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LAW OFFICES
ALVORD AND ALVORD
200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE
MILTON C. GRACE*
GEORGE JOHN KETO**
RICHARD N. BAGENSTOS

* NOT A MEMBER OF D.C. BAR
**ALSO A MEMBER OF OHIO BAR

OF COUNSEL
JESS LARSON
JOHN L. INGOLDSBY
URBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

TELEX
440348 CDAA UI

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INTERSTATE COMMERCE COMMISSION

April 1, 1981

RECORDATION NO. 13035 Filed 1425

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INTERSTATE COMMERCE COMMISSION

No. 1-092A018

Date APR 2 1981

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

Dear Madam:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) and the regulations thereunder are counterparts each of a Conditional Sale Agreement dated as of March 1, 1981 and an Assignment of Conditional Sale Indebtedness dated as of March 1, 1981 ("Documents").

A general description of the railroad equipment covered by the Documents is:

> One hundred twenty-six (126) 4,000 cubic foot capacity 100-ton rotary dump railroad coal cars bearing reporting mark and numbers RECX 2001 through RECX 2124, both inclusive, RECX 1001 and RECX 1002.

The names and addresses of the parties to the Documents are:

Vendor/Assignor:	Thrall Car Manufacturing Company Post Office Box 218 Chicago Heights, Illinois 60411
Vendee:	Wilmington Trust Company, as Owner, Trustee 10th and Market Street Wilmington, Delaware 19899

Counterpart et. Kappler

Interstate Commerce Commission

Washington, D.C. 20423

4/2/81

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.
Alvord & Alvord
918 16th Street, N.W. Suite 200
Washington, D.C. 20006

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 4/2/81 at 9:45am, and assigned re-recordation number(s). 13035 & 13035-A
13036 & 13036-A

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13035
RECORDATION NO. ..... Filed 1425

APR 2 1981 -9 45 AM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

between

THRALL CAR MANUFACTURING COMPANY,

Seller

and

WILMINGTON TRUST COMPANY, as Owner Trustee,

Buyer

Dated as of March 1, 1981

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CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT, dated as of March 1, 1981, between THRALL CAR MANUFACTURING COMPANY, a Delaware corporation (the "Seller"), and WILMINGTON TRUST COMPANY, not individually but solely as trustee (the "Buyer") under the Trust Agreement, dated as of March 1, 1981, with Manufacturers Hanover Leasing Corporation (the "Trust Agreement").

RECITALS

A. The Seller is willing to construct, sell and deliver to the Buyer, as assignee, pursuant to the Purchase Agreement Assignment, of the rights of the Lessee under the Purchase Agreement (which rights shall survive the execution and delivery of this Agreement and supplement the terms hereof), and the Buyer is willing to purchase, the Equipment (as such term and certain other capitalized terms used herein are defined in Section 1).

B. Pursuant to this Agreement, the Seller will deliver and sell to the Buyer the Equipment against payment by the Buyer of the Down Payment as part payment of the Aggregate Purchase Price therefor, reserving to the Seller a security interest in the Equipment to secure the payment by the Buyer of the balance of the Aggregate Purchase Price and the performance by the Buyer of and compliance by the Buyer with its covenants herein contained.

C. The Seller and the Buyer contemplate that the Equipment will be leased by the Buyer to the Lessee pursuant to the Lease, that the indebtedness of the Buyer secured by the foregoing security interest will be acquired from the Seller by the Agent, that such security interest will be assigned by the Seller to the Agent to secure the payment of such indebtedness and all other amounts payable to the Agent and the Lenders pursuant hereto or pursuant to the Participation Agreement, and that to secure further the payment of such indebtedness, the Buyer will also grant to the Agent a security interest in the Buyer's rights under the Lease.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings unless the context shall otherwise require:

Additional Rent: as defined in Section 3.2 of the Lease.

Agent: The Connecticut Bank and Trust Company, a Connecticut banking corporation, in its capacity as agent under the Participation Agreement, and its successors as agent thereunder.

Aggregate Purchase Price: as defined in Section 4.1.

Assignment: the Assignment of Conditional Sale Indebtedness, dated as of the date hereof, among the Seller, the Agent and the Buyer, providing for the assignment by the Seller to the Agent of its right, title and interest in and to the Conditional Sale Indebtedness and this Agreement, and including therein the Buyer's consent to such assignment, as from time to time amended, modified or supplemented in accordance with its terms.

Basic Rent: as defined in Section 3.1 of the Lease.

Business Day: any day other than a Saturday, a Sunday or any other day on which banking institutions in Connecticut, Delaware, Louisiana or New York are required or authorized by law to be closed.

Casualty Occurrence: as defined in Section 7.1 of the Lease.

Casualty Value: as defined in Section 7.1 of the Lease.

Certificate of Acceptance: a certificate delivered, pursuant to Section 2 of the Lease, by a representative of the Buyer who is an employee of the Lessee upon delivery by the Seller and acceptance by the Lessee of Units, which certificate shall also serve to confirm that the conditions set forth in sub-paragraphs (a), (c) and (d) of Section 3.1 have been complied with to the satisfaction of the Buyer and that such Units have been inspected and accepted on behalf of the Buyer for all purposes of this Agreement.

Closing Date: the date of the closing of the delivery of the Equipment under this Agreement and of the related transactions contemplated by Section 2 of the Participation Agreement.

Conditional Sale Default: any event or condition which after the giving of notice or the lapse of time or both would become a Conditional Sale Event of Default.

Conditional Sale Event of Default: as defined in Section 17.

Conditional Sale Indebtedness: as defined in Section 4.1.

Consent: the Lessee's Consent and Agreement to the assignment of the Lease, dated as of the date hereof, as from time to time amended, modified or supplemented in accordance with its terms.

Declaration of Default: as defined in Section 17.

Down Payment: the portion of the cash purchase price for the Equipment paid by the Buyer under Section 4.1, as more fully defined therein.

Equipment: the 126 Units of railroad equipment set forth in Schedule A hereto, subject to exclusion as provided in Section 3.1, together with all additions, modifications or improvements thereto or replacements thereof as contemplated by Section 4.2.

Lease: the Lease of Railroad Equipment, dated as of the date hereof, between the Buyer, as Lessor, and the Lessee, providing for the lease of the Equipment to the Lessee, as from time to time amended, modified or supplemented in accordance with the terms thereof and of the Basic Agreements.

Lease Assignment: the Assignment of Lease and Agreement, dated as of the date hereof, between the Buyer, as Lessor, and the Agent, granting to the Agent a security interest in and assigning all the Lessor's right, title and interest in, to and under the Lease, as from time to time amended, modified or supplemented in accordance with its terms.

Lease Default: any event or condition which after the giving of notice or the lapse of time or both would become a Lease Event of Default.

Lease Event of Default: any of the events or conditions defined as "Events of Default" in Section 16.1 of the Lease.

Lender: The Travelers Insurance Company, as Lender under the Participation Agreement, and any successors to its business.

Lenders: the Lender, so long as it has an interest in the Conditional Sale Indebtedness, and any transferee (or subsequent transferee) of all or part of its interest in the Conditional Sale Indebtedness, so long as such transferee has such an interest.

Lessee: Central Louisiana Electric Company, Inc., a Louisiana corporation, and its successors and assigns.

Lien: any mortgage, pledge, lien, charge, encumbrance, retention of title, security interest or claim.

Officers' Certificate: as to any corporation, a certificate signed by the Chairman of the Board or the President or any Vice President and by any other Vice President or the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of such corporation.

Owner: Manufacturers Hanover Leasing Corporation, its successors and permitted assigns under Section 13 of the Participation Agreement.

Participation Agreement: the Participation Agreement, dated as of the date hereof, among the Owner, the Buyer, the Agent, the Lessee, and the Lender, as from time to time amended, modified or supplemented in accordance with its terms.

Payment Date: as defined in Section 4.1.

Permitted Liens: Liens of taxes, assessments or governmental charges or levies, in each case not due and delinquent; inchoate mechanics', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and not delinquent; and any Lien created by the Security Documents.

Purchase Agreement: the documentation evidencing the agreement between the Lessee and the Seller providing, among other things, for the purchase by the Lessee of the Equipment and consisting of Contract R-3846, dated October 24, 1978, between the Seller and the Lessee, as amended by Amendment to Agreement, dated February 25, 1981.

Purchase Date: as defined in Section 7.3 of the Lease.

Purchase Price: as defined in Section 2.

Security Documents: the Assignment, the Lease Assignment and this Agreement.

Termination Date: as defined in Section 13 of the Lease.

Unit: a unit of the Equipment.

All capitalized terms used in this Agreement without other definition shall have the meanings assigned in the Lease.

SECTION 2. SALE OF UNITS.

Subject to the terms and conditions of Sections 3, 4, 5 and 6, the Seller will sell and deliver to the Buyer, and the Buyer will purchase from the Seller and accept delivery of and pay for the Equipment identified on Schedule A hereto for the fixed price of $45,724 per unit (including sales tax, if applicable, and actual cost of services provided by the Seller including transportation and storage) (the "Purchase Price").

SECTION 3. INSPECTION AND ACCEPTANCE, ETC.

3.1. Inspection and Acceptance; Effect of Non-acceptance; Delivery. Prior to delivery of any Unit, it shall be subject to inspection where it is then located by

any authorized representative of the Lessee or the Buyer, and the Seller shall make all arrangements necessary to permit any such inspection. The Buyer shall have received from the Lessee or the Seller at least three Business Days' prior written notice of the proposed date of delivery (the "Closing Date") of the Equipment (which shall all be delivered on the same date and which date shall be no later than April 15, 1981) and the delivery point or points at which such delivery is proposed to be made. The Seller shall sell and the Buyer shall purchase the Equipment so tendered for delivery on the Closing Date, subject to the inspection and acceptance thereof by the Lessee pursuant to Section 2 of the Lease and to the following conditions:

(a) the Seller shall not deliver and the Buyer shall have no obligation to accept the Equipment if a Conditional Sale Default or Event of Default has occurred and is continuing;

(b) the Seller may postpone the Closing Date by reason of force majeure, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riots or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors;

(c) the Buyer shall not be obligated to accept and pay for any Unit if the price thereof exceeds the Purchase Price;

(d) the obligation of the Buyer to accept delivery of and to pay for any Unit under this Agreement shall be subject to the fulfillment to the satisfaction of the Buyer of the conditions set forth in Section 5 hereof, the fulfillment to the satisfaction of the Owner of the conditions set forth in Section 4 of the Participation Agreement, the fulfillment to the satisfaction of the Lender of the conditions set forth in Section 5 hereof and Section 3 of the Participation Agreement and the acquisition by the Agent of the Conditional Sale Indebtedness as set forth in Section 2.4 of the Participation Agreement; and

(e) the obligation of the Seller to deliver any Unit under this Agreement shall be subject to the fulfillment to the satisfaction of the Seller of the conditions set forth in Section 6.

Acceptance of any Unit by the Lessee pursuant to Section 2 of the Lease shall constitute acceptance of such Unit by the Buyer hereunder if the conditions set forth in subparagraphs (a), (c) and (d) of this Section 3.1 have been complied with to the satisfaction of the Buyer or the Owner, as the case may be.

Each Unit not accepted by the Lessee and the Buyer on the Closing Date pursuant to this Section 3.1 shall be excluded from this Agreement and shall no longer constitute a "Unit" or be part of the "Equipment" for any purposes of this Agreement; provided that the failure to accept a Unit hereunder shall not affect the obligation of the Lessee with respect to such Unit under the Purchase Agreement.

3.2. Risk of Loss. The Seller shall bear all risk of loss or damage to each Unit until it shall have been delivered and accepted pursuant to Section 3.1. Thereafter, as between the Buyer and the Seller, and subject to Section 15, such risk of loss or damage shall be borne by the Buyer who shall not be released from its obligation hereunder in the event of any damage to or destruction or loss of any or all of the Units.

SECTION 4. PAYMENT; CREATION OF SECURITY INTEREST AND CONDITIONAL SALE INDEBTEDNESS.

4.1. Payment and Creation of Conditional Sale Indebtedness. The Buyer hereby acknowledges itself to be indebted to the Seller for, and hereby promises to pay to the Seller, at such bank or trust company in the United States as the Seller shall designate for payment to it, the aggregate Purchase Price for all Units delivered and accepted on the Closing Date pursuant to Section 3 (the "Aggregate Purchase Price"), as follows:

(a) in 36 consecutive semiannual installments, as hereinafter provided, an amount (the "Conditional Sale Indebtedness") equal to 64% of the Aggregate Purchase Price; and

(b) on the Closing Date, an amount in cash equal to the Aggregate Purchase Price less the amount provided under clause (a) of this sentence (the "Down Payment").

The installments of the Conditional Sale Indebtedness set forth in Section 4.1(a) above shall be due and payable on April 1, 1982 and on each October 1 and April 1 thereafter

to and including October 1, 1999 (each such date, together with October 1, 1981, being herein called a "Payment Date"), until the Conditional Sale Indebtedness shall have been paid in full. If any Payment Date falls on a day that is not a Business Day, then the payment due on such Payment Date shall be due on the next succeeding Business Day. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date at the rate of 14 3/4% per annum, which interest shall be due and payable on each Payment Date until the unpaid balance is paid in full. The installments of principal payable on each Payment Date (other than October 1, 1981, when no principal is payable) shall be calculated on such a basis that the amount and allocation of principal and interest payable on such Payment Date shall be as set forth in Schedule B to this Agreement. Promptly following the Closing Date, the Buyer will furnish to the Seller and the Agent a payment schedule or schedules showing the respective amounts of principal and interest payable on each Payment Date.

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

The Buyer will pay on demand interest at the rate of 15 3/4% per annum, or, if less, the maximum rate permitted by applicable law, upon all amounts of Conditional Sale Indebtedness, and (to the extent permitted by applicable law) interest thereon, remaining unpaid after the same shall have become due and payable pursuant to the terms hereof.

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

Except as provided in the next two paragraphs of this Section 4.1 and in Section 9.2 the Buyer shall not have the privilege of prepaying the Conditional Sale Indebtedness or any installment thereof prior to the date it is due and payable hereunder.

In the event that the Lessee elects to terminate the Lease with respect to all or 50% of the Units subject to the Lease pursuant to the provisions of Section 13 thereof, the Buyer shall promptly give written notice to the Seller of such election and of the Termination Date. If on the Termination Date either all or 50% of the Units are sold,

either all, in the case of a sale of all of the Units, or 50%, in the case of a sale of 50% of the Units, of the unpaid balance of the Conditional Sale Indebtedness shall become due and payable on the Termination Date, without premium, but together with any interest accrued thereon, and the Buyer shall apply to such prepayment all payments received by it from the Lessee pursuant to Section 13 of the Lease. Upon any such payment upon termination with respect to 50% of the Units, the Buyer will promptly furnish to the Seller and the Lessee a revised schedule of payments of principal and interest thereafter to be made in respect of the remaining Conditional Sale Indebtedness in such number of counterparts as the Seller may request.

In the event that the Buyer gives notice to the Lessee pursuant to Section 7.3 of the Lease, the Buyer shall concurrently give written notice to the Seller and such notice shall set forth the Purchase Date. On the Purchase Date, the unpaid balance of the Conditional Sale Indebtedness shall become due and payable, without premium, but together with any interest accrued thereon, and the Buyer shall apply to such prepayment all payments received by it from the Lessee pursuant to Section 7.3 of the Lease.

4.2. Creation of Security Interest. The Seller hereby retains a security interest in each Unit and shall have against any person or party a privilege to secure the payment of the Conditional Sale Indebtedness and all other indebtedness and amounts payable by the Buyer pursuant to this Agreement and the performance by the Buyer of all of its obligations and agreements contained in this Agreement, notwithstanding the provisions of Section 20 limiting the liability of the Buyer and notwithstanding the delivery of the Units to, and the possession and use of the Units by, the Buyer and the Lessee as contemplated by this Agreement and the Lease.

The security interest created by this Section 4.2 shall extend to any and all additions, modifications and improvements to the Equipment which become the property of the Buyer pursuant to the Lease, and any and all replacements made to any Unit or of any part thereof shall constitute accessions to the Equipment, shall be subject to all terms and conditions of, and the security interest created by, this Agreement, and shall be included in the term "Equipment" as used in this Agreement.

SECTION 5. BUYER'S CONDITIONS TO CLOSING.

The obligation of the Buyer to make the Down Payment on the Closing Date shall be subject to the receipt

by the Buyer on or prior to the Closing Date of the following documents and instruments in form and substance satisfactory to the Buyer and counsel for the Buyer:

(a) a bill or bills of sale, dated the Closing Date, from the Seller to the Buyer, transferring to the Buyer title to the Units being delivered on the Closing Date, warranting to the Buyer that at the time of such delivery the Seller has good and lawful right to sell such Units and has conveyed to the Buyer legal title to such Units free of all Liens except the Lien in favor of the Seller created in Section 4.2 and rights created under the Participation Agreement, the Lease and the Lease Assignment, and covenanting to defend such title against all claims of other persons;

(b) the Certificate or Certificates of Acceptance of the Lessee, dated the Closing Date, relating to such Units;

(c) an invoice of the Seller addressed to the Buyer, covering such Units and containing a certification by the Seller that the Aggregate Purchase Price is true and correct; and

(d) an Officers' Certificate of the Seller to the effect that each Unit is new standard-gauge railroad equipment first put into service no earlier than the date of delivery and acceptance thereof by or on behalf of the Buyer.

SECTION 6. SELLER'S CONDITIONS TO CLOSING.

The obligation of the Seller to deliver the bill or bills of sale referred to in Section 5(a) shall be subject to the receipt by the Seller in cash or other immediately available funds of (a) from the Buyer, the Down Payment, and (b) from the Agent, as more fully set forth in the Assignment, an amount equal to the Conditional Sale Indebtedness.

SECTION 7. RELEASE OF SECURITY INTEREST IN EQUIPMENT.

When and (except as provided in Section 9.2) only when the Buyer shall have paid and the Seller (or its assignee pursuant to Section 16.2) shall have received the full Conditional Sale Indebtedness, together with interest and all other indebtedness and payments payable under this Agreement, and all the Buyer's indebtedness and liabilities to the Agent and the Lenders contained in the Assignment,

the Lease Assignment and the Participation Agreement shall have been paid in full, the Seller's security interest in the Equipment then subject to such security interest shall be released without further transfer or action on the part of the Seller (or such assignee), provided that the Seller (or such assignee), if so requested by the Buyer at that time, will at the Buyer's expense (a) execute and deliver to the Buyer a bill or bills of sale for such Equipment, in form reasonably satisfactory to the Buyer, releasing its security interest therein to the Buyer free of all Liens created by or retained in this Agreement, (b) execute and deliver to the Buyer, 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 Seller's security interest in such Equipment and (c) pay to the Buyer any money paid to the Seller (or such assignee) pursuant to Section 9.2 and not theretofore applied as therein provided. The Buyer 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 any such bill or bills of sale or instrument or instruments or to file any such 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 Buyer.

SECTION 8. TAXES.

All payments to be made by the Buyer hereunder will be free of expense to the Seller for collection or other charges and will be free of expense to the Seller with respect to the amount of any local, state, federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sales, use or rental taxes], franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being referred to herein as "Impositions") now or hereafter levied or imposed upon or in connection with or measured by this Agreement or the Equipment or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions the Buyer assumes and agrees to pay on demand in addition to the Conditional Sale Indebtedness

and all other amounts payable by the Buyer under this Agreement. The Buyer will also pay promptly all Impositions which may be imposed upon the Equipment or any Unit thereof delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Seller solely by reason of the Buyer's ownership thereof or the Seller's security interest therein and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the security interest of the Seller or result in a Lien upon all or any part of the Equipment; provided that the Buyer shall be under no obligation to pay any Impositions of any kind so long as (i) the validity thereof shall be contested in good faith and by appropriate legal proceedings, (ii) prompt notice of such contest is given to the Seller, (iii) the nonpayment thereof does not, in the reasonable opinion of the Seller, materially adversely affect the rights of the Buyer or the security interest or rights of the Seller in or to the Equipment or otherwise under this Agreement or any rights or interest of the Agent under the Lease or any Security Document and (iv) adequate reserves have been provided by the Buyer for the payment of such Impositions to the extent required by generally accepted accounting principles. If any Impositions shall have been charged or levied against the Seller directly and paid by the Seller, the Buyer shall reimburse the Seller, upon presentation of an invoice therefor, and any amounts so paid by the Seller shall constitute additional indebtedness of the Buyer to the Seller secured by and under this Agreement. All amounts paid by the Buyer pursuant to this Section 8 shall be grossed-up, so that the person to whom or for whose benefit the payment is made shall receive an amount which, net of any Impositions or other charges required to be paid by such person in respect thereof, shall be equal to the amount of payment otherwise required hereunder.

SECTION 9. MAINTENANCE OF EQUIPMENT; CASUALTY OCCURRENCES.

9.1. Maintenance and Repair. The Buyer agrees that it will cause each Unit to be kept in good operating order, repair and condition, ordinary wear and tear excepted, in accordance with Section 9.3 of the Lease.

9.2. Casualty Occurrences. (a) The Buyer shall, promptly upon receiving notice thereof from Lessee pursuant to Section 7.1 of the Lease, notify the Seller of a Casualty Occurrence with respect to any Unit, setting forth in such notice the Casualty Value of such unit as of the Payment Date next following the date of such notice. Notwithstand-

ing any such Casualty Occurrence, the Buyer shall continue making payment of all installments of principal of and interest on the Conditional Sale Indebtedness due prior to or on such Payment Date, and on such Payment Date the Buyer shall, subject to the provisions of Section 20, in addition, pay to the Seller a sum equal to such Casualty Value. Any amounts paid to the Seller pursuant to this Section 9.2 shall be applied on such Payment Date (after the payment of the interest and principal, if any, due and payable on the Conditional Sale Indebtedness on such Payment Date) to prepay a portion of each of the remaining installments of the Conditional Sale Indebtedness then outstanding, and accrued and unpaid interest thereon, if any, but without premium, in an amount equal to the amount of each such installment multiplied by the number of Units subjected to such Casualty Occurrence and divided by the number of Units subject to this Agreement immediately prior to such Casualty Occurrence, and any balance remaining of such payment of Casualty Value shall be applied as the Buyer may direct, provided that if a Conditional Sale Default or Conditional Sale Event of Default shall have occurred and be continuing, such balance shall be retained by the Seller either until such time as there shall not be continuing any Conditional Sale Default or Conditional Sale Event of Default, at which time such balance shall be applied as the Buyer may direct, or until such time as a Declaration of Default has occurred and is continuing, at which time such balance shall be distributed in accordance with Section 19.6. Upon any such payment, the Buyer will promptly furnish to the Seller and the Lessee a revised schedule of payments of principal and interest thereafter to be made in respect of the remaining Conditional Sale Indebtedness in such number of counterparts as the Seller may request.

(b) Upon payment by the Buyer to the Seller of the Casualty Value of any Unit, the Seller's security interest in such Unit shall be released without further transfer or action on the part of the Seller, except that the Seller, if requested by the Buyer, will execute and deliver to the Buyer, at the expense of the Buyer, an appropriate instrument confirming such release, in recordable form, in order that the Buyer may make clear upon the public records the release of the Seller's security interest in such Unit, provided that, in the event of a Casualty Occurrence with respect to the last Unit still subject to this Agreement, such security interest shall not be released unless the conditions of Section 7 shall be met.

(c) The Seller shall be entitled to receive any insurance proceeds or condemnation payments in respect of any Unit (except condemnation payments which the Lessee is entitled to retain pursuant to Section 7.1 of the Lease) and shall, if no Conditional Sale Default or Event of Default shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to the Buyer, (i) in the case of any such insurance proceeds or condemnation payments received in respect of any Unit suffering a Casualty Occurrence, upon receiving payment of the Casualty Value for such Unit and (ii) in the case of any such insurance proceeds or condemnation payments received in respect of any Unit not suffering a Casualty Occurrence, upon proof satisfactory to the Seller that any damage to such Unit in respect of which such insurance proceeds were paid has been fully repaired or that any Unit in respect of which such condemnation payments were made has been returned to the full possession of the Buyer or the Lessee. If a Conditional Sale Default or Event of Default shall have occurred and be continuing, the Seller shall retain any such insurance proceeds or condemnation payments until either the preceding sentence of this Section 9.2(c) becomes applicable or a Declaration of Default is made, and thereafter shall apply such insurance proceeds or condemnation payments as set forth in the preceding sentence of this Section 9.2(c) or in Section 19.6, as the case may be.

SECTION 10. REPORTS AND INSPECTIONS.

On or before March 31 in each year, commencing with the calendar year 1982, the Buyer shall furnish or cause to be furnished to the Seller (a) the statement required to be delivered by such date by the Lessee under Section 8 of the Lease and (b) such other information regarding the condition and state of repair of the Equipment as the Seller may reasonably request and the Lessee is required to furnish pursuant to the provisions of the Lease. The Seller shall have the right, by its agents, to inspect the Equipment and the Buyer's records with respect thereto at such reasonable times as the Seller may request during the continuance of this Agreement.

SECTION 11. MARKING OF EQUIPMENT.

(a) The Buyer will cause each Unit to be kept numbered with the identifying number as set forth in Schedule A to this Agreement, or, in the case of any Unit not there listed, such identifying number as shall be set

forth in any amendment or supplement hereto extending this Agreement to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following legend: "Owned by a Bank or Trust Company, as Trustee, and Subject to a Security Interest Filed with the Interstate Commerce Commission", or other appropriate words designated by the Seller, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Seller's security interest in such Unit and its rights under this Agreement. The Buyer will not place any Unit in service if such legend is not so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Buyer will not change or permit to be changed the identifying number of any Unit unless and until (a) a statement of the new number or numbers to be substituted therefor shall have been filed with the Seller and filed, recorded and deposited by the Buyer in all public offices where this Agreement, or any Uniform Commercial Code financing statement or similar instrument relating thereto, shall have been filed, recorded and deposited and (b) the Buyer shall have furnished the Seller an opinion of counsel to the effect that (i) such statement has been so filed, recorded and deposited and such filing, recordation and deposit is sufficient to protect the Seller's interest in such Units, or (ii) no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary or advisable to protect the interest of the Seller in such Units.

(b) The Buyer will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership, except as above provided and except that the Buyer may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the Lessee or its affiliates, so long as the Lease shall remain in effect, on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

SECTION 12. COMPLIANCE WITH LAWS AND RULES.

During the term of this Agreement, the Buyer will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without

limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its or such lessees' operations involving any Unit may extend and with the interchange rules of the Association of American Railroads and with all rules of the United States Department of Transportation, the 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 any such law, rule or regulation requires any alteration, replacement, modification or addition of or to any Unit or any part thereof, the Buyer will cause full compliance therewith without expense to Seller, provided that the Buyer may, upon written notice to the Seller, in good faith contest or cause to be contested the validity or application of any such law, rule or regulation in any reasonable manner which does not, in the opinion of the Seller, adversely affect the security interest or rights of the Seller under this Agreement.

SECTION 13. POSSESSION AND USE, ETC.

13.1. Possession and Use. The Buyer, so long as a Conditional Sale Event of Default shall not have occurred and be continuing, shall be entitled, from and after delivery of each Unit to the Buyer, to the possession of such Unit and the use thereof, but only upon and subject to all the terms and conditions of this Agreement, the Assignment, the Lease and the Lease Assignment. The Buyer shall not permit any Unit to be assigned to service or to be operated or maintained outside of the United States of America.

13.2. Equipment Subject to Lease. The parties hereto acknowledge that the Buyer simultaneously herewith is leasing the Equipment to the Lessee for use as provided in the Lease. The rights of the Lessee and its permitted assigns under the Lease shall be subordinate and junior in rank to the rights, and shall be subject to the remedies, of the Seller under this Agreement. Notwithstanding any provision of this Agreement to the contrary, the Seller will not exercise any right or remedy hereunder which would interfere with the Lessee's rights under Section 23 of the Lease. The Lease shall not be amended or, except in accordance with its terms, terminated, without the prior written consent of the Seller.

SECTION 14. PROHIBITION AGAINST LIENS.

Wilmington Trust Company, in its individual capacity and at its own cost and expense, will pay or discharge or cause to be paid or discharged any and all sums which, if unpaid, might become a Lien on any Unit or any other property constituting part of the Trust Estate (as defined in the Trust Agreement) securing a claim against Wilmington Trust Company in its individual capacity (and not as trustee under the Trust Agreement or as lessor under the Lease) other than any such Lien, or any part thereof, related to the purchase of the Equipment, the right, title or interest of the Buyer in or to the Equipment in its capacity as trustee under the Trust Agreement, or the leasing, use, operation, maintenance or servicing of the Equipment under the Lease, or related to or arising out of the transactions contemplated by this Agreement, the Lease, the Trust Agreement or the Participation Agreement, but Wilmington Trust Company shall not be required to pay or discharge or cause to be paid or discharged any such sums so long as (i) the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner, (ii) prompt notice of such contest is given to the Seller, (iii) the nonpayment or non-discharge of such sums or Lien thereof does not, in the reasonable opinion of the Seller, materially adversely affect the interest of the Buyer or the security interest or rights of the Seller in or to the Equipment or proceeds thereof or any other rights of the Seller under this Agreement or in and to the Lease and the payments due or to become due thereunder or any rights or interest of the Seller or the Agent under the Lease or any Security Document and (iv) adequate reserves have been provided by Wilmington Trust Company for the payment or discharge of such sums or Lien to the extent required by generally accepted accounting principles. The Seller may, in its discretion, discharge any Liens which have arisen in breach of this Section 14, and Wilmington Trust Company shall reimburse the Seller for any amounts paid by the Seller to discharge such Liens. Any such amounts so paid by the Seller and not reimbursed shall constitute additional indebtedness of the Buyer to the Seller secured by

and under this Agreement. For purposes of this Section 14, Wilmington Trust Company shall include any affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which Wilmington Trust Company is a member if consolidated returns are filed for such affiliated group for federal income tax purposes.

SECTION 15. SELLER'S INDEMNITIES AND WARRANTIES.

In addition to any warranty made by the Seller in the Purchase Agreement, the Seller warrants to the Owner, the Buyer, the Lessee, the Agent and the Lenders that the Units have been built in accordance with the specifications approved and agreed to by the Lessee and warrants that the Equipment sold to the Buyer is free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by the Seller) and workmanship or design (except as to designs specified by the Lessee and not developed or purported to be developed by the Seller) under normal use and service; the Seller's obligation under this paragraph being limited to making good at its plant (or at the option of the Seller at a place designated by the Seller and agreed upon by the Buyer and the Lessee) any part or parts of any Unit which shall be returned to the Seller within one year after the delivery of such Unit, or as to which written notice of such defect has been given by the Buyer or the Lessee to the Seller within one year after delivery of such Unit and which part or parts are returned within 90 days after such notice to the Seller, provided that the Seller's examination shall disclose to its reasonable satisfaction such part or parts to have been thus defective. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE SELLER. The Seller neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment, except as aforesaid. THE SELLER SHALL NOT BE LIABLE FOR ANY INDIRECT OR CONSEQUENTIAL DAMAGES OF WHATEVER NATURE.

The Seller agrees that the Agent, the Lessee, the Owner or the Buyer, as well as the Seller, may to the extent permitted by law take and prosecute claims against

vendors of specialities purchased by the Seller for incorporation in the Equipment and not warranted hereunder for the breach of any warranty by the vendors with respect to such specialities. Each of the Seller, the Agent, the Lessee, the Owner and the Buyer (as a condition of their being a third party beneficiary hereof) agrees to notify the others prior to the assertion of any claim by it against any such vendors of specialities. If the Seller determines that it has no interest in any such claim asserted by the Agent, the Lessee, the Owner or the Buyer, the Seller agrees to assign to the Agent, the Lessee, the Owner or the Buyer, as the case may be, solely for the purpose of making and prosecuting any such claim, all of the rights which the Seller has against such vendor for the breach of warranty or other representation respecting the Equipment.

The Seller further agrees that neither the inspection nor any examination or acceptance of any of the Units shall be deemed a waiver or modification of any of the rights hereunder.

It is further understood and agreed that the word "design(s)" as used herein and the word "specialities" as used herein shall be deemed to include articles, materials, systems, formulae and processes.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Seller, and articles and materials specified by the Lessee and not manufactured by the Seller, the Seller agrees to indemnify, protect and hold harmless the Agent, the Lessee, the Owner and the Buyer from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and reasonable attorney's fees, in any manner imposed upon or accruing against the Agent, the Lessee, the Owner and the Buyer because of the use in or about the construction or operation of the Equipment, or any Unit, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Lessee, as a condition to its being a third party beneficiary hereof, likewise will indemnify, protect and hold harmless the Seller from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and reasonable attorney's fees, in any

manner imposed upon or accruing against the Seller because of the use in or about the construction or operation of the Equipment, or any Unit, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Seller, or article or material specified by the Lessee, which infringes or is claimed to infringe on any patent or other right. The Seller agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Lessee, every claim, right and cause of action which the Seller has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by the Seller in or about the construction or operation of the Equipment, or any Unit, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Seller further agrees to execute and deliver to the Lessee all and every such further assurances as may be reasonably requested by the Lessee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Lessee, as a condition to its being a third party beneficiary hereof, will give notice to the Seller of any claim known to the Lessee on the basis of which liability may be charged against the Seller hereunder and the Seller will give notice to the Lessee of any claim known to the Seller, on the basis of which liability may be charged against the Lessee hereunder.

SECTION 16. ASSIGNMENTS.

16.1. By the Buyer. The Buyer will not (a) except as provided in Section 13.2, transfer the right to possession of any Unit or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Seller hereunder (including, without limitation, rights and remedies against the Buyer) and (ii) is made in accordance with the provisions of Article IX of the Trust Agreement and the assignee expressly assumes, in writing, in form reasonably satisfactory to the Seller, all the obligations of the Buyer under this Agreement.

16.2. By the Seller, etc. All or any of the rights, benefits and advantages of the Seller under this

Agreement, including the right to receive the payments of principal of and interest on the Conditional Sale Indebtedness and the other payments herein provided to be made by the Buyer, may be assigned by the Seller and reassigned by any assignee at any time or from time to time pursuant to the provisions of the Assignment, the Participation Agreement and this Agreement. No such assignment shall subject any assignee to, or relieve the Seller from, any of the Seller's obligations to deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Section 15 or relieve the Buyer of its obligations to the Seller or diminish the rights of the Buyer contained or referred to in this Agreement.

Upon any such assignment by the Seller, either the assignor or the assignee shall give written notice to the Buyer, 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 Buyer of the notification of any such assignment, all payments thereafter to be made by the Buyer under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Buyer acknowledges that the Seller intends, concurrently with the creation of the Conditional Sale Indebtedness, to assign its rights under this Agreement and to the Conditional Sale Indebtedness to the Agent pursuant to the Assignment, and agrees to enter into such Assignment for the purpose of consenting thereto and confirming to the Agent all of the Buyer's obligations hereunder.

SECTION 17. EVENTS OF DEFAULT.

If any one or more of the following events or conditions ("Conditional Sale Events of Default") shall occur and be continuing (without regard to any provision of this Agreement, including Section 20 hereof or Section 10.3 of the Participation Agreement, limiting the liability of the Buyer):

(a) any Lease Event of Default; or

(b) the Buyer shall fail to pay in full any sum payable by the Buyer when payment thereof shall be due hereunder and such failure shall continue for more than 5 days thereafter; or

(c) the Owner shall make or suffer any unauthorized assignment or transfer of its interest in and to the Participation Agreement, the Trust Agreement or the Equipment, or shall permit any Lien to exist with respect to any Unit in contravention of the provisions of Section 16 of the Participation Agreement, or the Buyer 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, or shall permit any Lien to exist with respect to any Unit in contravention of the provisions of Section 14 hereof; or

(d) the Owner or the Buyer shall, for more than 30 days after the Seller shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement or of the Participation Agreement, the Lease, the Lease Assignment or any consent by the Buyer to any assignment referred to in Section 16.2 to be kept and performed on the part of the Buyer, or shall fail to make provision satisfactory to the Seller for such compliance; or

(e) the Owner or the Buyer shall (i) be generally not paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (iii) make an assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (v) be adjudicated insolvent or be liquidated, or (vi) take corporate action for the purpose of any of the foregoing; or

(f) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Owner or the Buyer, as the case may be, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting

an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Owner or the Buyer, as the case may be, or if any such petition shall be filed against the Owner or the Buyer and such petition shall not be dismissed within 30 days; or

(g) any representation or warranty made by the Owner or the Buyer hereunder or under any consent by the Buyer to any assignment referred to in Section 16.2 or under the Participation Agreement or the Lease Assignment, or by any officer or representative of the Owner or the Buyer in any document or certificate furnished to the Seller or any assignee thereof in connection herewith or therewith or pursuant hereto or thereto, shall prove at any time to have been incorrect in any material respect as of the date made;

then at any time after the occurrence of any such Conditional Sale Event of Default and while it is continuing (unless, in the case of a Conditional Sale Event of Default described in subdivision (a) of this Section 17, such Conditional Sale Event of Default shall have been cured as provided in Section 18), and notwithstanding any limitations on the personal liability of the Buyer contained in Section 20 or otherwise, the Seller may, upon written notice to the Buyer and upon compliance with any legal requirements then in force and applicable to such action by the Seller, (i) subject to the provisions of Section 13.2, cause the term of the Lease immediately upon such notice to terminate (and the Buyer acknowledges the right of the Seller to terminate the term of the Lease) but without affecting any indemnities or other agreements of the Lessee which by the provisions of the Lease survive the termination of its term and/or (ii) declare (referred to herein as a "Declaration of Default") the entire unpaid Conditional Sale Indebtedness, 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 thereon, to the extent permitted by applicable law, shall bear interest from the date of such Declaration of Default at the rate for overdue payments specified in Section 4.1. Upon a Declaration of Default, the Seller shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness, with interest as aforesaid,

and to collect such judgment out of any property of the Buyer, subject to the limitations of Section 20, wherever situated. The Buyer agrees to notify the Seller promptly of any event of which any of its officers responsible for the matters concerning this Agreement have knowledge which constitutes a Conditional Sale Default or Event of Default.

The Seller may, at its election, waive any Conditional Sale Event of Default and its consequences and rescind and annul any Declaration of Default or notice of termination of the term of the Lease by notice to the Buyer in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if such Conditional Sale Event of Default had not occurred and no Declaration of Default or notice of termination of the term of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Buyer that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

SECTION 18. RIGHT TO CURE CERTAIN LEASE EVENTS OF DEFAULT.

In the event that a Conditional Sale Event of Default has occurred and is continuing solely by reason of (i) the Lessee's failure to pay an installment of Basic Rent (as defined in the Lease) when due, which failure shall not constitute more than the second consecutive failure, or more than the fourth cumulative failure, or (ii) any other Lease Event of Default, which shall not constitute more than the second Lease Event of Default (other than defaults of the type referred to in clause (i) above) within one year prior to the occurrence thereof, or more than the fourth cumulative Lease Event of Default (other than defaults of the type referred to in clause (i) above), and so long as no other Conditional Sale Event of Default shall have occurred and be continuing, the Seller shall not exercise any of the rights and powers or pursue any of the remedies pursuant to Section 17 of the Lease and Sections 17 and 19 of this Agreement if (x) in the case of the Lessee's failure to pay an installment of Basic Rent, the Seller shall have received from the Buyer, within five days after the occurrence of such Conditional Sale Event of Default, the full amount of such installment, together with any interest due thereon or (y) in the case of any other such Lease Event of Default, the Buyer shall have complied or have caused the

Lessee to comply with the terms of the Lease within 15 days of the occurrence thereof and such Lease Event of Default shall no longer be continuing. Upon any payment of Basic Rent or of any other amounts by the Buyer in accordance with this Section 18, the Buyer shall (to the extent of any such payment made by it) be subrogated to the rights of the Seller to receive from the Lessee such payment of Basic Rent (and the payment of interest on account of its being overdue) or of any other amounts and shall be entitled, if the Lessee shall make such payment of Basic Rent (and interest) or of any other amounts to the Seller and at such time no Conditional Sale Event of Default shall have occurred and be continuing (other than an Event of Default cured by the Buyer as provided in this Section 18), to receive such payment upon its receipt by the Seller, provided that the Buyer may not exercise any rights and powers or pursue any remedies pursuant to Section 17 of the Lease or otherwise which the Seller would have been entitled to exercise or pursue but for the preceding sentence.

SECTION 19. REMEDIES.

19.1. Taking Possession of Units. At any time during the continuance of a Declaration of Default, the Seller may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Seller, take or cause to be taken, by its agent or agents, immediate possession of any or all of the Equipment, without liability to return to the Buyer or the Lessee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 19 expressly provided, and may remove the same from possession and use of the Buyer, the Lessee or any other person and for such purpose may enter upon the premises of the Buyer or the Lessee 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 Buyer or the Lessee.

19.2. Assembly and Storage. In case the Seller shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Seller, the Buyer shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) cause any or all such Units to be transported to such location or locations as shall be reasonably designated by the Seller and there assembled;

(b) furnish and arrange for the Seller to store any or all of the Units on any lines of railroad or premises approved by the Seller at the risk of the Buyer without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Seller; and

(c) cause any or all of the Units to be transported to such interchange point or points as shall be designated by the Seller upon any sale, lease, or other disposal thereof.

During any assembly, delivery or storage period, the Buyer will, at its own cost and expense, insure, maintain and keep each such Unit in good order and repair and will permit the inspection of the Equipment by the Seller, the Seller's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Seller shall be entitled to a decree against the Buyer requiring specific performance hereof. The Buyer hereby expressly waives any and all claims against the Seller and its agent or agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner.

19.3. Retention of Units in Satisfaction of Conditional Sale Indebtedness. At any time during the continuance of a Declaration of Default, the Seller (after retaking possession of the Equipment as provided above) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Seller shall deem fit. Written notice of the Seller's election to retain the Equipment shall be given to the Buyer by telegram or registered mail,

addressed as provided in Section 23 and to any other persons to whom the law may require notice, within 30 days after the Buyer has returned possession of at least 80% of the Units to the Seller, or within 120 days after such Declaration of Default, whichever shall first occur. If (i) the Seller elects to retain the Equipment, and (ii) the Buyer or any other person notified under the terms of this Section 19.3 does not object in writing to the Seller within 30 days from its receipt of notice of the Seller's election to retain the Equipment, all of the Buyer's rights in the Equipment shall thereupon terminate and all payments made by the Buyer may be retained by the Seller as compensation for the use of the Equipment, provided that if the Buyer, before the expiration of the 30-day period described in clause (ii) of this sentence shall have paid and the Seller (or its assignee pursuant to Section 16.2) shall have received the full Conditional Sale Indebtedness, together with interest and all other indebtedness and payments payable under this Agreement, as well as expenses of the Seller in retaking possession of, removing and storing the Equipment and the Seller's reasonable attorneys' fees and legal expenses, and all the Buyer's indebtedness and liabilities to the Seller, the Lenders or the Agent contained in the Assignment, the Lease Assignment and the Participation Agreement shall have been paid in full, then in such event the Seller's security interest in the Equipment shall be released. If notice of objection is given as provided in clause (ii) of the previous sentence, then the Seller 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 Seller shall not have given notice of intention to retain as provided in this Section 19.3 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 Section 19.

19.4. Sale of Equipment. At any time during the continuance of a Declaration of Default, the Seller, with or without retaking possession of any of the Equipment, at its election and upon reasonable notice to the Buyer and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the Units thereof, free from any and all claims of the Buyer or any other party claiming from, through or under the Buyer at law or in equity, at public or private sale and with or without advertisement as the Seller may deter-

mine, provided that if, prior to such sale and prior to the making of a contract for such sale, the Buyer shall have paid and the Seller (or its assignee pursuant to Section 16.2) shall have received the full Conditional Sale Indebtedness, together with interest and all other indebtedness and payments payable under this Agreement, as well as expenses of the Seller in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale of the Equipment, and the Seller's reasonable attorney's fees and legal expenses, and all the Buyer's indebtedness and liabilities to the Seller, the Lenders or the Agent contained in the Assignment, the Lease Assignment and the Participation Agreement shall have been paid in full, then in such event the Seller's security interest in the Equipment shall be released. The proceeds of such sale or other disposition shall be applied as set forth in this Section 19.

Any sale under this Section 19.4 may be held or conducted at New York, New York, at such time or times as the Seller may specify (unless the Seller shall specify a different place or places, in which case the sale shall be held at such place or places as the Seller 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 Seller may determine, so long as such sale shall be in a commercially reasonable manner. The Seller or the Buyer may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale. The Buyer shall be given written notice of such sale not less than 10 days prior thereto by telegram or registered mail, addressed as provided in Section 23. 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 Buyer to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Seller shall be the purchaser of any of the Units, it shall not be accountable to the Buyer (except to the extent provided in this Section 19), and in payment of the purchase price therefor the Seller shall be entitled to have credited on account thereof all sums due to the Seller hereunder and, in the event of assignment by the Seller of its rights hereunder to the Agent, all sums due to the Agent and the Lenders under any Basic Agreement.

19.5. Remedies Not Exclusive; No Waiver, etc. Each and every power and remedy hereby specifically given to the Seller shall be in addition to every other power and remedy hereby specifically given to the Seller 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 Seller. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Seller in the exercise of any such power or remedy and no renewal or extension of any payments due under this Agreement 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 under this Agreement or other indulgence duly granted to the Buyer shall not otherwise alter or affect the Seller's rights or the Buyer's obligations under this Agreement. The Seller's acceptance of any payment after it shall have become due under this Agreement shall not be deemed to alter or affect the Buyer's obligations or the Seller's rights under this Agreement with respect to any subsequent payments or default.

19.6. Application of Proceeds. All sums of money realized under the remedies provided in this Section 19 or which are otherwise held by the Seller or the Agent, as the case may be, under the Security Documents or the Participation Agreement during the continuance of a Declaration of Default shall be applied by the Seller or the Agent, as the case may be, on receipt in the following order of priority:

first, so much of such payments or amounts as shall be required to reimburse the Seller or the Agent, as the case may be, for any tax, expense, fees or other losses incurred by such Person, any advances made by such Person pursuant to any Basic Agreement, and all indemnities payable to such Person under any Basic Agreement, to the extent not otherwise reimbursed and, if to the Agent, to the extent incurred in connection with its acting as Agent, and including any reasonable costs and expenses in the retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale of the Equipment, and reasonable attorneys' fees and legal expenses, and any taxes, assessments or charges on the Equipment prior to the Seller's security interest which the Seller or the Agent, as the case may be, may consider necessary or desirable to pay;

second, so much of such payments or amounts remaining as shall be required to reimburse the Lenders for any payments made by them to the Agent pursuant to Section 9.2(a) of the Participation Agreement and as shall be required to pay to the Lenders any amounts owed to them pursuant to the provisions of Section 6 of the Lease and as shall be required to pay any other indebtedness owed to any of the Lenders or the Agent (other than Conditional Sale Indebtedness) secured under the Conditional Sale Agreement and at the time due and payable;

third, so much of such payments or amounts remaining as shall be required to pay the Lenders in full the aggregate unpaid principal amount of the Conditional Sale Indebtedness, and all accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by applicable law, overdue interest, at the rate for overdue payments specified in Section 4.1) and, in case such moneys shall be insufficient to pay in full all such amounts at any time due and payable, then, first, to the payment of all amounts of interest at the time due and payable without preference or priority of any installment of interest over any other installment and, second, to the payment of all unpaid principal amounts of Conditional Sale Indebtedness at the time due and payable, without preference or priority of any installment or amount of principal over any other installment or amount of principal; and

fourth, the balance, if any, of such payments or amounts remaining thereafter, to the Buyer.

Each payment in clause second or third above to the Lenders or any Person shall be made ratably, without priority of one of the Lenders or one Person, as the case may be, over another, in proportion that the amount due each of such Lenders or such Person under such clause bears to the aggregate amount then due all such Lenders or Persons under such clause.

If, after applying all sums of money realized by the Seller, or the Agent, as the case may be, under the remedies provided in this Section 19, there shall remain any amount due to any Person under the provisions of this Agreement or any Basic Agreement, the Buyer shall, subject

to the provisions of Section 20, pay the amount of such deficiency to such Person upon demand, together with interest from the date of such demand to the date of payment, at the rate for overdue payments specified in Section 4.1 and, if the Buyer shall fail to pay such deficiency, such Person may bring suit therefor and shall, subject to Section 20, be entitled to recover a judgment therefor against the Buyer.

19.7. Costs and Expenses. The Buyer will pay all reasonable expenses, including attorneys' fees and legal expenses, incurred by the Seller in connection with the Seller's enforcing its remedies under the terms of this Agreement and such expenses shall constitute additional indebtedness secured hereunder. In the event that the Seller shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Seller may recover reasonable expenses, including reasonable attorneys' fees and legal expenses, and the amount thereof shall be included in such judgment.

19.8. Remedies Subject to Applicable Law. The foregoing provisions of this Section 19 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

SECTION 20. LIMITATION OF BUYER'S LIABILITY.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Sections 17 and 19), the Seller agrees that the liability of the Buyer for all payments to be made by it under this Agreement and for agreements, representations or obligations under this Agreement, with the exception only of the obligations set forth in Section 14, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", which term shall mean (a) if a Conditional Sale Default shall have occurred and be continuing, so much of the following amounts as are held or received by the Seller or the Buyer at any time after any such event and during the continuance thereof: (i) all amounts of Basic Rent and Additional Rent and amounts in respect of Casualty Occurrences paid for or with respect to the Equipment pursuant to the Lease and any and all other payments made pursuant to Section 17 of the Lease or any other provision of the Lease and (ii) any

and all payments or proceeds made or received as the result of the sale, lease or other disposition of the Equipment or as proceeds of any policy of casualty insurance maintained by the Lessee with respect to the Equipment; and (b) at any other time, only that portion of the amounts referred to in the foregoing clauses (i) and (ii) as are held or received by the Seller or the Buyer and as shall be required to discharge the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences and by the last two paragraphs of Section 4.1) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall be required to discharge any other payments then due and payable under this Agreement; provided that the term "income and proceeds from the Equipment" shall in no event include Excepted Payments (as such term is defined in the Lease Assignment).

The limitations in this Agreement on the liability of the Buyer shall not derogate from (a) the right of the Seller to proceed against the Equipment as provided for herein for the full amount of any unpaid portion of the Aggregate Purchase Price and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent or (b) the rights of the Agent and the Lenders as contemplated by Sections 10.2 and 10.3 of the Participation Agreement.

SECTION 21. APPLICABLE STATE LAWS; WAIVERS.

Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement, provided that, if the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Buyer 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 Buyer, 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 one or more Units 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 Seller's rights under this Agreement and any and all rights

of redemption, and agrees that it will not assert against any assignee of Thrall Car Manufacturing Company pursuant to Section 16.2 any claim or defense which it may now or hereafter have against Thrall Car Manufacturing Company.

SECTION 22. FURTHER ASSURANCES; RECORDING.

The Buyer will cause to be done, executed, acknowledged and delivered all such further acts, conveyances and assurances as the Seller shall reasonably require for accomplishing the purposes of this Agreement. The Buyer will take, or cause to be taken, such action with respect to the recording, filing, re-recording and re-filing of this Agreement or any amendments and supplements to this Agreement, and any financing statements, continuation statements or other instruments as is necessary, or as shall be reasonably required by the Seller or any holder from time to time of any of the Conditional Sale Indebtedness or counsel for the Seller or any such holder to establish, perfect, preserve and protect, so long as any Conditional Sale Indebtedness shall remain outstanding, the security interests and other interests created by this Agreement. The Buyer will promptly furnish to the Seller certificates or other evidence satisfactory to the Seller of such recording or filing or re-recording or re-filing. The Buyer will, promptly after any change of name of the Buyer or any successor, or any change of location of its principal place of business, the office where it keeps its records concerning the Equipment or any contracts relating thereto or its chief executive office, furnish to the Seller information with respect to any such change.

SECTION 23. NOTICES.

All notices, requests, demands and other communications required or contemplated by the provisions of this Agreement shall, unless otherwise specified, be in writing or by telex or telegraph, and shall be deemed to have been given or made on the fifth Business Day after deposit thereof in the United States mails, certified, first-class postage prepaid, or when received if sent by telex or telegraph or delivered by hand, addressed as follows:

If to the Seller:

Thrall Car Manufacturing Company
P.O. Box 218
Chicago Heights, Illinois 60411

Attention: Mr. James F. Walsh, Vice President

If to the Buyer:

Wilmington Trust Company
Tenth and Market Streets
Wilmington, Delaware 19099

Attention: Equipment Leasing Department

or, as to any party or any assignee of any party, to such other address as such party or such assignee may from time to time specify by notice hereunder.

SECTION 24. IMMUNITIES; SATISFACTION OF UNDERTAKINGS.

(a) No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

(b) The obligations of the Buyer under Sections 8, 9.1, 9.2 (except the first and fourth sentences of subdivision (a) to the extent such sentences require delivery of notices and payment schedules), 10, 11, 12, 13, 19.2, 19.7 and 22 (except the last sentence) shall be deemed in all respects satisfied by performance by the Lessee of its undertakings contained in the Lease. The Buyer shall not have any responsibility for the Lessee's failure to perform any such obligations, but if the same shall not be performed they shall constitute the basis for a Conditional Sale Event of Default pursuant to Section 17(a).

SECTION 25. MISCELLANEOUS.

25.1. Waivers; Modifications. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party hereto against which enforcement of the change, waiver, discharge or termination is sought; no such instrument shall be effective (except as to a waiver by any party hereto of one or more closing conditions set forth in Section 6 or by reference in clause (d) of Section 3.1, where waiver by telex or telegram shall be effective) unless a signed copy thereof shall have been delivered to the Buyer and the Seller.

25.2. Binding Effect; Successors and Assigns. The terms and provisions of this Agreement and the respective rights and obligations of the parties hereunder shall be binding upon, and inure to the benefit of, their respective successors and (to the extent assignments are permitted by this Agreement and the Participation Agreement) assigns.

25.3. Captions; References. The captions in this Agreement and in the table of contents are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. References herein to sections and subdivisions without reference to the document in which they are contained are references to this Agreement.

25.4. Execution; Original Counterpart. This Agreement may be executed by the parties hereto on separate counterparts and all such counterparts shall together constitute but one and the same instrument. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments attached hereto. To the extent, if any, that this Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Agreement may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Agent on or immediately following the signature page thereof.

25.5 Buyer Not Personally Liable. Wilmington Trust Company is entering into this Assignment solely as trustee for the Owner under the Trust Agreement and not in its individual capacity, and in no case whatsoever shall Wilmington Trust Company (or any entity acting as successor trustee, co-trustee or separate trustee under the Trust Agreement) be personally liable on or for any warranties, agreements or obligations of the Buyer hereunder, as to all of which the Agent agrees to look solely to the Trust Estate (as such term is defined in the Trust Agreement), except for any loss caused by its own wilfull misconduct or gross negligence.

25.6. Governing Law. This Agreement is being made and delivered in, and shall be governed by and construed in accordance with the laws of, the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed before the undersigned witnesses by their respective officers thereunto duly authorized as of the day and year first above written.

THRALL CAR MANUFACTURING COMPANY

Witnesses:

[Seal]

Attest:

Assistant Secretary

By

Title: Vice President

WILMINGTON TRUST COMPANY,
as Owner Trustee

Witnesses:

[Seal]

Attest:

Trust Officer

By

Title: Vice President

ALL RIGHT, TITLE AND INTEREST OF THRALL CAR MANUFACTURING COMPANY IN AND TO THIS CONDITIONAL SALE AGREEMENT, AS IT MAY FROM TIME TO TIME BE AMENDED, MODIFIED OR SUPPLEMENTED, HAS BEEN ASSIGNED TO AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE CONNECTICUT BANK AND TRUST COMPANY, AS AGENT. AN ORIGINAL AND SEVERAL COUNTERPARTS OF THIS AGREEMENT HAVE BEEN EXECUTED, BUT, AS SET FORTH IN SECTION 25.4, NO SECURITY INTEREST IN THIS AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART, WHICH IS IDENTIFIED AS THE COUNTERPART CONTAINING A RECEIPT THEREFOR EXECUTED BY SUCH AGENT ON THIS PAGE.

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

On the 1 day of April, in the year 1981, before me personally came Chester H. Wright, to me known, who being by me duly sworn, did depose and say that he resides at 252 Winthrop, Elmhurst, Illinois, that he is Vice President of Thrall Car Manufacturing Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that one of the seals affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order in the presence of the subscribing witnesses.

Dorothy E. Fiorelli
Notary Public

[NOTARIAL SEAL]

STATE OF DELAWARE)
) ss.:
COUNTY OF NEW CASTLE)

On the 1st day of April, in the year 1981, before me personally came Clark H. Woolley, to me known, who being by me duly sworn, did depose and say that he resides at Wilmington, Delaware, that he is Vice President of Wilmington Trust Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that one of the seals affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order in the presence of the subscribing witnesses.

Theresa M. Kirk
Notary Public

[NOTARIAL SEAL]

SCHEDULE A

Equipment = 100 Ton Rotary Dump Railroad Coal Cars

Number of Units	Serial Numbers	Purchase Price Per Unit	Purchase Price Total
126	RECX1001 RECX1002 RECX2001- RECX2124	$45,724	$5,761,224

SCHEDULE B

Payment Schedule for Each $1,000,000
of Conditional Sale Indebtedness

Payment Date	Debt Service	Interest Payment	Principal Payment	Ending Principal
October 1, 1981*	*	*	$ -0-	$1,000,000.00
April 1, 1982	$85,046.85	$73,750.00	11,296.85	988,703.15
October 1, 1982	85,046.85	72,916.86	12,130.00	976,573.15
April 1, 1983	85,046.85	72,022.27	13,024.58	963,548.57
October 1, 1983	85,046.85	71,061.71	13,985.15	949,563.42
April 1, 1984	85,046.85	70,030.30	15,016.55	934,546.87
October 1, 1984	85,046.85	68,922.83	16,124.02	918,422.85
April 1, 1985	85,046.85	67,733.69	17,313.17	901,109.69
October 1, 1985	85,046.85	66,456.84	18,590.01	882,519.67
April 1, 1986	85,046.85	65,085.83	19,961.03	862,558.65
October 1, 1986	85,046.85	63,613.70	21,433.15	841,125.50
April 1, 1987	85,046.85	62,033.01	23.013.85	818.111.65
October 1, 1987	85,046.85	60,335.73	24,711.12	793,400.53
April 1, 1988	85,046.85	58,513.29	26,533.56	766,866.97
October 1, 1988	85,046.85	56,556.44	28,490.41	738,376.55
April 1, 1989	85,046.85	54,455.27	30,591.58	707,784.97
October 1, 1989	85,046.85	52,199.14	32,847.71	674,937.26
April 1, 1990	85,046.85	49,776.62	35,270.23	639,667.03
October 1, 1990	85,046.85	47,175.44	37,871.41	601,795.62
April 1, 1991	85,046.85	44,382.43	40,664.43	561,131.20
October 1, 1991	75,266.91	41,383.43	33,883.49	527,247.71
April 1, 1992	65,606.03	38,884.52	26,721.51	500,526.20
October 1, 1992	65,606.03	36,913.81	28,692.23	471,833.97
April 1, 1993	57,579.31	34,797.76	22,781.55	449,052.42
October 1, 1993	57,579.31	33,117.62	24,461.69	424,590.73
April 1, 1994	52,687.27	31,313.57	21,373.71	403,217.03
October 1, 1994	52,687.27	29,737.26	22,950.02	380,267.01
April 1, 1995	50,694.00	28,044.69	22,649.31	357,617.70
October 1, 1995	50,694.00	26,374.31	24,319.69	333,298.01
April 1, 1996	48,581.77	24,580.73	24,001.04	309,296.97
October 1, 1996	48,581.77	22,810.65	25,771.11	283,525.86
April 1, 1997	46,342.68	20,910.03	25,432.65	258,093.21
October 1, 1997	46,342.68	19,034.37	27,308.31	230,784.90
April 1, 1998	54,543.80	17,020.39	37,523.42	193,261.48
October 1, 1998	54,543.80	14,253.03	40,290.77	152,970.71
April 1, 1999	85,046.85	11,281.59	73,765.26	79,205.45
October 1, 1999	85,046.85	5,841.40	79,205.45	0.00
TOTALS:	$2,687,070.54	$1,687,070.54	$1,000,000.00	

* Interest only shall be payable to the extent accrued on October 1, 1981.