

CHICAGO AND



TRANSPORTATION COMPANY

(312) 559-6067

July 24, 1989

VIA MESSENGER

Ms. Noreta McGee, Secretary
Interstate Commerce Commission
12th St. & Constitution Avenue, N.W.
Washington D.C. 20423

RECORDATION NO

15315-B
FILED 1425

JUL 25 1989 - 10 40 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO

15315-C
FILED 1425

JUL 25 1989 - 10 40 AM

INTERSTATE COMMERCE COMMISSION

Re: Assignment and Assumption Agreement dated as of July 14, 1989 among LaSalle National Bank, Algemene Bank Nederland N.V. and Chemical Bank and Supplement Agreement dated as of July 14, 1989 between Chicago and North Western Transportation Company and North Western Leasing Company both being related to Assignment Agreement dated as of September 15, 1987 among North Western Leasing Company and LaSalle National Bank Bearing ICC Recordation No. 15315-A

Dear Ms. McGee:

Pursuant to Section 11303 of the Interstate Commerce Act, enclosed for recordation are two originals of the above-referenced Assignment and Assumption Agreement dated as of July 14, 1989.

The names and addresses of the parties to the transactions are as follows:

Chicago and North Western Transportation Company
165 North Canal Street
One Northwestern Center
Chicago, Illinois 60606

and

North Western Leasing Company
165 North Canal Street
Chicago, Illinois, Illinois

and

Algemene Bank Nederland N.V.
Chicago Branch
Room 218
135 South LaSalle Street
Chicago, Illinois 60603

JUL 25 10 37 AM '89
MOTOR OPERATING UNIT

U. Quarter parts - J. Roads

Ms. Noreta McGee
July 24, 1989
Page 2

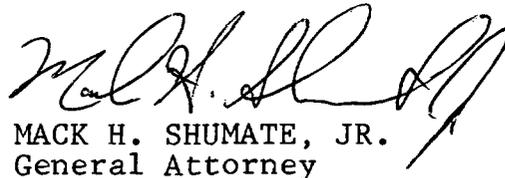
LaSalle National Bank
Room 218
135 South LaSalle Street
Chicago, Illinois 60603

and

Chemical Bank
277 Park Avenue
New York, New York 10172

Enclosed is our check for \$13.00 to cover applicable recording fees. Please assign a sequential recordation number and retain one original for Interstate Commerce Commission files and return the remaining counterpart showing applicable recordation information to me as soon as practicable.

Sincerely,



MACK H. SHUMATE, JR.
General Attorney

MHS/fpd
Enclosures

ORIGINAL

auser/17wjfh/1JFH253021/9/071389

RECORDATION NO

15315B
FILED 1425

JUL 25 1989 - 10 40 AM
INTERSTATE COMMERCE COMMISSION

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement"), dated as of July 14, 1989, by and among LaSalle National Bank ("LNB"), Algemene Bank Nederland N.V. ("ABN") (ABN and LNB are hereinafter collectively referred to as the "Assignors") and Chemical Bank (the "Assignee"),

WITNESSETH THAT:

WHEREAS, LNB, Chicago and North Western Transportation Company (the "Railroad") and North Western Leasing Company (the "Subsidiary") have entered into that certain Finance Agreement, dated as of June 15, 1987 (together with all exhibits, schedules and attachments thereto, as amended to and through the date hereof, the "Credit Agreement"), a copy of which Credit Agreement is attached hereto as Exhibit A and incorporated herein by this reference, pursuant to which LNB agreed to make certain advances up to a maximum of Five Million Dollars (\$5,000,000), which commitment to make such advances terminated on June 15, 1988; and

WHEREAS, LNB and ABN entered into that certain Assignment Agreement (the "Original Assignment") (a copy of which is attached as Exhibit B), dated as of and effective as of December 15, 1988, pursuant to which, among other things, LNB did thereby sell and assign to ABN and ABN did thereby purchase and assume from LNB, without recourse, all rights and obligations of LNB under the Credit Agreement and the advances owing to LNB as of the effective date of the Original Assignment, together with all collateral security therefor, all as more fully described in the Original Assignment; and

WHEREAS, on the date hereof, ABN has made advances in the aggregate outstanding principal amount of Four Million Three Hundred Ninety One Thousand Twenty-Five Dollars and Three Cents (\$4,391,025.03), maturing as set forth in the Credit Agreement and bearing interest at the rates set forth in the Credit Agreement, the applicable Borrowing Notices and the applicable Rate Selection Notices; and

WHEREAS, the Assignors desire to sell, assign, transfer and set over to the Assignee and the Assignee desires to purchase and assume from the Assignors, without recourse, all of the Assignors' rights in, benefits arising under, title to and interest in and all of the Assignors' obligations arising under or in connection with, the Credit Agreement, all related collateral documents and the advances owing to ABN on the Effective Date (as hereinafter defined), together with all collateral security therefor; and

WHEREAS, it is the intention of the Assignors and the Assignee that the Assignee will (1) enjoy and be entitled to all the Assignors' rights in, benefits arising under, title to, and interests in, (2) possess the same rights and benefits as the Assignors possessed in connection with, and (3) be subject to the Assignors' obligations arising under or in connection with, the Credit Agreement, all related collateral documents and the advances owing to ABN on the Effective Date and any other related loan document, including, without limitation, any agreement providing security for or guaranteeing the advances sold, assigned, transferred and set over pursuant hereto, together with all collateral security therefor, all as if the Assignee were an original signatory and party thereto on and after the Effective Date,

NOW, THEREFORE, the Assignors and the Assignee (collectively, the "Parties" and individually, a "Party"), in consideration of the agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, agree as follows:

1. The Parties acknowledge and agree that the foregoing recitals are an integral part of this Agreement and hereby incorporate them herein and make them a part of this Agreement.

2. All capitalized terms and phrases not otherwise defined herein are used herein as defined in the Credit Agreement.

3. Subject to the terms and conditions set forth herein and effective on the Effective Date, the Assignors hereby sell, assign, transfer and set over to the Assignee and the Assignee hereby purchases and assumes from the Assignors, without recourse, all of the Assignors' rights in, benefits arising under, title to, interests in and obligations arising under or in connection with (a) the Advances and the Obligations, (b) the Credit Agreement, (c) all Collateral Documents and (d) any other related loan documents, including, without limitation, any agreement providing security for or guaranteeing the Advances and the Obligations, together with all collateral security therefor (which collateral security therefor is hereinafter referred to as the "Collateral") (collectively, the "Assigned Property"), all as if the Assignee were and the Assignee shall be deemed to be the original signatory and party thereto on and after the Effective Date.

4. As additional consideration for the sale, assignment, transfer and setting over described in Section 3 hereof, the Assignee agrees to pay to ABN and ABN agrees to accept the payment of, an amount equal to the sum of the outstanding principal amount of plus all accrued and unpaid interest on, the Advances and the Obligations on the Effective Date (the "Purchase Price"), the sufficiency of which Purchase Price and the other consideration set forth herein is hereby acknowledged by the Assignors.

5. Each of the Assignors and the Assignee represents and warrants to the other that (a) it has full power, authority and legal right to execute and deliver this Agreement and to perform pursuant hereto; (b) the execution, delivery and performance of this Agreement have been authorized by all necessary corporate action and do not violate any provision of its charter or bylaws or any contractual obligation or requirement of law binding on it or to which it or its assets are subject; and (c) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

6. Each of the Assignors represents and warrants to the Assignee that (a) attached hereto as Exhibit A is a true and complete copy of the Credit Agreement, (b) attached hereto as Exhibit B is a true and complete copy of the Original Assignment, (c) attached hereto as Exhibit C is a true and complete copy of the related Collateral Documents, (d) the Credit Agreement, the Original Assignment and the related Collateral Documents have not been amended, altered, modified, cancelled, or changed in any manner whatsoever and, to the best of its knowledge, no party thereto is in default thereunder, and (e) it has not sold, assigned, transferred, set over or otherwise conveyed or alienated any interest in, the Assigned Property to any other person.

7. The obligations of the Assignors and the Assignee hereunder shall be subject to and this Agreement shall become effective upon, the fulfillment of the

conditions precedent that (a) ABN shall have received payment in full of the Purchase Price and (b) the Railroad and the Subsidiary shall have executed a Supplemental Agreement in the form set forth in Exhibit D hereto (the "Supplemental Agreement"), which shall, among other things, evidence their consent and agreement hereto. The sale, assignment, transfer and setting over of the Assigned Property provided for herein, the purchase and assumption of the Assigned Property provided for herein and this Agreement shall become effective immediately upon the satisfaction of the conditions set forth in Subsections 7(a) and 7(b) hereof (which date shall be defined as the "Effective Date"). On the Effective Date, the Assignors shall promptly cause an executed counterpart of this Agreement to be delivered to the Assignee, the Railroad and the Subsidiary.

8. The Assignee acknowledges that it is purchasing and assuming (totally without recourse) the Assigned Property from the Assignors and, except as otherwise provided herein, without representation or warranty. The Assignee further acknowledges that it has made its own independent investigation and credit evaluation of the Railroad, the Subsidiary and the Assigned Property in connection with its entering into this Agreement. Except for the representations and/or warranties expressly set forth herein, the Assignee further acknowledges that it is not relying on any other representation or warranty of the Assignors, express or implied, including without limitation, any representation or warranty relating to and the Assignors do not make any representation or warranty or assume any responsibility with respect to (a) the legality, validity, genuineness, enforceability, collectibility, interest rate, repayment schedule, value, sufficiency or accrual status of the Advances and/or the Obligations; (b) the legality, validity, genuineness, enforceability, value or sufficiency of the Credit Agreement, the Collateral Documents, or any document referred to in or delivered pursuant to or in connection with the Credit Agreement or any other Assigned Property; (c) the financial condition or creditworthiness of the Railroad, the Subsidiary, any other party liable with respect to the Advances and/or the Obligations or any of the Assigned Property; (d) any statements, representations or warranties made in or in connection with the Credit Agreement, the Advances, the Obligations, the Collateral Documents or any document referred to in or delivered pursuant to or in connection with the Credit Agreement or any other Assigned Property; or (e) the performance or observance by the Railroad and/or the Subsidiary or any other party of any of their respective obligations under any of the foregoing. Each of the Assignors has not and will not be acting as either a representative, agent or trustee of the Assignee with respect to matters arising out of or relating to the Credit Agreement, the Collateral Documents, the Original Assignment, the Supplemental Agreement, any of the other Assigned Property or this Agreement, it being understood that, from and after the Effective Date, the Assignors shall have no rights in, benefits arising under, title to or interests in or obligations arising pursuant to or in connection with the Assigned Property.

9. Each of the Assignors agrees to and it shall promptly (a) give notice and provide copies of this Agreement to the Railroad and to the Subsidiary; and (b) request the Railroad's and the Subsidiary's execution of this Agreement. If, after the Effective Date, any of the Assignors receives any payment on account of the Assigned Property to which the Assignee is entitled as provided for in this Agreement, such Assignor shall hold such payment in trust for the Assignee and shall immediately deliver such payment to the Assignee.

10. All notices, requests, reports, information, or demands shall be effective when given or made through telex, telecopier, deposit in the mails, or by hand

delivery, at the following addresses (or at such other address of which any Party may notify the other Parties in writing):

ABN:

Algemene Bank Nederland N.V.
Chicago Branch
Room 218
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Ms. Catheryn N. Fuller
Vice President
Telex No.: 253879
Telecopy No.: (312) 606-8425

LNB:

LaSalle National Bank
Room 218
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Ms. Catheryn N. Fuller
Vice President
Telex No.: 253879
Telecopy No.: (312) 606-8425

Assignee:

Chemical Bank
277 Park Avenue
New York, New York 10172
Attention: Syndications - Mr. Stuart Aronson
Telecopy No.: (212) 319-0720

11. All payments to be made by any Party hereto shall be in funds available at the place of payment the same day and shall be made by wire transfer to the account designated in writing by the Party to receive payment.

12. This Agreement shall supersede any prior agreement or understanding between the Parties as to the subject matter hereof.

13. This Agreement has been duly executed by duly authorized officers of the Assignors and the Assignee and shall be valid, binding and enforceable in accordance with its terms on the Parties hereto and their respective successors and assigns.

14. This Agreement shall be governed by and construed in accordance with, the laws of the State of Illinois.

15. Each of the Parties hereby covenants that it will, at the request of any other Party, perform, execute, enter into and/or deliver such further acts,

instruments and other documents as shall reasonably be required to effectuate the purposes of this Agreement, including, without limitation, all appropriate financing statements and other filings which are necessary to the Assignee's obtaining the perfection of a valid first priority perfected security interest in the Collateral.

16. So far as may be necessary to give effect to this Agreement, each of the Assignors irrevocably appoints the Assignee as its attorney, coupled with an interest, for it and in its name or otherwise, (a) to fully enjoy all of the rights, title, interests and benefits in, to and/or under the Assigned Property which the Assignee has purchased pursuant hereto, and (b) to demand, sue for, recover, receive, and give effectual discharges for the Assigned Property.

17. Each of the Parties hereby acknowledges that this Agreement is being entered into as permitted by Section 8.8 of the Credit Agreement.

18. Upon the Effective Date, each of the Parties agree that,

(a) the Assignee (i) shall be deemed to be and, thereafter, shall be a party to the Credit Agreement, all Collateral Documents, and any other related loan documents, including, without limitation, any agreement providing security for or guaranteeing the Advances and/or the Obligations (collectively, the "Assigned Loan Documents"), in each case, to which LNB was a party and (ii) (A) possess and be bound by all of the Assignors' rights, title, interests and benefits in, to and/or under the Assigned Property and all of their obligations arising under or in connection with the Assigned Property, and (B) all references in the Assigned Loan Documents to the term "Bank" and all other references therein to LNB shall be references to the Assignee;

(b) the Assignee shall obtain a security interest in the Collateral equal to that of the Assignors (which shall promptly be perfected pursuant to Section 15 hereof); and

(c) each of the Assignors shall relinquish all of its said rights, benefits, title and interests in, to and/or under and be released from all of its obligations arising under or in connection with, the Assigned Property.

19. The form and substance of this Agreement is satisfactory to the Assignors and the Assignee.

20. From and after the Effective Date, each of LNB and ABN shall have the right, but not the obligation, to repurchase the Assigned Property for a purchase price equal to the sum of the then outstanding principal amount of plus all accrued and unpaid interest on, the Advances and the Obligations, pursuant to an assignment and assumption agreement in substantially the same form as this Agreement, provided, however, that the Assignee may sell the Assigned Property at any time without prior notice to and without the consent of, either LNB or ABN.

21. The Assignee (a) confirms that it has received a copy of the Credit Agreement and all other Assigned Loan Documents, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement, and that it has, independently and without reliance

upon the Assignors, made its own credit decision; and (b) agrees that it will, independently and without reliance upon the Assignors and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or directing action or not taking action or not directing action under the Credit Agreement, the Advances, the Obligations, all other Assigned Loan Documents and all other Assigned Property.

22. This Agreement may be executed in any number of counterparts and by any combination of the Parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, each of the Assignors and the Assignee have hereunto affixed their respective hands and seals as of July 14, 1989.

ALGEMENE BANK NEDERLAND N.V.

By: Catharina A. Muller
Title: Vice President

By: John W. Stanger
Title: Vice President

LASALLE NATIONAL BANK

By: Maureen P. Thurnett
Title: Vice President

CHEMICAL BANK

By: _____
Title: _____

upon the Assignors, made its own credit decision; and (b) agrees that it will, independently and without reliance upon the Assignors and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or directing action or not taking action or not directing action under the Credit Agreement, the Advances, the Obligations, all other Assigned Loan Documents and all other Assigned Property.

22. This Agreement may be executed in any number of counterparts and by any combination of the Parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, each of the Assignors and the Assignee have hereunto affixed their respective hands and seals as of July 14, 1989.

ALGEMENE BANK NEDERLAND N.V.

By: _____
Title: _____

By: _____
Title: _____

LASALLE NATIONAL BANK

By: _____
Title: _____

CHEMICAL BANK

By: *John A. Hume*
Title: *President*

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this *14th* day of *July*, before me personally appeared *Attorneys Notaries, John Wm. Stanger* to me personally known, who, being by me duly sworn, says that ~~the~~ *VICE PRESIDENTS* of Algemene Bank Nederland N.V., ~~that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank, by authority of its Board of Directors and they~~ acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



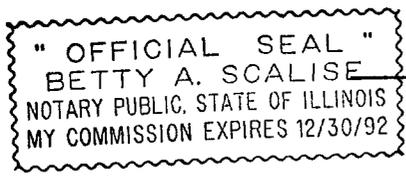
Betty A. Scalise

NOTARY PUBLIC

My Commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this *14th* day of *July*, before me personally appeared *Margaret Frost Murawski*, to me personally known, who, being by me duly sworn, says that she is a *Vice President* of LaSalle National Bank, ~~that one of the seals affixed to the foregoing instrument is the corporate seal of said bank,~~ that said instrument was signed ~~and sealed~~ on behalf of said bank, by authority of its Board of Directors and she acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



Betty A. Scalise

NOTARY PUBLIC

My Commission expires:

EXHIBIT A.

CREDIT AGREEMENT

FINANCE AGREEMENT

Among

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, the Railroad,
NORTH WESTERN LEASING COMPANY, NWL, and
LA SALLE NATIONAL BANK BANK

Dated as of June 15, 1987

FINANCE AGREEMENT

FINANCE AGREEMENT dated as of June 15, 1987, among CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (the "Railroad"), NORTH WESTERN LEASING COMPANY ("NWL") and LA SALLE NATIONAL BANK, (the "Bank").

Section 1. Recitals.

1.1 Certain Definitions. As used in this Agreement,

"Advance" means a CSA Purchase or Loan described in Section 2.1.

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

"Applicable Rate" means the Prime Rate or Fixed Rate selected by the Railroad or the Subsidiary pursuant to Section 4.1.

"Assessment Rate" shall mean, for any Fixed CD Rate Advance, the annual assessment rate (rounded upwards, if necessary, to the nearest 1/100 of 1%) applicable to the Bank on its insured deposits under the Federal Deposit Insurance Act, determined by annualizing the most recent assessment levied on the Bank by the Federal Deposit Insurance Corporation (the "FDIC") with respect to such deposits, after giving effect to the most recent rebate granted to the Bank by the FDIC with respect to deposit insurance as well as the loss to the Bank (determined in the good faith judgment of the Bank) of the use of such rebate prior to the date a credit is taken by the Bank with respect to such rebate.

"Assignment" means an assignment agreement substantially in the form of Exhibit 4 hereto, as it may be amended from time to time.

"Base Eurodollar Rate" means, with respect to a Eurodollar Obligation for an Interest Period, the rate at which deposits in U.S. Dollars are offered to the Bank by prime banks in the offshore interbank market at approximately 10:00 a.m. (Chicago time) two Eurodollar Business Days prior to the first day of such Interest Period for delivery on the first day of such Interest Period with a maturity approximately equal to such Interest Period and in an amount approximately equal to the Eurodollar Obligation.

"Base Fixed CD Rate" means, with respect to a Fixed CD Rate Obligation for an Interest Period, the rate determined by the Bank to be the average (rounded upwards, if necessary, to the nearest 1/100 of 1%) of the prevailing bid rates quoted to the Bank in the secondary market at or before 10:00 a.m. (Chicago time) or as soon thereafter as practicable on the first day of such Interest Period by two certificate of deposit dealers in New York or Chicago of recognized standing selected by the Bank in its sole discretion for the purchase from the Bank at face value of certificates of deposit of the Bank in the approximate amount of the Bank's Fixed CD Rate Obligation and having a remaining maturity approximately equal to such Interest Period.

"Borrower" means the Railroad and/or the Subsidiary.

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

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

"Closing Date" means the Closing Date for a CSA Purchase or a Loan fixed pursuant to Section 3.1.

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

"Collateral Value" means (i) for CSA Equipment the lesser of the Purchase Price thereof or the Subsidiary's cost of acquiring the CSA Equipment plus the cost of any rebuilding, repair or improvement; and (ii) for Leased Equipment the Subsidiary's cost of acquiring the Leased Equipment plus the cost of any rebuilding, repair or improvement; except that in each case the Collateral Value for rolling stock Equipment (excluding locomotives) previously owned by the Railroad shall not exceed the value thereof determined in accordance with Rule 107 of the Interchange Rules of the Association of American Railroads then in effect, and the Collateral Value for locomotive Equipment previously owned by the Railroad shall be the value as determined by Mr. Alexander Kerr, Kerr Rail Services.

"Commitment" means the amount set forth for the Bank in Exhibit 1 hereto, or such amount as reduced pursuant to Section 4.11.

"Commitment Period" is defined in Section 2.2.

"Conditional Sale Agreement" means an agreement substantially in the form of Exhibit 3 hereto, as it may be amended from time to time.

"CSA Equipment" means the Equipment purchased by the Railroad under a Conditional Sale Agreement.

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

"Debit Balance" means with respect to the Loan Account of the Bank, an amount equal to the excess, if any, of all debit entries over all credit entries recorded pursuant to this Agreement in such Loan Account up to and including the date of computation.

"Default" means an event described in Section 7.1.

"Equipment" means new or used equipment, including units previously owned by the Railroad or the Subsidiary, of the type identified in Exhibit 2 hereto.

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

"Eurodollar Rate" means, with respect to an Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the sum of (i) the quotient of (a) the Base Eurodollar Rate applicable to that Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period plus (ii) 0.75%.

"Fixed Rate" means a rate per annum equal to either the Fixed CD Rate or the Eurodollar Rate as selected by the Railroad or the Subsidiary pursuant to Section 4.1.

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

"Fixed CD Rate" means, with respect to an Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the sum of (i) the quotient of (a) the Base Fixed CD Rate applicable to that Interest Period, divided

by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period, plus (ii) the Assessment Rate applicable to that Interest Period, plus (iii) 1.00%.

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

"Fixed Rate Loan" means a Eurodollar Loan or a Fixed CD Rate Loan as selected by the Railroad or the Subsidiary pursuant to Section 4.1.

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

"Lease" means a lease substantially in the form of Exhibit 5 hereto, as it may be amended from time to time.

"Leased Equipment" means the Equipment leased to the Railroad under a Lease.

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

"Loan" means a loan to the Subsidiary pursuant to Section 2.1.

"Loan Account" means an account which shall be maintained by the Bank, in which (i) each Loan made by the Bank pursuant to Section 2.1 shall be debited thereto by the Bank recording therein on the date such Loan is made a debit entry in the amount of such Loan, and (ii) each payment to the Bank for credit to such account shall be credited thereto by the Bank recording therein on the date paid a credit entry in the amount of such payment.

"Loan Date" means a Business Day (fixed pursuant to Section 3.1) on which a loan to the Subsidiary is to be made pursuant to Section 2.1.

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

"Obligations" means the Debit Balance of the Loan Account and the unpaid principal of the CSA Purchases.

"Prepayment Notice" means a written, telex or telephonic notice by the Railroad or the Subsidiary to the Bank pursuant to Section 4.12 specifying the amount of principal to be prepaid and the effective date of such prepayment.

"Prime Rate" means a rate per annum equal to the sum of (i) the Bank's prime base rate of interest announced and in effect two Eurodollar Business Days prior to the first day of an Interest Period plus (ii) 0.50%.

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

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

"Quarterly Date" means the 15th day of September, December, March and June.

"Rate Selection Notice" means a written, telex or telephonic notice by the Railroad or the Subsidiary to the Bank pursuant to Section 4.1 specifying the Applicable Rate that shall apply with respect to the outstanding Obligations.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Reserve Requirement" means, with respect to an Interest Period, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the aggregate reserve requirement (including all basic, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during such Interest Period) which is imposed under Regulation D with respect to the class of banks of which the Bank is a member on non-personal time deposits of \$100,000 or more with a maturity equal to that of the Interest Period (in the case of Fixed CD Rate Obligations) or on Eurocurrency liabilities (in the case of Eurodollar Obligations).

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

"Security Agreement" means a security agreement substantially in the form of Exhibit 6 hereto, as it may be amended from time to time.

"Subsidiary" means North Western Leasing Company.

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

Section 2. Investment in Conditional Sale Agreements, Security Agreements, and Leases.

2.1 Advances. Subject to the terms and conditions of this Agreement, the Bank agrees: (i) to purchase from the Subsidiary pursuant to its Assignments, the Subsidiary's interest in its Conditional Sale Agreements and security interest in the CSA Equipment described therein (a "CSA Purchase"); and (ii) to make secured Loans to the Subsidiary against delivery of Security Agreements in respect of its Leased Equipment, together with closing documents described in Section 6 (a "Loan" and, together with the CSA Purchases, an "Advance" and collectively the "Advances").

2.2 Obligation to Make Advances. The Bank hereby agrees to make Advances provided that the aggregate principal amount of Advances outstanding shall not exceed the aggregate Commitment. The obligation to make Advances shall be from the date hereof through June 15, 1988 (the "Commitment Period").

2.3 Amount of Advances. No Advance shall be made unless the Bank is granted a security interest in Equipment as contemplated by the Security Agreement in connection with such Advance having a Collateral Value of at least 125% of the principal amount of such Advance.

2.4 Loan Account. All Loans by the Bank hereunder to the Subsidiary shall be evidenced by the Loan Account of the Bank. All such Loans shall be debited by the Bank to the Debit Bal-

ance of such Loan Account, and all repayments thereof shall be credited by the Bank to the Debit Balance of such Loan Account. Section 3.

3.1 Notice of Advance. Each Advance shall be made upon at least four Business Days' prior Borrowing Notice to the Bank by the Borrower.

3.2 Obligation of the Bank. The maximum amount for which the Bank is obligated under this Agreement is the amount of the Commitment.

3.3 Payment. The Railroad agrees to pay to the Bank the principal and interest and all other payments due and payable under the Conditional Sale Agreement and Assignment and the fees and all other amounts due and payable hereunder. The Subsidiary agrees to pay to the Bank the principal and interest and all other payments due with respect to the Loan Account and under the Security Agreement and all other amounts due under this Agreement.

3.4 Loan to the Subsidiary. The principal amount of each Loan as reflected in the Loan Account to the Subsidiary shall be payable in forty (40) equal quarterly installments, commencing September 15, 1988.

3.5 Conditional Sale Indebtedness. The principal amount of the Conditional Sale indebtedness shall be payable in forty (40) equal quarterly installments, commencing September 15, 1988, by the Railroad in accordance with the Conditional Sale Agreement and the Assignment.

3.6 Interest on Overdue Amounts. Any amount which is not paid when due hereunder shall be payable on demand and shall bear interest payable on demand from the day when due until such amount is paid in full at a rate equal to the rate otherwise payable during such Interest Period plus 1.00% per annum and if not paid in full by the end of such Interest Period, at a rate per annum equal to 1.5% over the rate then most recently announced and in effect from time to time as the Bank's prime rate.

Section 4. Terms.

4.1 Selection of Rate; Interest on Obligations. The Railroad and the Subsidiary shall make an irrevocable selection of the Applicable Rate to apply to its Obligations outstanding on the first day of an Interest Period by 9:00 AM two Eurodollar Business Days' prior Rate Selection Notice to the Bank, it being agreed that a single notice may be made with respect to selections of both the Railroad and the Subsidiary, such selections to be the same Applicable Rate. The Bank shall determine the Eurodollar or Fixed CD Rate, as herein provided, and shall promptly notify the Railroad thereof. The unpaid principal amount of Obligations from time to time outstanding hereunder on the first day of each Interest Period shall bear interest at a rate equal, at all times during such Interest Period (but not including the last day thereof), to the Applicable Rate. Notwithstanding the foregoing, each Advance made on any day other than the first day of an Interest Period

(herein called an "Interim Advance") shall bear interest from the date thereof to but not including the last day of such Interest Period at a rate per annum equal to the Prime Rate in effect on the Closing Date for such Interim Advance and shall thereafter bear interest at the rates selected for Obligations outstanding on the first day of an Interest Period.

If at the end of an Interest Period the Railroad and the Subsidiary shall have failed to make a Rate Selection Notice or to have paid its Obligations pursuant to Section 4.12, then such Obligations shall bear interest at the Prime Rate on and after the last day of such Interest Period until paid or until an Applicable Rate is selected pursuant to this Section.

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

4.3 Failure to Pay or Borrow on Certain Dates. If, whether by prepayment pursuant to Section 4.12, by acceleration pursuant to Section 7 or otherwise, (i) any payment of a Fixed Rate Obligation occurs on a date which is not the last day of an Interest Period, or (ii) a Fixed Rate Obligation is not made on the date specified in a Borrowing Notice or Rate Selection

Notice for any reason other than default by the Bank, the Railroad and the Subsidiary will indemnify the Bank for any loss or costs incurred by it resulting therefrom, including, without limitation, any loss in liquidating or employing deposits acquired to fund or maintain the Fixed Rate Obligation or any participation therein.

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

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

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

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

(iii) imposes any other condition, including without limitation any supplemental capital requirement, the result of which is to increase the cost to the Bank or any applicable Lending Installation of making, funding or maintaining Advances, or to reduce any amount received or receivable by the Bank or any applicable Lending Installation in connection with Advances, or to require the Bank or any applicable Lending Installation to make any payment calculated by reference to or in connection with the amount of Advances held or interest received by it, by an amount deemed material by the Bank,

then, within 15 days of demand by the Bank, Railroad and/or the Subsidiary shall pay the Bank such increased expense incurred or the loss incurred because of a reduced amount received, except for amounts for which the Bank has been compensated

through changes in the Reserve Requirement or the Assessment Rate. To the extent reasonably possible, the Bank shall designate an alternate Lending Installation with respect to its Fixed Rate Obligation to reduce any liability of the Railroad and/or the Subsidiary to the Bank under this Section as long as such designation is not materially disadvantageous to the Bank.

4.6 Bank Certificates; Survival of Indemnity. A certificate of the Bank as to the amount due under Sections 4.3, 4.4 or 4.5 shall be final, conclusive and binding on the Railroad and the Subsidiary in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Fixed Rate Obligation shall be calculated as though the Bank funded the Fixed Rate Obligation through the purchase of a deposit of the type, maturity and amount corresponding to the deposit used as a reference in determining the Fixed Rate applicable to the Obligation. Unless otherwise provided herein, the amount specified in the certificate shall be payable within fifteen days of demand after receipt by the Railroad and/or the Subsidiary of the certificate. The obligations under Sections 4.3, 4.4 and 4.5 shall survive payment of the Obligations and termination of this Agreement.

The Bank agrees, however, to use reasonable efforts in order to avoid or to minimize, as the case may be, the payment by the Railroad and/or Subsidiary of any additional amount under Section 4.3, 4.4 or 4.5, the subjecting of any payment by the Railroad and/or Subsidiary hereunder to any

withholding tax or the mandatory conversion of any Fixed Rate Obligations under Section 4.7. The Bank will, as promptly as practicable, notify the Railroad and/or Subsidiary of the existence of any event which will require the payment by the Railroad and/or the Subsidiary of any such additional amount or the subjecting of any payment by the Railroad and/or the Subsidiary to any withholding tax; provided, however, that this Section shall not in any way affect the rights of the Bank or the obligations of the Railroad and/or the Subsidiary under Sections 4.3, 4.4, 4.5 and 4.7.

4.7 Availability of Interest Rate. If the Bank, in its sole discretion, determines that (i) maintenance of the Eurodollar Loans at a foreign Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, (ii) deposits of a type and maturity appropriate to match a Fixed Rate Obligations are not available to it, (iii) adequate and reasonable means do not exist for ascertaining the applicable Eurodollar Rate, (iv) that the Fixed Rate does not accurately reflect the cost to the Bank of making or maintaining Advances, or (v) the making or funding of Fixed Rate Obligations has become impracticable as a result of any event occurring after the execution and delivery hereof, and that the designation of an alternate Lending Installation will not avoid the foregoing consequences, then the Bank may suspend the availability of the affected rate option and require any Obligations outstanding under an

affected rate option to be converted to an unaffected rate; provided, however, that in the event of such a determination under clause (iv), the Railroad and/or the Subsidiary shall be permitted to incur or maintain a Fixed Rate Obligation if the Railroad and/or the Subsidiary shall agree to pay such further amount as will, together with the Fixed Rate, fully reflect the cost to the Bank of making or maintaining such Fixed Rate Loan unless the Bank shall determine that the making or maintaining thereof would be materially disadvantageous to the Bank for the reasons stated in such notice. Subject to the provisions of Section 4 hereof, the Railroad and/or the Subsidiary may select any unaffected rate option to apply to such affected Advances or Obligations. If the Railroad and/or the Subsidiary fail to select a new rate option, the affected Advances or Obligations shall be Prime Rate Obligations. The Bank shall reinstate any suspended rate option as soon as the facts upon which such suspension is based shall no longer be operable and shall promptly notify the Railroad and/or the Subsidiary of such reinstatement.

4.8 Telephonic Notices. The Railroad and the Subsidiary hereby authorize the Bank to make Advances and effect rate selection choices based on telephonic Borrowing and Rate Selection Notices made by any person or persons the Bank in good faith believes to be acting on behalf of the Railroad and/or the Subsidiary. The Railroad and the Subsidiary agree to confirm to the Bank promptly any telephonic Borrowing or

Rate Selection Notice in writing signed by an authorized officer. If the written confirmation differs in any material respect from the action taken by the Bank, the records of the Bank shall govern absent manifest error.

4.9 Commitment Fee. The Railroad shall pay the Bank a commitment fee (for the commitment period commencing June 12, 1987 to and including June 15, 1988). Such fee shall be payable on the 15th day of September, December, March and June, commencing on September 15, 1987, for the preceding period during the commitment period for which such commitment fee shall not have been theretofore paid. Such fee shall be equal to three-eighths of one percent per annum on the daily average unused portion of the Bank's Commitment.

4.10 Basis for Payments. All payments of principal and interest on the Obligations and of commitment fees shall be made in immediately available funds on or before noon, local time, on the date due at the Bank's office in Chicago, Illinois; and funds received after that hour shall be deemed to have been received on the next Business Day. All Advances shall be made in immediately available funds on the Closing Date. All interest for Fixed Rate Obligations shall be calculated for actual days elapsed on the basis of a 360 day year; all interest for Prime Rate Obligations and commitment fees shall be calculated for actual elapsed days on the basis of a 365-day, or when appropriate, a 366-day year.

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

4.12 Prepayments. The Railroad or the Subsidiary may prepay in whole or in part the principal amount of outstanding Obligations upon five days' Prepayment Notice to the Bank; provided, however, that any such principal amount of a Fixed Rate Obligation may be prepaid only on the last day of then current Interest Period unless the Railroad or the Subsidiary has good cause to make such prepayment or such prepayment occurs because of an acceleration under Section 7, in which case the Railroad or the Subsidiary shall reimburse the Bank for any loss incurred by it pursuant to Section 4.3. Interest accrued to the date of prepayment shall be paid at the time of making the prepayment. The Bank shall not be obligated to release any Equipment in connection with a prepayment except as provided in the Conditional Sale Agreements or the Security Agreements.

Section 5. Covenants.

The Railroad and the Subsidiary agree that until the Obligations have been repaid in full, together with any other amounts payable in respect thereof in accordance with the provisions of this Agreement and any Collateral Document, and

all other Obligations of the Railroad and the Subsidiary under this Agreement and any Collateral Document are satisfied, it will:

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

5.2 Notice of Default. Forthwith upon the learning of an Event of Default hereunder or an event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, deliver written notice thereof to the Bank describing the same and the steps being taken with respect thereto.

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

5.4 Financial Statements. Furnish to the Bank: (i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, the unaudited quarterly, and within 90 days after the end of each fiscal year, the audited annual, consolidated statement of income and expenses and

consolidated balance sheet of the Railroad and its subsidiaries; (ii) as soon as available, the quarterly commodities statistics reports of the Railroad and the reports of the Railroad filed with the Interstate Commerce Commission on Form R-1; (iii) from time to time, such reports and proxy statements as the Railroad shall furnish to its stockholders or the Interstate Commerce Commission or the Securities and Exchange Commission; and (iv) from time to time, such other items as the Bank may reasonably request.

Section 6. Conditions Precedent to Advances.

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

- (a) the notice referred to in Section 3.1 hereunder;
- (b) resolutions of the Board of Directors of the Railroad and the Subsidiary, certified by the secretary or assistant secretary, authorizing the execution of this Agreement, the Conditional Sale Agreement, the Assignment, the Security Agreement and the Lease applicable to such Advance, and all other documents required or contemplated hereby and by such agreements in respect of such Advance;
- (c) a Certificate of Incumbency executed by the secretary or assistant secretary of the Railroad and the Subsidiary listing the officers authorized to execute documents in connection with this Agreement, the Conditional Sale Agreement,

the Assignment, the Security Agreements and the Leases and giving sample specimens of their signatures;

(d) the Certificate of Acceptance covering the CSA Equipment or the Leased Equipment, as the case may be, related to such Advance;

(e) a certificate of a senior vice president or vice president of the Railroad and the Subsidiary, substantially in the form of Exhibit 7 hereto and dated the date of such Advance.

(f) the certificate or verification of insurance required by Article 9 of the Conditional Sale Agreement or by Section 11 of the Lease, as the case may be.

6.2 Conditions to CSA Purchase. The Bank shall not be obligated to make any CSA Purchase unless the Bank shall have received (in addition to the documents required by Section 6.1):

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

(b) the documents specified in Section 4 of the Assignment attached hereto as Exhibit 4.

6.3 Conditions to Loans. The Bank shall not be obligated to make any Loan unless the Bank shall have received (in addition to the documentation required under Section 6.1):

(a) a Lease duly executed by the Railroad covering the Leased Equipment and a Security Agreement duly executed by the Subsidiary covering the Leased Equipment and the Lease accompanied by evidence that such documents have been filed with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act and that there exists no conflicting liens or claims on such Equipment;

(b) the documents specified in Section 2 of the Security Agreement attached hereto as Exhibit 6 and documents comparable to those required in the Assignment.

Section 7. Events of Default and Remedies.

7.1 Events of Default. The occurrence of any of the following shall constitute Events of Default hereunder:

(a) The occurrence of any Event of Default as defined in Article 16 of any of the Conditional Sale Agreements or Section 5.1 of any of the Security Agreements; or

(b) The failure of the Railroad and/or the Subsidiary to pay any fee or other monetary obligation hereunder and such failure continues for a period of five days after written notice from the Bank; or

(c) The failure by the Railroad to perform any of its other obligations hereunder and such failure continues for a period of 30 days after written notice from the Bank.

7.2 Remedies. Upon the occurrence of any Event of Default, the Bank may, without notice or demand to the Railroad or the Subsidiary (except as such notice or demand may be required under the Conditional Sale Agreements, the Security Agreements, or Leases, and not waived therein), which are hereby waived, exercise any one or more of the rights available after the occurrence of any Event of Default pursuant to the Conditional Sale Agreements and the Security Agreements.

Section 8. Miscellaneous.

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

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

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

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

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

8.6 Interest of Bank. Notwithstanding anything to the contrary contained in this Agreement, the Conditional Sale Agreements, the Assignments, the Security Agreements, the Leases, any Bill of Sale, or any other document executed in connection herewith, the interest of the Bank in the Equipment is that of a secured party. The Bank is not an owner of the Equipment by virtue of any of the above-described documents.

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

8.8 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto, the successors and assigns of the Railroad permitted by Section 17.3 of any Lease, and the respective successors and assigns of the Bank.

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

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: *J. B. McGill*

Title: *Vice President - Finance*

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

NORTH WESTERN LEASING COMPANY

By: *J. B. McGill*

Title: *Vice President - Finance*

165 North Canal Street
Chicago, Illinois 60606
Attn: Assistant Vice President

LA SALLE NATIONAL BANK

By: *Joseph C. Lane*

Title: *Vice President*

135 South LaSalle Street
Chicago, Illinois 60603
Attn: Mr. Joseph Lane
Vice President

EXHIBIT 1
TO
FINANCE AGREEMENT DATED AS OF JUNE 15, 1987
AMONG
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
NORTH WESTERN LEASING COMPANY
AND
LA SALLE NATIONAL BANK

<u>NAME OF BANK</u>	<u>COMMITMENT AMOUNT</u>
LA SALLE NATIONAL BANK	\$5,000,000
TOTAL:	<u>\$5,000,000</u>

FA-475(1)

EXHIBIT 2
TO
FINANCE AGREEMENT DATED AS OF JUNE 15, 1987
AMONG
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
NORTH WESTERN LEASING COMPANY
AND
LA SALLE NATIONAL BANK

<u>Type of Equipment</u>	<u>Number of Equal Quarterly Principal Installments</u>
Freight Cars*	40
Locomotives	40

* Rolling Stock (new, used, unimproved, rebuilt or improved)

CONDITIONAL SALE AGREEMENT

Dated as of

between

NORTH WESTERN LEASING COMPANY

and

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

CONDITIONAL SALE AGREEMENT

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

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

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

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

ARTICLE 2. Sale. Pursuant to this Agreement, the Seller will sell and deliver to the Railroad, and the Railroad will purchase from the Seller and accept delivery of and pay for (as hereinafter provided), all of the Equipment. Each unit of the Equipment shall conform to the specifications applicable thereto, including such modifications thereof as may be agreed upon in writing between the Seller and the Railroad (which specifications, with such modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of Equipment shall, on the date of delivery thereof to the Railroad, in each case conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to equipment of the character of such units of the Equipment.

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

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

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit. Any unit of Equipment not delivered, accepted and settled for on or prior to June 15, 1988 (hereinafter called the "Cut-Off Date") shall be excluded from this Agreement and from the term "Equipment" as used herein, and the Railroad shall be relieved of its obligation to purchase and pay for any such unit.

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

For the purpose of settlement therefore, the Equipment shall be divided into such number of groups of units (each such group being hereinafter called a "Group") as the Seller and the Railroad may agree to. The term "Closing Date" with respect to any Group shall mean such date not later than the Cut-Off Date (as defined in Article 3), occurring not more than ten Business Days following presentation by the Seller to the Railroad of an invoice for the Purchase Price of such Group, as shall be fixed by the Railroad by written notice delivered to the Vendor at least four Business Days prior to the Closing Date designated therein. The term "Business Day or Days" shall have the same meaning as defined in the Finance Agreement dated as of

June 15, 1987, as amended from time to time (the "Finance Agreement") among the Railroad, the Seller and La Salle National Bank (the "Assignee").

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

- (a) on the Closing Date for each Group, an amount equal to at least 20% of the Purchase Price of all units of Equipment in such Group.
- (b) in 40 consecutive equal (except for appropriate adjustment of the final installment in case the amount payable pursuant to this subparagraph (b) shall not, when divided by 40, result in an amount ending in an integral cent) quarter-annual installments, as hereinafter provided, an amount equal to the aggregate of the Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the "Conditional Sale Indebtedness").

The installments of the Conditional Sale Indebtedness shall be payable quarter-annually on September 15, December 15, March 15 and June 15 in each year commencing on September 15, 1988 to and including June 15, 1998. The unpaid Conditional Sale Indebtedness shall bear interest, from the Closing Date for each Group at a rate per annum equal to the Applicable Rate as determined from time to time in accordance with the Finance Agreement. Such interest shall be payable quarterly on the fifteenth day of March, June, September and December in each year commencing the first such date after the Closing Date (such dates being hereinafter called the "Interest Payment Dates").

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

The Railroad will pay upon demand to the extent legally enforceable interest at the rate prescribed in Section 3.6 of

the Finance Agreement on all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

The Railroad shall have the privilege of prepaying the Conditional Sale Indebtedness or any installment thereof, at any time, without penalty or premium but with such additional amounts as are required by Sections 4.3 and 4.12 of the Finance Agreement, and each such prepayment shall be applied to reduce installments in the inverse order of maturity thereof. The Railroad shall pay simultaneously with any prepayment pursuant to this paragraph all unpaid interest, if any, on the amount then to be prepaid, but only to the extent accrued to the date of prepayment.

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

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

ARTICLE 5. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expenses to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], excess profits and similar taxes) or license or registration fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, use, payment, shipment, delivery or transfer of title or other disposition under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines, levies, imposts, duties, withholdings, stamp taxes and penalties, together with any interest payable with respect thereto, being hereinafter called "impositions"), all of which impositions the Railroad assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Without limiting the foregoing, the Railroad will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its interest therein (except as provided above) and will keep at all times all and every part of the Equipment

free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Railroad shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Railroad shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor believes in its reasonable opinion that it shall have been legally liable with respect thereto (as evidenced, if the Railroad so requests, by an opinion of counsel for the Vendor, the reasonable fees and out-of-pocket expenses of which counsel shall be paid by the Railroad) or unless the Railroad shall have approved the payment thereof.

ARTICLE 6. Security Interest in the Equipment. The Seller and the Railroad may enter into other conditional sale agreements or may enter into leases for the purchase or lease by the Railroad of railroad equipment, and the Railroad and the Seller may cause Assignee, pursuant to the Finance Agreement to acquire by assignment from the Seller its interest in such equipment and conditional sale agreements, or to make loans to the Seller secured by security agreements and the leased equipment described therein (such Finance Agreement, conditional sale agreements, leases and security agreements being hereinafter called the "Related Agreements"). In consideration for the Seller's entering into this Agreement and each of the Related Agreements to which it is a party, and for the Assignee's entering into the related assignments and making loans to the Seller in respect of the leased equipment, the Railroad agrees that the Equipment shall be security for the indebtedness and other obligations of the Railroad and the Seller under all the Related Agreements, and the Railroad does hereby grant to the Seller prior to any assignment of this Agreement to the Assignee and to the Assignee after such assignment (the grantee being in each such case defined as the "Vendor" as provided in Article 1 hereof) a continuing security interest in the Equipment to secure the payment of the indebtedness and performance of the obligations of the Railroad and the Seller, as the case may be, under each Related Agreement in accordance with the terms thereof as though the Equipment were part of the equipment described therein; provided, however, that if the Railroad or the Seller is indebted to the Vendor under any Related Agreement at any time after the Railroad shall have paid under this Agreement the full indebtedness in

respect of the Purchase Price of all units of the Equipment, and any such unit suffers a Casualty Occurrence (as defined in Article 8 hereof) or is disposed of by the Railroad in the ordinary course of business, no deposit, prepayment or additional security shall be required under Article 8 or under any Related Agreement or otherwise, and, provided there is then no existing default under any Related Agreement, the Vendor's security interest in such unit shall be deemed to be terminated and released upon such disposition or occurrence and absolute right to the possession of, title to, and property in such unit shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Railroad and at the Railroad's expense, will execute and deliver to the Railroad or the Railroad's vendee or nominee, a bill of sale (without warranties) for such unit, and such other documents as may be necessary or appropriate to make clear upon the public records the release of the security interest of the Vendor in such unit.

The Vendor shall and hereby does retain a continuing security interest in the Equipment until the Railroad and the Seller shall have made all their payments and shall have kept and performed all their agreements and obligations under this Agreement and under the Related Agreements, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment (except additions that are not required by Article 9 hereof and that are readily removable without causing material damage to the unit) and any and all replacements of the Equipment and of parts thereof and additions thereto (except as provided above) shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in this Article 6 and in Article 8 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment and in respect of the price of the equipment described in the Finance Agreement and the Related Agreements, together with interest and all other payments as herein and in the Finance Agreement and the Related Agreements provided, shall have been paid, and all the Railroad's and the Seller's obligations herein and in the Finance Agreement and the Related Agreements contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad and at the Railroad's expense at that time will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Railroad, or upon its order (such bill of sale to be without

warranty except that the Equipment is free of all liens, security interests and other encumbrances created or retained hereby), and deliver such bill or bills of sale to the Railroad at its address referred to in Article 21 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Vendor in the Equipment and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

ARTICLE 7. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will, on and after the Cut-Off Date, cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or the name of the Vendor followed by the words "Agent, Owner", or other appropriate markings approved by the Vendor with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Railroad will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

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

ARTICLE 8. Casualty Occurrences. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, or, in the opinion of the Railroad, shall no longer be economically useful to the Railroad, or shall be irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Agreement (such occurrence being hereinafter called "Casualty Occurrences"), the Railroad shall promptly and fully inform the Vendor in regard thereto (after it has knowledge of such Casualty Occurrence). The Railroad shall, on the next date for the payment of an installment of Conditional Sale Indebtedness or interest hereunder occurring thirty (30) days after it has knowledge of such event, pay to the Vendor a sum equal to the aggregate Casualty Value (as defined herein) of such units of the Equipment as of the date of payment (or the sum provided for in third paragraph of this Article 8 in the event the Railroad makes such payment pursuant to said third paragraph) and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall, as the Railroad may direct in a written instrument filed with the Vendor, be applied (so long as no event of default shall have occurred and be continuing), in whole or in part, to prepay installments of Conditional Sale Indebtedness or toward the cost of a new or used unit or units of equipment in good condition and complying with all the provisions of the fifth paragraph of Article 9 hereof to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life at least as long as that which the unit being replaced would have had but for the Casualty Occurrence.

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

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

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence (including a replacement unit) shall be deemed to be the Purchase Price of such unit (or cost thereof in the case of a replacement unit) less an amount representing (as of the date that the Railroad determines that such unit suffered a Casualty Occurrence) depreciation on such unit at the rate of 7% per annum for units of rolling stock, but in no event shall the Casualty Value be less than the Conditional Sale Indebtedness in respect of such unit as of the date that the Railroad determines that such unit suffered a Casualty Occurrence.

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

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

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

(2) an opinion of Counsel for the Railroad that the Vendor has a valid and perfected security interest in such replacement unit, free and clear from all claims, liens, security interests and other encumbrances except the rights of the Railroad under this Agreement, that such unit has come under and become subject to this Agreement and that all necessary filings and recordings have been made to perfect the security interest of the Vendor therein.

So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 or prime-2 by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of or bankers' acceptances accepted by, domestic commercial banks in the United States of America having capital and surplus in excess of \$50,000,000 in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called "Investments"). Any such obligations may from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If one or more events of default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 17 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad and at the Railroad's expense, after payment by the Railroad of a sum equal to (A) the lesser of (i) the Casualty Value of such equipment, or (ii) the amount provided for in the third paragraph of this Article 8, plus (B) any cost and expenses of the Vendor in connection with such sale for which the Vendor is to be reimbursed hereunder, execute and deliver to the Railroad or the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

ARTICLE 9. Insurance, Maintenance, Compliance with Laws and Rules. The Railroad will, at all times during the term of this Agreement, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the units of Equipment at the time subject hereto in amounts (subject to Railroad's customary deductibles) and against risks customarily insured against by railroad companies in respect of similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by the Railroad in respect of similar equipment owned by it. The Railroad will deliver on the Closing Date and annually thereafter on or before May 31, certificates (or verifications) of insurance from the Railroad's insurance broker evidencing any property and liability insurance effected or in force in accordance with the provisions of this Article. The Railroad will cause the Vendor to be named as additional insured. All policies evidenced by certificates of insurance shall contain an agreement of the insurers that such policies shall not be cancelled without at least 30 days' prior written notice to the Vendor in the event of nonpayment of premium by the Railroad when due.

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

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

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

During the term of this Agreement the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 10. Reports and Inspections. On or before April 30 in each year, commencing in 1988, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have been withdrawn from use pending repairs (other than running repairs) (such units being hereinafter called the "Bad Order Units") or that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request, (b) setting forth the amount, description and numbers of any Bad Order Units that have been repaired and that are in use on the date of such statement, and (c) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. If, as set forth in such statement, the number of Bad Order Units withdrawn from use as of the date of such statement (giving effect to repairs made on or prior to that date) exceeds the number equal to 5% of all the units of the Equipment, then the Bad Order Units in excess of such number shall be identified by the Railroad in such statement and shall be deemed to have suffered a Casualty Occurrence on the date of such statement, and payment therefor shall be made as provided in Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 11. Possession and Use. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that such possession and use of rolling stock units of equipment shall be upon the lines of railroad owned or operated by the Railroad either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, from and after delivery of the Equipment by the Seller to the Railroad, but only upon and subject to all the terms and conditions of this Agreement. The Railroad shall not, without the prior written consent of the Vendor (which consent will not be unreasonably withheld), have the right to lease the Equipment or any unit thereof; provided, however, that the Railroad shall have the right to lease the Equipment or any unit thereof to any railroad organized under the laws of the United States of America or any state thereof or the District of Columbia

without the Vendor's consent if such lease (i) shall provide that the Equipment will be operated and maintained in accordance with the terms hereof, and (ii) is for a term not longer than the lesser of six months or one day less than the remaining term of this Agreement. Any lease and the rights of the Lessee thereunder shall in all events be expressly subject and subordinate to this Agreement and the rights and interests of the Vendor and its successors and assigns hereunder. The Railroad shall, promptly upon entering into any lease, furnish to the Vendor a written statement setting forth the amount, description and number of the units of the Equipment being leased and attaching a copy of the lease. In no event shall any assignment or lease entered into by the Railroad relieve the Railroad of any liability or obligation hereunder which shall be and remain those of a principal and not a surety. Anything contained herein to the contrary notwithstanding, the Railroad shall at no time while this Agreement is in effect assign or permit the assignment of any unit of Equipment to, or use or permit the use by any assignee or lessee of any unit of Equipment in, service involving regular operation outside the contiguous continental United States.

ARTICLE 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any person from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's interest therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement and shall become obligations of the Railroad and/or the Seller, as the case may be, to the Bank hereunder.

This covenant will not be deemed breached by reason of (i) liens for taxes, assessments or governmental charges or levies, in each case, not due and delinquent, or (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent, or (iii) liens for taxes, assessments or governmental charges or levies, in each case, due and delinquent, or (iv) determined or not inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business, in each case, delinquent; provided, however, that in the case of a lien described in the foregoing clauses (iii) or (iv) the validity of such lien is being contested in good faith by appropriate legal proceedings and such lien does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement.

The liens, claims and encumbrances permitted by this Article 12 are hereinafter collectively referred to as the "Permitted Encumbrances."

ARTICLE 13. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and costs, charges, and expenses in connection therewith, including reasonable counsel fees, arising out of (i) retention by the Vendor of a security interest in the Equipment, (ii) the use and operation, or the maintenance, repair or replacement, thereof by the Railroad during the period when said security interest remains in the Vendor, (iii) the transfer of said security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, (iv) without limiting the foregoing, the construction, reconstruction, possession, purchase, delivery, installation, ownership, leasing, return, sale or other disposition of the Equipment, (v) the condition of the Equipment at any time, (vi) the acts or omissions to act of the Railroad, whether for itself or as agent or attorney-in-fact for the Vendor hereunder or under any Related Agreement, or (vii) claims for negligence or strict liability in tort relating to the Equipment. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 14. Patent Indemnities, Warranty of Material and Workmanship. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against any and all losses, damages, liabilities, claims, demands, costs, charges and expenses including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, its assigns because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

ARTICLE 15. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent, not to be unreasonably withheld, of the Vendor. A sale, assignment, transfer, disposition or lease to a railroad company organized under the laws of the United States of America or any of the States thereof or other purchaser or lessee which shall acquire or lease all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument

satisfactory to the Vendor, shall assume and agree to perform each of, and all, the obligations and covenants of the Railroad under this Agreement, or an assignment by the Railroad to one of its wholly-owned subsidiary companies, shall not be deemed a breach of this covenant, provided that the Railroad (with binding effect upon successors of the Railroad) agrees not to be released as a primary obligor for the payment of principal and interest when due and payable (whether by acceleration or otherwise) on indebtedness outstanding under this Agreement on the date of such sale, assignment, transfer or disposition.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Seller from, any of the obligations of the Seller to sell and deliver the Equipment in accordance with this Agreement or to respond to its obligations and warranties hereunder, or relieve the Railroad of any of its obligations to the Seller which, according to its terms or context, is intended to survive an assignment.

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

The Railroad recognizes that it is the custom of railroad equipment sellers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any defect

in the Seller's title to, or any interruption from whatsoever cause in the use, operation, or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment, or any part thereof, or by reason of any other indebtedness, howsoever and whenever arising, of the Seller, to the Railroad or to any other person, firm, or corporation or to any governmental authority, or any breach of any obligation of the Seller with respect to the Equipment or the manufacture, construction, delivery, repair or warranty thereof, or from any other cause whatsoever, it being the intent hereof that the Railroad shall be unconditionally and absolutely obligated to pay the Vendor all of the amounts which are the subject of its assignment. Any and all obligations of the Seller, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Seller.

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

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement when payment thereof shall be due hereunder and such failure shall continue for more than 5 business days after written notice thereof from the Vendor; or

(b) the Railroad or the Seller shall fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of the Finance Agreement or of the Related Agreements referred to in Article 6 hereof, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance and such failure shall continue for more than 30 days after the Vendor shall have demanded in writing performance thereof; or

(c) any representation or warranty on the part of the Railroad or the Seller made herein, in the Finance Agreement, in any Related Agreement or in any of the other operative agreements with respect hereto or thereto or in any statement or certificate furnished to the Vendor or its assigns pursuant

to or in connection with this Agreement, the Finance Agreement, any Related Agreements, or any of the other operative agreements with respect hereto or thereto is untrue in any material respect as of the date of issuance or making thereof, and, in the case of representations or warranties set forth in paragraphs 2, 4, or 8 of Attachment A to the certificates delivered pursuant to Section 6.1(e) of the Finance Agreement, any such representation or warranty has continued to be false and misleading for thirty days after notice with respect thereto from the Vendor; or

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

(e) any other case or proceedings shall be commenced by or against the Railroad for any relief or adjudication under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or the Board of Directors of the Railroad shall authorize the commencement of any such other case or proceedings, and, if any such case or proceedings have been commenced against the Railroad, such case or proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such case or proceedings shall have commenced; or the Railroad shall make an assignment for the benefit of creditors; or the Railroad admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, and such

admission, inability or failure shall continue for 30 days after notice thereof from the Vendor; or a trustee, custodian or receiver is appointed for the Railroad or for a major part of the property thereof and is not discharged within 60 days after such appointment; or

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

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Without limiting the other rights of the Vendor, the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services, and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor and (b) the Equipment to be moved to such interchange point or points of the Railroad as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad and, at the Railroad's risk, to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (whether before or after taking possession of the Equipment as hereinbefore this Article 17 provided) may at its election and upon such notice as is hereinafter set

forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days for the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon not less than 15 days' notice to the Railroad and to any other persons to whom the law may require notice of the time and place and upon any other notice which may be required by law, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at a public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due

under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than 15 days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 21 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at a cash price at least equal to the amount described in the proviso to the first sentence of the foregoing paragraph. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor the per diem interchange applicable (if any) for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise

any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Railroad at the rate per annum set forth in Article 4 hereof, applicable to amounts remaining unpaid after becoming due and payable. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be applied to any sum due under the Related Agreements, in such order as the Vendor may elect, and if any further surplus remains it shall be paid to the Railroad.

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

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any

kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 19. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U. S. C., §11303; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit, and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Railroad will pay all reasonable costs and expenses (including the reasonable fees and expenses of counsel for the Seller and the first assignee incident to this Agreement and the first assignment of this Agreement and any instrument supplemental or related hereto or thereto.

ARTICLE 21. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

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

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

(c) to the La Salle National Bank as assignee of the Vendor at 135 South La Salle Street, Chicago, Illinois 60603, attention Joseph Lane, Vice President, or such address as may have been furnished in writing to each of the other parties hereto by such assignee,

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

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

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and the Railroad.

ARTICLE 23. Law Governing. The Railroad warrants that its chief place of business and its chief executive officers are located in the state specified in clause (a) of Article 21 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by 49 U. S. C. §11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

THE RAILROAD ACKNOWLEDGES INSOFAR AS THE VENDOR IS CONCERNED THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, THE EQUIPMENT IS SOLD AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (1) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY UNIT OR UNITS OF EQUIPMENT, INCLUDING, WITHOUT LIMITATION, THEIR VALUE, CONDITION, DESIGN OR OPERATION, OR (11) ANY OTHER MATTER WHATSOEVER IT BEING UNDERSTOOD AND AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY THE RAILROAD.

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

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Vice President

[Corporate Seal]

ATTEST:

Assistant Secretary

NORTH WESTERN LEASING COMPANY

By _____
Vice President

[Corporate Seal]

ATTEST:

Assistant Secretary

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

On this day of , before me personally
appeared , to me personally known who,
being by me duly sworn, says that he is a Vice President
of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, that one
of the seals affixed to the foregoing instrument is the
corporate seal of said corporation, that said instrument was
signed and sealed on behalf of said corporation by authority of
its Board of Directors and he acknowledged that the execution
of the foregoing instrument was the free act and deed of said
corporation.

Notary Public

[Notarial Seal]

My Commission expires:

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

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

Notary Public

[Notarial Seal]

My Commission expires