

CHICAGO AND



TRANSPORTATION COMPANY

1

JOAN A. SCHRAMM
J. S. EDWARDS
FRANCES L. TURNER
ASSISTANT SECRETARIES
DIRECT DIAL NUMBER
312/559-6165

March 23, 1982

File No. A-11707

13605
RECORDATION NO. Filed 1425

MAR 25 1982-3 50 PM

INTERSTATE COMMERCE COMMISSION

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

13605
RECORDATION NO. Filed 1425

MAR 25 1982-3 50 PM

INTERSTATE COMMERCE COMMISSION

No. 2-084A137
MAR 25 1982
Date.....
Fee \$ 57.50
ICC Washington, D. C.

Dear Ms. Mergenovich:

Pursuant to Section 11303 (formerly Section 20c) of the Interstate Commerce Act, enclosed for recordation are counterparts of Conditional Sale Agreement and Agreement and Assignment both dated as of March 1, 1982, covering 25 locomotives as listed in Schedule A attached to the Agreement.

The names as addresses of the parties to the transaction are as follows:

1. Conditional Sale Agreement between North Western Leasing Company, One North Western Center, Chicago, IL 60606 and this Company, One North Western Center, Chicago, IL 60606.
2. Agreement and Assignment between Citibank, N.A., Assignee, 399 Park Avenue, New York, New York 10043 and North Western Leasing Company, One North Western Center, Chicago, IL 60606.

Enclosed is our check for \$50.00 to cover your recording fee. Please assign a sub-file number for the Agreement and Assignment. Keep one counterpart for your files and return the other counterparts showing your recordation data.

Sincerely,

John Wallace

J. S. Edwards
Assistant Secretary

JSE/baf

Enclosures

- cc: R. D. Smith
G. R. Charles
J. A. Barnes
F. E. Cunningham, Attn: R. DeWitt
M. H. Shumate
R. F. Guenther, Attn: T. A. Valacak

D. E. Stockham, Attn: P.J. Brod
Arthur Anderson & Co.
Attn: G. Holdren

Handwritten initials and scribbles

Interstate Commerce Commission
Washington, D.C. 20423

3/25/82

OFFICE OF THE SECRETARY

J.S. Edwards
Assist. Sec.
Chicago & North Western Transp. Co.
One North Western Center
Chicago, Illinois 60606

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **3/25/82** at **3:50pm**, and assigned re-
recording number(s).

7642-C Lease of RR Equip. 7642-D Sublease
both released Sincerely yours,

13605

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13605
RECORDATION NO. Filed 1425

MAR 25 1982 - 3 10 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of March 1, 1982

between

NORTH WESTERN LEASING COMPANY

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of March, 1, 1982 between NORTH WESTERN LEASING COMPANY, a Delaware corporation (hereinafter called the "Seller" or the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (hereinafter called the "Railroad").

WHEREAS, the Seller has agreed to supply, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the equipment described in Schedule A hereto (hereinafter called the "Equipment");

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

ARTICLE 1 Assignment; Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment or which are not vested in any assignee or assignees until satisfaction of conditions contained in such assignment. The term "Seller", whenever used in this Agreement, means, both before and after any such assignment, NORTH WESTERN LEASING COMPANY and any successor or successors for the time being to its respective properties and businesses.

ARTICLE 2. Sale. Pursuant to this Agreement, the Seller will sell and deliver to the Railroad, and the Railroad will purchase from the Seller and accept delivery of and pay for (as hereinafter provided), all of the Equipment. Each unit of the Equipment shall conform to the specifications applicable thereto, including such modifications thereof as may be agreed upon in writing between the Seller and the Railroad (which specifications, with such modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of Equipment shall, on the date of delivery thereof to the Railroad, in each case conform 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.

ARTICLE 3. Delivery. The Seller will deliver the units of Equipment to the Railroad, with freight charges prepaid, at the place or places specified by the Railroad.

Upon delivery of each unit or of a number of units of the Equipment, if each such unit conforms to the Specifications, requirements and standards applicable thereto, an authorized representative of the Railroad shall execute and deliver to the Seller 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 Railroad. The Railroad's execution and delivery of a Certificate of Acceptance shall conclusively establish that such Equipment is acceptable to and accepted by the Railroad, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Equipment is, insofar as this Agreement is concerned, in good order and condition and appears to conform with the Specifications. By execution and delivery of such Certificate of Acceptance, the Railroad represents that it has no knowledge of any such defect.

On delivery and acceptance 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. Any unit of Equipment not delivered, accepted and settled for on or prior to April 30, 1982 (hereinafter called the Cut-Off Date) shall be excluded from this Agreement and from the term "Equipment" as used herein, and the Railroad shall be relieved of its obligation to purchase and pay for any such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule A hereto, and shall be subject to such increase or decrease as is agreed to by the Seller and the Railroad. The term "Purchase Price" as is used herein shall mean the base price or prices of the Equipment as so increased or decreased, as set forth in the Seller's invoice or invoices delivered to the Railroad.

The term "Closing Date" with respect to the Equipment shall mean such date not later than the Cut-Off Date (as

defined in Article 3), occurring not more than ten business days following presentation by the Seller to the Railroad of an invoice for the Purchase Price of the Equipment, as shall be fixed by the Railroad by written notice delivered to the Vendor at least four business days prior to the Closing Date designated therein. The term "business days" as used herein means Business Days as defined in the Finance Agreement dated as of March 1, 1982 (the "Finance Agreement") among the Railroad, the Seller and Citibank, N.A. (the "Assignee") attached hereto as Exhibit 1.

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

- (a) on the Closing Date, an amount equal to at least 10% of the Purchase Price of the Equipment; and
- (b) in 27 consecutive equal (except for appropriate adjustment of the final installment in case the amount payable pursuant to this subparagraph (b) shall not, when divided by 27, result in an amount ending in an integral cent) quarter-annual installments, as hereinafter provided, an amount equal to the aggregate of the Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the "Conditional Sale Indebtedness").

The installments of the Conditional Sale Indebtedness shall be payable quarter-annually on the last day of March, June, September and December in each year commencing on June 30, 1983 to and including December 31, 1989. The unpaid Conditional Sale Indebtedness shall bear interest, from the Closing Date at a rate per annum, computed for each quarterly period, equal to the Applicable Rate as determined in accordance with the Finance Agreement. Such interest shall be payable quarterly on the last day of March, June, September, and December in each year commencing the first such date after the Closing Date (such dates being hereinafter called the "Interest Payment Dates").

All payments of principal and interest due under this Agreement shall be made in immediately available funds on or before 10:00 a.m., Chicago time, on the date due; and funds received after that hour shall be deemed to have been received on the next business day. If any such payment of principal or interest shall become due on other than a business day, such payment shall be made on the next business day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment. All interest under this Agreement shall be calculated in accordance with the Finance Agreement.

The Railroad will pay (i) upon demand to the extent legally enforceable interest at the rate prescribed in Section 3.3 of the Finance Agreement on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding; and (ii) all amounts due and payable in accordance with Sections 3.5, 3.6, 3.7, 3.8 and 3.9 of the Finance Agreement.

The Railroad shall have the privilege of prepaying the Conditional Sale Indebtedness or any installment thereof, at any time, without penalty or premium, and each such prepayment shall be applied to reduce installments in the inverse order of maturity thereof in accordance with the terms of the Finance Agreement. The Railroad shall pay simultaneously with any prepayment pursuant to this paragraph all unpaid interest, if any, on the amount then to be prepaid, but only to the extent accrued to the date of prepayment.

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

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 expenses 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 or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and 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 or other disposition under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "impositions"), all of which impositions the Railroad assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, 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 (except as provided above) or upon the Vendor solely by reason of its interest therein (except as provided above) 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 proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the 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 believes in its reasonable opinion that it shall have been legally liable with respect thereto (as evidenced, if the Railroad so requests, by an opinion of counsel for the Vendor, the reasonable fees and out-of-pocket expenses of which counsel shall be paid by the Railroad) or unless the Railroad shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Vendor shall and hereby does retain a continuing security interest in the Equipment until the Railroad shall have made all its payments and shall have kept and performed all its agreements and obligations under this Agreement, 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 (except additions that are not required by Article 9 hereof and that are readily removable without causing material damage to the unit) and any and all replacements of the Equipment and of parts thereof and additions thereto (except as provided above) shall constitute accessions to the Equipment 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 this Article 6 and 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 and in the Finance Agreement provided, shall have been paid, and all the Railroad's obligations herein and in the Finance Agreement 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 without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad and at the Railroad's expense 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 (such bill of sale to be without warranty except that the Equipment is 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, on and after the Cut-Off Date, cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or the name of the Vendor followed by the words "Secured Party", or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Railroad will replace promptly any such markings which may be removed, defaced, obliterated 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. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, or, in the opinion of the Railroad, shall no longer be economically useful to the Railroad, or shall be irreparably

damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Agreement (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). The Railroad shall, on the next date for the payment of an installment of Conditional Sale Indebtedness or interest hereunder occurring at least thirty (30) days after it has knowledge of such event, pay to the Vendor a sum equal to the aggregate Casualty Value (as defined herein) of such units of the Equipment as of the date of payment (or the sum provided for in third paragraph of this Article 8 in the event the Railroad makes such payment pursuant to said third paragraph) 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 (so long as no event of default (as hereinafter defined) shall have occurred and be continuing), in whole or in part, to prepay installments of Conditional Sale Indebtedness or toward the cost of new or used (i) equipment which conforms to the Specifications or (ii) rolling stock approved in writing by the Assignee to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life at least as long as that which the unit being replaced would have had but for the Casualty Occurrence and together such replacement equipment shall have a fair market value at least equal to the Casualty Value such replaced units would have had on the date of replacement.

So long as no event of default shall have occurred and be continuing, the Railroad may pay to the Vendor in lieu of the aggregate Casualty Value required to be paid on the payment date pursuant to the provisions of the first paragraph of this Article 8, a sum equal to the Conditional Sale Indebtedness as of the date of such payment in respect of the Purchase Price of the units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment previously shall have been made to the Vendor pursuant to this Article 8), and such sum shall be applied by the Vendor on the payment date to prepay Conditional Sale Indebtedness. The Conditional Sale Indebtedness in respect of

such units as of the date of payment shall be equal to the aggregate unpaid Conditional Sale Indebtedness as of that date multiplied by the fraction having for its numerator the original Purchase Price of such units and for its denominator the original Purchase Price of all the Equipment.

In case any money is applied to prepay Conditional Sale Indebtedness, it shall be so applied to reduce installments thereafter falling due in the inverse order of maturity.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence (including a replacement unit) shall be deemed to be the Purchase Price of such unit (or cost thereof in the case of a replacement unit) less an amount representing (as of the date that the Railroad determines that such unit suffered a Casualty Occurrence) depreciation on such unit at the rate of 10% per annum for units of rolling stock, but in no event shall the Casualty Value be less than the Conditional Sale Indebtedness in respect of such unit as of the date that the Railroad determines that such unit suffered a Casualty Occurrence.

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 Permitted Encumbrances (as defined in 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 warranted by the Railroad or third parties in like manner as is customary at the time for similar equipment.

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, an Assistant Vice President, or the Controller or Chief Accounting Officer of the Railroad certifying as to the matters hereinabove set forth in this Article 8; and

(2) 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 Permitted

Encumbrances (as defined in Article 12) and the rights of the Railroad under this Agreement, that such unit has come under and become subject to this Agreement and that all necessary filings and recordings have been made to perfect the security interest of the Vendor therein.

So long as none of the events specified in Article 16 (hereinafter called "events 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 full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 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 or bankers' acceptances accepted by, domestic commercial banks in the United States of America having capital and surplus in excess of \$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 may 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 Equipment 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 and at the Railroad's expense, after payment by the Railroad of a sum equal to (A) the lesser of (i) the Casualty Value of such Equipment, or (ii) the amount provided for in the third paragraph of this Article 8, plus (B) any cost and expenses of the Vendor in connection

with such sale for which the Vendor is to be reimbursed hereunder, 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.

ARTICLE 9. Insurance, Maintenance, Compliance with Laws and Rules. The Railroad will, at all times during the term of this Agreement, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to Railroad's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Railroad in respect of similar equipment owned by it. The Railroad will deliver on the Closing Date and annually thereafter on or before April 30, certificates (or verifications) of insurance from the Railroad's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Article. The Railroad will cause the Vendor to be named as additional insured. All policies evidenced by certificates of insurance shall contain an agreement of the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Vendor in the event of nonpayment of premium by the Railroad when due.

Any net insurance proceeds (excluding public liability insurance) resulting from insurance carried by the Railroad or condemnation payments received by the Vendor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Railroad to the Vendor in respect of Casualty Occurrences pursuant to Article 8. If the Vendor shall receive any such net insurance proceeds or condemnation payments and the Railroad already has paid the full Casualty Value with respect to the unit for which such proceeds are received, the Vendor shall pay such net insurance proceeds or condemnation payments to the Railroad; provided, however, that if an event of default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an event of default shall have occurred and be continuing, then the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad under this Agreement. All net insurance proceeds (excluding public liability insurance) received by the Vendor or the Railroad with respect to a unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such unit, but no such proceeds shall be paid to the Railroad until the Vendor shall have received a certificate signed by an authorized officer of the Railroad to the effect that such damage has been fully repaired; and any balance

remaining after the completion of such repairs shall be paid to the Railroad unless an event of the default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Railroad may be retained by the Vendor and applied to discharge the liabilities of the Railroad hereunder.

The Vendor shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Vendor to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

The Railroad will, at all times during the term of this Agreement, maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense. The Railroad also agrees only to use the Equipment in the manner for which it was designed and intended. Without limiting the foregoing, the Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in condition suitable for use in interchange if and to the extent permitted by the Interchange Rules of the Association of American Railroads, all at the Railroad's expense. Any parts installed or replacements made by the Railroad to comply therewith shall be considered accessions and immediately subject to the security interest granted by this Agreement without further act. The Railroad shall make no other additions or improvements to the Equipment unless the same are readily removable without causing material damage to such Equipment or, if not readily removable, the same do not decrease the value, or modify the intended and permitted uses, of the Equipment. Title to any readily removable non-mandatory additions or improvements shall remain with the Railroad free of any security interest hereunder, but additions or improvements which are not readily removable shall without further act be immediately subject to the security interest granted by this Agreement.

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 April 30 in each year, commencing in 1983, 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 been withdrawn from use pending repairs (other than running repairs) (such units being hereinafter called the "Bad Order Units") or 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) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, and (c) 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. If, as set forth in such statement, the number of Bad Order Units withdrawn from use as of the date of such statement (giving effect to repairs made on or prior to that date) exceeds two units of the Equipment, then the Bad Order Units in excess of such number shall be identified by the Railroad in such statement and shall be deemed to have suffered a Casualty Occurrence on the date of such statement, and payment therefor shall be made as provided in Article 8 hereof. 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 and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that such possession and use of the Equipment shall be upon the lines of railroad owned or operated by the Railroad 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 Seller to the Railroad, but only upon and subject to all the terms and conditions of this Agreement. The Railroad shall not, without the prior written consent of the Vendor (which consent will not be unreasonably withheld), have the right to lease the Equipment or any unit thereof; provided, however, that the Railroad shall have the right to lease the Equipment or any unit thereof to any railroad organized under the laws of the United States of America or any state thereof or the District of Columbia without the Vendor's consent if such lease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Agreement. Any lease and the rights of the Lessee thereunder shall in all events be expressly subject and subordinate to this Agreement and the rights and interests of the Vendor and its successors and assigns hereunder. The Railroad shall, promptly upon entering into any lease, furnish to the Vendor a written statement setting forth the amount, description and number of the units of the Equipment being leased and attaching a copy of the lease. In no event shall any assignment or lease entered into by the Railroad relieve the Railroad of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained herein to the contrary notwithstanding, the Railroad shall at no time while this Agreement is in effect assign or permit the assignment of any unit of Equipment to, or use or permit the use by any assignee or lessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

ARTICLE 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party (other than arising from, through or under the Assignee) 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. 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 or, if delinquent, the validity of which is being contested in good faith. The liens, claims and encumbrances permitted by this Article 12 are hereinafter collectively referred to as the "Permitted Encumbrances".

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 costs, charges, and expenses in connection therewith, including reasonable counsel fees, arising out of (i) retention by the Vendor of a security interest in the Equipment, (ii) the use and operation, or the maintenance, repair or replacement, thereof by the Railroad, (iii) the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, (iv) without limiting the foregoing, the construction, reconstruction, possession, purchase, delivery, installation, ownership, leasing, return, sale or other disposition of the Equipment, (v) the condition of the Equipment at any time, (vi) the acts or omissions to act of the Railroad, whether for itself or as agent or attorney-in-fact for the Vendor hereunder, or (vii) claims for negligence or strict liability in tort relating to the Equipment. 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. Patent Indemnities, Warranty of Material and Workmanship. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against any and all losses, damages, liabilities, claims, demands, costs, charges and expenses including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or its assigns because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

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

obtaining the written consent, not to be unreasonably withheld, of the Vendor. A sale, assignment, transfer, disposition or lease to a railroad company organized under the laws of the United States of America or any of the States thereof or other purchaser or lessee which shall acquire or lease 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, or an assignment by the Railroad to one of its wholly-owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Railroad (with binding effect upon successors of the Railroad) agrees not to be released as a primary obligor for the payment of principal and interest when due and payable (whether by acceleration or otherwise) on indebtedness outstanding under this Agreement on the date of such sale, assignment, transfer or disposition.

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. No such assignment shall subject any assignee to, or relieve the Seller from, any of the obligations of the Seller to sell and deliver the Equipment in accordance with this Agreement or to respond to its obligations and warranties hereunder, or relieve the Railroad of any of its obligations to the Seller which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the 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.

The Railroad recognizes that it is the custom of railroad equipment sellers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated.

The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any defect in the Seller's title to, or any interruption from whatsoever cause in the use, operation, or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment, or any part thereof, or by reason of any other indebtedness, howsoever and whenever arising, of the Seller, to the Railroad or to any other person, firm, or corporation or to any governmental authority, or any breach of any obligation of the Seller with respect to the Equipment or the manufacture, construction, delivery, repair or warranty thereof, or from any other cause whatsoever, it being the intent hereof that the Railroad shall be unconditionally and absolutely obligated to pay the Vendor all of the amounts which are the subject of its assignment. Any and all obligations of the Seller, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Seller.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the Assignee on or prior to the date for settlement, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

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 when payment thereof shall be due hereunder and such failure shall continue for more than two business days after written or telephonic notice thereof from the Vendor to the parties listed in Article 21; or

(b) the Railroad shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement or of the Finance Agreement on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance and such failure shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof; or

(c) any representation or warranty on the part of the Railroad or the Seller made herein or in the Finance Agreement or in any statement or certificate furnished to the Vendor or its assigns pursuant to or in connection with this Agreement or the Finance Agreement is untrue in any material respect as of the date of issuance or making thereof, and, in the case of representations or warranties set forth in paragraphs 2, 4, or 8 of Attachment A to the certificate delivered pursuant to Section 5.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Vendor; or

(d) a case shall be commenced under Subchapter IV of Chapter 11 of the Bankruptcy Code (as such Subchapter IV is now in effect or hereafter may be amended or replaced), by or against the Railroad and, unless such petition or case shall have been dismissed, nullified or otherwise rendered ineffective (but then only so long as such ineffectiveness shall continue), (i) within 60 days after such case shall have been commenced, (A) all the obligations of the Railroad under this Agreement shall not have been duly assumed for the then unexpired term hereof in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such case in such manner that such obligations shall have, to the fullest extent permitted by law, the same status and priority as to payment as obligations incurred by such trustee or trustees which are entitled to payment as administrative expenses pursuant to 11 U.S.C. 507(a)(1) (as such section is now in effect or hereafter may be amended or replaced) and (B) all events of default under subparagraphs (a), (b) or (f) of this Article 16 shall not have been cured, and (ii) thereafter during the pendency of the case, the trustee or trustees appointed in such case shall not cure in a timely fashion all other events of default under subparagraphs (a), (b) or (f) of this Article 16 which from time to time occur hereunder; or

(e) any other case or proceedings shall be commenced by or against the Railroad for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or the Board of Directors of the Railroad shall authorize the commencement of any such other case or proceedings, and, if any such case or proceedings have been commenced against the Railroad, such case or proceedings shall not 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) within 60 days after such case or proceedings shall have commenced; or the Railroad shall make an assignment for the benefit of creditors; or the Railroad admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such admission, inability or failure shall continue for 30 days after notice thereof from the Vendor; or a trustee, custodian or receiver is appointed for the Railroad or for a major part of the property thereof and is not discharged within 60 days after such appointment; or

(f) 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 and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such unit (or make provision satisfactory to the Vendor for such compliance) within 15 days after written notice from the Vendor demanding such cancellation and recovery of possession;

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 "Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Without limiting the other rights of the Vendor, 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 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

and (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 (whether before or after taking possession of the Equipment as hereinbefore 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 for 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 not less than 15 days' notice to the Railroad and to any other persons to whom the law may require notice of the time and place and upon any other notice which may be required by law, 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, at law or in equity, at a 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, so long as such sale shall be in a commercially reasonable manner. 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 15 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 offerees 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 a price at least equal to the amount described in the proviso to the first sentence of the foregoing paragraph. 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 applicable (if any) 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.

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 49 U. S. C., §11303; 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 (other than the fees and expenses of counsel for the Seller) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all reasonable fees and expenses of counsel for the first assignee of this Agreement.

ARTICLE 21. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it, certified mail postage prepaid, to the following specified addresses:

(a) to the Railroad, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Vice President-Finance;

(b) to the Seller, at One North Western Center, 165 North Canal Street, Chicago, Illinois 60606, attention Vice President-Finance, and

(c) to any assignee of the Vendor or of the Railroad, at such address as may have been furnished in writing to each of the other parties hereto by such assignee,

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

ARTICLE 22. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor and the 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 officers 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 49 U. S. C. §11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. 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.

THE RAILROAD ACKNOWLEDGES INsofar AS THE VENDOR IS CONCERNED THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, THE EQUIPMENT IS SOLD AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (i) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY UNIT OR UNITS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, OR (ii) ANY OTHER MATTER WHATSOEVER IT BEING UNDERSTOOD AND AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY THE RAILROAD.

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.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By *Jabmyll*
Vice President

[Corporate Seal]

ATTEST

Jabmyll
Assistant Secretary

NORTH WESTERN LEASING COMPANY

By *Jabmyll*
Vice President

[Corporate Seal]

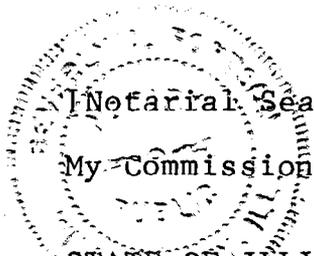
ATTEST:

Jabmyll
Assistant Secretary

L/P-450(3)

State of Illinois,)
County of Cook,) SS:

On this 23 day of March, 1982, before me personally appeared T. A. Tingloff, to me personally known who, being by me duly sworn, says that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION 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.



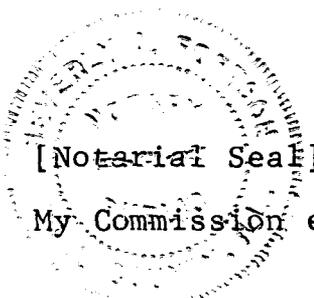
[Notarial Seal]

My Commission expires 2/18/84

Sewerly G. Fortson
Notary Public

STATE OF ILLINOIS,)
COUNTY OF COOK,) SS:

On this 23 day of March, 1982, before me personally appeared T. A. Tingloff, to me personally known, who, being by me duly sworn says that he is a Vice President of NORTH WESTERN LEASING 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.



[Notarial Seal]

My Commission expires 2/18/84

Sewerly G. Fortson
Notary Public

SCHEDULE A

<u>Type*</u>	<u>Quantity</u>	<u>Road Numbers (both inclusive)*</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>
Model SD 40-2 3000 H.P. Used Locomotives	25	6866 to 6890	\$600,000	\$15,000,000

*Previously acquired by North Western Leasing Company (NWL) under a Conditional Sale Agreement dated as of April 15, 1974 between General Motors Corporation (Electro-Motive Division) (the "Manufacturer") and NWL, as Vendee; also covered by an Agreement and Assignment dated as of April 15, 1974 between the Manufacturer and First National City Bank.

L/P-450(3b)

EXHIBIT 1 TO
CONDITIONAL SALE AGREEMENT

FINANCE AGREEMENT

Among

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY,
NORTH WESTERN LEASING COMPANY

and

CITIBANK, N.A.

Dated as of March 1, 1982

\$13,500,000

FINANCE AGREEMENT

FINANCE AGREEMENT dated as of March 1, 1982, among CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad"), NORTH WESTERN LEASING COMPANY (the "Subsidiary"), and CITIBANK, N.A. (the "Bank" or "Citibank").

Section 1. Recitals.

1.1 Certain Definitions. As used in this Agreement,

"Advance" means the Bank payment described in Section 2.1.

"Agreement" means this Finance Agreement, as it may be amended from time to time.

"Applicable Rate" means the Corporate Base Rate or Fixed Rate selected by the Railroad pursuant to Section 3.2.

"Assessment Rate" for any Interest Period for any Advance is the assessment rate per annum estimated by Citibank four Business Days before the first day of such Interest Period for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring U.S. dollar deposits of Citibank in the United States.

"Assignment" means an assignment agreement substantially in the form of Exhibit 2 hereto, as it may be amended from time to time.

"Base Eurodollar Rate" means, with respect to any Eurodollar Obligation, an interest rate per annum for an Interest Period equal to the rate of interest at which deposits in United States dollars are offered by the principal office of Citibank in London, England, to prime banks in the London interbank market at 11:00 a.m. (London time) two Eurodollar Business Days before the first day of such Interest Period for a period equal to such Interest Period.

"Base Fixed CD Rate" means, with respect to a Fixed CD Rate Obligation for an Interest Period, the consensus bid rate determined by Citibank (rounded upward to the nearest whole

multiple of 1/100 of 1% per annum, if such consensus bid rate is not such a multiple) for the bid rates per annum, at 9:30 a.m. (Chicago time) (or as soon thereafter as practicable) two Eurodollar Business Days prior to the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by Citibank for the purchase at face value of certificates of deposit of Citibank in New York City in an amount approximately equal to such Obligation and with a maturity equal to such Interest Period.

"Borrower" means the Railroad.

"Borrowing Notice" means a written, telex or telephonic notice by the Railroad to the Bank specifying (i) the effective date of such borrowing, (ii) the type and the amount of the Advance requested, and (iii) the Applicable Rate.

"Business Day" means (i) with respect to a borrowing, payment, prepayment or rate selection of Eurodollar Obligations, a day on which banks are open for business in Chicago and New York City and on which dealings in U.S. Dollars are carried on in the London interbank market (a Eurodollar Business Day) and (ii) with respect to a borrowing, payment, prepayment or rate selection of Corporate Base Rate Obligations and Fixed CD Obligations or with respect to a reduction of the Commitments, a day on which banks are open for business in Chicago and New York City.

"Citibank" means Citibank, N.A. in its individual capacity.

"Closing Date" means the Closing Date as defined in Article 4 of the Conditional Sale Agreement.

"Collateral Documents" means the Conditional Sale Agreement, the Assignment and any other collateral document from time to time in connection herewith.

"Collateral Value" means, for the Equipment or any unit thereof, the value as determined by Janney Montgomery Scott Inc., in the letter dated February 11, 1982 to W. D. Anderson, Assistant Vice President-Finance of the Railroad (a copy of which has been delivered to the Bank).

"Commitment" means the amount set forth for the Bank in Exhibit 1 hereto, or such amount as reduced pursuant to Sections 3.12 and 3.13.

"Commitment Period" means the Commitment Period as defined in Section 2.2.

"Conditional Sale Agreement" means the agreement to which this Agreement is attached as Exhibit 1, as it may be amended from time to time.

"Conditional Sale Indebtedness" means the Conditional Sale Indebtedness as defined in Article 4 of the Conditional Sale Agreement.

"Corporate Base Rate" means a rate per annum equal to the sum of (i) a rate of interest per annum announced publicly by Citibank in New York, New York from time to time as Citibank's base rate on or in effect two Eurodollar Business Days prior to the first day of an Interest Period plus (ii) 0.5%.

"Corporate Base Rate Obligations" means the Obligations outstanding hereunder at the time the Corporate Base Rate is applicable thereto.

"CSA Purchase" means the purchase by the Bank pursuant to Section 2.1 of the Subsidiary's rights under the Conditional Sale Agreement.

"Default" means an event described in Section 6.1.

"Equipment" means the used equipment identified in Schedule A to the Conditional Sale Agreement.

"Eurodollar Business Day" means a day on which banks are open for business in Chicago and New York City and on which dealings in U.S. Dollars are carried on in the London interbank market.

"Eurodollar Obligations" means the Obligations outstanding hereunder at the time the Eurodollar Rate is applicable thereto.

"Eurodollar Rate" means, with respect to an Interest Period, the sum of (i) the quotient of (a) the Base Eurodollar Rate applicable to that Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period plus (ii) 1.250% per annum.

"Fixed Rate" means a rate per annum equal to either the Fixed CD Rate or the Eurodollar Rate as selected by the Railroad pursuant to Section 3.2.

"Fixed Rate Obligations" means the Obligations outstanding hereunder at the time the Fixed Rate is applicable thereto.

"Fixed CD Rate" means, with respect to an Interest Period, a rate per annum equal to the sum of (i) the quotient of (a) the Base Fixed CD Rate applicable to that Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period, plus (ii) the Assessment Rate applicable to that Interest Period, plus (iii) 1.250% per annum.

"Fixed CD Rate Obligations" means the Obligations outstanding hereunder at the time the Fixed CD Rate is applicable thereto.

"Interest Period" means each successive period which shall begin on (and include) each Quarterly Date and end on and include the next succeeding Quarterly Date, except that if the Interest Period would begin or end on a day that is not a Business Day, the Interest Period shall begin or expire on the next succeeding Business Day. The interest rate for a particular Interest Period shall apply to the first but not the last day of the Interest Period.

"Lending Installation" means any office or branch of the Bank.

"Loan Documents" means the Agreement and the Collateral Documents.

"Obligations" means the unpaid principal of the Conditional Sale Indebtedness.

"Prepayment Notice" means a written, telex or telephonic notice by the Railroad to the Bank pursuant to Section 3.13 specifying the amount of principal to be prepaid and the effective date of such prepayment.

"Purchase Price" means the Purchase Price as defined in Article 4 of the Conditional Sale Agreement.

"Quarterly Date" means the last day of March, June, September and December.

"Rate Selection Notice" means a written, telex or telephonic notice by the Railroad to the Bank pursuant to Section 3.2 specifying the Applicable Rate that shall apply with respect to the outstanding Obligations.

"Reserve Requirement" means, with respect to an Interest Period, that percentage which is specified four Business Days before the first day of such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States each in an amount of \$100,000 or more and with a maturity equal to such Interest Period (in the case of Fixed CD Rate Obligations) or on Eurocurrency liabilities (in the case of Eurodollar Obligations).

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Subsidiary" means North Western Leasing Company.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

Section 2. Investment in the Conditional Sale Agreement.

2.1 Advance. Subject to the terms and conditions of this Agreement, the Bank agrees to purchase from the Subsidiary pursuant to the Assignment, on the Closing Date, the Subsidiary's interest in the Conditional Sale Agreement and its security interest with respect to the Equipment settled for on such date (such purchase being herein called a "CSA Purchase" and the amount payable by the Bank on such date pursuant to the Assignment being herein called the "Advance").

2.2 Obligation to Make Advance. The Bank agrees to make the Advance provided that the principal amount of such Advance shall not exceed the Commitment. The obligation to make the Advance shall be from the date hereof through April 30, 1982 (the "Commitment Period"). The Advance shall be made upon at least four Business Days' prior Borrowing Notice to the Bank by the Borrower.

2.3 Amount of Advance. The Advance shall not be made unless the Equipment being settled for on the Closing Date has an aggregate Collateral Value equal to at least 10/9ths of the principal amount of the Advance.

Section 3. Terms.

3.1 Conditional Sale Indebtedness. The Railroad shall pay the initial principal amount of its Obligations in 27 equal installments on the last day of each Interest Period, commencing on June 30, 1983, in accordance with the Conditional Sale Agreement and the Assignment.

3.2 Selection of Rate; Interest on Obligations. The Railroad shall make an irrevocable selection of the Applicable Rate to apply to all of the Obligations outstanding on the first day of an Interest Period by two Eurodollar Business Days' prior Rate Selection Notice to the Bank. The unpaid principal amount of Obligations outstanding on the first day of each Interest Period shall bear interest at a rate equal, at all times during such Interest Period (but not including the last day thereof), to the Applicable Rate. Notwithstanding the foregoing, if the Advance is made on any day other than the first day of an Interest Period (herein called an "Interim Advance"), it shall bear interest from the date thereof to but not including the last day of such Interest Period at a rate per annum equal to the Corporate Base Rate in effect on the Closing Date, and shall thereafter bear interest at the rates selected for Obligations outstanding on the first day of an Interest Period.

If the Railroad shall have failed to deliver a Rate Selection Notice to the Bank on or before two Eurodollar Business Days prior to the first day of any Interest Period, then the Obligations outstanding shall bear interest at the Corporate Base Rate on and after the last day of such Interest Period until paid or until an Applicable Rate is selected pursuant to this Section.

3.3 Interest on Overdue Amounts. Any amount which is not paid when due hereunder or under any Collateral Document shall be payable on demand and shall bear interest payable on demand from the day when due until such amount is paid in full at a rate equal to the Applicable Rate otherwise payable during the Interest Period during which such amount became due plus 1.00% per annum and if not paid in full by the end of such Interest Period, at a rate per annum equal to 1.00% per annum over the Corporate Base Rate in effect from time to time.

3.4 Lending Installations. The Bank may book the Euro-dollar Obligations at any Lending Installation selected by the Bank and may change the Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and such Eurodollar Obligations shall be deemed held by the Bank for the benefit of such Lending Installation.

3.5 Failure to Pay or Borrow on Certain Dates. If, whether by prepayment pursuant to Section 3.13, by acceleration pursuant to Article 16 of the Conditional Sale Agreement or

otherwise, (i) any payment of a Fixed Rate Obligation occurs on a date which is not the last day of an Interest Period, or (ii) a Fixed Rate Obligation is not made on the date specified in a Borrowing Notice or Rate Selection Notice for any reason other than default by the Bank, the Railroad will indemnify the Bank for any loss or costs incurred by it resulting therefrom, including, without limitation, any loss in liquidating or employing deposits acquired to fund or maintain the Fixed Rate Obligation.

3.6 Taxes. All payments of the principal of and interest on Eurodollar Obligations shall be made without deduction for any present and future taxes, levies, imposts, deductions, charges or withholdings (excluding income taxes of the Bank and any Lending Installation), which amounts shall be paid by the Borrower. The Borrower will pay the Bank the amounts necessary such that the gross amount of the principal and interest received by the Bank is not less than that required by this Agreement. All stamp and documentary taxes shall be paid by the Railroad. If, notwithstanding the previous three sentences, the Bank pays any such taxes, the Railroad will reimburse the Bank for the amount paid. The Railroad will furnish to the Bank official tax receipts or other evidence of payment of all such taxes.

3.7 Yield Protection. If any existing or future law, rule, regulation or directive with respect to a Fixed Rate Obligation, whether or not having the force of law, or compliance of the Bank with such,

(i) subjects the Bank or any Lending Installation to any tax, duty, charge or withholding on or from payments due from the Railroad (excluding taxation of the net income of the Bank or any Lending Installation), or changes the basis of taxation of payments to the Bank in respect of Obligations or other amounts due it hereunder, or

(ii) imposes or increases or deems applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank or any Lending Installation, or

(iii) imposes any other condition the result of which is to increase the cost to the Bank or any Lending Installation of making, funding or maintaining the Advance in U.S. dollars or reduce any amount receivable by the Bank or any Lending Installation in connection with such Advance in U.S. dollars or require the Bank or any Lending Installation to make any payment calculated by reference to the amount of such Advance held or interest received by it, by an amount deemed material by the Bank,

then, within 15 days of demand by the Bank, the Railroad shall pay the Bank that portion of such increased expense incurred or

reduced amount received which the Bank determines is attributable to making, funding and maintaining the Fixed Rate Obligation except for amounts for which the Bank has been indemnified through changes in the Reserve Requirement or the Assessment Rate. To the extent reasonably possible, the Bank shall designate an alternate Lending Installation with respect to its Fixed Rate Obligation to reduce any liability of the Railroad to the Bank under this Section as long as such designation is not materially disadvantageous to the Bank.

3.8 Bank Certificates; Survival of Indemnity. A certificate of the Bank as to the amount due under Sections 3.5, 3.6 or 3.7 shall be final, conclusive and binding on the Railroad in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Fixed Rate Obligation shall be calculated as though the Bank funded the Fixed Rate Obligation through the purchase of a deposit of the type, maturity and amount corresponding to the deposit used as a reference in determining the Fixed Rate applicable to the Obligation. Unless otherwise provided herein, the amount specified in the certificate shall be payable within 15 days of demand after receipt by the Railroad of the certificate. The obligations under Sections 3.5, 3.6 and 3.7 shall survive payment of the Obligations and termination of this Agreement.

The Bank agrees, however, to use reasonable efforts in order to avoid or to minimize, as the case may be, the payment by the Railroad of any additional amount under Section 3.5, 3.6 or 3.7, the subjecting of any payment by the Railroad hereunder to any withholding tax or the mandatory conversion of any Fixed Rate Obligations under Section 3.9. The Bank will, as promptly as practicable, notify the Railroad of the existence of any event which will require the payment by the Railroad of any such additional amount or the subjecting of any payment by the Railroad to any withholding tax; provided, however, that this Section shall not in any way affect the rights of the Bank or the obligations of the Railroad under Sections 3.5, 3.6, 3.7, 3.8 and 3.9.

3.9 Availability of Interest Rate. If the Bank, in its sole discretion, determines that (i) maintenance of the Euro-dollar Obligations at a foreign Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, (ii) deposits of a type and maturity appropriate to match a Fixed Rate Obligation are not available to it, or (iii) that the Fixed Rate does not accurately reflect the cost to the Bank of making or maintaining Fixed Rate Obligations, and that the designation of an alternate Lending Installation will not avoid the foregoing consequences, then the Bank may, by written notice to the Borrower, suspend the availability of the affected rate option and require any Obligations outstanding under an affected rate option to be converted to an unaffected rate;

provided, however, that in the event of such a determination under clause (iii), the Railroad shall be permitted to incur or maintain a Fixed Rate Obligation if the Railroad shall agree to pay such further amount as will, together with the Fixed Rate, fully reflect the cost to the Bank of making or maintaining such Fixed Rate Obligation unless the Bank shall determine that the making or maintaining thereof would be materially disadvantageous to the Bank for the reasons stated in such notice. Subject to the provisions of Section 3 hereof, the Railroad may select any unaffected rate option to apply to such affected Obligations. If the Railroad fails to select a new rate option, the affected Obligations shall be Corporate Base Rate Obligations. The Bank shall reinstate any suspended rate option as soon as the facts upon which such suspension is based shall no longer be operable and shall promptly notify the Railroad of such reinstatement.

3.10 Telephonic Notices. The Railroad hereby authorizes the Bank to make the Advance and effect rate selection choices based on telephonic Borrowing and Rate Selection Notices made by any person or persons the Bank in good faith believes to be acting on behalf of the Railroad. The Railroad agrees to confirm to the Bank promptly any telephonic Borrowing or Rate Selection Notice in writing signed by an authorized officer. If the written confirmation differs in any material respect from the action taken by the Bank, the records of the Bank shall govern absent manifest error.

3.11 Basis for Payments. All payments of principal and interest on the Obligations shall be made in immediately available funds in New York City on or before 11:00 a.m., New York time, on the date due at the Bank's office in New York City; and funds received after that hour shall be deemed to have been received on the next business day. The Advance shall be made in immediately available funds in Chicago, Illinois on or before 10:00 a.m., Chicago time, on the Closing Date. All interest for Fixed Rate Obligations shall be calculated for actual days elapsed on the basis of a 360 day year; all interest for Corporate Base Rate Obligations shall be calculated for actual elapsed days on the basis of a 365-day, or when appropriate, a 366-day year.

3.12 Reduction of the Commitment. The Railroad may, at any time and from time to time upon three days' written, telex or telephonic notice to the Bank, reduce the Commitment of the Bank to an amount which is not less than the then outstanding principal amount of the Advances.

3.13 Prepayments. The Railroad may prepay in whole or in part the principal amount of outstanding Obligations upon five days' Prepayment Notice to the Bank; provided, however, that any such principal amount of a Fixed Rate Obligation may be prepaid only on the last day of the then current Interest Period unless the Railroad has good cause to make such prepayment or such prepayment occurs because of an acceleration under Article 16 of the Conditional Sale Agreement, in which case the Railroad shall reimburse the Bank for any loss incurred by it pursuant to Section 3.5.

Interest accrued to the date of prepayment shall be paid at the time of making the prepayment. The Bank shall not be obligated to release any Equipment in connection with a prepayment except as provided in the Conditional Sale Agreement.

Section 4. Covenants.

The Railroad agrees that until the Obligations have been repaid in full, together with any other amounts payable in respect thereof in accordance with the provisions of this Agreement and any Collateral Document, and all other Obligations of the Railroad under this Agreement and any Collateral Document are satisfied, it will:

4.1 Corporate Existence, Books and Records. Maintain, and cause its subsidiaries to maintain, in full force and effect, its corporate existence, rights and franchises; maintain, and cause its subsidiaries to maintain, complete and accurate books and records; and permit and cause its subsidiaries to permit, reasonable access by the Bank to books and records with respect to the Conditional Sale Agreement and the Equipment.

4.2 Notice of Default. Forthwith upon the learning of an event of default under the Conditional Sale Agreement or an event which with the lapse of time or the giving of notice, or both, would constitute such an event of default, deliver written notice thereof to the Bank describing the same and the steps being taken with respect thereto.

4.3 Taxes and Liabilities. Pay, and cause each subsidiary to pay, when due all taxes, assessments and other liabilities except as contested in good faith by appropriate proceedings.

4.4 Financial Statements. Furnish to the Bank: (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited quarterly, and within 90 days after the end of each fiscal year, the audited annual, consolidated balance sheet, and consolidated statements of income, retained income and changes in financial position of the Railroad and its subsidiaries; (ii) from time to time, such reports and proxy statements as the Railroad shall furnish to its stockholders or the Securities and Exchange Commission; and (iii) from time to time, such other items as the Bank may reasonably request.

Section 5. Conditions Precedent to the Advance.

5.1 Conditions to the Advance. The Bank shall not be obligated to make the Advance unless the Bank shall have received:

- (a) the notice referred to in Section 2.2;
- (b) resolutions of the Board of Directors of the Railroad and the Subsidiary, certified by the secretary or assistant secretary, authorizing the execution of this Agreement, the

Conditional Sale Agreement, the Assignment, and all other documents required or contemplated hereby and by such Agreements in respect of such Advance;

(c) a Certificate of Incumbency executed by the secretary or assistant secretary of the Railroad and the Subsidiary listing the officers authorized to execute documents in connection with this Agreement, the Conditional Sale Agreement and the Assignment and giving sample specimens of their signatures;

(d) the Certificate of Acceptance covering the Equipment related to such Advance;

(e) a Certificate of a senior vice president or vice president of the Railroad and the Subsidiary, substantially in the form of Exhibit 3 hereto and dated the date of such Advance;

(f) the Conditional Sale Agreement duly executed by the Railroad and the Subsidiary covering the Equipment, and the Assignment relating thereto duly executed by the Subsidiary and the Bank accompanied by the evidence that such documents have been duly filed with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act and that there exist no conflicting liens or claims against the Equipment;

(g) the documents specified in Section 4 of the Assignment; and

(h) the certificate or verification of insurance required by Article 9 of the Conditional Sale Agreement.

Section 6. Miscellaneous.

6.1 Payment of Expenses. The Railroad agrees to pay upon demand all out-of-pocket costs and expenses of the Bank (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the preparation or enforcement of this Agreement, the Conditional Sale Agreement and the Assignment. In addition, the Railroad agrees to pay, and save the Bank harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Agreement, or the issuance of any other instruments and documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section shall survive any termination of this Agreement.

6.2 Severability. The invalidity of any one or more covenants, phrases, clauses, sentences or paragraphs of this Agreement shall not affect the remaining portions of this Agreement, or any part thereof, and in case of any such invalidity, this Agreement shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs had not been inserted.

6.3 Waivers. No delay or omission of the Bank to exercise any right or power hereunder or under the Assignment, the Conditional Sale Agreement or otherwise shall impair such right or power or be construed to be a waiver of any default or an acquiescence therein; and any single or partial exercise of any such right or power shall not preclude other or further exercise thereof or the exercise of any other right or power. No waiver whatsoever shall be valid unless in writing signed by the Bank and then only to the extent in such writing specifically set forth. All remedies herein, or in documents or instruments executed and delivered pursuant hereto or in connection herewith, or by law afforded shall be cumulative and all shall be available to the Bank until the Bank has been paid in full in lawful money.

6.4 Governing Law. This Agreement is subject to final acceptance and all terms, obligations and provisions hereof are to be determined and governed by the internal laws, and not the law of conflicts, of Illinois.

6.5 Notice. Any notice herein required or permitted to be given may be given, except as otherwise required by this Agreement, in writing by depositing the same in the United States mail, postage prepaid, or by telegraph, charges prepaid, addressed to the addressees contained on the signature page hereof.

6.6 Interest of the Bank. Notwithstanding anything to the contrary contained in this Agreement, the Conditional Sale Agreement, the Assignment, any Bill of Sale, or any other document executed in connection herewith, the interest of the Bank in the Equipment is that of a secured party and not an owner.

6.7 Transfer. The Bank represents that it is acquiring its interest in the Conditional Sale Agreement and the Assignment for its own account and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distributing or selling the same. The Bank agrees that any transfer of all or any part of its interest hereunder shall be upon the express condition that the transferee thereof shall be bound by the terms of this Agreement. Prior to any such transfer the Bank and the transferee shall enter into an appropriate agreement evidencing such transfer upon the terms hereof.

6.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties or separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

6.9 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto, the successors and assigns of the Railroad permitted by Article 15 of the Conditional Sale Agreement and the respective successors and assigns of the Bank.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: _____

Title: _____
165 North Canal Street
Chicago, Illinois 60606
Attn: Vice President-Finance

NORTH WESTERN LEASING COMPANY

By: _____

Title: _____
165 North Canal Street
Chicago, Illinois 60606
Attn: Vice President-Finance

CITIBANK, N.A.

By: _____

Title: _____
399 Park Avenue
New York, New York 10043

copy to:
Citicorp (USA), Inc.
200 South Wacker Drive
31st Floor
Chicago, Illinois 60606
Attn: Specialized Industries

EXHIBIT 1
TO
FINANCE AGREEMENT DATED AS OF MARCH 1, 1982
AMONG
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
NORTH WESTERN LEASING COMPANY
AND
CITIBANK, N.A.

NAME OF BANK

COMMITMENT AMOUNT

Citibank, N.A.

\$13,500,000

AGREEMENT AND ASSIGNMENT

Dated as of March 1, 1982

between

NORTH WESTERN LEASING COMPANY

and

CITIBANK, N.A.

AGREEMENT AND ASSIGNMENT dated as of March 1, 1982, between CITIBANK, N.A. (hereinafter called the Assignee), and NORTH WESTERN LEASING COMPANY (hereinafter called the Assignor).

WHEREAS, the Assignor, the Assignee and Chicago and North Western Transportation Company (hereinafter called the Railroad) have entered into a Finance Agreement dated as of March 1, 1982 (hereinafter called the Finance Agreement) and the Assignor and the Railroad have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement), covering the sale and delivery on the conditions therein set forth, by the Assignor and the purchase by the Railroad of the railroad equipment described in Schedule A to the Conditional Sale Agreement (said equipment being hereinafter called the Equipment);

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (hereinafter called this Assignment) WITNESSETH: That in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Assignee to the Assignor, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. The Assignor hereby assigns and transfer and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of the Assignor in and to each unit of Equipment when and as severally delivered to and accepted by the Railroad, and when and as the amount required to be paid for such unit is paid to the Assignor by the Assignee pursuant to Section 4 hereof;

(b) all the right, title and interest of the Assignor in and to the Conditional Sale Agreement (except the right to supply and deliver the Equipment and the right to receive the payments specified in subparagraph (a) of the third paragraph of Article 4 thereof and reimbursements for taxes paid by the Assignor as provided in Article 5 thereof) and in and to any and all amounts which may be or become due or owing by the Railroad to the Assignor under the Conditional Sale Agreement in respect of the Purchase Price (as defined in the Conditional Sale Agreement) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under

the Conditional Sale Agreement, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) hereof, all the Assignor's rights, powers, privileges and remedies under the Conditional Sale Agreement;

without any recourse against the Assignor (except as otherwise provided in Section 3 hereof) for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the Assignor to sell and deliver the Equipment or otherwise under the Conditional Sale Agreement, it being understood and agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Article 15 of the Conditional Sale Agreement, all obligations of the Assignor to the Railroad with respect to the Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Assignor. In furtherance of the foregoing assignment and transfer, the Assignor hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for the Assignor, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but, except as otherwise provided in Section 3 hereof, as between the Assignor and the Assignee, at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. The Assignor agrees that it shall sell and deliver the Equipment in full accordance with the provisions of the Conditional Sale Agreement; and that notwithstanding this Assignment it will perform and fully comply with each of and all the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by the Assignor. The Assignor further agrees that it will warrant to the Assignee and the Railroad that at the time of delivery of each unit of the Equipment under the Conditional Sale Agreement it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than Permitted Encumbrances [as defined in Article 12 of the

Conditional Sale Agreement]; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); and the Assignor further agrees that it will defend the title to each unit of the Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by the Assignor under the Conditional Sale Agreement, including any Permitted Encumbrances; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder.

SECTION 3. Notwithstanding anything herein to the contrary, the Assignor agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, the Assignor will indemnify, protect and hold harmless the Assignee from and against all injuries, liabilities, claims, demands, costs, charges, expenses, losses or damages suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Assignor of any obligation with respect to the Equipment or the manufacture, construction, reconstruction, possession, purchase, delivery, installation, ownership, use, repair, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Assignor.

The Assignor agrees that any amounts payable to it by the Railroad with respect to the Equipment, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on the Closing Date fixed as provided in Article 4 of the Conditional Sale Agreement, shall pay to the Assignor an amount equal to the portion of the Purchase Price of the units of Equipment as shown on the invoice or invoices therefor then being settled for which, under the terms of said Article 4(b), is payable in installments, provided that there shall have been delivered to the Assignee, as provided in Article 15 of the Conditional Sale Agreement, the following documents, in form and substance satisfactory to it and to its counsel, in such number of counterparts as may be reasonably requested:

(a) a bill of sale from the Assignor to the Assignee transferring to the Assignee all right, title and interest of the Assignor in the units of Equipment, warranting to the Assignee that at the time of delivery of such units under the Conditional Sale Agreement the Assignor had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than any Permitted Encumbrances; other than those created by the Conditional Sale Agreement; and other than the rights of the Assignee under this Assignment); warranting to the Assignee that on the date of such bill of sale such units were free of all claims, liens, security interests and other encumbrances created by any general mortgage of the Railroad which are prior or equal to the security interest of the Assignee in such units; and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by the Assignor under the Conditional Sale Agreement including Permitted Encumbrances and those created by any general mortgage of the Railroad;

(b) a Certificate or Certificates of Acceptance with respect to such units of Equipment, as contemplated by Article 3 of the Conditional Sale Agreement;

(c) an invoice of the Assignor for such units of Equipment for which settlement is then being made, in each case accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices stated therein and compliance with the definition of "Collateral Value" contained in the Finance Agreement with respect to such units;

(d) an opinion of counsel for the Railroad dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Railroad and the Assignor and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment and

the Acknowledgement of Notice of Assignment (hereinafter called the "Acknowledgement") have been duly authorized, executed and delivered by the Assignor and Railroad and, assuming due authorization, execution and delivery of this Assignment by the Assignee, are legal, valid and binding instruments, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security interest in the units of the Equipment and such units, at the time of delivery thereof to the Railroad under the Conditional Sale Agreement, were free from all claims, liens, security interests and other encumbrances (other than any Permitted Encumbrances; other than those created by the Conditional Sale Agreement, and other than the rights of the Assignee under this Assignment), (vi) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the Conditional Sale Agreement, this Assignment or the Acknowledgement, or if any such approval is necessary, it has been obtained, (vii) the Conditional Sale Agreement and this Assignment with the Acknowledgement have been duly filed with the Interstate Commerce Commission in accordance with 49 U. S. C. § 11303 and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia, (viii) the Railroad is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Railroad has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Railroad has all requisite power and authority to own its properties and to carry on its business as now conducted, (ix) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Railroad adversely relating to or affecting the execution and delivery by the Railroad of the Conditional Sale Agreement, the Finance Agreement, or the Acknowledgement or the enforceability thereof in accordance with their terms or requiring any approval of its stockholders in respect thereof and (x) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement,

the Acknowledgement and this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any agreement or instrument to which the Railroad is now a party or by which it is bound;

(e) an opinion of counsel for the Assignor, dated as of such Closing Date, to the effect that (i) the Assignor is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation, the Assignor has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and the Assignor has all requisite power and authority to own its properties and to carry on its business as now conducted, (ii) the Finance Agreement, assuming due authorization, execution and delivery by the parties thereto other than the Railroad and its subsidiaries, has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms, (iii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Railroad, is a legal and valid instrument binding upon the Assignor and enforceable against the Assignor in accordance with its terms, (iv) this Assignment has been duly authorized, executed and delivered by the Assignor and, assuming due authorization, execution and delivery by the Assignee, is a legal and valid instrument binding upon the Assignor, (v) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (vi) the bill of sale referred to in subparagraph (a) of this paragraph has been duly authorized, executed and delivered by the Assignor and is valid and effective to transfer the security interest of the Assignor in and to the units of Equipment to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than any Permitted Encumbrances, other than those created by the Conditional Sale Agreement and other than the rights of the Assignee under this Assignment) arising from, through

or under the Assignor, (vii) there is no condition, restriction or requirement in the documents constituting the corporate charter of the Assignor adversely relating to or affecting the execution and delivery by the Assignor of the Conditional Sale Agreement, the Finance Agreement and this Assignment or the enforceability thereof and hereof in accordance with their terms or requiring any approval of its stockholders in respect thereof or hereof, and (viii) neither the execution and delivery of the Conditional Sale Agreement, the Finance Agreement or this Assignment, nor the consummation of the transactions therein and herein contemplated, nor the fulfillment of the terms thereof and hereof, will conflict with or result in a violation of, or constitute a default under, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, or of any instrument to which the Assignor is now a party or by which it is bound; and

(f) a certificate of an officer of the Railroad dated as of such settlement date, to the effect that no event of default (as such term is defined in the Conditional Sale Agreement), or event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and is then continuing and no tax liens (including, without limitation, tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment.

In giving the opinions specified in subparagraphs (d) and (e) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in clause (v) of subparagraph (d) and clause (vi) of subparagraph (e), counsel may rely, as to title being vested in the Assignor free of all claims, liens, security interests and other encumbrances at the time of acquisition

thereof by the Assignor, solely upon the warranties and representations made by the manufacturer of the Equipment to the Assignor in its bills of sale to the Assignor and upon any opinions of counsel for such manufacturer, and solely upon the representations in any certificate of an authorized officer of the Railroad to the effect that the Railroad's records have been examined and all prior security interests, if any, on the units of Equipment have been released.

The Assignee shall not be obligated to make payment under this Section 4 (i) at any time after the commencement of any proceedings specified in clause (d) or (e) of Article 16 of the Conditional Sale Agreement, (ii) if any other event of default, or any event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement could constitute an event of default, shall have occurred and be continuing under the Conditional Sale Agreement, (iii) if any change has occurred after the date of this Assignment in applicable law or regulations or interpretations thereof which would make it illegal for the Assignee to perform its obligations hereunder, or (iv) the Railroad has not paid the amount required to be paid by it pursuant to subparagraph (a) of the third paragraph of Article 4 of the Conditional Sale Agreement. In the event that the Assignee shall not make payment for any units of Equipment, the Assignee shall reassign to the Assignor, without recourse to the Assignee, all right, title and interest of the Assignee in and to such units.

SECTION 5. The Assignee may assign all or any of its rights under the Conditional Sale Agreement, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. The Assignor hereby:

(a) represents and warrants to the Assignee, its successor and assigns, that the Conditional Sale Agreement was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Railroad, the Conditional Sale Agreement is, in so far as the Assignor is concerned, a legal, valid and existing agreement binding upon it and the Railroad in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and

appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, successors and assigns, it will, subsequent to payment by the Assignee to such Assignor of the amounts required to be paid under Section 4 hereof, execute any and all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Assignor therein or in the Equipment.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 23 of the Conditional Sale Agreement.

SECTION 8. Although this Assignment is dated for convenience as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively the date or dates stated in the acknowledgments hereto annexed.

SECTION 9. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument.

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

NORTH WESTERN LEASING COMPANY

BY _____
Vice President

[CORPORATE SEAL]

ATTEST:

ASSISTANT SECRETARY

CITIBANK, N.A.

By _____
Vice President

[Corporate Seal]

ATTEST:

Title: _____

L/P-450(4)

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY hereby acknowledges due notice of and consents to the assignment made by the foregoing Agreement and Assignment.

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Vice President

Dated: _____

L/P-450(4b)

EXHIBIT 3 TO
FINANCE AGREEMENT

CERTIFICATE

To: Citibank, N.A.

Gentlemen:

Reference is made to the Finance Agreement dated as of March 1, 1982 (the "Finance Agreement"), entered into by the undersigned and you. The capitalized terms used herein or in Attachment A hereto shall have the respective meanings set forth in the Finance Agreement unless the context hereof otherwise requires.

As an inducement to and as part of the consideration for the Advance to be made pursuant to the Finance Agreement each of the undersigned represent and warrant to you as of the date hereof as set forth in Attachment A hereto.

Dated: _____, 19 __

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: _____
Its: _____

NORTH WESTERN LEASING COMPANY

By: _____
Its: _____

L/P-450(5)

ATTACHMENT A

WARRANTIES AND REPRESENTATIONS
OF
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
AND
NORTH WESTERN LEASING COMPANY

1. Corporate Organization and Authority. Each of the Railroad and the Subsidiary is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware; each has duly qualified and is authorized to do business and is in good standing in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary; and each has all requisite power and authority to own and operate its properties and to carry on its business as now conducted.

2. Agreements Valid and Binding. Each of the Railroad and the Subsidiary has full right, power and authority to enter into and perform the Operative Agreements (as hereinafter defined) to which it is a party; the execution and delivery of the Operative Agreements by the Railroad and/or the Subsidiary by the officers executing and delivering the same have been duly authorized by the appropriate Board of Directors and the Operative Agreements to which the Railroad and/or the Subsidiary is a party have been duly executed and delivered and constitute legal, valid and binding contracts enforceable in accordance with their respective terms.

3. No Violation. The execution and performance of the Operative Agreements by the Railroad and the Subsidiary will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under the Certificates of Incorporation or By-Laws of the Railroad or the Subsidiary or any indenture or other agreement or instrument to which the Railroad or the Subsidiary is a party or by which it or they may be bound or result in the imposition of any liens or encumbrances on the Equipment (except (i) the liens of the Conditional Sales Agreement, (ii) any liens on the interest of the Railroad in the Equipment as purchaser under the Conditional Sale Agreement and (iii) any Permitted Encumbrances).

4. Governmental Approvals. No approval, consent or withholding of objection on the part of any governmental body, Federal, state or local, is necessary in connection with the execution and delivery of the Operative Agreements by the Railroad and the Subsidiary or compliance by the Railroad and the Subsidiary with any of the provisions of any of the Operative Agreements.

5. Pending Litigation. Except as reflected in the annual report of the Railroad to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 1980, copies of which have been delivered to the Bank, on March 1, 1982: (a) there are no actions at law or in equity pending, or to its knowledge threatened, which, if determined adversely, would result in any material adverse change in the Railroad's or the Subsidiary's ability to carry out its obligations under the Operative Agreements to which it is a party; and (b) there are no proceedings of any kind or nature pending, or to its knowledge threatened, before a Federal or state board or other administrative authority or agency which would result in any material adverse change in the Railroad's or the Subsidiary's ability to carry out its obligations under the Operative Agreements to which it is a party.

6. No Existing Defaults. No event of default, as defined in the Conditional Sale Agreement, has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an event of default as defined therein. Neither the Railroad nor the Subsidiary is in default (for payment or otherwise) under any instruments, agreements or contracts of any kind under or subject to which there is outstanding indebtedness for borrowed money if the effect of such default or defaults is to accelerate the maturity of indebtedness exceeding in the aggregate \$12,000,000 or to permit the holder or holders thereof, or any trustee or agent for such holders, to cause indebtedness exceeding in the aggregate \$12,000,000 to become due and payable prior to its expressed maturity; and, to its knowledge, no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, other than unmatured events of default which would not have a material adverse affect on the Railroad's or the Subsidiary's ability to perform its obligations under the Operative Agreements to which it is party.

7. Financial Statements. The Railroad has furnished to the Bank the following financial statements: (a) the consolidated balance sheet of the Railroad and its subsidiaries as of December 31, 1980 and the consolidated statements of income, retained income and changes in financial position for the fiscal year ended on said date accompanied by a report thereon containing an opinion without qualification by Arthur Andersen & Co., and (b) the unaudited consolidated balance sheet of the Railroad and its subsidiaries as of December 31, 1981 and the unaudited consolidated statements of income, retained income and changes in financial position for the fiscal year ended on said date. All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, except as therein noted, and present fairly the financial position of the Railroad and its subsidiaries as of such dates and the results of its operations and changes in its financial position for such periods. The Railroad has also furnished in its letter dated March 5, 1982 a confidential estimate of consolidated income with respect to the first quarter of 1982. As of the date on which the Finance Agreement was executed by all of the parties thereto, there had been no material adverse change in the consolidated financial condition of the Railroad and its subsidiaries from the condition disclosed in the financial statements referred to above and in the letter.

8. Title. Subject to the following proviso, no mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any property or interest therein of the Railroad now attaches or hereafter will attach to the Equipment or in any manner affects or will affect adversely the security interest of the Bank therein; provided, however, that liens subordinate to such security interest of the Bank may attach solely to the interest of the Railroad in and to the Equipment, as purchaser under the Conditional Sale Agreement.

9. Insurance. The Equipment is covered by the insurance required by Article 9 of the Conditional Sale Agreement.

10. Operative Agreements. The term "Operative Agreements" shall mean the Finance Agreement, the Conditional Sale Agreement and the Assignment.