to be indebted to the Investor-Seller in the amount of and hereby promises to pay to the Investor-Seller at such place in the United States of America as the Investor-Seller or its assignee shall designate for payment to it, in respect to the Equipment as follows:

(a) The amount of $1,856,000.00 (herein sometimes called the "Conditional Sale Indebtedness") plus interest at the rate or rates set forth below and payable as follows:

(1) Thirty-one (31) consecutive quarterly installments commencing on the first day of January, 1978, each of such thirty-one (31) installments to include an amount equal to 1/31 of the aggregate original amount of Conditional Sale Indebtedness plus interest on the unpaid balance from the Closing Date until the scheduled maturity of such installment, payable on the first day of January, April, July and October of each year, at the rate of 7.60% per annum, and after the maturity of any such installment, whether by declaration, acceleration or otherwise, at a rate of 8.60% per annum on such part of the Conditional Sale Indebtedness as shall not be paid when due for any period during which the same shall be overdue, payable on demand.

3.4 The term "Closing Date" with respect to the Group shall mean October 31, 1977 or such other date not later than November 30, 1977 as shall be mutually agreeable to the Investor-Seller and the Railroad-Purchaser.

3.5 Interest under this Agreement shall be determined on the basis of a year of 365 or 366 days, as the case may be.

3.6 All payments provided for in this Agreement shall be made by the Railroad-Purchaser in such coin or currency of the United States of America as the time of payment shall be legal tender for the payment of public and private debts.

3.7 The Railroad-Purchaser shall have the privilege of prepaying without premium or penalty any installment of the indebtedness prior to the date it becomes due hereunder in the inverse order of maturity.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1 The Investor-Seller shall and hereby does retain the full security title to and property in the Equipment until the Railroad-Purchaser shall have made all of the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the possession and use thereof by the Railroad as herein provided. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereto and additions thereto shall constitute accessions to the Equipment and shall be subject to all terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

4.2 When and only when the Investor-Seller shall have been paid the Conditional Sale Indebtedness, together with interest and all other payments as herein provided and all the Railroad-Purchaser's other obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad-Purchaser without further transfer or action on the part of the Investor-Seller, except that the Investor-Seller, if requested by the Railroad-Purchaser so to do, will execute a bill or bills of sale of the Equipment releasing its security title thereto and property therein to the Railroad-Purchaser or upon its order free of all liens and encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad-Purchaser at its address specified in Section 19 hereof, and will execute in the same manner and deliver at the same place, for filing, registering, 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 title of the Railroad-Purchaser to the Equipment, and will pay to the Railroad-Purchaser any money paid to the Investor-Seller, pursuant to Section 6 hereof and not therefore applied as therein provided.

SECTION 5. MARKING OF EQUIPMENT.

5.1 The Railroad-Purchaser will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security title of the Investor-Seller to such Item of Equipment, its rights under this Agreement and the rights of any assignee under Section 13 hereof. The Railroad-Purchaser will not change the road number of any Item of Equipment except with the consent of the Investor-Seller and any assignee pursuant to Section 13 hereof and in accordance with a statement of new road numbers to be substituted therefor, which consent and state-

ment previously shall have been filed with the Investor-Seller by the Railroad-Purchaser and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

5.2 Except as above provided, the Railroad-Purchaser will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad-Purchaser may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Railroad-Purchaser or its affiliates on railroad equipment used by it of the same or a similar type for convenience or identification of the right of the Railroad-Purchaser to use the Equipment under this Agreement.

SECTION 6. CASUALTY OCCURRENCES.

6.1 In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (each such occurrence, except for any requisition which by its terms is indefinite or does not exceed the original term of this Agreement, being hereinafter called a "Casualty Occurrence"), prior to the payment of the indebtedness in respect of the Purchase Price of such Item, together with interest thereon and all other payments required hereby, the Railroad-Purchaser shall, within ten days after it shall have been determined that such Item of Equipment has suffered a Casualty Occurrence, fully inform the Investor-Seller in regard thereto. The Railroad-Purchaser shall, within 30 days of such determination, pay to the Investor-Seller a sum equal to the aggregate Casualty Payment (as defined in Section 6.3 hereof) of such Item of Equipment as of the date of such payment and shall file with the Investor-Seller a certificate of a Vice President or the Comptroller or other Chief Accounting Officer of the Railroad-Purchaser setting forth the Casualty Payment of the Item of Equipment suffering a Casualty Occurrence.

6.2 Any money paid to the Investor-Seller pursuant to Section 6.1 hereof shall, so long as no Event of Default shall have occurred and be continuing, be applied, in whole or in part, as the Railroad-Purchaser shall direct in a written instrument filed with the Investor-Seller, to prepay indebtedness in

respect of the Purchase Price of the Equipment hereunder or to or toward the cost of an Item or Items of Equipment of standard gauge railroad equipment which shall be of the same character as the Equipment described in Schedule A hereto to replace such Item of Equipment having suffered a Casualty Occurrence as the Railroad-Purchaser shall direct in such written instrument. In case any such money shall be applied to prepay indebtedness, it shall be so applied, on the first installment date for the payment of the Purchase Price of the Equipment next following receipt by the Investor-Seller of such written direction to prepay installments of the Purchase Price of the Equipment thereafter falling due in the inverse order of their maturities, but without premium, and whether or not such amount shall be sufficient to prepay one or more entire installments (or portions thereof) of the Purchase Price. In case of replacement the amount to be paid by Investor-Seller in respect of any replacing Item shall not exceed the lesser of the cost of such Item or the amount which such Item would have cost if acquired on the earliest date when any of such money was paid to the Investor-Seller, and the Railroad-Purchaser shall pay any additional cost of such Item. The amount which any such replacing Item would have cost if acquired on the earliest date when any of such money was paid to the Investor-Seller shall be conclusively determined by the certificate of a Vice-President or the Comptroller or other Chief Accounting Officer of the Railroad-Purchaser to be filed as hereinafter provided.

6.3 The payment to be made to the Investor-Seller in respect of each Item of Equipment having suffered a Casualty Occurrence (the "Casualty Payment") shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Payment shall be determined, plus interest accrued thereon but unpaid as of such date.

6.4 So long as no Event of Default shall have occurred and be continuing, any money paid to the Investor-Seller pursuant to this Section 6 shall, if the Railroad-Purchaser shall in writing so direct, be invested, pending its application toward replacing Items as hereinabove provided, in (i) such 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 or (ii) open market commercial paper given the highest rating by a national credit agency or (iii) certificates of deposit of commercial banks in the United States of America having 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 (all such investments being hereinafter called "Investments"), as may be specified in such written direction. Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad-Purchaser may in writing direct. Any interest or earned discount received by the Investor-Seller or any Investments shall be held by the Investor-Seller and applied as herein

provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Investor-Seller thereon, up to the cost (including accrued interest or earned discount) thereof, shall be held by the Investor-Seller for application pursuant to this Section 6, and any excess shall be paid to the Railroad-Purchaser. If such proceeds (plus such interest or earned discount) shall be less than such cost, the Railroad-Purchaser will promptly pay to the Investor-Seller an amount equal to such deficiency. The Railroad-Purchaser will pay all expenses incurred by the Investor-Seller in connection with the purchase and sale of Investments.

6.5 The Railroad-Purchaser will cause any replacing Item to be marked as provided in Section 5.1 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all of the terms and conditions of this Agreement as though part of the original Equipment, security title to which is being transferred or delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Security title to all such replacements shall be free and clear of all liens and encumbrances and shall be taken initially and shall remain in the name of the Investor-Seller subject to the provisions hereof, and the Railroad-Purchaser shall promptly execute, acknowledge, deliver, file and record all such documents (including the filing with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act of an appropriate supplemental agreement describing such replacements) and do any and all such acts as may be necessary to cause such replacements to come under and be subject to this Agreement and to protect the security title of the Investor-Seller to such replacements.

6.6 Whenever the Railroad-Purchaser shall file with the Investor-Seller, pursuant to the foregoing provisions of this Section 6, a written direction to apply money to or toward the cost of a replacing Item of new or recently reconstructed standard gauge railroad equipment, the Railroad-Purchaser shall file therewith in such number of counterparts as may reasonably be requested:

(a) a certificate of a Vice-President or the Comptroller or other Chief Accounting Officer of the Railroad-Purchaser certifying that such replacing Item is new or recently re-constructed standard gauge railroad equipment (other than work or passenger equipment) and has been marked as required by the provisions of this Section 6 and certifying the cost of such replacing unit, the amount which such replacing Item would have cost if acquired on the earliest date when any such money was paid to the Investor-Seller and that the cost thereof does not exceed the fair value of such Item; and

(b) an opinion of counsel for the Railroad-Purchaser that security title to such replacing Item is vested in the Investor-Seller and the Railroad-Purchaser has good title to such replacing Items, free and clear of all liens

and encumbrances other than the security title of the Investor-Seller, and that such Item has come under and become subject to this Agreement.

6.7 In the event that any moneys paid to, or held by, the Investor-Seller pursuant to this Section 6 are applied to the prepayment of indebtedness in respect of the Purchase Price, the Railroad-Purchaser will pay to the Investor-Seller on the date of such application interest then accrued and unpaid on the indebtedness so prepaid.

If an Event of Default shall have occurred and be continuing, then so long as such event of default shall continue all money then held by the Investor-Seller pursuant to this Section 6 shall be applied by the Investor-Seller as if such money were money received upon the sale of Equipment pursuant to Section 15 hereof.

6.8 In order to facilitate the sale, or other disposition of any Equipment suffering a Casualty Occurrence, the Investor-Seller shall upon request of the Railroad-Purchaser, after deposit by the Railroad-Purchaser of a sum equal to the Casualty Payment of such Equipment, execute and deliver to the Railroad-Purchaser's vendee, assignee or nominee, a bill of sale (without warranties) releasing and transferring its security title to such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Conditional Sale Agreement, in such form as may be reasonably requested by the Railroad-Purchaser.

6.9 In the event that prior to the expiration of the term of this Agreement, the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period ending on or before the expiration of the term of this Agreement, the Railroad-Purchaser's duty to pay the indebtedness in respect of the purchase price thereof shall continue for the duration of such requisitioning or taking. The Railroad-Purchaser shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 7. TAXES.

All payments to be made by the Railroad-Purchaser hereunder will be free of expense to the Investor-Seller for collection or other charges and will be free of expense to the Investor-Seller in respect of the amount of any local, state or federal taxes, license and registration fees, assessments, charges, fines, penalties, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes,

fees and governmental charges similar or dissimilar to the foregoing (other than net income, excess profits and similar taxes) hereafter levied or imposed upon, or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes and licenses the Railroad-Purchaser assumes and agrees to pay on demand in addition to the indebtedness in respect of the Purchase Price of the Equipment. The Railroad-Purchaser will also pay promptly all taxes and assessments which may be imposed upon the Equipment or for the use or operation thereof by the Railroad-Purchaser or upon the earnings arising therefrom or upon the Investor-Seller solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the security title of the Investor-Seller or result in a lien upon any Item of Equipment; provided, however, that the Railroad-Purchaser shall be under no obligation to pay any taxes, assessments, licenses, charges, fines or penalties of any kind so long as it is contesting in good faith and by appropriate legal proceedings such taxes, assessments, licenses, charges, fines or penalties and the nonpayment thereof does not, in the opinion of the Investor-Seller, adversely affect the property or rights of the Investor-Seller hereunder. If any such expenses, taxes, assessments, licenses, charges, fines or penalties shall have been charged or levied against an Investor-Seller directly and paid by such Investor-Seller, the Railroad-Purchaser shall reimburse such Investor-Seller on presentation of invoice therefor.

SECTION 8. REPORTS AND INSPECTIONS.

8.1 On or before April 1 in each year, commencing with the year 1978, the Railroad-Purchaser will furnish to the Investor-Seller upon request, an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the Items of Equipment then subject to this Agreement, the amount, description and numbers of all Items of Equipment that may 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), and such other information regarding the condition or repair of the Equipment as Investor-Seller may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 5.1 hereof shall have been preserved or replaced.

8.2 The Investor-Seller shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and

the Railroad-Purchaser's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Investor-Seller the existence and proper maintenance thereof during the continuance of this Agreement.

SECTION 9. POSSESSION, USE AND MAINTENANCE.

9.1 The Railroad-Purchaser, so long as it shall not be in default under this Agreement, shall be entitled to the possession of the Equipment and the use thereof by it, any affiliate or the parent company (the "Parent Company") of the Railroad-Purchaser upon the lines of railroad owned or operated by any such affiliate or the Parent Company or by it either alone or jointly with another and whether under lease or otherwise, or upon the lines of railroad owned or operated by any company controlled by or controlling the Railroad-Purchaser, or over which it or any such affiliate or the Parent Company has trackage rights, and the Equipment may be used also upon the connecting and other railroads in the usual interchange of traffic, from and after delivery of the Equipment by the Investor-Seller to the Railroad-Purchaser, provided however that such use shall be subject to all the terms and conditions of this Agreement and subject to usual interchange of traffic. The Railroad-Purchaser may lease the Equipment to an affiliate or its Parent Company but only upon and subject to all the terms and conditions of the Agreement and provided that no such lease shall relieve the Railroad-Purchaser of any liability or obligations hereunder which shall be those of a principal and not a guarantor.

9.2 The Railroad-Purchaser shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Railroad-Purchaser shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Railroad-Purchaser shall not substantially modify any Item of Equipment without the written authority and approval of the Investor-Seller which shall not be unreasonably withheld, provided that no such approval shall be required if and to the extent such modification is required by Section 11 hereof. Any parts installed or replacements made by the Railroad-Purchaser upon any Item of Equipment shall be considered accessions to such Item of Equipment and security title thereto shall be immediately vested in the Investor-Seller, without cost or expense to the Investor-Seller.

SECTION 10. PROHIBITION AGAINST LIENS.

10.1 The Railroad-Purchaser will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Railroad-Purchaser or its successors or assigns which, if unpaid, might become a lien or a charge upon any Item of Equipment equal or superior to the security title of the Investor-Seller, and any liens, encumbrances or charges which might be levied against or imposed upon any Item of Equipment as a result of the failure of the Railroad-

Purchaser to perform or observe any of its covenants or agreements under this Agreement, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested by the Railroad-Purchaser in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of the Investor-Seller, adversely affect the property or rights of the Investor-Seller hereunder.

10.2 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 liens arising in the ordinary course of business and, in each case, not delinquent (such liens being herein called "permitted liens").

SECTION 11. RULES, LAWS AND REGULATIONS.

During the term of this Agreement the Railroad-Purchaser will 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 United States Department of Transportation 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 operation or use of the Equipment; and in the event that such laws or rules require the alteration of the Equipment, the Railroad will conform therewith at its expense, and will maintain the same in proper condition for operation under such laws and rules, provided, however, that the Railroad-Purchaser 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 Investor-Seller, adversely affect the property or rights of the Investor-Seller hereunder.

SECTION 12. INDEMNITIES.

12.1. The Railroad-Purchaser agrees to indemnify, protect and hold harmless the Investor-Seller against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including claims for strict liability in tort and counsel fees, arising out of retention by the Investor-Seller of security title to the Equipment, or out of the use and operation thereof during the period when security title thereto remains in the Investor-Seller. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of the Equipment and the conveyance of the Equipment, as provided in Section 4.2 hereof, or the termination of this Agreement in any manner whatsoever.

12.2 As between the Investor-Seller and the Railroad-Purchaser, the Railroad-Purchaser will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any Item or of all the Equipment.

SECTION 13. ASSIGNMENTS.

13.1 Except as otherwise provided in Section 9.1 hereof, the Railroad-Purchaser will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or transfer the right to possession of any Item of Equipment without first obtaining the written consent of the Investor-Seller. An assignment or transfer to a railroad company or other purchaser which shall acquire all or substantially all the lines of railroad of the Railroad-Purchaser, and which by execution of an appropriate instrument satisfactory to the Investor-Seller, shall assume and agree to perform each and all of the obligations and covenants of the Railroad-Purchaser hereunder, shall not be deemed a breach of this covenant.

13.2 All or any of the rights, benefits and advantages of the Investor-Seller under this Agreement, including the right to receive the payments herein provided to be made by the Railroad-Purchaser, may be assigned by the Investor-Seller and reassigned by the assignee at any time or from time to time. No such assignment shall relieve the Railroad-Purchaser of its obligations to the Investor-Seller hereunder.

13.3 Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad-Purchaser, 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 of the Investor-Seller's right, security title and interest in and to the Equipment subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad-Purchaser, of the notification of any such assignment, all payments thereafter to be made by the Railroad-Purchaser hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

SECTION 14. DEFAULTS.

14.1 In the event that any one or more of the following events of default ("Events of Default") shall occur and be continuing, to-wit:

(a) The Railroad-Purchaser shall fail to pay in full any sum payable by the Railroad-Purchaser when payment thereof shall be due under Section 3 or 6 hereof and such default shall continue for ten days; or

(b) The Railroad-Purchaser shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement or the Finance Agreement on its part to be kept and performed or to make provision satisfactory

to the Investor-Seller for such compliance for more than 30 days after written notice from the Investor-Seller specifying the default and demanding the same to be remedied; or

(c) Any representation or warranty made by the Railroad-Purchaser herein or in any statement or certificate furnished to the Investor-Seller or any assignee of the Investor-Seller pursuant to or in connection with this Agreement or the Finance Agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(d) The United States Steel Corporation shall cease to own directly in excess of 50% of the common stock of the Railroad-Purchaser from time to time outstanding; 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-Purchaser 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-Purchaser under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees within 30 days after such appointment or 60 days after such petition shall have been filed, whichever shall be earlier; or

(f) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Railroad-Purchaser a bankrupt or insolvent under the Federal bankruptcy laws other than as described in subsection (e) above, or any other similar applicable Federal or State law, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Railroad-Purchaser or a substantial part of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days; or

(g) The Railroad-Purchaser shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it under the Federal bankruptcy laws other than as described in subsection (e) above, or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee of assignee in bankruptcy or insolvency of it or of a substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the

Railroad-Purchaser in furtherance of any of the foregoing actions;

(h) The Railroad-Purchaser 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 Item of the Equipment;

then at any time after the occurrence and during the continuance of such an Event of Default the Investor-Seller may, upon written notice to the Railroad-Purchaser (except in the event of a default under subsections (e), (f) or (g) of this Section 14.1 in which case the entire unpaid Conditional Sale Indebtedness together with interest thereon then accrued and unpaid, shall forthwith become due and payable without presentment, notice or demand) declare 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 at the rate of 8.60% per annum, to the extent legally enforceable and the Investor- Seller 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-Purchaser wherever situated.

14.2 The Investor-Seller may waive any such Event of Default and its consequences and rescind and annul any such declaration by notice to the Railroad-Purchaser in writing to that effect. Upon any such waiver the respective rights of the parties shall be as they would have been if no such default had existed and no such declaration has been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad-Purchaser 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.

SECTION 15. REMEDIES.

15.1 If any Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as hereinbefore provided and during the continuance of such default, the Investor-Seller may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Investor-Seller, take or cause to be taken by its agent or agents immediate possession of the Equipment, or any Item thereof, without liability to return to the Railroad-Purchaser any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 15 expressly provided, and may

remove the same from the possession and use of the Railroad-Purchaser and for such purpose may enter upon the premises of the Railroad-Purchaser or 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-Purchaser, with or without process of law.

15.2 In case the Investor-Seller shall rightfully demand possession of the Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the lines of the Railroad-Purchaser for the delivery of the Equipment to the Investor-Seller, the Railroad-Purchaser shall, at its own expense, forthwith and in a reasonable manner cause the Equipment to be moved to such point or points as shall be reasonably designated by the Investor-Seller and shall there deliver the Equipment or cause it to be delivered to the Investor-Seller; and, at the option of the Investor-Seller, the Investor-Seller may keep the Equipment on any of the lines of railroad or premises of the Railroad-Purchaser, for a period not exceeding 180 days, until the Investor-Seller shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad-Purchaser agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Investor-Seller reasonably convenient. The agreement to deliver the Equipment as hereinbefore provided is of the essence of this Agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Investor-Seller shall be entitled to a decree against the Railroad-Purchaser requiring specific performance hereof. The Railroad-Purchaser hereby expressly waives any and all claims against the Investor-Seller and its agent or agents for damages of whatever nature in connection with any retaking of any Item of Equipment in any reasonable manner.

15.3 If an Event of Default shall have occurred and be continuing as hereinbefore provided, then at any time thereafter during the continuance of such default and after the entire indebtedness in respect of the Purchase Price of the Equipment shall have been declared immediately due and payable as herein before provided (unless such declaration has been rescinded and annulled as provided in Section 14.2 hereof), the Investor-Seller (after retaking possession of the Equipment as hereinbefore in this Section 15 provided) may at its election retain the Equipment as its own and make such disposition thereof as the Investor-Seller shall deem fit (including, if the Investor-Seller so elects, the leasing of the Equipment on such terms as it shall deem fit), and in such event all the Railroad-Purchaser's rights in the Equipment will thereupon terminate and, to the extent not prohibited by any mandatory requirements of law, all payments made by the Railroad-Purchaser may be retained by the Investor-Seller as compensation for the use of the Equipment by the Railroad-Purchaser; provided, however, that if the Railroad-Purchaser, within 30 days of receipt

of notice of the Investor-Seller's election to retain the Equipment for its own use, as hereinafter provided, shall pay or cause to be paid to the Investor-Seller the total unpaid balance of the indebtedness in respect of the Purchase Price of all the Equipment, together with interest thereon accrued and unpaid and all other payments due by the Railroad-Purchaser under this Agreement, then in such event absolute right to the possession of, title to and property in such Equipment shall pass to and vest in the Railroad-Purchaser; or the Investor-Seller, with or without the retaking of possession thereof may, at its election, sell the Equipment, or any Item thereof, free from any and all claims of the Railroad-Purchaser, or of any other party claiming by, through or under the Railroad-Purchaser, at law or in equity, at public or private sale and with or without advertisement as the Investor-Seller may determine; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Investor-Seller in taking possession of, removing, storing and selling the Equipment, shall be credited to the amount due to the Investor-Seller under the provisons of this Agreement. Written notice of the Investor-Seller's election to retain the Equipment for its own use may be given to the Railroad-Purchaser by telegram or registered mail addressed to the Railroad-Purchaser as provided in Section 19 hereof, at any time during a period of 30 days after the entire indebtedness in respect of Purchase Price shall have been declared immediately due and payable as hereinbefore provided, and if no such notice shall have been given, the Investor-Seller shall be deemed to have elected to sell the Equipment in accordance with the provisons of this Section 15.

15.4 Any sale hereunder may be held or conducted at such place or places and at such time or times as the Investor-Seller may specify, in one lot and as an entirety, or in separate lots and, if the Investor-Seller so desires, without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Investor-Seller may determine, provided that the Railroad-Purchaser shall be given written notice of such sale not less than 30 days prior thereto, by mail addressed as provided herein. If such sale shall be a private sale, it shall be subject to the rights of the Railroad-Purchaser to purchase or provide a purchaser, within 30 days after notice of the proposed sale price, at the same price offered in writing by the intending purchaser or a better price. In the event that the Railroad-Purchaser does not exercise said right to purchase or provide a purchaser for the Equipment, the Investor-Seller may bid for and become the purchaser of the Equipment, or any Item thereof, so offered for sale without accountability to the Railroad-Purchaser (except to the extent of surplus money received as hereinafter provided in this Section), and in payment of the Purchase Price therefor the Investor-Seller shall be entitled to have credited on account thereof all sums due to the Investor-Seller from the Railroad-Purchaser hereunder.

15.5. Each and every power and remedy hereby specifically given to the Investor-Seller 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 Investor-Seller. 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 Investor-Seller in the exercise of any such power or emedy 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 any acquiescense therein.

15.6 All sums of money realized by the Investor-Seller under the remedies herein provided shall be applied, first to the payment of the expenses and liabilities of the Investor-Seller herein undertaken to be paid, second to the payment of interest on indebtedness in respect of the Purchase Price of the Equipment accrued and unpaid and third to the payment of the indebtedness in respect of the Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Investor-Seller, there shall remain any amount due to it under the provisions of this Agreement, the Investor-Seller may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad-Purchaser. If, after applying as aforesaid all sums realized by the Investor-Seller there shall remain a surplus in the possession of the Investor-Seller, such surplus shall be paid to the Railroad-Purchaser.

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

15.8 The foregoing provisions of this Section are subject in all respects to all mandatory requirements of law as the time in force and applicable thereto.

SECTION 16. APPLICABLE STATE LAWS.

16.1 Any provision of this Agreement prohibited by any applicable law of any state, or which by any applicable law of any state would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such state be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable state law may be waived, they are hereby waived by the Railroad-Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale agreement and enforced as such.

16.2 Except as otherwise provided in this Agreement, the Railroad-Purchaser, 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 the Equipment, or any Item thereof, and any other requirements as to the time, place and terms of sale thereof, and other requirements with respect to the enforcement of the Investor-Seller's rights hereunder and any and all rights of redemption.

SECTION 17. EXTENSION NOT A WAIVER.

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Investor-Seller shall impair or affect the Investor-Seller's right thereafter to exercise the same. Any extension of time for payment hereunder or other indulgency duly granted to the Railroad-Purchaser shall not otherwise alter or affect the Investor-Seller's rights or the obligations of the Railroad-Purchaser hereunder. The Investor-Seller's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad-Purchaser's obligations or the Investor-Seller's rights hereunder with respect to any subsequent payments or defaults therein.

SECTION 18. RECORDING.

The Railroad-Purchaser will cause this Agreement, any assignment hereof and any supplements hereto and thereto to be filed, recorded or deposited and re-filed, re-recorded or re-deposited, if necessary, with the Interstate Commerce Commission, and otherwise as may be required by law or reasonably requested by the Investor-Seller for the purpose of proper protection, to the satisfaction of counsel for the Investor-Seller of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement, and the Railroad-Purchaser will promptly furnish to the Investor-Seller certificates or other evidences of such filing, recording or depositing, and an opinion or opinions of counsel for the Railroad-Purchaser with respect thereto, satisfactory to the Investor-Seller.

SECTION 19. 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 the following specified addresses:

(a) to the Railroad-Purchaser: Elgin, Joliet and Eastern Railway Company, Post Office Box 880, Joliet, Illinois 60434, Attention: J. H. Mayberry, Comptroller, with a copy to V. W. Kraetsch, Vice President-Finance, Post Office Box 536, Pittsburgh, Pennsylvania 15230,

(b) to the Investor-Seller: Mellon Bank, N. A., Mellon Square, Pittsburgh, Pennsylvania 15230. Attention: C. Talbot Hiteshew, Jr., Vice President.

(c) to any assignee of the Investor-Seller, or of the Railroad-Purchaser at such address as may have been furnished in writing to the Railroad-Purchaser or the Investor-Seller, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

SECTION 20. HEADINGS.

All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION 21. EFFECT AND MODIFICATION OF AGREEMENTS.

This Agreement and the Schedule relating hereto, exclusively and completely state the rights and agreements of the Investor-Seller and the Railroad-Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment other than the Finance Agreement. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Investor-Seller and the Railroad-Purchaser.

SECTION 22. LAW GOVERNING.

The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws (including its rules with respect to conflicts of laws) of the Commonwealth of Pennsylvania; 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 depositing hereof 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.

SECTION 23. DEFINITIONS.

The term "Investor-Seller", whenever used in this Agreement means, before any assignment of any of its rights hereunder, Mellon Bank, N. A., and any successor or successors for the time being to the properties and business thereof, and, after any such assignment, any assignee or assignees for the time being of such particular assigned rights are regards such rights, and also any assignor as regards any rights hereunder that are retained and excluded from any assignment.

SECTION 24. PAYMENT OF EXPENSES.

The Railroad-Purchaser will pay all reasonable costs, charges and

expenses, including the counsel fees of the Investor-Seller, including stamp and other taxes, if any, incident to the printing or other duplicating, execution, acknowledgment, delivery, filing or recording of this Agreement, of the first assignment, or any instrument supplemental to or amendatory of this Agreement or the first assignment, and of any certificate of the payment in full of the indebtedness in respect of purchase price due hereunder.

SECTION 25. CONSOLIDATION OR MERGER.

In case of any consolidation or merger to which the Railroad-Purchaser or the Investor-Seller shall be a party, or in case of any sale of all or substantially all the assets of the Railroad-Purchaser or the Investor-Seller, the corporation resulting from such consolidation or merger (if other than the Railroad-Purchaser or the Investor-Seller) or the corporation which shall acquire such assets, shall expressly assume all obligations hereunder, not then performed, of the Railroad-Purchaser or the Investor-Seller, as the case may be, and shall become entitled to all rights hereunder of the Railroad-Purchaser or the Investor-Seller, as the case may be.

SECTION 26. 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 above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

(Corporate Seal)

Attest:

James S. Pinson
Banking Officer

MELLON BANK, N. A.

By Robert L. Harish
its Assistant Vice President

(Corporate Seal)

Attest:

Assistant Secretary

ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

By W. S. Tosa
its PRESIDENT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this 26th day of October, 1977, before me personally appeared Robert L. Garish, to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of MELLON BANK, N.A., 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 instruments was the free act and deed of said corporation.

Gladys M. Harper
Notary Public

(Seal)

My Commission Expires:

GLADYS M. HARPER, Notary Public
Pittsburgh, Allegheny County, Pa.
My Commission Expires May 29, 1978

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this 26th day of October, 1977 before me personally appeared M. S. Low, to me personally known, who, being by me duly sworn, says that he is the President of ELGIN, JOLIET AND EASTERN RAILWAY 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.

Dorothy M. Tellep
Notary Public

(Seal)

My Commission Expires:

DOROTHY M. TELLEP, Notary Public
PITTSBURGH, ALLEGHENY COUNTY, PA.
MY COMMISSION EXPIRES
DECEMBER 18, 1978

SCHEDULE A

TO CONDITIONAL SALE AGREEMENT

INVESTOR-SELLER.	Mellon Bank, N.A.
DESCRIPTION OF EQUIPMENT.	100 new 100-ton capacity coil cars bearing Elgin, Joliet and Eastern Railway Company Identifying Nos. 6850 to and Including 6949.
PURCHASE PRICE.	$18,560 per Item ($1,856,000 for 100 Items)