

Southern Railway System

Law Department
P.O. Box 1808
Washington, D.C. 20013

JAMES L. TAPLEY
VICE PRESIDENT - LAW

11544

920 15TH STREET, N.W.
TEL: (202) 628-4460

RECORDATION NO. Filed 1425

FEB 28 1980 - 2 30 PM

February 28, 1980

54882 INTERSTATE COMMERCE COMMISSION

0-059A019

Date FEB 28 1980

Fee \$ 50.00

ICC Washington, D.C.

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

Dear Mrs. Mergenovich:

I enclose two original counterparts of the instrument described in paragraph (1) hereof for recordation pursuant to Section 11303 of Title 49, U.S. Code (formerly Section 20c of the Interstate Commerce Act) and return, together with two original counterparts thereof which are for the Commission's files.

In accordance with 49 CFR Part 1116 covering the recordation of documents, I wish to advise as follows:

(1) The enclosed document is a Conditional Sale Agreement covering the purchase of certain railroad equipment, more fully described below, between Greyhound Leasing & Financial Corporation, Greyhound Tower, Phoenix, Arizona 85077, Vendor, and Southern Railway Company, P. O. Box 1808, Washington, D.C. 20013, Purchaser, dated as of February 1, 1980.

(2) The equipment covered by this document is described as follows:

- 497 - used 100-ton 5,325 cu. ft. capacity Aluminum Covered Hopper Cars bearing Purchaser's road numbers 7925-7947, both inclusive, 7949-7999, both inclusive, 8575-8578, both inclusive, 8580-8806, both inclusive, and 8808-8999, both inclusive, AAR designation LO; and
- 99 - used SD-35 Diesel-Electric Locomotives bearing Purchaser's road numbers 3000-3076, both inclusive, and 3078-3099, both inclusive, AAR designation O-C-C-O.

Handwritten signature: C. Ound...

- 2 -

Each unit of the equipment will be marked in letters not less than one-half inch in height as follows: "BOOTHE LEASING CORPORATION, OWNER, LESSOR", or

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION".

(3) After recordation, the original documents should be returned to David R. Willson, General Attorney, Southern Railway Company, P. O. Box 1808, Washington, D.C. 20013.

(4) The recordation fee of \$50 is enclosed.

Please acknowledge receipt on the enclosed copy of this letter.

Sincerely,


James L. Tapley

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

2/28/80

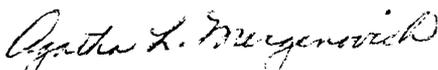
OFFICE OF THE SECRETARY

James L Tapley
Southern Railway System
Law Dept.
P.O.Box 1808
Washington, D.C. 20013

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 **2/28/79** at **2:30pm** , and assigned re-
recording number (s). **11544**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure (s)

11544

RECORDATION NO. Filed 1425

FEB 28 1980 - 2 32 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AND SECURITY AGREEMENT
BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION
AND
SOUTHERN RAILWAY COMPANY

Dated as of February 1, 1980

CONDITIONAL SALE AND SECURITY AGREEMENT

THIS CONDITIONAL SALE AND SECURITY AGREEMENT, dated as of February 1, 1980 ("Agreement"), between GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware corporation ("Greyhound") and SOUTHERN RAILWAY COMPANY, a Virginia corporation, ("Southern").

W I T N E S S E T H:

1. SALE OF EQUIPMENT

In consideration of the covenants herein contained, Greyhound agrees to sell and Southern agrees to buy all of the hopper cars and locomotives ("Equipment") which are the subject of the Equipment Lease Agreements dated February 1, 1965 and June 25, 1965 ("Leases") between Southern, as lessee, and Greyhound as successor to Boothe Leasing Corporation, as lessor, which Equipment is more particularly described in the Leases and on Schedules A and B annexed hereto and made a part hereof, on the terms and conditions hereinafter stated; provided, however, that Southern shall not be required to purchase nor Greyhound to sell any unit of Equipment unless such unit of Equipment shall be subject to one of the Leases on the expiration date ("Purchase Date"), as shown on Schedule A or B hereof, of the Lease pertaining to such unit of Equipment.

2. PRICE

(a) Based upon a CASH SALE PRICE ("Cash Sale Price") of \$143,750 for each unit of Equipment which shall be a locomotive ("Locomotive") and \$14,000 for each unit of Equipment which shall be a hopper car ("Car"), Southern agrees, subject to the terms of this Agreement, to pay to Greyhound in immediately available funds the TOTAL SUM ("Purchase Price") of \$222,600 for each Locomotive and \$27,480 for each Car which includes, as to each Locomotive, FINANCE CHARGES of \$78,850 and as to each Car, FINANCE CHARGES of \$13,480, in consecutive monthly installments in each case as follows:

(i) As to the Locomotives, in a total of 120 installments as follows:

(1) The first such installment shall equal \$1,855 for each Locomotive and shall be due and payable on the Purchase Date;

(2) The next ensuing 119 installments shall equal \$1,855 for each Locomotive and each shall be due and payable on the same day of each of the successive months following the Purchase Date;

(ii) As to the Cars, in a total of 181 installments as follows:

(1) The first such installment shall equal \$141 for each Car and shall be due and payable on the Purchase Date;

(2) The next ensuing 179 installments shall equal \$141 for each Car and each shall be due and payable on the same day of each of the successive months following the Purchase Date; and

(3) The final such installment shall equal \$2,100 for each Car and shall be due and payable on the same day of the 181st month.

(b) All installments of the Purchase Price shall be payable to Greyhound in lawful money of the United States of America at its offices at the Greyhound Tower, Phoenix, Arizona 85077, or as otherwise directed in writing from Greyhound to Southern. Except as provided in paragraphs 5 and 11 hereof, Southern shall not be entitled to prepay any and/or all of the installments of the Purchase Price. Any installment of the Purchase Price or portion thereof, and any other payment due Greyhound hereunder, which shall remain unpaid after their respective due dates shall bear interest at the rate of the greater of ten percent (10%) per annum or one (1) percentage point in excess of Prime (as hereinafter defined), but in no event in excess of the maximum rate permissible under applicable usury laws, such interest to be computed from the respective due dates of such unpaid installment and/or

other payments due Greyhound hereunder until paid. As used herein, the term "Prime", for any calendar month of the term hereof, shall mean the base rate of interest in effect from time to time which Citibank, N.A., charges its responsible and substantial corporate customers on ninety (90) day unsecured commercial loans. If an installment payment or any other payment is due under this Agreement on a "non-business" day, meaning any day which is a Saturday, Sunday, or any other day on which banking institutions in New York, New York, are authorized or obligated to remain closed, then such payment shall be payable on the next succeeding business day following such non-business day without interest or penalty.

3. SECURITY AND TITLE

To secure payment of the Purchase Price and performance of all Southern's obligations hereunder, Greyhound has reserved unto itself a security interest (the "Security Interest") in each unit of the Equipment at the time subject hereto, replacement parts thereto, if any, and additions and accessions to said Equipment (unless such additions and accessions can be detached or removed from the Equipment and such Equipment restored to substantially the same condition as it was at the time Southern originally took possession, loss by fire or other hazard and by ordinary wear and tear excepted), and Southern hereby grants the same unto Greyhound insofar as Southern's title to the Equipment permits, and so long as each such unit shall remain subject to this Agreement.

As used herein the term "Security Interest" shall mean a first and senior lien on the Equipment and in all other respects shall have the same meaning as that accorded to such term by the Uniform Commercial Code ("UCC") of the State of Arizona as in force and effect on the date of this Agreement. Southern will, at its own expense, cause this Agreement to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. Southern will from time to time do and perform any other act and will execute, acknowledge,

deliver, file, refile, register, deposit, record and rerecord any and all further instruments required by law or reasonably requested by Greyhound for the purpose of proper protection, to the satisfaction of counsel for Greyhound, of its interests in and to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. Southern will promptly furnish to Greyhound certificates or other evidence of such filing, registering, depositing and recording satisfactory to Greyhound. Subject to the provisions of paragraphs 5, 11, and 27, legal title to each unit of the Equipment shall be held and retained by Greyhound until Southern has paid the full Purchase Price for each such unit of the Equipment and has performed its covenants, duties and obligations under this Agreement, all in accordance with the terms and conditions herein contained.

4. ACCEPTANCE OF THE EQUIPMENT

(a) The Purchase Dates for the Equipment are as listed on Schedules A and B annexed and Greyhound shall sell and Southern shall purchase hereunder each unit of Equipment listed on Schedules A and B except only those units which are not, on the Purchase Date, subject to either of the Leases. Southern will cause its representative to execute and deliver to Greyhound a Certificate of Acceptance which shall be in the form attached hereto as Exhibit A and thereby made a part hereof. Execution by Southern of the Certificate of Acceptance shall be deemed to be delivery to and acceptance by Southern of the Equipment for purposes hereof and the Equipment described in the Certificate of Acceptance shall be subject immediately thereafter to all the terms and conditions of this Agreement.

(b) Equipment listed on Schedules A and B and not listed in the Certificate of Acceptance because such Equipment is not, on the Purchase Date, subject to either of the Leases, shall be accounted for in such Certificate and the terms of the applicable Lease will continue to govern with respect to such Equipment.

5. PREPAYMENT

Subject to the provisions of paragraph 11 of this Agreement, Southern shall have the right only on the fifth anniversary of each Purchase Date ("Termination Date") of the Locomotives to prepay the remaining installments of the Purchase Price thereof and thereby terminate this Agreement as to such Locomotives provided that:

(i) Southern has given Greyhound at least six (6) months but not more than twelve (12) months prior to October 1, 1985 unequivocal and irrevocable written notice of Southern's exercise of the option to prepay under this paragraph 5, on each Termination Date, on all of the Locomotives subject to this Agreement;

(ii) Southern is not in default under the Agreement on the Termination Date; and

(iii) On each Termination Date, Southern shall pay to Greyhound the sum of \$88,800 (plus all applicable sales, personal property or similar taxes, if any) for each Locomotive then subject to prepayment.

6. PAYMENTS

(a) Southern hereby warrants to Greyhound that it will satisfy when appropriately due, in the form of a direct payment to the Federal Government and the various states, counties, cities and/or other forms of municipal taxing jurisdictions, any and all sales, use, excise, value added, gross receipts and/or gross income taxes, assessments and charges which shall become due with respect to the Equipment or the sale, use, transfer of title or delivery thereof, and Southern agrees to hold Greyhound harmless from the imposition or assessment of any such taxes against any unit of Equipment including, without limitation, interest, penalties, fines and/or legal and professional fees as a consequence thereof. Southern also similarly agrees to assume the liability for any personal property tax which is due or which may become due on the Equipment.

(b) Except as provided in paragraph 11, or in paragraph 7(a)(i) with respect to Rejected Equipment (defined therein), the installments and other sums payable by Southern hereunder shall be paid without notice, demand, counterclaim, set-off, deduction, recoupment or defense and without abatement, suspension, deferment, diminution or proration by reason of any circumstance or occurrence whatsoever and Southern waives all rights now or hereafter conferred by statute or otherwise (except as provided in this Agreement) to terminate or surrender this Agreement or the Equipment or any part thereof or to any abatement, suspension, deferment, diminution, reduction or proration of the installment payments and other sums payable hereunder on account of any occurrence described in this Agreement.

7. COVENANTS, REPRESENTATIONS AND WARRANTIES

(a) Greyhound warrants:

(i) that it has title to the Equipment free and clear of all liens and encumbrances of every kind whatsoever resulting from any act of Greyhound or its predecessors in title except to the extent of Southern's interest under the Leases and hereunder and except for the security interest ("Lenders' Interest") of certain of Greyhound's lenders in the Equipment listed on Schedule C annexed hereto and made a part hereof. Greyhound warrants that on or prior to June 1, 1981, it will discharge all of the Lenders' Interests and will furnish to Southern due assurances, appropriate opinions of its corporate counsel and certifications of its officers as Southern may reasonably require, to the effect that Lenders' Interests have been discharged and that Greyhound's Security Interest in the Equipment is the only extant security interest in the Equipment, excepting any such interests of Southern's own making or sufferance resulting from Southern's possession and use of the Equipment under the Leases or under this Agreement. To the extent that Greyhound has not, by June 1, 1981, discharged all of Lenders' Interests which shall affect marketability of title, Southern shall have the option, to be exercised by written notice on or prior to July 1, 1981, to refrain from purchasing these units of Equipment ("Rejected Equipment") on which such Lenders' Interest has not been discharged. In the event that Southern shall exercise such option, then all of Southern's rights and interests in the Rejected

Equipment shall thereupon cease and terminate; Southern shall pay to Greyhound all past due installments of the Purchase Price plus interest thereon, if any, as provided in paragraph 2(b), and a prorated amount from the date of the last installment payment due date of such Rejected Equipment to the date of such exercise of the option. All of such amounts and all installments of the Purchase Price theretofore paid by Southern with respect to the Rejected Equipment shall be kept and retained by Greyhound as consideration for the use of the Rejected Equipment by Southern and shall not be applied to any other obligations of Southern to Greyhound. Nothing herein in this paragraph contained shall in any manner be construed as giving to Southern the right or option to refrain from purchasing any unit of Equipment other than Rejected Equipment.

(ii) that it has the right to sell the Equipment to Southern pursuant to this Agreement, that Southern shall have the exclusive right to possession and quiet enjoyment of the Equipment hereunder so long as Southern shall not be in default under this Agreement, and that upon payment in full of the Purchase Price of each unit of the Equipment [or the prepayment price of any unit of Equipment which becomes subject to paragraph 5 hereof, or the Casualty Value of any unit which shall become subject to paragraph 11 hereof], Greyhound shall provide Southern, as to such unit of Equipment, a bill of sale warranting title free of all liens, security interests, and other encumbrances (except such as may have resulted from Southern's conduct during the term of this Agreement or an antecedent Lease by Southern) and all documentation, including such warranty bills of sale, certifications, opinions of its corporate counsel and assurances which, in Southern's opinion, may be reasonably necessary to assure Southern of good and marketable title to such unit of Equipment.

THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED OR IMPLIED, IT BEING UNDERSTOOD AND AGREED THAT GREYHOUND EXTENDS NO OTHER WARRANTY TO SOUTHERN. GREYHOUND SPECIFICALLY AND EXPLICITLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, DESIGN, CONDITION AND FITNESS (FOR USE OR FOR ANY PARTICULAR PURPOSE), THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP OR IN THE QUALITY OR SUITABILITY OF THE EQUIPMENT DELIVERED TO SOUTHERN HEREUNDER, AND SOUTHERN AGREES TO ACCEPT THE EQUIPMENT FROM GREYHOUND "AS IS" AND "WHERE IS". GREYHOUND SHALL HAVE NO OTHER LIABILITY, DIRECT OR CONSEQUENTIAL, WHETHER IN TORT OR OTHERWISE.

Greyhound covenants herewith, however, to assign to Southern, and hereby so assigns to Southern, all of Greyhound's right, title and interest in, to, and under any and all warranties, indemnities and similar agreements of the manufacturers, vendors and suppliers of the Equipment (exclusive of Greyhound), or of equipment, materials, parts and components incorporated in or attached thereto. Greyhound makes no representation or warranty that any such warranties, indemnities or similar agreements exist or, if they do exist, that the same are or may be assignable.

(b) Southern covenants, represents and warrants that:

(i) Southern is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, and has the corporate power to own its assets and to transact the business in which it is engaged. Southern is qualified to do business as a foreign corporation in every jurisdiction in which such qualification is required.

(ii) The execution and delivery of this Agreement by Southern and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized. This Agreement is legal, valid, binding and enforceable against Southern in accordance with its terms with Greyhound having a valid and enforceable, perfected first and senior lien, as defined in paragraph 3 hereof, on the Equipment upon the filing referred to in paragraph 3.

(iii) The rights of Greyhound and its title in the Equipment are free and clear of any and all prior liens, encumbrances, charges or security interests created (other than by an act of Greyhound or its predecessors in title) by any mortgage, security agreement or other instrument binding on Southern.

(iv) Southern is currently not in material default under the Leases, this Agreement or under any existing mortgage, indenture, contract, agreement or other instrument or undertaking, order, decree, judgment of any court, arbitration or governmental authority to which it is a party or by which it is bound.

(v) There is no provision in any existing mortgage, indenture, contract, lease, agreement or other instrument or undertaking binding on Southern which would be contravened by the execution and delivery of this Agreement or performance by Southern of the terms of this Agreement, or if there is such a provision, consents to such execution, delivery or performance have been obtained.

(vi) No governmental authorizations, approvals or exemptions are required of Southern and no registration by Southern with any governmental agency or commission is necessary for the execution, delivery or performance of this Agreement by Southern or for the validity and enforceability hereof or for the sale of the Equipment hereunder, or for the payments or any of the other terms and conditions herein contained; or, if any such authorizations or registrations are required, they have been obtained or accomplished or will be prior to the first Purchase Date; and, if any such authorizations or registrations hereafter shall be required, they will be promptly obtained or accomplished.

(vii) No litigation or administrative proceedings are pending or, to the knowledge of Southern, are threatened against Southern in any court or before any arbitrator of any kind, any governmental authority, any bureau or any agency, the adverse determination of which would affect the validity of this Agreement, the rights of Greyhound hereunder, the ability of Southern to make installment payments and other payments due under this Agreement or the ability of Southern to perform its other obligations and duties under this Agreement.

(viii) All financial statements that have heretofore been presented by Southern to Greyhound in conjunction with the transaction which is the subject of this Agreement fairly and accurately present a true and correct picture of its financial condition as of the date or dates thereof; moreover, as of such dates, such financial statements do not contain any untrue statement of a material fact nor do they omit to state a material fact required to be stated therein or necessary in order to make such financial statements not misleading; and there is no fact, situation or event, excepting national economic conditions, which, in the opinion of its officers, materially adversely affects or, so far as

they can now foresee, will materially adversely affect the properties, business, assets, income, prospects or condition (financial or otherwise) of Southern.

(ix) All tax returns which are required to be filed by Southern under the laws of any jurisdiction in which its business and operations are conducted have been filed and all taxes shown on the returns have been paid or are being contested in good faith.

(x) The execution, delivery and performance of this Agreement will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise or permit applicable to Southern, and will not conflict with or violate any provision of its Restated Articles of Incorporation, or its By-laws.

8. IDENTIFICATION OF EQUIPMENT

(a) On the Purchase Date of each unit of Equipment, Southern, at its sole cost and expense, agrees to cause to be plainly, distinctly, permanently and conspicuously marked, fastened or painted upon each side of each unit of Equipment in letters not less than one-half inch in height the words "BOOTHE LEASING CORPORATION, OWNER, LESSOR", or the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION".

(b) In case any such markings at any time shall be painted over or otherwise made inconspicuous, removed, defaced or destroyed while such unit of Equipment is subject to this Agreement, Southern shall immediately cause such legend to be restored or replaced. Southern will not allow the name of any person, association or corporation to be placed on the Equipment as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Greyhound or its assignees; but the Equipment may be lettered with the names or initials or other insignia customarily used by Southern or its corporate affiliates on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Equipment under this Agreement.

(c) Each unit of Equipment bears on each side thereof Southern's assigned number. At all times that such unit of Equipment is subject to this Agreement, Southern will cause it to bear the number so assigned to it, and Southern will not change or permit to be changed the number except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Greyhound by Southern and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

9. MAINTENANCE AND LIENS

(a) Except as provided in paragraph 11 hereof, Southern agrees, during the continuance of this Agreement, at Southern's own cost and expense, to maintain and keep the units of Equipment subject to this Agreement in good operating order and repair, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange provided, however, that Southern shall not be required to make repairs to Equipment at a cost exceeding, at the time such repairs become necessary, the Casualty Value (as hereinafter defined) thereof. Except as provided in paragraph 11 hereof, such maintenance shall be deemed to require and include making improvements to the Equipment and the adding of accessories thereto where necessary or appropriate in order to maintain the efficiency thereof. Except for alterations or changes required by law or rules as provided in paragraph 12(b) hereof, Southern shall not, without the prior written approval of Greyhound, effect any change in the design, construction or body of the Equipment or install any interior fitting, accessory or equipment on any Equipment if such addition will impair the originally intended function or use of any unit of Equipment or will otherwise diminish the value or utility thereof.

(b) Southern shall pay or satisfy and discharge any and all sums claimed by any party (other than claims arising solely from acts of Greyhound or its predecessors in title) which, if unpaid, might become a lien or a charge upon the Equipment entitled to priority over any of the rights of Greyhound in and to the Equipment, but Southern shall not be required to discharge any such claim so long as it shall in good faith and by appropriate legal proceedings

contest the validity thereof in any reasonable manner which, in the opinion of Greyhound, will not affect or endanger the title and interest of Greyhound in and to the Equipment.

10. INSURANCE

Southern will at all times prior to the payment of the Purchase Price or Casualty Value of the Equipment, together with all other payments required hereby, at its own expense, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies on or in respect of similar equipment, and in any event in amounts and against risks comparable to those insured against by Southern on or in respect of similar equipment owned by it. Failure by Southern to carry and maintain such insurance shall not, in any way, be deemed to decrease Southern's obligations under paragraph 12(c) hereof.

11. CASUALTY OCCURRENCES

(a) In the event that any unit of the Equipment at the time subject hereto shall be worn out, lost, stolen, destroyed, irreparably damaged, or damaged beyond economical repair, or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (other than by way of a requisition for use by any government or any instrumentality or agency thereof not exceeding 90 days) or if compliance with any law or regulation of any federal, state or local governmental authority or legislative, administrative, executive or judicial body having authority or jurisdiction or with the interchange or other rules of the Association of American Railroads would require the change or replacement or addition of any equipment or appliance to any unit or units of the Equipment and such compliance would be uneconomical (such occurrences being hereinafter called "Casualty Occurrences"), Southern shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform Greyhound in regard thereto by written notice describing such unit or units and promptly pay to Greyhound an amount in cash equal to the aggregate Casualty Value of the unit or units which

have suffered a Casualty Occurrence as of the date of such payment. Upon payment of such Casualty Value to Greyhound, this Agreement shall cease and terminate as to such units of Equipment and the installments of Purchase Price with respect thereto shall be abated.

(b) The Casualty Value of each unit of the Equipment which suffers a Casualty Occurrence shall be the net present value of the remaining payments as to that unit, as determined by the formula:

$$\text{Casualty Value} = \left(1 + \frac{dr}{360}\right) \left[\left(P \frac{1 - \left(\frac{1}{1 + r/12}\right)^n}{r/12} \right) + \left(\frac{B}{\left(1 + r/12\right)^{n+1}} \right) \right]$$

where: r = 0.09625 (the interest rate per annum)
 d = number of days from date of last monthly installment payment to date of payment of Casualty Value
 n = number of equal monthly installment payments remaining.
 P = dollar amount of each payment
and B = amount of final installment, if, but only if, different from the regular monthly payment

(c) In order to facilitate the sale or other disposition of any Equipment or part thereof suffering a Casualty Occurrence, Greyhound shall, upon request of Southern, after full satisfaction by Southern of its obligations hereunder in respect of the Casualty Value of such Equipment, execute and deliver to Southern or Southern's vendee, assignee or nominee, a bill of sale (without warranties other than Greyhound's warranty that such Equipment is free and clear of any liens, claims or other encumbrances created pursuant to this Agreement or created by Greyhound or its predecessors in title except such Lenders' Interests as have not been and are not required to be discharged pursuant to paragraph 7(a)(i) of this Agreement) for such Equipment or part thereof, and such other documents as may be required to release such Equipment or part thereof from the terms and scope of this Agreement, in such form as may be reasonably requested by Southern.

12. COMPLIANCE WITH LAWS AND RULES AND INDEMNIFICATION

(a) So long as any units of Equipment shall remain subject hereto, Southern agrees to preserve and keep in full force and effect its corporate existence and all rights, licenses, permits and franchises necessary for the proper conduct of material and substantial parts of its business. Notwithstanding anything in this Agreement to the contrary, Southern shall have the right:

(i) to consolidate with, or merge into, any other corporation, or merge any corporation into itself, if the new corporation produced by such consolidation, or the surviving corporation of such merger (if not Southern), shall expressly assume in writing the due and punctual performance of all the terms and conditions of this Agreement to be performed by Southern; or

(ii) to convey, lease, or otherwise dispose of all or substantially all of its property and assets to another corporation if, but only if

(A) such other corporation shall expressly assume in writing the due and punctual performance of all the terms and conditions of this Agreement to be performed by Southern, and

(B) such other corporation is and remains a wholly-owned subsidiary of Southern.

(b) Except as provided in paragraph 11 hereof, so long as any units of Equipment shall remain subject hereto, Southern agrees to 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, with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising power or jurisdiction over the Equipment, and with all lawful rules of any other association of carriers or shippers exercising power or jurisdiction over Southern or over the Equipment, to the extent that such laws and rules affect the title, operation, storage, maintenance or use of the Equipment, and in the event such laws or rules require any alteration of the Equipment, Southern shall conform the Equipment in accordance therewith at Southern's expense and shall maintain the same in proper condition for operation under such laws and rules; provided, however,

that Southern may in good faith contest the validity and application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of Greyhound, adversely affect the property or rights of Greyhound as owner hereunder.

(c) Whereas Southern has been in possession of the Equipment under the Leases for the fifteen years prior to each Purchase Date, and has been responsible, under the Leases, for all risks of loss or suitability of the Equipment as well as the risks attendant to the use of the Equipment, it is now agreed, notwithstanding any other provisions of this Agreement to the contrary, that as between Southern and Greyhound, all risks of loss and/or as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in or the quality or suitability of the Equipment delivered to Southern hereunder, are to be borne by Southern. As between Southern and Greyhound, Southern agrees to assume all risks and liability for the Equipment sold hereunder, for the delivery, use, operation, storage and sale thereof and for injuries or deaths of persons, maintenance and damage to property, howsoever arising from or incident to such delivery, use, operation, storage or sale, whether such injury or death to persons be of agents or employees of Southern or of third parties and such damage to property be of Southern or of others. As between Southern and Greyhound, Southern will save and hold Greyhound harmless from and against all losses, damages, claims, injuries, demands, penalties, liabilities and expenses, including, without limitation, attorney's fees, howsoever arising or incurred, because of or incident to (i) the Equipment or the actual or alleged delivery, management, control, leasing, condition, destruction, damage, storage, sale or other disposition, use, operation or storage thereof, (ii) the assertion of any claim or demand based on any infringement or alleged infringement of any patent, trademark or other right by or in respect to the Equipment and (iii) strict or absolute liability in tort.

13. DEFAULT AND REMEDIES

(a) Greyhound shall have the benefit of the remedies stated in subparagraph (b) of this paragraph 13 if during the term of this Agreement one or more of the following events shall occur and be continuing ("Events of Default" or "Default"):

(i) Southern shall fail to pay when due any part or all of the Purchase Price or any other sum to be paid hereunder and such failure shall continue for 48 hours after receipt by Southern of written, telegraphic, telephonic or telex notice of such failure to pay;

(ii) Southern shall make or suffer any unauthorized assignment or transfer of this Agreement or of possession of the Equipment or any unit thereof, except appropriation, requisitioning, taking over or nationalization as described in paragraph 11, 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 the Equipment within 5 business days after written notice from Greyhound to Southern demanding such cancellation and recovery of possession;

(iii) Southern shall fail to observe or perform any other of the covenants, conditions and agreements on the part of Southern contained herein and such failure shall continue for 10 days after written notice to Southern from Greyhound specifying the Default and demanding that the same be remedied;

(iv) Any material representation made by Southern herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(v) A petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against Southern and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Southern under this Agreement shall not have been duly assumed in writing by the trustee in such proceeding in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

(vi) any other proceeding shall be commenced by or against Southern for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Southern under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or a receiver or receivers appointed (whether or not subject to ratification) for Southern or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced.

(b) If one or more of the Events of Default set forth in paragraph 13(a) hereof should occur and be continuing, then at any time after the occurrence of such an Event of Default Greyhound may, upon written notice to Southern and upon compliance with any mandatory legal requirements then in force and applicable to such action by Greyhound, declare (a "Declaration of Default") the sum of the Casualty Values of all units of the Equipment at the time subject hereto (the "Default Indebtedness") immediately due and payable, without further demand, in lieu of any other sums due or to become due to Greyhound hereunder in respect of the Purchase Price of such units of the Equipment, and thereafter such Default Indebtedness shall bear interest from the date of such Declaration of Default at the rate per annum specified in paragraph 2(b) hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Greyhound shall thereupon be entitled to recover judgment for the Default Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of Southern wherever situated.

Greyhound may at its election waive any such Event of Default and its consequences and rescind and annul any Declaration of Default by notice to Southern 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.

At any time during the continuance of a Declaration of Default, Greyhound may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by Greyhound, take or cause to be taken by its agent or agents immediate possession of the Equipment at the time subject hereto, or one or more of the units thereof, without liability to return to Southern any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this paragraph 13 expressly provided, and may remove the same from possession and use of Southern or any other person and for such purpose may enter upon Southern's premises or, so far as Southern can give authority therefor, any other premises where such Equipment may be located (without judicial process if this can be done without breach of the peace) and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of Southern.

In case Greyhound rightfully shall demand possession of any units of the Equipment at the time subject hereto pursuant to this Agreement and shall reasonably designate a point or points upon the premises of Southern for the delivery of such Equipment to Greyhound, Southern shall, at its own expense, forthwith and in the usual manner (including, without limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of such Equipment has been interchanged to return such Equipment so interchanged), cause such Equipment to be moved to such point or points on its lines as shall be designated by Greyhound and shall there deliver such Equipment or cause it to be delivered to Greyhound. At the option of Greyhound, Greyhound may keep such Equipment on any of the lines or premises of Southern until Greyhound shall have leased, sold or otherwise disposed of the same, and for such purpose Southern agrees to furnish, without charge for rent or storage, the necessary facilities at any reasonable point or points selected by Greyhound and to permit inspection of such Equipment by

Greyhound, Greyhound's representatives and prospective purchasers and users. This agreement to deliver such 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, Greyhound shall be entitled to a decree against Southern requiring specific performance hereof. Southern hereby waives any and all claims against Greyhound and its agent or agents for damage of whatever nature in connection with any retaking pursuant to this Agreement of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, Greyhound (after retaking possession of the Equipment at the time subject hereto as hereinbefore in this paragraph 13 provided) may at its election and upon such notice as is hereinafter set forth retain such Equipment in satisfaction of the Default Indebtedness and make such disposition thereof as Greyhound shall deem fit. Written notice of Greyhound's election to retain such Equipment shall be given to Southern by telegram or registered mail, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that Greyhound should elect to retain such Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all of Southern's rights in such Equipment shall thereupon terminate and all payments made by Southern may be retained by Greyhound as compensation for the use of such Equipment by Southern; provided, however, that if Southern, before the expiration of the 30-day period described in the proviso below, should have cured all Defaults in full, to the satisfaction of Greyhound, and shall have paid in full all expenses of Greyhound in retaking possession of, removing, storing and maintaining, holding and preparing such Equipment for, and otherwise arranging for, the sale or other disposition thereof and Greyhound's reasonable attorneys' fees in connection therewith, then in such event the Declaration of Default shall be deemed to have been rescinded and annulled and the respective rights of the parties to this Agreement shall be and shall continue as they would have been if no such Event of Default had occurred and no Declaration of Default had been made; provided, further, that if Southern or any other persons notified under the terms of this paragraph object in writing to Greyhound within 30 days

from the receipt of notice of Greyhound's election to retain such Equipment, then Greyhound may not so retain such 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, within 60 days of the Declaration of Default, Greyhound shall have given no notice to retain as hereinabove provided or notice of intention to dispose of such Equipment in any other manner, it shall be deemed to have elected to sell such Equipment in accordance with the provisions of this paragraph 13. Notwithstanding the foregoing, if after the expiration of 60 days from the date Greyhound (i) shall have received the objection to Greyhound's retention of such Equipment or (ii) shall have been deemed to have elected to sell such Equipment pursuant to the preceding sentence, Greyhound shall be unable to sell, lease, or otherwise dispose of such Equipment at a price equal to or greater than the Default Indebtedness and on reasonable terms, then Greyhound, at its option and upon notice to Southern to that effect, may retain such Equipment in satisfaction of the Default Indebtedness.

At any time during the continuance of a Declaration of Default, Greyhound, with or without retaking possession thereof, at its election and upon reasonable notice to Southern and to any other persons to whom the law may require notice of the time and place, (a) may sell the Equipment at the time subject hereto, or any unit thereof, free from any and all claims of Southern or any other party claiming from, through or under Southern at law or in equity, at public or private sale and with or without advertisement as Greyhound may determine or (b) may lease the Equipment at the time subject hereto or any part thereof, for such period, rental and terms and to such persons and entities as Greyhound may elect; provided, however, that if, prior to such sale or lease and prior to the making of a contract for such sale or lease, Southern should have cured all Defaults in full, to the satisfaction of Greyhound, and shall have paid in full all expenses of Greyhound in retaking possession of, removing, storing, maintaining, holding and preparing such Equipment for, and otherwise arranging for, the sale or other disposition thereof and Greyhound's reasonable attorneys' fees in connection therewith, then in such event the Declaration of Default shall be deemed to have been

rescinded and annulled and the respective rights of the parties to this Agreement shall be and shall continue as they would have been if no such event of Default had occurred and no Declaration of Default had been made. In the event of such sale or lease, the proceeds of such sale or lease, less the attorneys' fees and any other expenses incurred by Greyhound in retaking possession of, removing, storing, maintaining, holding, preparing for sale and selling such Equipment, shall be credited on the amount due to Greyhound 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 Greyhound 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 Greyhound may determine. Southern shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to it. 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 in New York, New York, Washington, D. C., and Richmond, Virginia, or a sale where fewer than 40 corporate offerees have been solicited in writing to submit bids), it shall be subject to the right of Southern to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. Greyhound or Southern may bid for and become the purchaser of such Equipment, or any unit thereof, so offered for sale. In the event that Greyhound shall be the purchaser of such Equipment, it shall not be accountable to Southern (except to the extent of any surplus money received as hereinafter provided in this paragraph 13), and in payment of the purchase price therefor Greyhound shall be entitled to have credited on account thereof all or any part of the sums due to Greyhound from Southern hereunder. From and after the date of any such sale, Southern shall pay to Greyhound the per diem for each unit of such 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 Greyhound 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 Greyhound. 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 Greyhound 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 Southern shall not otherwise alter or affect Greyhound's rights or Southern's obligations hereunder. Greyhound's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect Southern's obligations or Greyhound's rights hereunder with respect to any subsequent payments or default therein.

If after applying all sums of money realized by Greyhound under the remedies herein provided, there shall remain any amount due to Greyhound hereunder, Southern shall pay the amount of such deficiency to Greyhound upon demand, together with interest from the date of such demand to the date of payment by Southern at the rate per annum set forth in paragraph 2(b) hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if Southern shall fail to pay such deficiency, Greyhound may bring suit therefor and shall be entitled to recover a judgment therefor against Southern. If, after applying as aforesaid all sums realized by Greyhound, there shall remain a net surplus in the possession of Greyhound, such surplus shall be paid to Southern.

Southern will pay all reasonable expenses of retaking, delivery, holding, preparing for sale, selling or the like, including without limitation, attorneys' fees and legal expenses incurred by Greyhound in enforcing its remedies hereunder. In the event that Greyhound shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Greyhound may recover reasonable expenses, including without limitation attorneys' fees, and the amount thereof shall be included in such judgment.

14. INTENT OF PARTIES

Notwithstanding anything to the contrary in this Agreement or in any other instrument or agreement entered into in connection with this Agreement, it is agreed that the aggregate of all charges which may be deemed by a court of competent jurisdiction as constituting interest under the laws of the forum state that are contracted for, chargeable or receivable under this Agreement or under any of the other aforesaid instruments or agreements or otherwise in connection with this Agreement shall under no circumstances exceed the maximum amount of interest permitted by law.

15. POSSESSION AND USE OF THE EQUIPMENT, PER DIEM AND OTHER CHARGES

(a) Unless a Declaration of Default shall have occurred under this Agreement and be continuing, Southern shall be entitled to the possession and use of the Equipment in accordance with the terms of this Agreement. Such use shall include, without limitation, the use thereof upon the lines or routes owned or operated by Southern or its corporate affiliates, either alone or jointly with others, and whether under lease or otherwise, or upon the lines or routes owned or operated by any carrier controlled by, or under common control with, Southern, or over which it or any affiliate has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Agreement. In addition, Southern may transfer its rights hereunder with respect to the Equipment or any unit thereof at the time subject hereto to one or more wholly owned subsidiaries and may lease such Equipment to one or more affiliates or, under a written lease for a term not exceeding one year (including all renewal or extension options reserved to the lessee or lessor), to a railroad classified by the Interstate Commerce Commission as a Class I or a Class II railroad or to a responsible company, as determined by Southern, in all cases without being released from its obligations under this Agreement and subject to all the rights and remedies of Greyhound hereunder. Southern will not permit any unit of such Equipment be put in service involving the regular operation and maintenance thereof outside the

United States, except in the usual interchange of traffic. Except as herein in this paragraph provided, Southern shall not, without the prior written consent of Greyhound, part with the possession or control of, or suffer or allow to pass out of its possession or control, any units of the Equipment at the time subject hereto.

(b) Unless a Declaration of Default shall have occurred under this Agreement and be continuing, Southern shall receive and retain all per diem payments, lease rentals and other charges payable for the use of the Equipment while being used by others and proceeds payable for the loss, destruction or damage of or to the Equipment under the prevailing Code of Rules Governing the Settlement for Destroyed or Damaged Equipment adopted by the Association of American Railroads. If a Declaration of Default shall have occurred under this Agreement and be continuing, such payments, lease rentals or other charges shall be paid to Greyhound from and after the occurrence of the Default which gave rise to said Declaration of Default, and Southern hereby releases any claim thereto, and all such payments, lease rentals and other charges shall be remitted to Greyhound and shall be applied by Greyhound against any liability of Southern to Greyhound hereunder or any expense incurred by Greyhound because of such default.

16. ASSIGNMENT

(a) All rights, benefits and advantages of Greyhound hereunder may be assigned, pledged, transferred or otherwise disposed of, either in whole or in part, without the prior written consent of Southern, but only subject to this Agreement and to the rights of Southern hereunder, and without releasing Greyhound from its obligations hereunder.

(b) Southern, without the prior written consent of Greyhound, shall not sell, assign, transfer or encumber its interest in this Agreement or in the Equipment, in whole or in part, or sublet the Equipment, except as provided in paragraph 15. Such a sale, assignment, transfer, encumbrance, lease or disposition to a railroad company organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all of the lines of railroad of Southern, and which, by execution of an

appropriate instrument satisfactory to Greyhound, shall assume and agree to perform each of and all the obligations and covenants of Southern under this Agreement, shall not be deemed a breach of this covenant. Any sale, assignment, transfer, encumbrance or lease prohibited by this paragraph 16 shall be void.

(c) Subject to the foregoing provisions of this paragraph 16, this Agreement shall be binding upon and shall inure to the benefit of Greyhound and Southern and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Agreement.

17. REPORTS AND RIGHT TO INSPECT THE EQUIPMENT

(a) During the term of this Agreement, Southern will furnish to Greyhound (i) within one hundred twenty (120) days after the end of each fiscal year of Southern, a balance sheet of Southern and its consolidated subsidiaries as at the end of such fiscal year and statements of income and of changes in financial position of Southern and its consolidated subsidiaries for such fiscal year (together, in each case, with the comparable figures for the immediately preceding fiscal year), all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with prior periods and certified to by a recognized firm of Certified Public Accountants, (ii) within sixty (60) days after the end of each of the first three quarterly periods of each fiscal year of Southern, a balance sheet of Southern and its consolidated subsidiaries as at the end of such quarterly period and related statements of income and of changes in financial position of Southern and its consolidated subsidiaries for the period from the beginning of the fiscal year to the end of such quarterly period (together, in each case, with the comparable figures for the corresponding period of the immediately preceding fiscal year), all in reasonable detail but without explanatory footnotes, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with prior periods and certified by a financial or accounting officer of Southern (subject to normal year-end audit

adjustments), (iii) concurrently with the delivery of the financial statements referred to in clause (i) above, Southern shall issue and deliver to Greyhound a certificate signed by a financial or accounting officer stating whether there exists on the date of issuance of said certificate any condition or event which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default hereunder, and if any such condition or event then exists, specifying the nature and period of existence thereof and the action Southern is taking and proposes to take with respect thereto, and (iv) from time to time, such additional financial and other information as Greyhound may reasonably request.

(b) During the term of this Agreement, Southern will furnish to Greyhound, on or before April 30th of each year (commencing with the year 1981) and on such other dates as Greyhound may from time to time reasonably request, an accurate report certified by an officer of Southern stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding January 31 and in case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement) (i) the total number, description and identifying numbers of all units of the Equipment at the time subject hereto that may (A) have suffered a Casualty Occurrence since the date of the last preceding statement (or the date of this Agreement, in the case of the first statement) and (B) that are undergoing repairs (other than running repairs) or have been withdrawn from use for such repairs, (ii) in the case of all Equipment at the time subject hereto repaired or repainted during the period covered by such statement, the numbers and markings required under paragraph 8 hereof have been preserved or replaced, and (iii) such other information regarding the condition and state of repair of the Equipment at the time subject hereto as Greyhound may reasonably request.

(c) As promptly as practicable during the term of this Agreement after an officer of Southern obtains notice or knowledge of the occurrence of any Default or Event of Default hereunder which has not been remedied, Southern will give notice in writing to Greyhound describing the same and stating the date of commencement thereof, what action Southern proposes to take with respect thereto, and the estimated date on which the same will be remedied.

(d) Greyhound or its designee shall have the right, at its sole cost and expense, by its authorized agents, employees or representatives, to inspect the Equipment and Southern's records with respect thereto, at such reasonable times and from time to time during the term of this Agreement as may be reasonably necessary to confirm to the satisfaction of Greyhound or its assignee the existence and proper maintenance of the Equipment.

18. FORCE MAJEURE

Greyhound's obligation to deliver and sell the Equipment hereunder shall be subject to delays or impossibility of performance resulting from causes beyond the control of Greyhound, including but not limited to, acts of God, acts of government establishing embargoes or imposing controls on price or interest rates, priorities, allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, labor disputes, accidents, fire, flood, explosion, damage to plant equipment or facilities or delays in receiving necessary materials.

19. MODIFICATION OF AGREEMENT

Other than the Leases which shall remain in full force and effect during the respective terms thereof (except as to the purchase option of Southern therein contained the exercise of which is embodied in this Agreement), this Agreement exclusively and completely states the rights of Greyhound and Southern with respect to the Equipment. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Greyhound and Southern, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Greyhound and Southern. This Agreement supersedes any and all prior agreements, representations, warranties and/or inducements, written or oral, heretofore made by Greyhound or Southern concerning this transaction, which are null and void and of no force or effect whatsoever.

20. HEADINGS AND CERTAIN REFERENCES

All paragraph headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement. Unless otherwise indicated, all references herein to clauses and other subdivisions refer to the corresponding paragraphs, clauses and other subdivisions of this Agreement; the words "herein", "hereof", "hereto", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular paragraph, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a paragraph shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

21. CERTAIN APPLICABLE LAWS

Any provision hereof prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Agreement. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by both Greyhound and Southern to the full extent permitted by law, to the end that this Agreement shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

22. 360 - DAY YEAR

Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve (12) 30-day months.

23. NOTICES

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to any officer of Southern or any officer of Greyhound or delivered to the United States Post Office, registered or certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Greyhound:

GREYHOUND LEASING & FINANCIAL CORPORATION
Greyhound Tower
Phoenix, Arizona 85077
Attention: Vice President - Operations

If to Southern:

SOUTHERN RAILWAY COMPANY
P. O. Box 1808
Washington, D. C. 20013
Attention: Treasurer

or to such other addresses as may hereafter be furnished in writing by either party to the other.

24. GOVERNING LAW

The provisions of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Arizona, provided, however, that the parties shall be entitled to all rights conferred by Section 11303 of Title 49, United States Code.

25. SURVIVAL OF COVENANTS

Any other provisions contained in this Agreement to the contrary notwithstanding, it is hereby agreed that the provisions of paragraphs 6(a), 7(a), 12(c), 22, 23, 24 and 25 shall survive the expiration or termination hereof.

26. FURTHER ASSURANCES

Each party agrees with the other from time to time throughout the term of this Agreement to execute such additional documents and to perform such further acts as may be reasonably requested by the other in order to carry out and effecuate the purposes and intents of this Agreement.

27. GENERAL

This Agreement shall terminate when the obligations of Southern and Greyhound hereunder have been satisfied in full. Greyhound's Security Interest in each unit of Equipment created hereby shall terminate when the obligations of Southern as to such unit of Equipment hereunder have been paid and satisfied in full. Time is hereby declared to be the essence of this Agreement. Greyhound shall deliver to Southern or its assignee a Bill of Sale for each unit of Equipment when the obligations of Southern hereunder with respect to such unit have been paid and satisfied in full.

28. CONSOLIDATION OF TRANSACTIONS AND OBLIGATIONS

Southern acknowledges that Central of Georgia Railroad Company ("Central") and Greyhound are entering into a Conditional Sale and Security Agreement (the "Central Agreement"), dated as of the same date as this Agreement and containing terms, obligations and covenants similar to those in this Agreement, relating to the purchase by Central and sale by Greyhound of certain locomotives. Southern further acknowledges that Greyhound views both this Agreement and the Central Agreement as parts of a single transaction, to be secured, as they relate to Greyhound, by the collective value of both the Equipment at any given time subject hereto and the locomotives at the same time subject to the Central Agreement. Southern and Greyhound therefore agree that in the event that a Declaration of Default exists and is continuing under the Central Agreement and is not waived, rescinded or annulled, then Greyhound may, in its sole discretion, exercise the rights provided by paragraph 13(b) hereof with respect to any and/or all units of Equipment at the time subject hereto, without regard to whether or not a Declaration of Default exists and is continuing under this Agreement; provided, however, that the exercise of such right shall be confined to units of the Equipment the Purchase Price of which shall not have been fully paid.

In the event Greyhound should elect to exercise the rights, granted it in the preceding textual paragraph, with respect to every unit of Equipment at the time subject hereto, then neither Greyhound nor Southern shall have any further obligation to the other under this Agreement except that Greyhound shall pay to Southern the remainder, if any, of the proceeds from its disposition of such Equipment after deduction of (i) the sum of the Casualty Values of such Equipment, together with any such reasonable sums attendant to the exercise of its rights under paragraph 13(b) hereof as may be required in this Agreement, and (ii) the deficiency then due Greyhound pursuant to the Central Agreement.

In the event Greyhound should elect to exercise the rights, granted it in the first textual paragraph of this paragraph 28, with respect to less than all units of the Equipment at the time subject hereto, then Greyhound shall pay to Southern the remainder, if any, of the proceeds from its disposition of such Equipment after Greyhound shall have retained, in full satisfaction of the entire indebtedness of Southern in respect of the Purchase Price of such Equipment, the total of (i) the sum of the Casualty Values of such Equipment, together with any such reasonable sums attendant to the exercise of its rights under paragraph 13(b) hereof as may be required in this Agreement, and (ii) the deficiency then due Greyhound pursuant to the Central Agreement.

29. DOCUMENTS

As soon hereafter as feasible, and in any event prior to the first Purchase Date, Southern shall at its sole cost and expense execute, deliver and/or file and record or cause to be executed, delivered and/or filed and recorded to or for Greyhound, as the case may be, the following documents, in form and content satisfactory to Greyhound and its counsel:

(a) A certified copy of the Resolutions adopted by the Board of Directors of Southern or the Executive Committee thereof, authorizing the execution of and performance under this Agreement.

(b) This Agreement shall have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S. Code § 11303 and evidence of such filing and recordation delivered to Greyhound.

(c) Such other agreements, certificates or other instruments in writing as shall be deemed reasonably necessary or desirable by Greyhound or its counsel in order to fully and completely secure, protect, perfect or preserve Greyhound's interest in and to the Equipment.

30. CONDITIONS PRECEDENT TO GREYHOUND'S OBLIGATION TO SELL THE EQUIPMENT

The obligations of Greyhound hereunder to sell the Equipment to Southern are expressly contingent at Greyhound's option on satisfaction and fulfillment of the following:

(a) Southern shall have executed and delivered, or caused to be executed and delivered, the documents described in paragraph 29 above.

(b) There shall be no materially adverse change in the financial condition of Southern and no materially adverse change in the ability of Southern to perform its obligations under this Agreement prior to the first Purchase Date.

(c) Southern shall have kept and performed the various covenants, obligations and duties on its part to be kept and performed hereunder.

31. EXECUTION

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

IN WITNESS WHEREOF, Greyhound and Southern have caused this Agreement to be executed in their respective corporate names by their officers thereunto duly authorized and their respective corporate seals to be hereunto affixed and duly attested, all as of the day and year first above written.

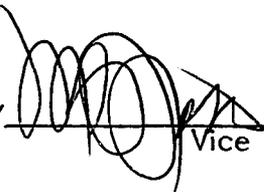
SOUTHERN RAILWAY COMPANY

By 
Vice President

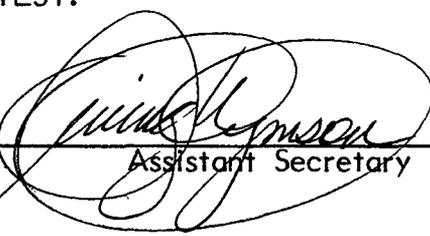
ATTEST:

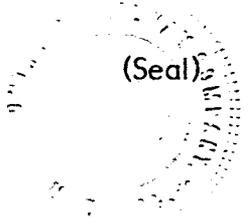
By 
Assistant Secretary

GREYHOUND LEASING & FINANCIAL CORPORATION

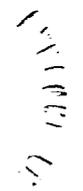
By 
Vice President

ATTEST:

By 
Assistant Secretary



(Seal)



STATE OF ARIZONA:)
) ss.
COUNTY OF MARICOPA)

On this 26th day of February 1980, before me personally appeared Martin G. Roth, to me personally known, who, being by me duly sworn, says he is a Vice President of GREYHOUND LEASING & FINANCIAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Daenes Wuberry
Notary Public

My Commission Expires Jul 31, 1983

DISTRICT OF COLUMBIA:

On this 21st day of February, 1980, before me personally appeared S. W. Gray, to me personally known, who, being by me duly sworn, says he is a Vice President of SOUTHERN RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

C. O. Wagner
Notary Public

C. O. WAGNER
Notary Public

In and For the District of Columbia
My Commission Expires May 31, 1982

SCHEDULE A TO
CONDITIONAL SALE AND SECURITY AGREEMENT
BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION
AND
SOUTHERN RAILWAY COMPANY
Dated as of February 1, 1980

HOPPER CARS SUBJECT TO THE LEASE OF FEBRUARY 1, 1965

All of the following used 100-ton 5,325 cu. ft. capacity Aluminum Covered Hopper Cars manufactured by Magor Car Corporation:

Purchase Date February 26, 1980, 110 Hopper Cars

7926 through 7935 (inc.), 7937, 7941 through 7942 (inc.), 7944 through 7947 (inc.), 7950, 7953 through 7954 (inc.), 7960, 7962 through 7963 (inc.), 7965, 7967 through 7969 (inc.), 7971 through 7977 (inc.), 7982, 7987 through 7988 (inc.), 7991, 7993, 7995 through 7996 (inc.), 7999, 8575 through 8576 (inc.), 8578, 8582 through 8624 (inc.), 8626 through 8646 (inc.), 8648.

Purchase Date March 19, 1980, 197 Hopper Cars

7936, 7938 through 7940 (inc.), 7949, 7951 through 7952 (inc.), 7956, 7958 through 7959 (inc.), 7964, 7966, 7978 through 7979 (inc.), 7981, 7984 through 7985 (inc.), 7990, 8577, 8580 through 8581 (inc.), 8625, 8647, 8649 through 8783 (inc.), 8785 through 8788 (inc.), 8790 through 8791 (inc.), 8795 through 8796 (inc.), 8800 through 8806 (inc.), 8808 through 8809 (inc.), 8811 through 8824 (inc.), 8826 through 8830 (inc.), 8832 through 8833 (inc.), 8835.

Purchase Date May 1, 1980, 179 Hopper Cars

7943, 7955, 7957, 7970, 7980, 7983, 7986, 7989, 7992, 8784, 8789, 8792 through 8794 (inc.), 8797 through 8799 (inc.), 8810, 8825, 8831, 8834, 8836 through 8956 (inc.), 8958 through 8994 (inc.).

Purchase Date June 1, 1980, 11 Hopper Cars

7925, 7961, 7994, 7997 through 7998 (inc.), 8957, 8995 through 8999 (inc.).

AA
RSY

SCHEDULE B TO
CONDITIONAL SALE AND SECURITY AGREEMENT
BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION
AND
SOUTHERN RAILWAY COMPANY
Dated as of February 1, 1980

LOCOMOTIVES SUBJECT TO THE LEASE OF JUNE 25, 1965

All of the following used Diesel-Electric Locomotives, Model SD-35, manufactured by General Motors Corporation, Electro-Motive Division:

<u>Identification Numbers</u>	<u>Purchase Date</u>
3000 through 3008 (inc.) and 3011 (10 locomotives)	October 1, 1980
3009, 3010 and 3012 through 3024 (inc.) (15 locomotives)	November 1, 1980
3025 through 3056 (inc.), and 3058 (33 locomotives)	December 1, 1980
3057, 3059 through 3076 (inc.), 3078 through 3081 (inc.), 3086 through 3096 (inc.) (34 locomotives)	January 1, 1981
3082 through 3085 (inc.), 3097 through 3099 (inc.) (7 locomotives)	February 1, 1981

Handwritten initials/signature

SCHEDULE C TO
CONDITIONAL SALE AND SECURITY AGREEMENT
BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION
AND
SOUTHERN RAILWAY COMPANY
Dated as of February 1, 1980

1. The Equipment listed on Schedule A is the subject of a Chattel Mortgage dated May 21, 1965 with Manufacturers Hanover Trust Company, Agent, as mortgagee therein.
2. The Equipment listed on Schedule B with respect to Identification Numbers 3000 through and including 3054 is the subject of a Chattel Mortgage dated November 30, 1965 with Manufacturers Hanover Trust Company, Agent, as mortgagee therein.
3. The Equipment listed on Schedule B with respect to Identification Numbers 3055 through and including 3099 is the subject of a Chattel Mortgage dated February 7, 1966 with Manufacturers Hanover Trust Company, Agent, as mortgagee therein.

JA
RA

EXHIBIT "A" to
CONDITIONAL SALE AND SECURITY AGREEMENT
BETWEEN
GREYHOUND LEASING & FINANCIAL CORPORATION
AND
SOUTHERN RAILWAY COMPANY

Dated as of February 1, 1980

CERTIFICATE OF ACCEPTANCE

SOUTHERN RAILWAY COMPANY ("Southern") does hereby certify to GREYHOUND LEASING & FINANCIAL CORPORATION ("Greyhound") that the Equipment Lease Agreements ("Leases") of February 1, 1965, or June 25, 1965, as to the following units of Equipment bearing Southern's identifying numbers as follows:

Locomotives

Hopper Cars

have expired as of this _____ day of _____, (the "Purchase Date") and, pursuant to the captioned Conditional Sale and Security Agreement ("Agreement"), said units of Equipment shall become subject to the Agreement as of the said Purchase Date.

Southern further certifies:

1. That said units of Equipment are in good order and ready for service and have been accepted by Southern as of the Purchase Date in accordance with the provisions of the Agreement.

2. That there is plainly, distinctly, and conspicuously placed upon each side of each unit of the said units of Equipment a legend bearing the following words in letters not less than one-half inch in height:

"BOOTHE LEASING CORPORATION, OWNER, LESSOR",
or the words:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH
THE INTERSTATE COMMERCE COMMISSION".

A handwritten signature in black ink, appearing to be 'RAG' with a flourish above it.

3. That the representations and warranties contained in paragraph 7(b) of the Agreement were true as of the Purchase Date, and that there has been no Event of Default as defined in paragraph 13 of the Agreement as of the Purchase Date.

4. That the following units of Equipment, described in the Lease(s) as units respecting which the Lease(s) have expired as of the Purchase Date, are not accepted hereunder as subject to the Agreement.

Locomotives

Hopper Cars

DATED: _____

SOUTHERN RAILWAY COMPANY

By _____
Its *MA*
RTG