

CRAVATH, SWAINE & MOORE OCT 19 1987 -3 15 PM

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1 5335 B
RECORDATION NO. _____ Filed 1428

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INTERSTATE COMMERCE COMMISSION

1 5335 C
RECORDATION NO. _____ Filed 1428

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INTERSTATE COMMERCE COMMISSION

Consolidated Rail Corporation
Lease Financing Dated as of October 1, 1987
Conditional Sale Indebtedness Due January 2, 2002

No. 7-2924010

Date OCT 19 1987

Fee \$ 20.00

ICC Washington

OCT 19 1987 -3 15 PM
RECORDATION NO. 1 5335
OCT 19 1987 -3 15 PM
October 19 1987
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100 OFFICE OF
SECRETARY

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Consolidated Rail Corporation, for filing and recordation, counterparts of each of the following documents:

New Number -

- A

1. (a) Conditional Sale Agreement dated as of October 1, 1987, among Consolidated Rail Corporation, Thrall Car Manufacturing Company and Trinity Industries, Inc., as Builders, and Whirlpool Acceptance Corporation, as Vendee; and

- B

(b) Agreement and Assignment dated as of October 1, 1987, among Consolidated Rail Corporation, Thrall Car Manufacturing Company and Trinity Industries, Inc., as Builders, and Mercantile-Safe Deposit and Trust Company, as Agent.

- C

2. (a) Lease of Railroad Equipment dated as of October 1, 1987, between Consolidated Rail Corporation, as Lessee, and Whirlpool Acceptance Corporation, as Vendee; and

(b) Assignment of Lease and Agreement dated as of October 1, 1987, between Whirlpool Acceptance

Countersigned
D. J. Jacoby

Corporation, as Vendee, and Mercantile-Safe Deposit and Trust Company, as Agent.

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

1. Agent:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

2. Vendee:

Whirlpool Acceptance Corporation
17177 N. Laurel Park Drive
Livonia, Michigan 48152

3. Builders-Vendors:

Consolidated Rail Corporation
1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

Thrall Car Manufacturing Company
26th and State Streets
Chicago, Illinois 60411

Trinity Industries, Inc.,
2525 Stemmons Freeway
Dallas, Texas 75207

4. Lessee:

Consolidated Rail Corporation
1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

Please file and record the documents referred to in this letter and index them under the names of the Agent, the Vendee the Builders-Vendors and the Lessee.

The equipment covered by the aforementioned documents is listed on Exhibit A attached hereto.

The equipment bears the legend "Ownership Subject to Documents Filed with The Interstate Commerce Commission".

There is also enclosed a check for \$20 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document), and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments and this transmittal letter for your files. It is requested that the remaining counterparts of the documents be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich /aws

Laurance V. Goodrich
as Agent for Consolidated Rail
Corporation

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

ANNEX B

to

Conditional Sale Agreement

<u>Builder*</u>	<u>Type</u>	<u>Builder's Specifications</u>	<u>Plant</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>	<u>Base Price per Unit</u>	<u>Total</u>	<u>Place of Delivery</u>	
Thrall Car Manufacturing Company	Bi-Level enclosed auto racks	FA	Chicago Heights, Illinois	100	CR 6000-6099**	\$25,860	\$ 2,586,000	Winder, Georgia	
Thrall Car Manufacturing Company	Tri-Level enclosed auto racks	FA	Chicago Heights, Illinois	150	CR 3900-3999 CR 5001-5050	33,830	5,074,500	Winder, Georgia	
Trinity Industries Inc.	Tri-Level enclosed auto racks	FA	Greenville, PA	150	CR 3750-3899	33,068	4,960,200	F. O. B. Greenville, PA	
							400	\$12,620,700	

* To the extent Consolidated Rail Corporation ("Conrail") purchases units of Equipment from the other Builders before the first Closing Date, Conrail will be the Builder hereunder as to all such units and will sell such units hereunder at the same price it paid for them.

** The first 18 cars are numbered CR 2100 to 2117 and such numbers will eventually be changed to CR 6000 to 6017. This Agreement covers the cars under both sets of numbers.

Exhibit A

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/19/87

Laurance V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/19/87 at 3:15pm, and assigned re-
recording number (s). 15335, 15335-A, 15335-B & 15335-C

Sincerely yours,

Noreta R. McGehee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5335

RECORDATION NO. _____ Filed 10/20

[P72029]

OCT 19 1987 -3 15 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. No. 1240-200]

CONDITIONAL SALE AGREEMENT

Dated as of October 1, 1987

among

CONSOLIDATED RAIL CORPORATION,
THRALL CAR MANUFACTURING COMPANY
and
TRINITY INDUSTRIES, INC.

and

WHIRLPOOL ACCEPTANCE CORPORATION

Conditional Sale Agreement

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* This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

CONDITIONAL SALE AGREEMENT dated as of October 1, 1987, among CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation, THRALL CAR MANUFACTURING COMPANY, a Delaware corporation and TRINITY INDUSTRIES, INC., a Delaware corporation (collectively "Builders", or severally "Builder" or collectively or severally "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof) and WHIRLPOOL ACCEPTANCE CORPORATION, a Delaware corporation ("Vendee").

WHEREAS the Builders have severally agreed to conditionally sell and deliver to the Vendee, and the Vendee has agreed to conditionally purchase, the railroad equipment described in Annex B hereto to the extent not excluded herefrom under the provisions hereof ("Units"); and

WHEREAS the Vendee is entering into a Lease of Railroad Equipment with Consolidated Rail Corporation ("Lessee") substantially in the form annexed hereto as Annex C ("Lease") pursuant to which the Lessee will lease from the Vendee such number of Units as are delivered and accepted hereunder; and

WHEREAS Mercantile-Safe Deposit and Trust Company (hereinafter called the "Assignee" or the "Vendor" as more particularly set forth in Article 1 hereof), is acting as Agent for an institutional investor pursuant to a Participation Agreement dated as of the date hereof ("Participation Agreement") among the Assignee, the Lessee, the Vendee and The CIT Group/Capital Financing, Inc. (together with its successors and assigns, "Investors"), and all obligations of the Vendee to the Builders under the Purchase Order (as defined in the Participation Agreement) will be superseded by this Agreement.

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

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will purchase the Units and provide the cash portion of the Purchase Price (as hereinafter defined) of the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof

and that an amount equal to the balance of such Purchase Price shall be paid to the Builders by the Assignee pursuant to an Agreement and Assignment (the "CSA Assignment") dated as of the date hereof between each of the Builders and the Assignee.

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, each Builder and any successor or successors for the time being to its properties and business, 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, and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, such Builder and any successor or successors for the time being to its properties and business.

The parties hereto contemplate that the Vendee will assign to the Assignee, as security for the payment and performance of all the Vendee's obligations hereunder, certain rights, titles, and interests of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement substantially in the form of Annex D hereto ("Lease Assignment").

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon a corporation selling equipment hereunder, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder will conditionally sell and deliver to the Vendee, and the Vendee will conditionally purchase from each Builder and accept delivery of and pay for (as hereinafter provided and subject to the limitations hereinafter set forth), such Units, each Unit of which shall be constructed in accordance with the applicable specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among the applicable Builder, the Vendee and the Lessee (which specifications and modifications, if any, are

hereinafter called "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to the Specifications and all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment, will not incorporate any used components (or, if such components are incorporated, their aggregate cost will not be more than 20% of the cost of material and parts used in constructing such unit) and will not have been used by any person so as to preclude the "original use" of such unit, within the meaning of Section 167(c)(2) of the Internal Revenue Code of 1986, as amended, from commencing with the Vendee.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Annex B hereto in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made (i) until this Agreement and the Lease have been filed with the Interstate Commerce Commission pursuant to 49 U.S.C § 11303; (ii) subsequent to the commencement of any proceedings or the occurrence of any event specified in clauses (c) or (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default (any such commencement, occurrence, event of default or event being hereinafter in this Agreement called a "Default"); provided, such Builder has notice thereof; or (iii) if the Purchase Price for such unit when added to the aggregate Purchase Price of (A) all units theretofore delivered and accepted under and made subject to this Agreement and (B) all other units proposed to be delivered and accepted under and made subject to this Agreement concurrently with such unit would exceed the Maximum Purchase Price for the Equipment specified in Item 5 of Annex A hereto. Each Builder agrees not to deliver any unit of the Equipment hereunder (a) following receipt of written notice from the Vendee or the Assignee (i) of a Default, or (ii) that the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee and the Assignee may have agreed to pursuant to Article 4) would be exceeded by any subsequent delivery of a unit, or (iii) of the determination by the Vendee or the Assignee that there

has been a material adverse change in the business, prospects or financial condition of the Lessee since the date of the most recent financial statements referred to in the Paragraph 4(b) of the Participation Agreement, other than as set forth in the Disclosure Letter referred to in the Participation Agreement, and (b) until it receives notice from the Vendee and the Assignee that the conditions contained in Paragraphs 7 and 8 of the Participation Agreement have been met.

Any Unit not delivered at the time of receipt by such Builder of the notice specified in clause (a) of the last sentence in the preceding paragraph of this Article 3 and any unit of Equipment not delivered and accepted hereunder on or prior to December 30, 1987 by reason of noncompliance with the conditions referred to in the next preceding paragraph or causes set forth in the next succeeding paragraph or otherwise shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such unit of Equipment. If any unit of Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the Vendee and the Builder of such Equipment (and any assignee of such Builder) shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. Pursuant to the Participation Agreement the Lessee has agreed to purchase such excluded Equipment and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof from such Builder, upon the satisfaction or waiver any conditions of the Purchase Order, all as provided in Paragraph 1 of the Participation Agreement. The Vendee agrees, upon any such exclusion, to take such steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee and at the Lessee's expense for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

Each Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to, acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Units shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and each Builder shall grant to such inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of the Equipment in accordance with its standard quality control practices. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee (who may be an employee of the Lessee) for inspection at the place specified for delivery, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder of such units of Equipment a certificate of acceptance ("Certificate of Acceptance") substantially in the form of Schedule C to the Lease; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

Upon delivery and acceptance of each such unit hereunder at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or such destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit, created in or transferred to or purported to be created in or transferred to the Vendee, shall be held by the Vendee solely as trustee for the benefit of such Builder.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices

per unit of the Equipment as so increased or decreased as set forth in such Builder's invoice or invoices delivered to the Vendee ("Invoices") and, if the Purchase Price is other than the base price or prices set forth in Annex B, the Invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee. If on any Closing Date (as hereinafter defined) the aggregate Purchase Price of the Equipment for which delivery and acceptance has theretofore been or is then being made would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee and the Assignee may at their option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder of such Equipment (and any assignee of such Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be delivered and accepted for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than such Maximum Purchase Price (or such higher amount as aforesaid).

The Equipment shall be settled for in such number of Groups of units of Equipment as is provided in Item 2 of Annex A. The term "Group", as used herein, shall mean the Group of units of Equipment being settled for on any Closing Date. The delivery, inspection and acceptance hereunder of any unit of the Equipment after December 30, 1987, shall be null and void and ineffective to subject such unit of the Equipment to this Agreement or to constitute acceptance thereof on behalf of the Vendee for any purpose whatsoever. The term "Closing Date" with respect to any Group shall be such business day (not later than December 30, 1987) as shall be specified by the Lessee by six days prior written notice thereof with the concurrence of the Vendee and the Builder of such Group of Equipment. Such notice shall specify the aggregate Purchase Price of such Group and a copy thereof shall be sent to the Builder of such Group of Equipment, the Agent and the Vendee. At least five days prior to each Closing Date, the Builder thereof will present to the Vendee, the Lessee and the Agent invoices for the Equipment to be settled for. The closing on each Closing Date shall take place at the offices of Cravath, Swaine & Moore in New York, New York. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Baltimore, Maryland, Philadelphia,

Pennsylvania or Detroit, Michigan, are authorized or obligated to remain closed.

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

(a) on each Closing Date with respect to each Group an amount equal to 23.07358% of the aggregate Purchase Price of the units of Equipment in such Group; and

(b) in 15 consecutive installments, as hereinafter provided, in an amount equal to the aggregate Purchase Price of the units of the Equipment in such Group, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph ("CSA Indebtedness") shall be payable on the dates specified in Schedule I hereto, commencing January 2, 1989 (or, if any such date is not a business day, on the next succeeding business day). The unpaid balance of the CSA Indebtedness from time to time outstanding shall bear interest at 11.16% per annum ("Debt Rate"). Interest on the unpaid balance of the CSA Indebtedness shall be payable to the extent accrued on January 2, 1988, and on each January 2 and July 2 until maturity (each of said dates being hereinafter collectively called "Payment Dates"). The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the allocation set forth in Schedule I hereto (subject to the provisions of Article 7 hereof) and the aggregate of such installments of principal will completely amortize the CSA Indebtedness. The Assignee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except interest payable on January 2, 1988, shall be payable on an actual elapsed day, 365-day year, basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the Debt Rate plus 1% per annum ("Overdue Rate").

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. Except as provided in Article 7, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 13, 15 and 16 hereof), but not limiting the effect of Article 21 hereof, the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof, the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article and the interest payment due on January 2, 1988, pursuant to the fourth paragraph of this Article 4, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment" (as hereinafter defined), and such payments shall be made by the Vendee only to the extent that the Vendee (or any assignee) shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. In addition, it is agreed that the Vendee (and such assignee) (i) make no representation or warranty with respect to, and are not responsible for, the execution, validity, sufficiency or enforceability of the Lease (or any document relative thereto) insofar as it relates to the Lessee or to any of the Lessee's obligations thereunder and (ii) shall not be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease (as assignee under the Lease Assignment) against the Lessee and the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing,

so much of the following amounts as are indefeasibly received by the Vendee (or any such assignee) at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 10 or any other provision of the Lease, and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as is indefeasibly received by the Vendee (or any such assignee) and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (A) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee (or any such assignee) prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including such prepayments) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee (or any such assignee) were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (B) amounts excluded from the Lease Assignment pursuant to the first paragraph of Paragraph 1 thereof. Notwithstanding anything to the contrary contained in this Agreement, in the event the Vendor shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, the Vendor will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this Article 4. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Title to, and Security Interest in, the Equipment. Upon delivery and acceptance of each Unit hereunder, title shall pass to the Vendee; provided, how-

ever, that the Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease. Any and all parts installed on and additions and replacements made to any unit of the Equipment (except as otherwise specifically provided in Section 9 of the Lease) 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 Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee and (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 title of the Vendee to the Equipment. The Vendee hereby waives any and all rights, existing or that may be acquired, in or to the payment of any penalty 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 requiring the filing of the same, except for failure of the Vendor to do so within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor and the Investors for collection or other charges and will be free of expense to the Vendor with respect to the amount of any Taxes (as defined in § 6 of the Lease; excluding, however, any Taxes imposed on or measured by any fees or compensation received by the Vendor and any gain or profit realized by any Builder as a result of any unit of its

Equipment hereunder) all of which Taxes the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all Taxes which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all Taxes which might in any way affect title or interests of the Vendor or result in lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any Taxes of any kind so long as it or the Lessee is contesting in good faith and by appropriate legal or administrative proceedings such Taxes and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the title or interests or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any Taxes shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee 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 Vendee shall not be obligated to reimburse the Vendor for any Taxes so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof. If the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Vendee or an amount representing interest thereon, the Vendor shall pay the Vendee the amount of such refund or interest net of expenses.

ARTICLE 7. Maintenance; Casualty Occurrences.

The Vendee shall, at its own cost and expense maintain each unit of Equipment in the condition required by § 7 of the Lease.

In the event that any unit of the Equipment shall suffer a Casualty Occurrence (as defined in § 7 of the Lease), the Vendee shall, promptly after it shall have determined or become aware that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. By the later of: (i) the Rental Payment Date (as defined in the Lease) next succeeding such event and (ii) the 180th day following such event (provided any such loss, return, taking or requisition constituting such a Casualty Occurrence shall have continued for at least 90 consecutive days) (hereinafter called a "Casualty Payment Date"), the Vendee shall pay to the Vendor an amount equal

to the Casualty Value (as hereinafter defined in this Article) of such unit as of the Rental Payment Date on or next succeeding the date of such Casualty Occurrence and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal, if any, on any of the CSA Indebtedness due on such date) to prepay without penalty or premium the installments of the CSA Indebtedness (ratably in accordance with the unpaid balance of each such installment) together with all unpaid and accrued interest thereon, and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest with respect to the CSA Indebtedness thereafter to be made. In the event of the requisition for use by the United States Government or any other government or governmental entity of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's security title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the Casualty Payment Date (after taking into account the scheduled payment of interest and principal on such date) with respect to such unit (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such Casualty Payment Date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase

Price of such unit bears to the aggregate original Purchase Price of the Equipment.

The Vendee will cause the Equipment to be insured as provided in the last paragraph of Section 7 of the Lease. If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to having received payment of the Casualty Value and provided no Default shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon reasonable proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired so as to comply with the provisions of the first paragraph of this Article 7, provided no Default shall have occurred and be continuing.

ARTICLE 8. Reports. On or before the dates specified in Section 8 of the Lease, the Vendee shall cause to be furnished to the Vendor the certificates required by Section 8 of the Lease.

ARTICLE 9. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as provided in Section 5 of the Lease. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced, obliterated or destroyed. The Vendee will not permit the identification number of any unit of the Equipment to be changed 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 and filed and deposited by the Vendee in all public offices where this Agreement shall have been filed and deposited.

Except as provided in the immediately preceding paragraph, the Vendee 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 Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

ARTICLE 10. Compliance with Laws and Rules.

During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in Section 9 of the Lease); provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such Applicable Law in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment to the Vendee, to the possession of the Equipment and the use thereof, upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall, subject to the provision of Sections 4 and 12 of the Lease, be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all taxes and sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the interest of the Vendor therein, or the Vendee's interests in the Lease and the payments to be made thereunder, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the title or interests of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Vendee, not arising out of the transactions contemplated hereby (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, (i) might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder or (ii) would result in the bankruptcy or reorganization of the Vendee; but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor and the Investors from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any claim for patent, trademark or copyright infringement, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any

person during the period when security title thereto or a security interest therein remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement; except, however, (a) any losses, damages, injuries or liabilities due to, and any claims for, wilful misconduct or gross negligence of the person otherwise to be indemnified and (b) in the case of such Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort or strict liability by such Builder, breach of warranty or failure to perform any covenant hereunder by such Builder and except Taxes measured by net income and any matter covered by such Builder's warranty or patent indemnification referred to in Items 3 and 4 of Annex A hereto. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the Vendor's security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

None of the indemnities in this Article shall be deemed to create any right of subrogation in any insurer or third party against the Vendee therefor, from or under the Vendor, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Vendee will bear the responsibility for and risk of and shall not be released from its obligations hereunder (except as provided in Article 21 hereof) in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of Equipment of such Builder under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

Each Builder represents that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, or, insofar as is known to it, any party to the Participation

Agreement is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

The agreements of the parties relating to each Builder's warranty of material and workmanship and patent indemnification, and the agreement of the parties relating to each Builder's limitation of liability, are set forth in Items 3 and 4 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment, or (b) sell, assign or otherwise dispose of any of its rights under this Agreement or the Lease unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder and the Lease Assignment (including without limitation, rights and remedies against the Vendee) and (ii) is made to a Permitted Transferee (as hereinafter defined) and such Permitted Transferee expressly assumes, in writing, in form and substance reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement, the Participation Agreement, the Lease and the Lease Assignment. A "Permitted Transferee" shall mean a transferee which is (i) a bank or trust company having capital and surplus aggregating at least \$100,000,000 or any member of the same "affiliated group" (as defined in Section 1504 of the Internal Revenue Code of 1986, as amended) as such bank or trust company or (ii) a corporation of the same affiliated group, as so defined, of the Vendee.

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 Vendee, may be assigned by the Vendor and may be reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve a Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, the assignor shall give written notice to the Vendee and the Lessee, together with a

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 Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee at such address as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee 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 purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment 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 breach of any obligation of a Builder with respect to the Equipment or the construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for 10 business days after the date such payment is due and payable; or

(b) default shall be made in the observance or performance of any other of the covenants, conditions

and agreements on the part of the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee contained herein or in any agreement entered into concurrently herewith relating to the financing of the Equipment (other than the Lease), and such default shall continue for 30 days after written notice from the Vendor to the Vendee specifying the default and demanding that the same be remedied; or

(c) a petition for reorganization under Title 11 of the United States Code (as now constituted or as hereafter amended, including any successor provision thereto), shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease and the Consent shall continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed, or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

(d) any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee hereunder and under the Participation Agreement, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed

(whether or not subject to ratification) for the Vendee or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession or use of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(f) an Event of Default (other than an Event of Default arising by reason of a failure of the Lessee to pay any amounts not constituting Payments, as defined in the Lease Assignment, or to perform any covenants related to amounts not constituting Payments) shall have occurred under the Lease, unless the Vendee shall have cured such Event of Default and any corresponding event of default hereunder (after giving effect to any applicable grace periods) within ten days after receipt by the Vendee of written notice of such Event of Default from the Vendor; provided, however, that if (i) more than six Events of Default shall have occurred under clause (A) of Section 10 of the Lease with respect to the payment of Basic Rent (as defined in the Lease) or (ii) more than three such Events of Default with respect to the payment of Basic Rent shall have occurred on consecutive dates, then, in either such case, there shall be an event of default under this clause (f) whether or not the Vendee in fact cures a seventh, or a fourth consecutive, Event of Default with respect to the payment of Basic Rent and irrespective of whether the Vendor shall have given notice of such seventh, or such fourth consecutive, Event of Default to the Vendee, and provided further, that, upon any cure being effected, the Vendee shall be subrogated to the rights of the Vendor to receive from the Lessee (x) payment of any Basic Rent or other amount as to which the Vendee has cured a nonpayment and (y) performance of any covenant as to which the Vendee has cured a non-performance, in each case, together with interest on overdue obligations to the extent provided in Section 16 of the Lease, and the Vendee shall, if no

other event of default shall then be continuing hereunder, be entitled to receive said moneys upon receipt thereof by the Vendor (it being understood, however, that any event described in clause (a) above, to the extent that there shall be a concurrent Event of Default under Section 10 of the Lease, shall not be deemed an event of default hereunder unless and until (i) the ten-day period, if any, during which, in accordance with the provisions of this clause (f) the Vendee may cure such Event of Default under the Lease and any corresponding event of default hereunder shall have expired and (ii) the Vendee shall not, during such period, have effected such cure);

then at any time after the occurrence of such an event of default and so long as such event of default is continuing the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (herein called a "Declaration of Default") the entire unpaid CSA Indebtedness, together with interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of the CSA Indebtedness and interest shall bear interest from the date of such Declaration of Default at the Overdue Rate, to the extent legally enforceable. In addition, if the Vendee does not pay the entire unpaid CSA Indebtedness, together with the interest thereon accrued and unpaid to the date of payment but without penalty or premium, within 30 days of such notice of Declaration of Default, the Vendor may at any time thereafter so long as such event of default is continuing (subject to the proviso in the second paragraph of § 4 of the Lease relating to termination and to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease) cause the Lease to terminate immediately upon the giving of the notice required by the Lease, but the Lessee shall remain liable as therein provided. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, subject to the provisions of Articles 4 and 21 hereof, and to collect such judgment out of the "income and proceeds of the Equipment" wherever situated and only out of the "income and proceeds of the Equipment".

The Vendor may, at its election, subject to the provisions of Paragraph 1 of the Lease Assignment, waive any such event of default and its consequences and rescind and

annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee 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 or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly agreed by the Vendee 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.

If at any time after January 2, 1996, an Event of Default, as described in Section 10 of the Lease has occurred and shall be continuing and provided that no event of default has occurred and shall be continuing under Article 15 of the CSA (other than an Event of Default pursuant to Article 15(e)) then the Vendor agrees that the Vendee may, but shall not be obligated to, prepay the CSA Indebtedness within 90 days after the giving of the written notice from the Vendee described below, for an amount equal to the then aggregate unpaid principal amount thereof plus a Yield Maintenance Premium, if any, calculated as hereinbelow provided, and all interest accrued on the CSA Indebtedness to the date of such payment, plus all other unpaid obligations; provided that such a right shall exist only if the Vendor shall fail to declare a default and give notice of termination of the Lease within 30 days after delivery to Lessee and Vendor of a written notice from the Vendee certifying that there is an Event of Default under the Lease and describing the same and agreeing to indemnify the Vendor from any liability to the Lessee based upon the claim that the Lease was invalidly terminated. Upon receipt of the aforementioned payment, Vendor shall upon written request of Vendee furnish Vendee a release in appropriate form, as well as, any termination statements or other documents necessary to reflect the termination of Vendor's interest in the Equipment.

"Yield Maintenance Premium" shall mean a premium equal to the excess, if any, of (a) the Discounted Value of the CSA Indebtedness over (b) the aggregate unpaid principal amount of the CSA Indebtedness. The Yield Maintenance Premium shall in no event be less than zero. "Discounted Value" shall mean the amount calculated by discounting all remaining scheduled payments of the aggregate unpaid principal amount of the CSA Indebtedness then outstanding from their respective scheduled due dates to the date of prepayment of the CSA Indebtedness, in accordance with accepted financial practice, and at a discount factor (applied on a

semiannual basis) equal to (a) the rate of interest applicable to the CSA Indebtedness (being 11.16%) less (b) the Yield Differential. "Yield Differential" shall mean, with respect to the Discounted Value of the CSA Indebtedness, the excess, if any, of (a) the yield to maturity on nine year U.S. Treasury Bonds determined as of October 8, 1987 (being 9.76%) over (b) the yield to maturity on U.S. Treasury Bonds with a maturity equal to the original maturity date of the CSA Indebtedness determined as of a date not less than five nor more than ten Business Days prior to the date of prepayment of the CSA Indebtedness, in each case as published in The Wall Street Journal (or any other authoritative source selected by the Investor).

ARTICLE 16. Remedies. Subject to the Lessee's rights under Sections 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or any portion thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee 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 Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) 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 flatcars to which any unit or units are attached have been interchanged or which may have possession thereof to return the flatcars so interchanged) place such units upon such storage tracks or other premises of the Lessee or

any of its affiliates as the Vendor reasonably may designate;

(b) if the Vendor shall so request, cause each unit of the Equipment to be detached from the flatcar to which it shall be attached;

(c) cause such units to be stored on such tracks or other premises at the risk of the Vendee without charge for insurance, rent or storage until all such units have been sold, leased or otherwise disposed of by the Vendor; and

(d) cause the same to be transported to any reasonable place as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee 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 (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness 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 Vendee and the Lessee, and to any other persons to whom the law may require notice, within 60 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 60-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 60-day period

described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided further, however, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph objects in writing to the Vendor within 60 days from 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 not have given 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 16.

Subject to the Lessee's rights under Sections 1, 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice (which shall not be less than 10 days) to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at 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 Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, 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 upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of 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 New York, New York or Philadelphia, Pennsylvania, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify) in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. If there is no Event of Default under the Lease, the Lessee may also bid for and become the purchaser of the Equipment. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 10 business days prior thereto. 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 fewer than 40 offeres have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Vendee to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

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 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 granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

Subject to the third paragraph of this Article 16, 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 Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the Overdue Rate, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee 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 reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee 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 agreement and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, 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, 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 18. Recording. The Vendee will (a) cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto, to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada; (b) cause all necessary filings and recordings, and, when required, refilings and rerecordings of this Agreement, any assignments hereof, and the Lease and the Lease Assignment and any amendments or supplements hereto or thereto and/or appropriate financing statements or continuation statements to be made, and from time to time when required refiled and rerecorded, in accordance with the applicable provisions of the Uniform Commercial Code of the State of Michigan (and, if the Vendee changes its chief place of business to a different state, in any such different state) and in any other jurisdiction where filing is reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its security interest in the Equipment and its rights under this Agreement and the Lease Assignment or for the purpose of carrying out the intention of this Agreement; and (c) the Vendee 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 Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. 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.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee 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 representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice required or permitted hereunder shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a business day, otherwise on the next business day), if transmitted by mail, air courier, telex, telecopy or similar transmission, or by hand. addressed as follows:

(a) to the Vendee, Whirlpool Leasing Services, Inc., 17177 N. Laurel Park Drive, Suite 233, Livonia, Michigan 48152, Attention: Leverage Lease Administrator,

(b) to the Lessee, Consolidated Rail Corporation, 1310 Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention of Assistant Treasurer - Financing,

(c) to a Builder at its address specified in Item 1 of Annex A hereto,

(d) to the Assignee, Mercantile-Safe Deposit and Trust Company, (if by hand, 2 Hopkins Plaza), P.O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department,

(e) to any assignee of the Vendor or Assignee, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor or the Assignee, as the case may be, and to the Lessee, by such assignee,

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

ARTICLE 21. Immunities; Satisfaction of Undertakings. The obligations of the Vendee under the second and eighth paragraphs of Article 16 (including the provisions thereof with respect to insurance, maintenance and repair) and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof which are subject

to the provisions of the last paragraph of Article 4 hereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default pursuant to Article 15 hereof.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; 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 or financing statements under the Uniform Commercial Code and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which the same shall be filed, recorded or deposited and any rights arising out of the marking on the units of Equipment.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Agent pursuant to the CSA Assignment shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. This Agreement shall be effective when counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, N.Y. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

CONSOLIDATED RAIL CORPORATION,

[Corporate Seal]

by



Attest:

Vice President


Assistant Secretary

Assistant Treasurer

THRALL CAR MANUFACTURING
COMPANY,

[Corporate Seal]

by

Attest:

Vice President

Assistant Secretary

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Agent pursuant to the CSA Assignment shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. This Agreement shall be effective when counterparts hereof have been delivered to Cravath, Swaine & Moore at their offices in New York, N.Y. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

CONSOLIDATED RAIL CORPORATION,

[Corporate Seal]

by

Attest:

Vice President

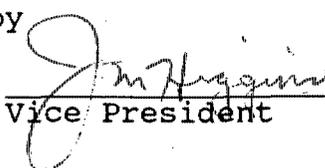
Assistant Secretary

THRALL CAR MANUFACTURING
COMPANY,

[Corporate Seal]

by

Attest:



Vice President



Assistant Secretary

TRINITY INDUSTRIES, INC.,

[Corporate Seal]

by

Attest:

Neil O. Shoop
Assistant Secretary

W. Don Phelps
VICE PRESIDENT

WHIRLPOOL ACCEPTANCE
CORPORATION,

[Corporate Seal]

by

Attest:

Assistant Secretary

Vice President

TRINITY INDUSTRIES, INC.,

[Corporate Seal]

by

Attest:

Assistant Secretary

WHIRLPOOL ACCEPTANCE
CORPORATION,

[Corporate Seal]

by

Attest:

H. J. Broger

Senior Vice President, Finance

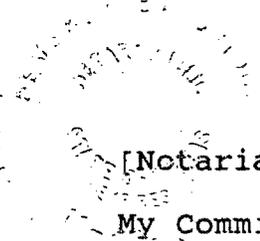
Assistant Secretary

STATE OF TEXAS,)
) ss.:
COUNTY OF DALLAS,)

On this *9th* day of October 1987, before me personally appeared *J. Kean Phelps*, to me personally known, who, being by me duly sworn, says that he is a *Vice President* of TRINITY INDUSTRIES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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.

Beverly Baldridge

Notary Public



[Notarial Seal]
My Commission expires

STATE OF MICHIGAN,)
) ss.:
COUNTY OF WAYNE,)

On this day of October 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of WHIRLPOOL ACCEPTANCE CORPORATION, that one of the seals affixed to the foregoing instrument is the 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

COMMONWEALTH OF PENNSYLVANIA,)
)
) ss.:
COUNTY OF PHILADELPHIA,)

On this 12th day of October 1987, before me personally appeared *Thomas J. Heiber*, to me personally known, who, being by me duly sworn, says that he is the *Assistant Treasurer* of CONSOLIDATED RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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.

Marianne C. Baker

Notary Public

[Notarial Seal]

My Commission expires

MARIANNE C. BAKER
Notary Public, Phila., Phila. Co.
My Commission Expires Aug. 6, 1990

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

On this _____ day of October 1987, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this day of October 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the of CONSOLIDATED RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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.

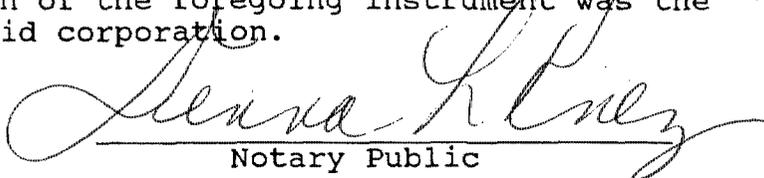
Notary Public

[Notarial Seal]

My Commission expires

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

On this 12th day of October 1987, before me personally appeared J. M. Higgins , to me personally known, who, being by me duly sworn, says that he is a Vice President of THRALL CAR MANUFACTURING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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



RECEIVED
JAN 10 1968
U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of 11.16% CSA
Indebtedness

<u>Payment Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Repayment</u>	<u>Principal Balance</u>
1/2/88	*	*	.00	1,000,000.00
7/2/88	55,800.00	55,800.00	.00	1,000,000.00
1/2/89	77,402.18	55,800.00	21,602.18	978,397.82
7/2/89	54,594.60	54,594.60	.00	978,397.82
1/2/90	78,607.59	54,594.60	24,012.99	954,384.83
7/2/90	53,254.67	53,254.67	.00	954,384.83
1/2/91	79,947.51	53,254.67	26,692.84	927,691.99
7/2/91	51,765.21	51,765.21	.00	927,691.99
1/2/92	81,436.97	51,765.21	29,671.76	898,020.23
7/2/92	50,109.53	50,109.53	.00	898,020.23
1/2/93	83,092.65	50,109.53	32,983.12	865,037.11
7/2/93	48,269.07	48,269.07	.00	865,037.11
1/2/94	84,933.11	48,269.07	36,664.04	828,373.07
7/2/94	133,202.18	46,223.22	86,978.96	741,394.11
1/2/95	121,539.83	41,369.79	80,170.04	661,224.07
7/2/95	36,896.30	36,896.30	.00	661,224.07
1/2/96	116,775.56	36,896.30	79,879.26	581,344.81
7/2/96	32,439.04	32,439.04	.00	581,344.81
1/2/97	100,238.43	32,439.04	67,799.39	513,545.42
7/2/97	28,655.83	28,655.83	.00	513,545.42

* Interest only shall be payable to the extent accrued on this date.

<u>Payment Date</u>	<u>Debt Service</u>	<u>Ending Interest Payment</u>	<u>Principal Repayment</u>	<u>Principal Balance</u>
1/2/98	115,578.41	28,655.83	86,922.58	426,622.84
7/2/98	23,805.55	23,805.55	.00	426,622.84
1/2/99	145,804.67	23,805.55	121,999.12	304,623.72
7/2/99	16,998.00	16,998.00	.00	304,623.72
1/2/00	153,416.84	16,998.00	136,418.84	168,204.88
7/2/00	9,385.83	9,385.83	.00	168,204.88
1/2/01	161,928.73	9,385.83	152,542.90	15,661.98
7/2/01	873.94	873.94	.00	15,661.98
1/2/02	16,535.92	873.94	15,661.98	.00

Annex A

to

Conditional Sale Agreement

- Item 1: Consolidated Rail Corporation, a Pennsylvania Corporation, 1310 Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, attention of Assistant Treasurer-Financing ("Conrail").
- Thrall Car Manufacturing Company, a Delaware corporation, 26th and State Streets, Chicago Heights, Illinois 60411 ("Thrall").
- Trinity Industries, Inc., a Delaware corporation with an address at 2525 Stemmons Freeway, Dallas, Texas 75207 ("Trinity").
- Item 2: The Equipment shall be settled for in three Groups on October 15, October 29 and November 19, 1987, unless the parties hereto otherwise agree.
- Item 3(a):
(See Note 1) Thrall warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Schedule A is attached (the "CSA") and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by Thrall) and workmanship under normal use and service, Thrall's obligation under this Item being limited to making good at its factory any part or parts of any unit of the Equipment which shall, within one year after the delivery of such unit to the Lessee, be returned to Thrall with transportation charges prepaid and which Thrall's examination shall disclose to its satisfaction to have been thus defective. THE FOREGOING WARRANTY OF THRALL IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR

PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THRALL, EXCEPT FOR ITS OBLIGATIONS UNDER ARTICLES 2, 3, 4 AND 13 OF THE CSA, AND THRALL NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF ITS EQUIPMENT, EXCEPT AS AFORESAID.

Thrall agrees that the Vendee or the Lessee as well as Thrall may to the extent permitted by law take and prosecute claims against vendors of specialties purchased by Thrall for incorporation in the Equipment and not warranted hereunder for the breach of any warranty by the vendors with respect to such specialties. Thrall and the Vendee and the Lessee, as a condition of its being a third party beneficiary hereof, each agrees to notify the others prior to asserting any claim against any such vendors of specialties. If Thrall determines that it has no interest in any such claim asserted by the Vendee, Thrall agrees to assign to the Vendee, solely for the purpose of making and prosecuting any such claim, all of the rights which Thrall has against such vendor for the breach of warranty or other representation respecting the Equipment.

Thrall further agrees that neither the inspection as provided in Article 3 of this Agreement, nor any examination or acceptance of any units of the Equipment as provided in said Article 3, shall be deemed a waiver or modification by either the Vendee or the Lessee of any of their rights under this Item 3.

It is further understood and agreed that the word "design(s)" as used herein and in Item 4 hereof and the word "specialties" as used herein shall be deemed to include articles, materials, systems, formulae and processes.

(b) Trinity warrants to the Vendee for a period of one year from the date of shipment f.o.b. plant of manufacture or 25,000 miles of service, whichever occurs first, that the

(See Note 1)

units of the Equipment are free of defects in material and workmanship under normal interchange use and service.

TRINITY SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL DAMAGES OR ANY FURTHER LOSS BY REASON OF ANY DEFECT.

This warranty does not cover or apply to any product, accessory, part or attachment which is not manufactured by Trinity.

If the Vendee believes any part of the Equipment to be defective in material or workmanship, the Vendee must give written notice thereof to Trinity at its address specified in this Agreement prior to the expiration of the warranty period, specifying details as to date and place of purchase, car number, and alleged defect. Trinity will then give written instructions to the Vendee as to how any defect is to be repaired or replaced. Subject to compliance by the Vendee with the foregoing requirements and provided that Trinity determines to its satisfaction the alleged defect to be the result of faulty material or workmanship, Trinity, without charge, will repair any defect in material or workmanship after the defective part or Equipment is received at Trinity's repair shop or a shop selected by Trinity. SUCH REMEDY IS THE SOLE AND EXCLUSIVE REMEDY OF THE VENDEE. Other than new car freight costs, transportation charges for the movement of cars to and from a shop will be for Trinity's account if Trinity's examination discloses to Trinity's satisfaction that any parts are defective. Should Trinity's examination determine to Trinity's satisfaction that any part or parts are not defective, any transportation charges will be for the Vendee's account.

THE ABOVE EXPRESS WARRANTY IS IN LEIU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE (EXCEPT AS TO TITLE), AND ALL WARRANTIES, EXPRESS OR IMPLIED (EXCEPT AS TO TITLE), ARE LIMITED TO

ONE YEAR IN DURATION OR 25,000 MILES OF SERVICE, WHICHEVER OCCURS FIRST, AS SPECIFICALLY PROVIDED ABOVE.

Item 4(a):
(See Note 1)

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed Thrall, and articles and materials specified by the Lessee and not manufactured by Thrall, Thrall agrees to indemnify, protect and hold harmless the Lessee, the Agent and the Vendee, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and reasonable attorney's fees, in any manner imposed upon or accruing against the Lessee, the Agent or the Vendee because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Lessee, as a condition to its being a third party beneficiary hereof, likewise will indemnify, protect and hold harmless Thrall from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and reasonable attorney's fees, in any manner imposed upon or accruing against Thrall because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by Thrall, or article or material specified by the Lessee, which infringes or is claimed to infringe on any patent or other right. Thrall agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee every claim, right and cause of action which Thrall has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by Thrall in or about the construction or operation of the Equipment,

or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and Thrall further agrees to execute and deliver to the Vendee all and every such further assurances as may be reasonably requested by the Vendee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Lessee, as a condition to its being a third party beneficiary hereof, will give notice to Thrall hereunder and Thrall will give notice to the Lessee and the Vendee of any claim known to Thrall, on the basis of which liability may be charged against the Lessee or the Vendee hereunder.

(b)
(See Note 1)

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by Trinity, and articles and materials specified by the Lessee and not manufactured by Trinity, Trinity shall defend any suit or proceeding brought against the Vendee, the Agent or the Lessee based on a claim that the Units or any part thereof furnished hereunder constitutes an infringement of any United States patent, and Trinity shall pay all damages and costs awarded therein against the Vendee, the Agent or the Lessee. In case the Units or any part thereof are in such suit held to constitute infringement, and the use of said Units or parts is enjoined, Trinity shall, at its own expense, and at its option, either procure for the Vendee, the Agent and the Lessee the right to continue using said Units or parts, or replace same with non-infringing equipment having a comparable capability or modify same so that it becomes non-infringing. THE FOREGOING STATES THE ENTIRE LIABILITY OF TRINITY FOR PATENT INFRINGEMENT BY THE UNITS OR ANY PART THEREOF.

The Vendee and/or the Lessee (as a condition to its being a third party beneficiary hereof) likewise shall defend any suit or proceeding brought against Trinity based on a

claim that any design, process or combination specified by the Vendee or Lessee and not developed or purported to be developed by Trinity, or article or material specified by the Vendee or Lessee and not manufactured by Trinity, constitutes an infringement of any United States patent, and Vendee and/or Lessee shall pay all damages and costs awarded therein against Trinity.

As a condition to indemnification under this Item 4(b), the indemnified party will give prompt written notification and any authority, information and assistance for the defense of any claim for which indemnification is sought.

Item 5: The Maximum Purchase Price referred to in Article 4 of this Agreement is \$13,882,770 (110% of \$12,620,700).

Note 1 If Consolidated Rail Corporation is the "Builder" of any of the Equipment manufactured by Thrall or Trinity, Consolidated Rail Corporation shall, furnish to the Assignee and the Vendee written agreements of Thrall or Trinity, as the case may be, to the same effect as the warranties and indemnities herein provided.

ANNEX B

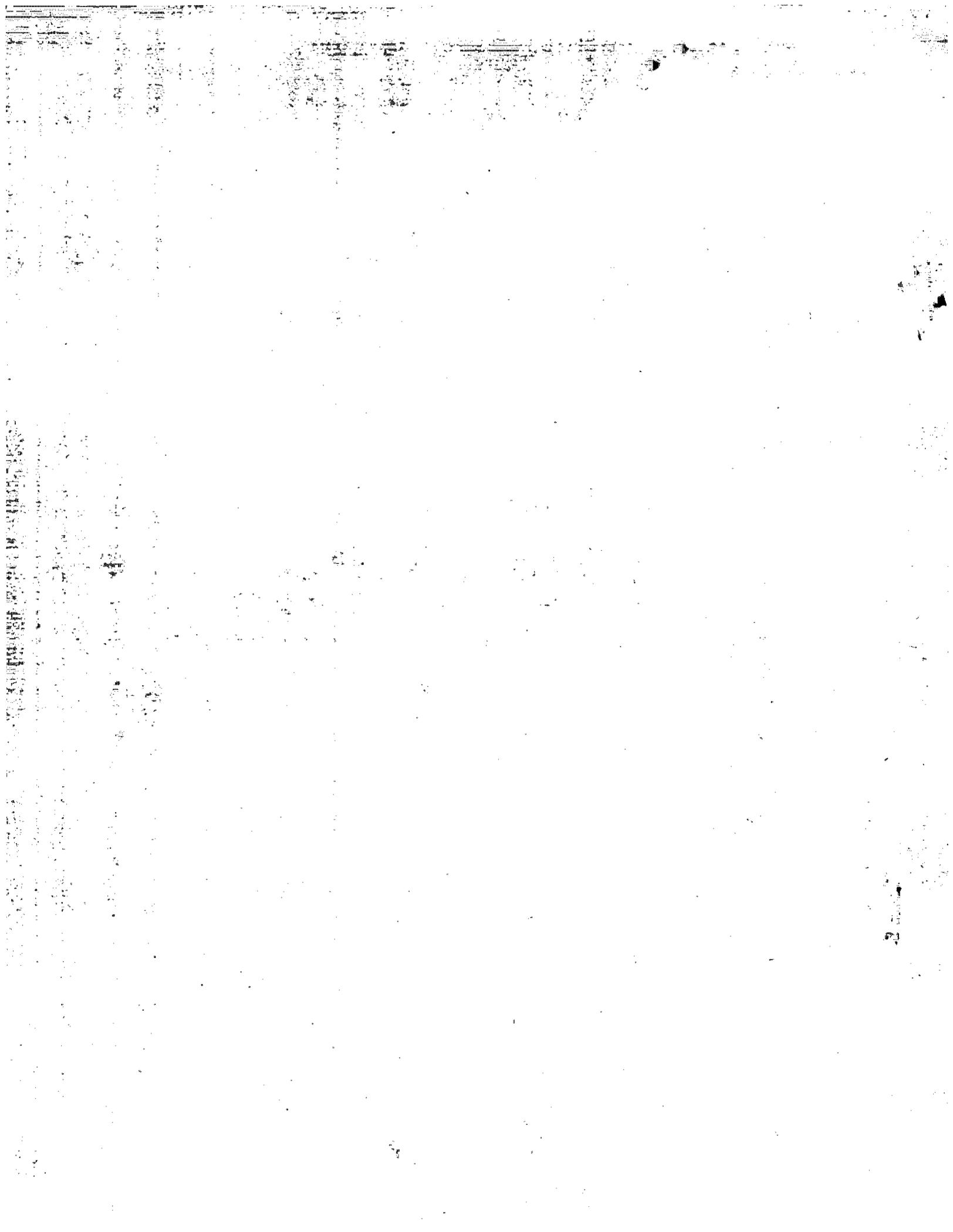
to

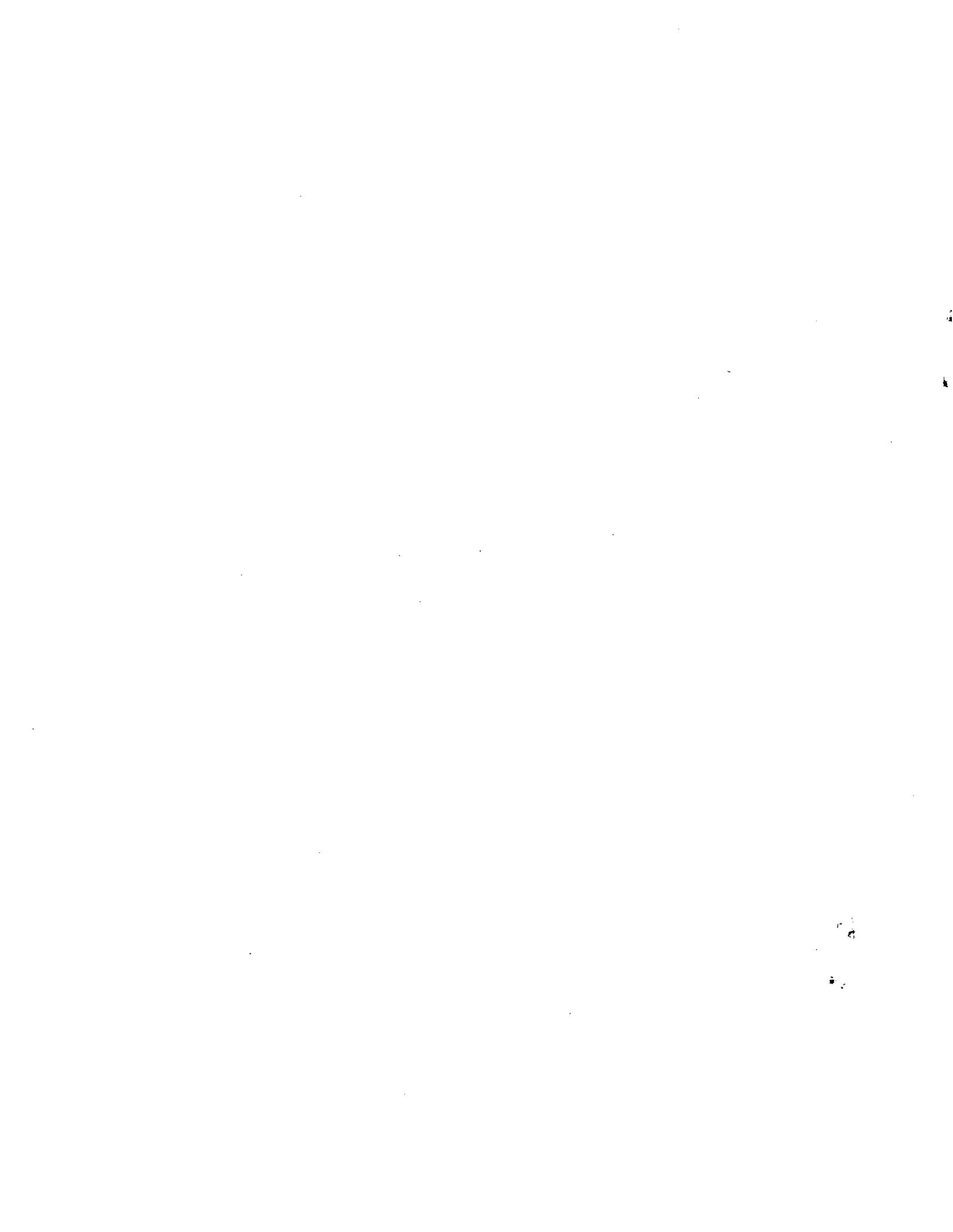
Conditional Sale Agreement

<u>Builder*</u>	<u>Type</u>	<u>Builder's Specifications</u>	<u>Plant</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>	<u>Base Price per Unit</u>	<u>Total</u>	<u>Place of Delivery</u>
Thrall Car Manufac-turing Company	Bi-Level enclosed auto racks	FA	Chicago Heights, Illinois	100	CR 6000-6099**	\$25,860	\$ 2,586,000	Winder, Georgia
Thrall Car Manufac-turing Company	Tri-Level enclosed auto racks	FA	Chicago Heights, Illinois	150	CR 3900-3999 CR 5001-5050	33,830	5,074,500	Winder, Georgia
Trinity Industries Inc.	Tri-Level enclosed auto racks	FA	Greenville, PA	150	CR 3750-3899	33,068	4,960,200	F.O.B. Greenville, PA
							<u>400</u>	<u>\$12,620,700</u>

* To the extent Consolidated Rail Corporation ("Conrail") purchases units of Equipment from the other Builders before the first Closing Date, Conrail will be the Builder hereunder as to all such units and will sell such units hereunder at the same price it paid for them.

** The first 18 cars are numbered CR 2100 to 2117 and such numbers will eventually be changed to CR 6000 to 6017. This Agreement covers the cars under both sets of numbers.





Commonwealth of Pennsylvania and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

[Corporate Seal]

Attest:

CONSOLIDATED RAIL CORPORATION
as Lessee,

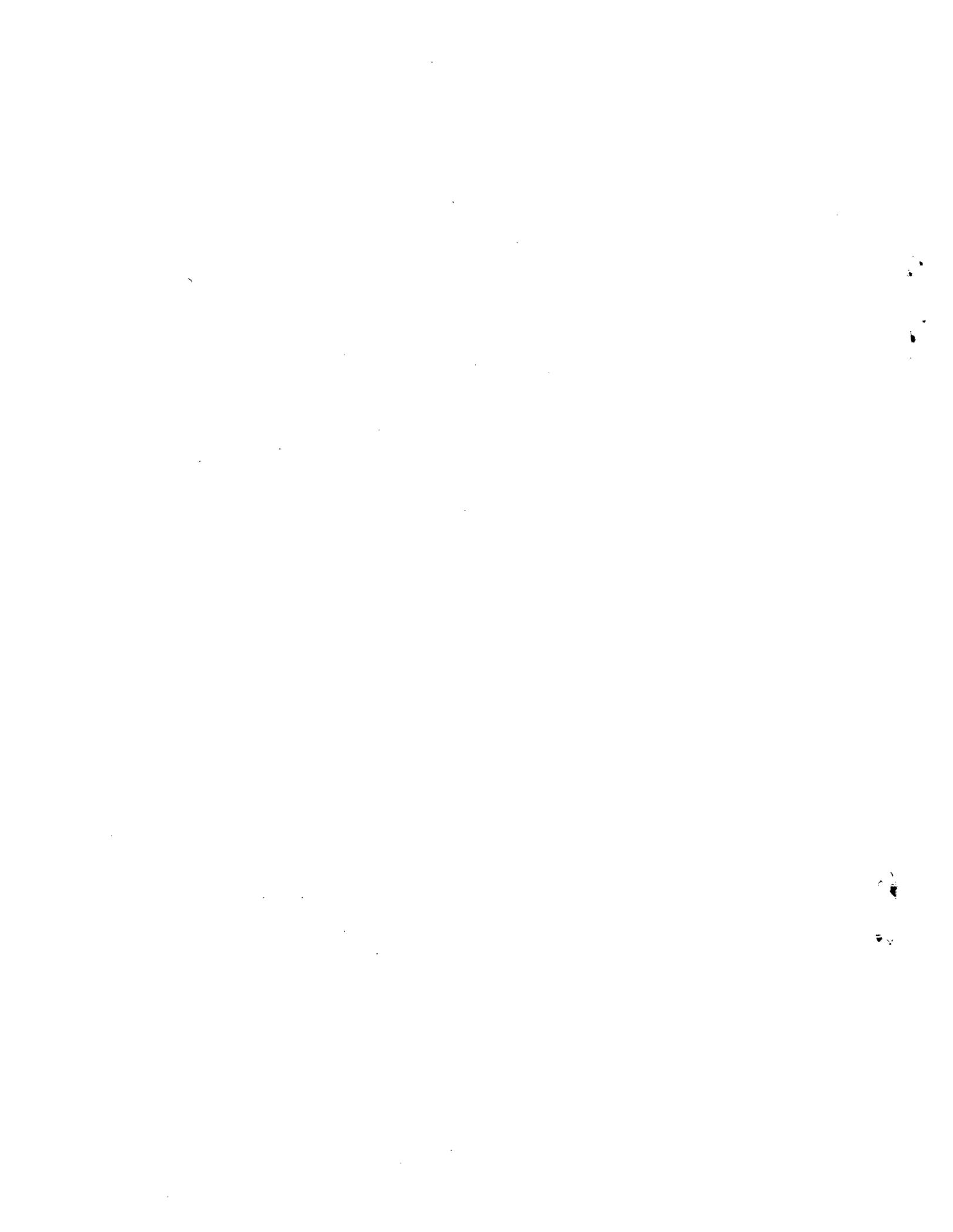
by

The foregoing Consent and Agreement is hereby accepted, as of the 1st day of October 1987.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
as Agent,

by

Vice President



CONSENT AND AGREEMENT

The undersigned CONSOLIDATED RAIL CORPORATION ("Lessee"), the lessee named in the Lease ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

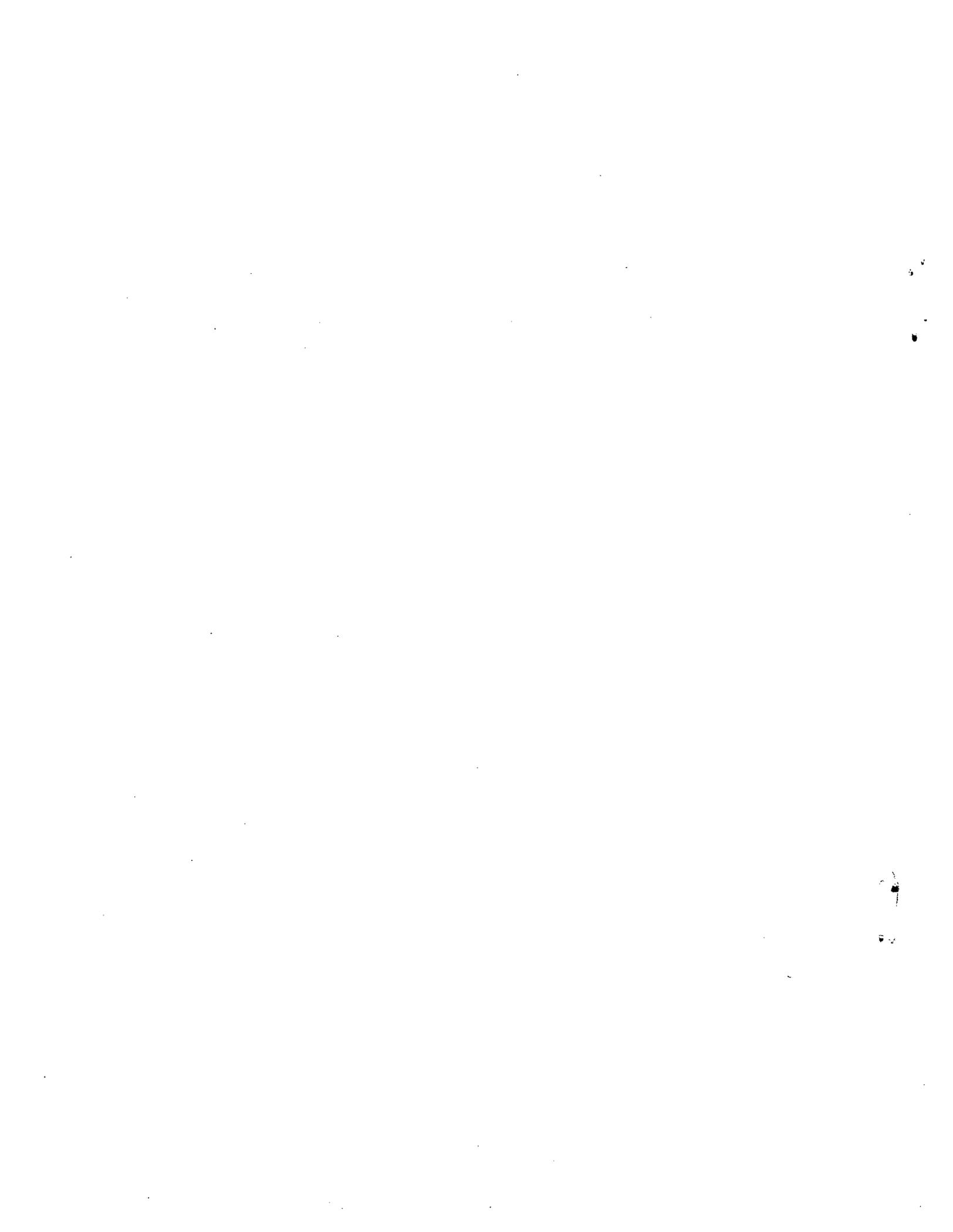
(1) it will pay all Payments (as defined in Section 1 of the Lease Assignment) due and to become due under the Lease directly to Mercantile-Safe Deposit and Trust Company, as Agent ("Vendor"), the assignee named in the Lease Assignment, by bank wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 620081-8, with notation that funds are "RE: Conrail 10/1/87" (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor and that the Lessee will not assert against the Vendor any claim or defense the Lessee may have against the Lessor under the Lease;

(3) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated, amended or modified (except as specifically provided therein) nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the



STATE OF MICHIGAN,)
) ss.:
COUNTY OF WAYNE,)

On this _____ day of October 1987, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of WHIRLPOOL ACCEPTANCE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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 MARYLAND,)
) ss.:
COUNTY OF BALTIMORE,)

On this _____ day of October 1987, before me personally appeared _____ to me personally known, who, being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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:

necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

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

[Corporate Seal]

Attest:

Assistant Secretary

[Corporate Seal]

Attest:

Corporate Trust
Officer

WHIRLPOOL ACCEPTANCE CORPORATION,

by

Vice President

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY,
as Agent,

by

Vice President

9. This Assignment shall be governed by the laws of the State of Michigan, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing or deposit hereof or of financing statements under the Uniform Commercial Code as shall be conferred by the laws of the several jurisdictions in which this Assignment shall be filed or deposited or such financing statements filed.

10. The Lessor shall cause copies of all notices and other documents received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in the CSA, or at such other address as the Vendor shall designate in writing.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under Article 15 of the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, without the prior written consent of the Lessor, except the right to receive Payments under Paragraph 1 hereof and that, subject to the terms of the Lease and the CSA, the Lessor may, so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges, and remedies arising out of Section 10(a) of the Lease; provided, however, that the Lessor may, whether or not an event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise and enforce, its rights, powers, privileges and remedies arising out of Section 10(a) of the Lease in respect of its rights under Sections 6, 9 and 22 of the Lease; provided further, however, that the Lessor shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of Section 10(b) of the Lease or take any action which would cause any termination of the Lease with respect to any Unit.

12. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be

all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

6. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, the Lessor's assignment hereunder of its rights under the Lease shall terminate, and all estate, right, title and interest of the Vendor under the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time, will (a) execute an instrument releasing its entire estate, right, title and interest under the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest under the Lease which shall have reverted or been so transferred to the Lessor.

7. The Lessor will pay and discharge any and all taxes, claims, liens, charges or security interests (other than those created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, not arising out of the transactions contemplated by the CSA or the Lease (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

2. The assignment made by the Lessor hereunder is executed only as security and, therefore, the execution and delivery of this Assignment by the Lessor shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor represents and warrants to the Vendor that the Lessor has not entered into any assignment of its interests in the Lease other than this Assignment, has not entered into any amendment or modification of the Lease and has not created or incurred or suffered to exist with respect to the Lease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Lessor.

The Lessor agrees that it will from time to time and at all times, at the reasonable request of the Vendor or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions herein set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Vendor or intended so to be.

4. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee of or from the obligations, covenants, conditions and agreements to be performed by the Lessee thereunder, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

5. The Lessor does hereby constitute the Vendor its true and lawful attorney, irrevocably, with full power in the name of the Lessor or otherwise, to ask, require, demand, receive, compound and give acquaintance for any and

Sections 6, 9 and 22 of the Lease) whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called "Payments"), and the right to make all waivers, modifications and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease and to do any and all other things whatsoever which the Lessor is or may become entitled to do under or with respect to the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as attorney for the Lessor, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments first, to satisfy the obligations of the Lessor under the CSA which are due and payable on the date such Payments were required to be made pursuant to the Lease, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder shall have occurred and be continuing, any balance shall be deemed to be held by the Vendor in trust for the Lessor and shall be paid immediately to the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under Section 3 of the Lease or any Casualty Value under Section 7 of the Lease when due, the Vendor shall notify the Lessee and the Lessor by telephone, confirmed in writing, at their addresses set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessee and the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA; except that the Vendor may not declare an event of default under subparagraph (a) or (f) of Article 15 of the CSA arising solely by reason of the failure of the Lessee to make any such rental payment or payment of Casualty Value which, pursuant to subparagraph (e) of Article 15 of the CSA, would not constitute an event of default thereunder if the Lessor complies with the provisions thereof, unless such event of default is not remedied within 10 business days after notification is given as aforesaid.

ANNEX D
to
Conditional Sale Agreement
[CS&M Ref. 1240-200]
[P72030]

ASSIGNMENT OF LEASE AND AGREEMENT dated as of October 1, 1987 (this "Assignment"), between WHIRLPOOL ACCEPTANCE CORPORATION and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent ("Vendor") under a Participation Agreement dated as of the date hereof ("Participation Agreement").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Consolidated Rail Corporation (in such capacity "Builder"), Thrall Car Manufacturing Company and Trinity Industries, Inc. (severally "Builder" and collectively "Builders"), providing for the sale to the Lessor of such units of railroad equipment ("Units") described in Annex B thereto as are delivered to and accepted by the Lessor thereunder;

WHEREAS the Lessor and Consolidated Rail Corporation ("Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") which provides for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor and the Investors (as defined in the Participation Agreement) for whom the Vendor is acting to invest in the CSA Indebtedness (as defined in the CSA), the Lessor has agreed to assign certain of its rights under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for and to provide for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's rights, titles and interests, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Lessee by the Lessor under or pursuant to the provisions of the Lease (other than payments by the Lessee to the Lessor under

Pricing Assumptions

Equipment Purchase Price: \$12,620,700

Closing Dates:

10/6/87	\$ 7,604,000
10/22/87	2,508,350
11/19/87	<u>2,508,350</u>
	\$12,620,700

Lease Term Commencement Date: January 2, 1988

Lease Term: 15 years

Interim Interest: To be paid by the Lessor and assumed to be in the amount of ~~\$220,550.10~~ \$203,033.33.

Base Term Rent: Semi-annual rentals payable on January 2 and July 2.

Debt Rate: ~~10.374%~~ ^{11.16%} (computed on the basis of a 360-day year of twelve consecutive 30-day months).

Debt Term: 14 years

Transaction Costs--Debt: \$50,000

Transaction Costs--Equity: Paid by Lessor

Interest on Investments; Investment Deficiency; and Interest payable pursuant to last paragraph of Paragraph 9 of Participation Agreement: None

Basic Rent

Basic Rental
Payment Dates

Arrears

Advance

7/2/88	4.29249	
1/2/89	5.95427	
7/2/89	4.19977	
1/2/90	6.04700	
7/2/90	4.09669	
1/2/91	6.15008	
7/2/91	3.98211	
1/2/92	6.26465	
7/2/92	3.85475	
1/2/93	6.39202	
7/2/93	3.71317	
1/2/94	6.53360	
7/2/94		10.24677
1/2/95		9.34962
7/2/95		3.17420
1/2/96		10.02841
7/2/96		2.49542
1/2/97		10.31944
7/2/97		2.20439
1/2/98		10.69255
7/2/98		1.83128
1/2/98		11.21623
7/2/99		1.30760
1/2/00		11.80181
7/2/00		.72202
1/2/01		12.45660
7/2/01		.06723
1/2/02		11.83983
7/2/02		.68400

Certificate of Acceptance

To: Whirlpool Acceptance Corporation ("Lessor")

I, the duly authorized representative for the Lessor and Consolidated Rail Corporation ("Lessee") under the Lease of Railroad Equipment, dated as of September 15, 1987, do hereby certify that I inspected and accepted delivery thereunder of the following Units of Equipment:

TYPE OF EQUIPMENT:
MODEL:
DATE ACCEPTED:
NUMBER OF UNITS:
NUMBERED: CR

I do further certify that the foregoing Units are in good order and condition, and conform to the specifications, requirements and standards applicable thereto as provided in the Lease.

I do further certify that each of the foregoing Units has been marked upon each side of each such Unit in letters not less than one inch in height as follows:

"Ownership Subject to Documents filed with the Interstate Commerce Commission."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Builder named below for any warranties it has made with respect to the Equipment.

Authorized Representative of
Lessor and Lessee

BUILDER:

5

Rental Payment Dates

1/02/00
7/02/00

1/02/01
7/02/01

1/02/02
7/02/02

1/02/03

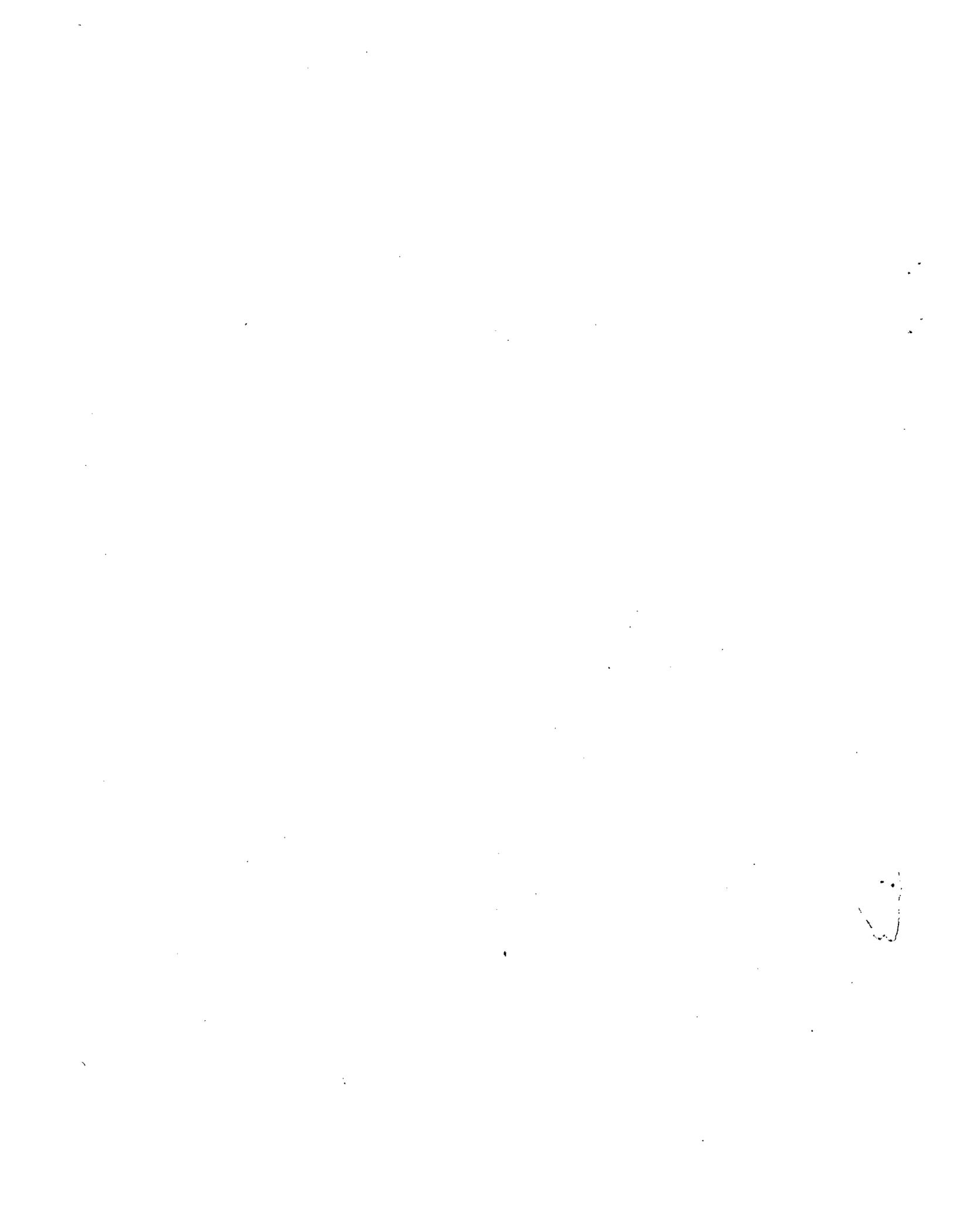
Percentage of
Purchase Price
Per Unit

52.8112
42.2699

42.9500
31.3830

32.8398
21.6840

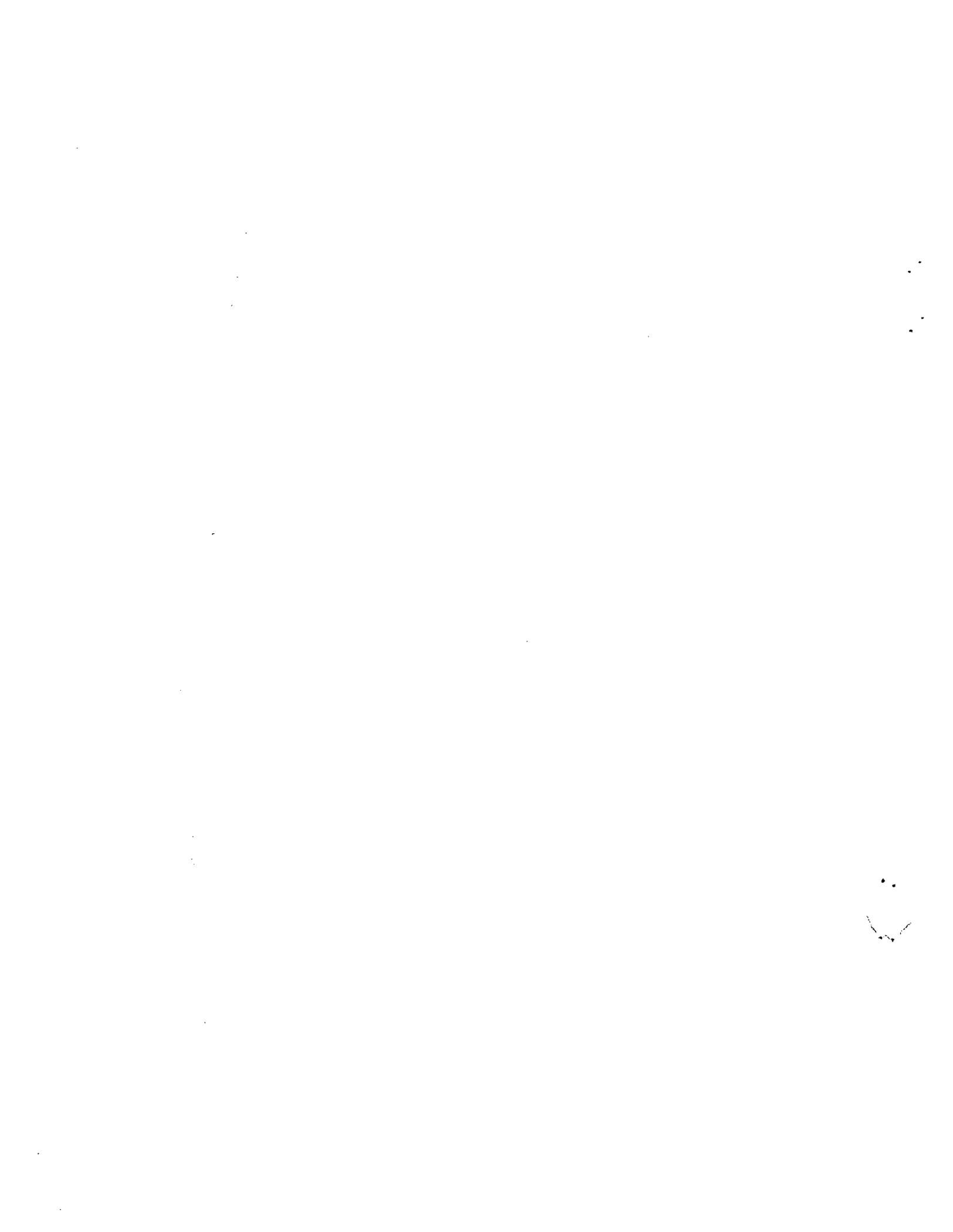
20.0000



Casualty Value

(Exclusive of Rent)

<u>Rental Payment Dates</u>	<u>Percentage of Purchase Price Per Unit</u>
1/02/88	103.6603
7/02/88	104.8418
1/02/89	104.1575
7/02/89	104.9627
1/02/90	103.7718
7/02/90	104.3088
1/02/91	102.6909
7/02/91	103.0460
1/02/92	101.0519
7/02/92	101.2813
1/02/93	98.9075
7/02/93	99.0099
1/02/94	96.2245
7/02/94	99.7804
1/02/95	92.7161
7/02/95	86.2082
1/02/96	85.8990
7/02/96	78.3990
1/02/97	78.5129
7/02/97	70.4338
1/02/98	70.5578
7/02/98	61.7987
1/02/99	62.0000
7/02/99	52.3918

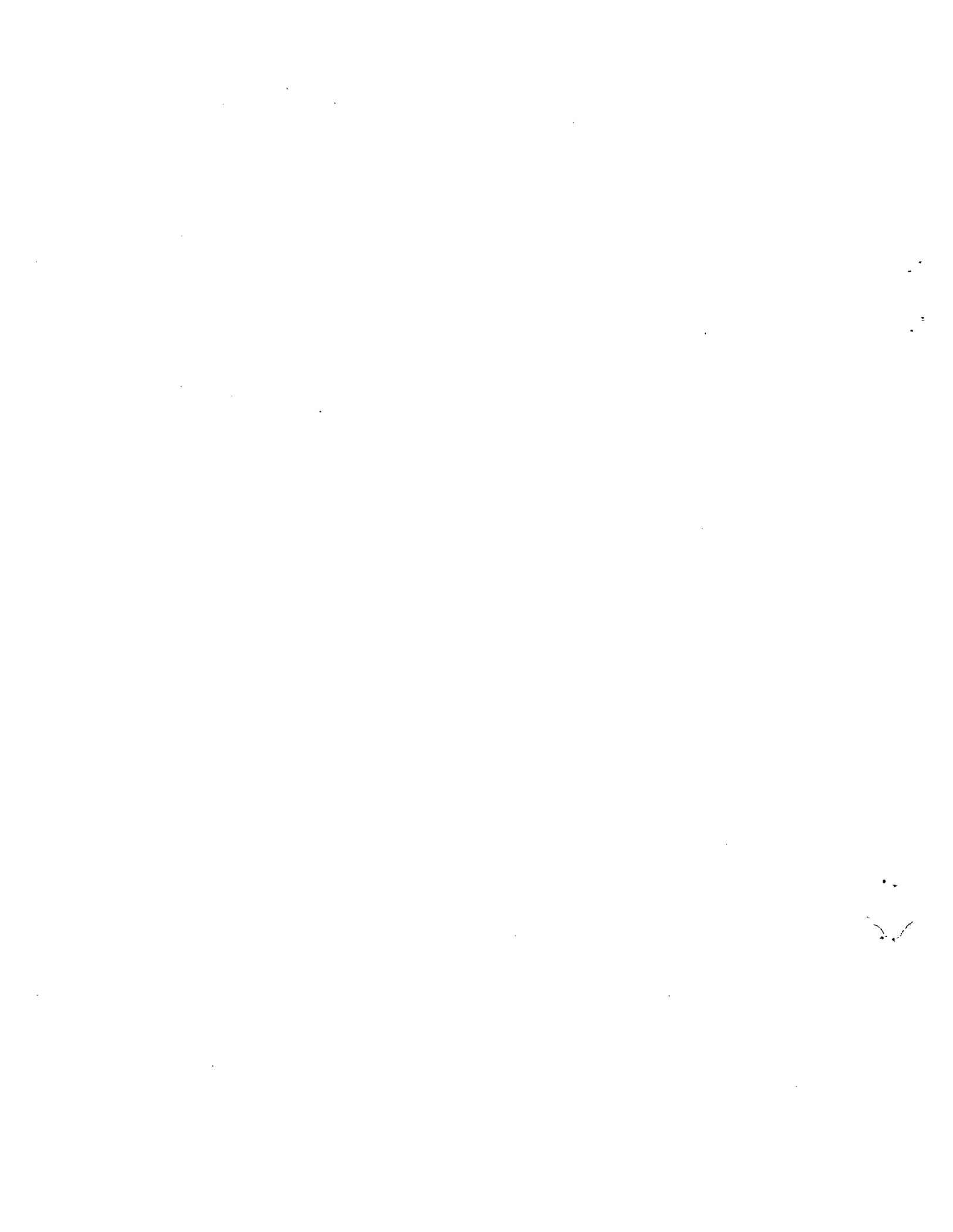


Description of Units of Equipment

<u>Builder</u>	<u>Type</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>
Thrall Car Manufacturing Company	Bi-level enclosed autoracks	100	CR 6000-6099**
Thrall Car Manufacturing Company	Tri-level enclosed autoracks	150	CR 3900-3999 CR 5001-5050
Trinity Industries, Inc.	Tri-level enclosed auto racks	150	CR 3750-3899
		400	

* To the extent Consolidated Rail Corporation ("Conrail") purchases Units from the other Builders before the first Closing Date, Conrail will be the "Builder" hereunder and under the CSA as to all such Units and will sell such Units thereunder at the same price it paid for them.

** The first 18 cars are numbered CR 2100 to 2117 and such numbers will eventually be changed to CR 6000 to 6017. This Agreement covers the cars under both sets of numbers.



COMMONWEALTH OF PENNSYLVANIA,)
) ss:
COUNTY OF PHILADELPHIA,)

On this day of October 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the of CONSOLIDATED RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and 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

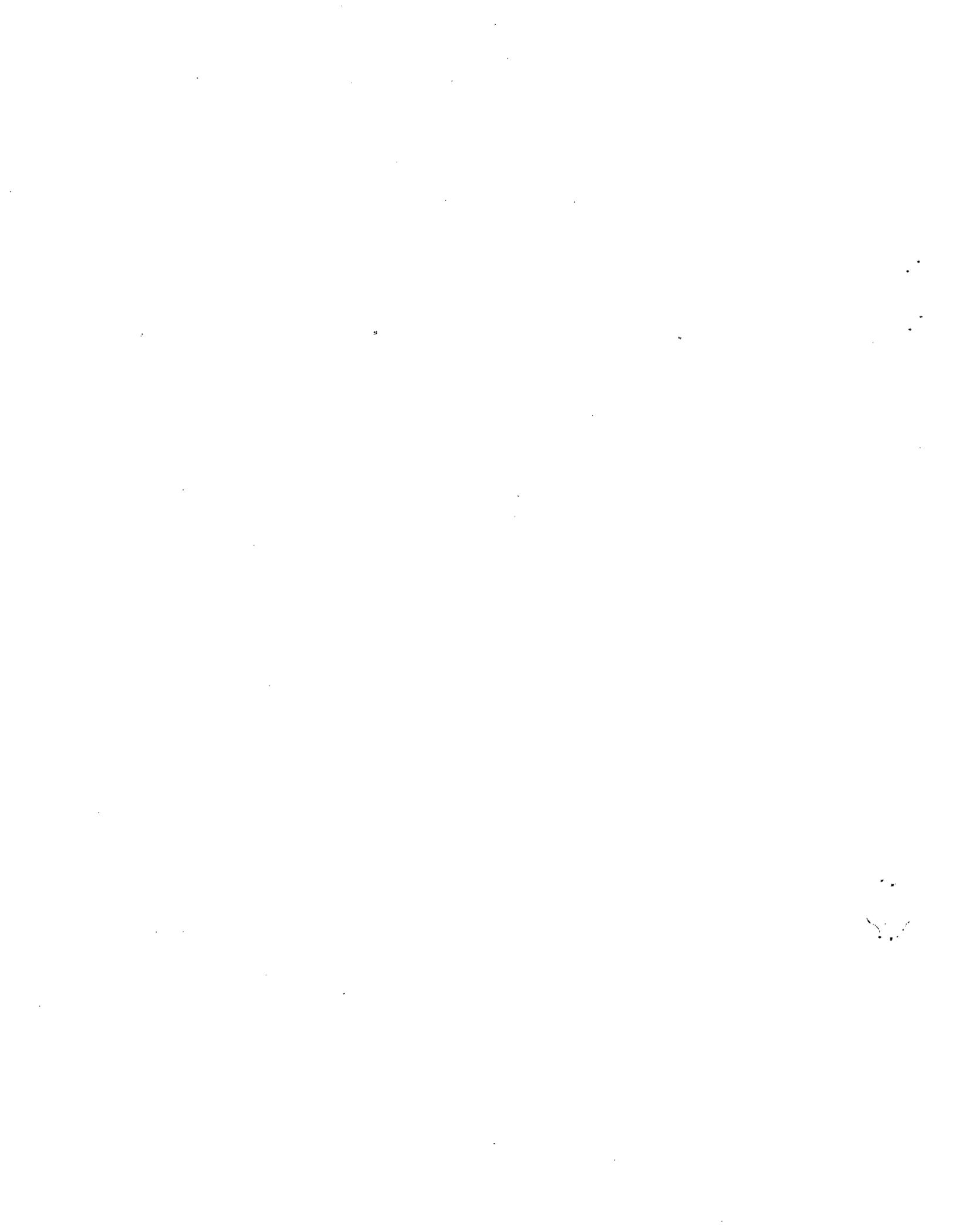
STATE OF MICHIGAN,)
) ss.:
COUNTY OF WAYNE)

On this day of October 1987, before me personally appeared , to me personally known, who, being by me duly sworn, says that he/she is a of WHIRLPOOL ACCEPTANCE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My commission expires



continue to exist until such indemnity payments are made by the Lessee and the Lessor, respectively.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

CONSOLIDATED RAIL CORPORATION,

by

[Corporate Seal]

Attest:

Assistant Secretary

WHIRLPOOL ACCEPTANCE CORPORATION,

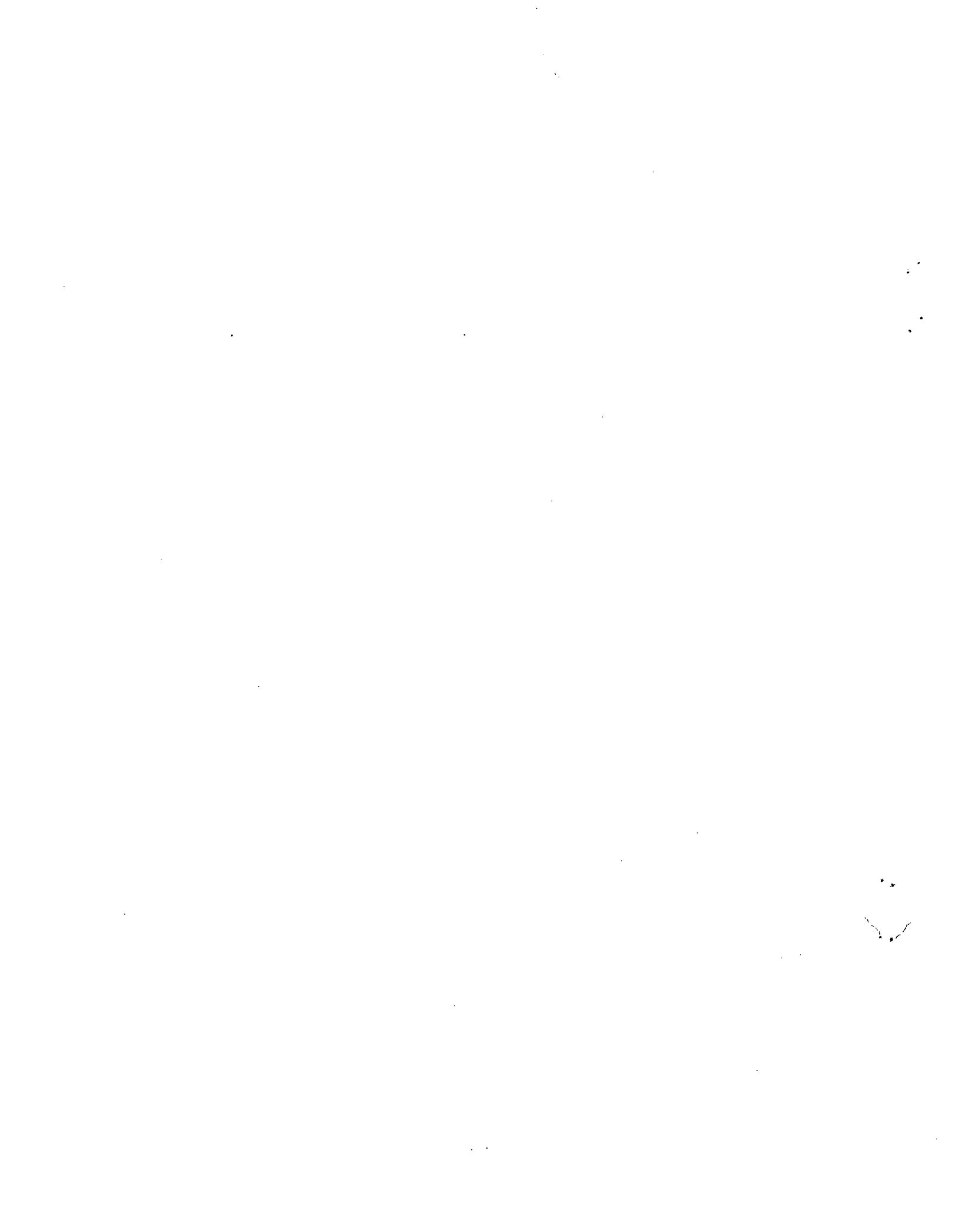
by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

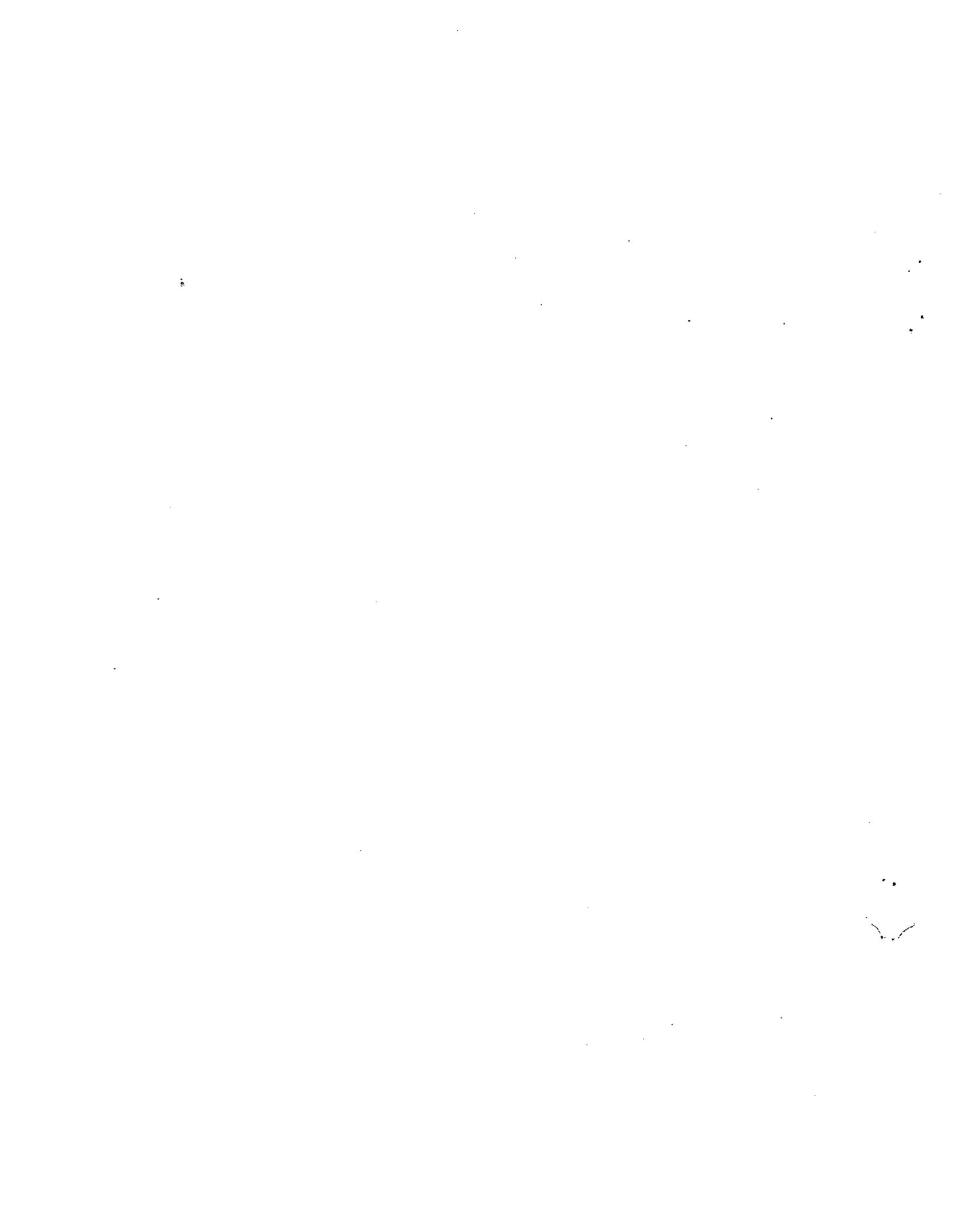


obligations of the Lessor and the Lessee will first be set off against each other and any difference owing by either party shall be paid within 30 days after such final determination.

(k) Notice and Cooperation. The Lessor agrees promptly to notify the Lessee in writing of any Claim and agrees not to make payment of the tax claimed or to consent to the assessment of any deficiency relating directly to such Claim for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such Claim which may be peculiarly within the knowledge of the Lessor and otherwise to cooperate with the Lessee in good faith in order to contest any such Claim.

(l) Waiver of Indemnification Settlement. Nothing contained in this Section shall require the Lessor to contest any Claim if the Lessor shall waive the payment by the Lessee of any amount that might otherwise be payable by the Lessee under this Section by way of indemnity in respect of such Claim. The Lessor shall not enter into a settlement or other compromise with respect to any Claim without the prior written consent of the Lessee, unless (i) the Lessor shall have complied with its obligations to contest under this Section or (ii) the Lessor shall waive its right to be indemnified with respect to such Claim under this Section.

(m) Survival of Indemnities. The respective liabilities of the Lessee and the Lessor to make indemnification payments pursuant to this Section 16 shall, notwithstanding any expiration or termination of the Lease,

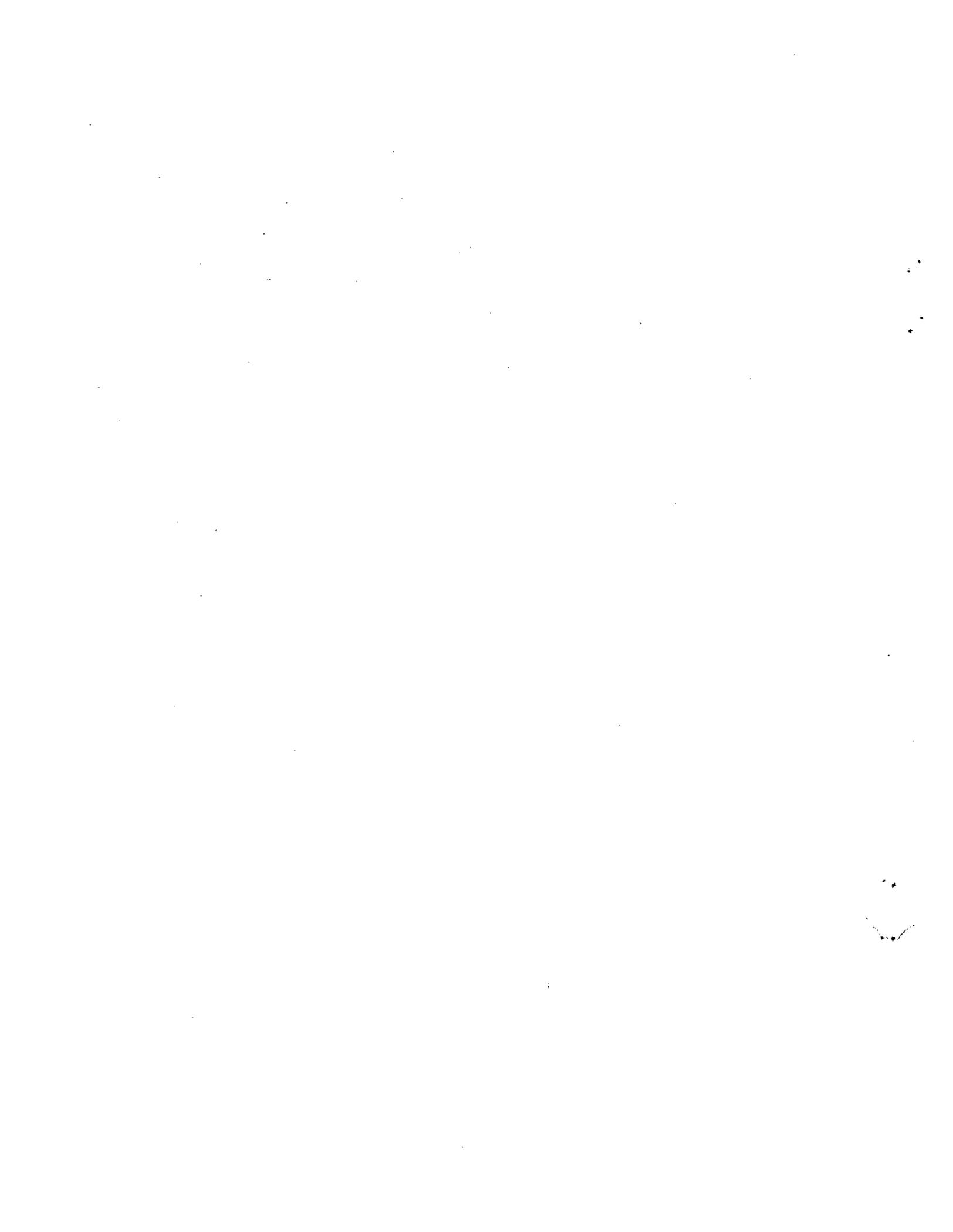


shall, upon request by the Lessor, have furnished the Lessor with security satisfactory to the Lessor, with respect to the Lessee's liability for indemnification under this Section with respect to such Claim, together with at Lessee's expense a timely opinion of independent tax counsel acceptable to Lessor to the effect there exists a substantial likelihood of Lessor prevailing on the merits of the Claim in the Trial Court; provided, however, that in the event the Lessor pays the tax assessment and elects to proceed directly to the Trial Court, without first exhausting the available administrative remedies, the opinion letter of the independent tax counsel shall state there exists a reasonable basis for asserting the Claim; further, provided, that any letter from the independent tax counsel shall be based upon an assumption that the Claim is filed in the forum available to the Lessor which is most favorable to the Claim; and

(ii) The Lessor shall have no obligation to appeal an adverse Trial Court decision on the Claim unless the Lessee at its own expense shall have furnished the Lessor with a timely opinion of independent tax counsel acceptable to the Lessor to the effect that it is more probable than not that the appellate court will reverse the adverse Trial Court decision; and

(iii) The Lessor shall have no obligation to appeal any adverse appellate court decision unless the Lessee at its own expense shall have furnished the Lessor with a timely opinion of independent tax counsel acceptable to Lessor to the effect that the likelihood of reversal of the adverse appellate court determination is substantially greater than the likelihood of affirmance.

(j) Deferral of Lessee's Liability. If any Claim shall be made and the Lessee shall have reasonably requested the Lessor to contest such Claim as above provided and shall have duly complied with all of the terms of subparagraph (h) of this Section, the Lessee's liability for indemnification hereunder (other than as provided in subparagraph (h)(iv) of this Section) shall be deferred until final determination of the liability of the Lessor. At such time the Lessee shall become obligated for the payment of any indemnification hereunder resulting from the outcome of such contest, and the Lessor shall become obligated to refund to the Lessee any amount received as a refund by the Lessor fairly attributable to advances by the Lessee hereunder, together with any interest received by the Lessor on such refund. Such



terminating any such administrative appeals, proceedings, hearings, or conferences, the Lessor shall lose the right to contest the merits of such impositions of levies; provided further, however, that the preceding proviso shall have no application if the contest is terminated solely as a result of the Lessee's failure to comply with any material provision of this Section 22(h) and Section 22(i).

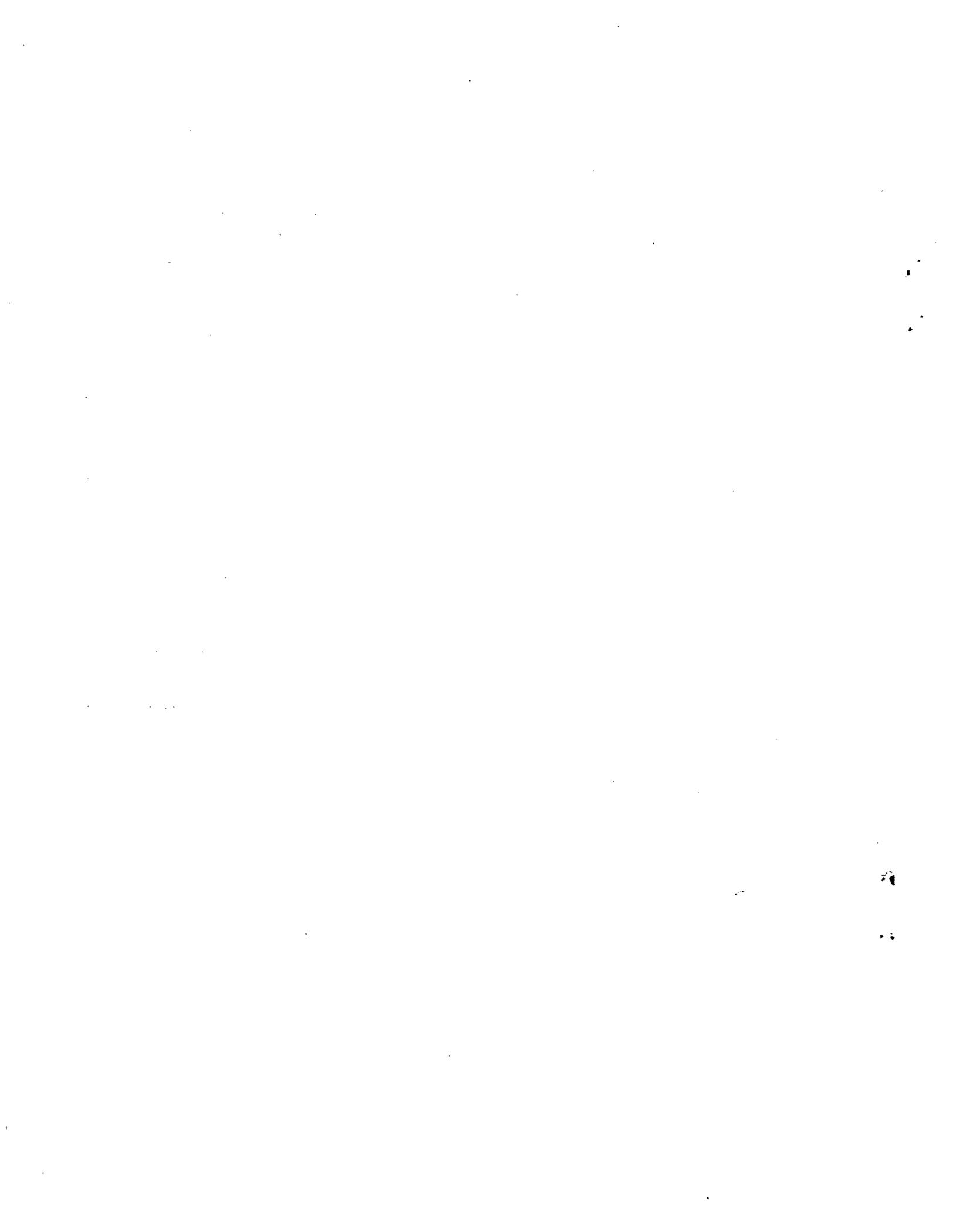
(iii) prior to the Lessor's taking any such requested action, the Lessee at the Lessee's expense shall have furnished the Lessor in a timely manner with an opinion of independent tax counsel satisfactory to the Lessor to the effect that there exists a reasonable likelihood of the Lessor's prevailing on the merits in the contest of such Claim;

(iv) the Lessee shall have indemnified the Lessor in a manner satisfactory to the Lessor for any liability or loss directly related to such Claim which the Lessor may incur from time to time as the result of contesting such Claim and shall pay to the Lessor within 15 days after written demand therefor from time to time an amount which, on an after-tax basis, shall be equal to all costs and expenses which the Lessor may incur from time to time in connection with contesting or defending such Claim or any appeal thereof, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest, additions to tax or penalties which may ultimately be payable as a result of contesting such Claim or appeal; and

(v) if the Lessor shall have elected hereunder to pay the tax claimed and then seek a refund, the Lessee will advance to the Lessor sufficient funds, on an interest-free basis, to pay the tax.

(i) Opinions of Tax Counsel. Notwithstanding any other obligation of the Lessor under this Section, the Lessor shall have no obligation to take any action, other than any administrative action taken pursuant to Section 22(h) (iii) hereof, with respect to any Claim unless the requirements contained in the following paragraphs are fulfilled:

(i) The Lessor shall have no obligation to file an action in the Tax Court, any U.S. District Court or the Court of Claims ("Trial Court") unless the Lessee

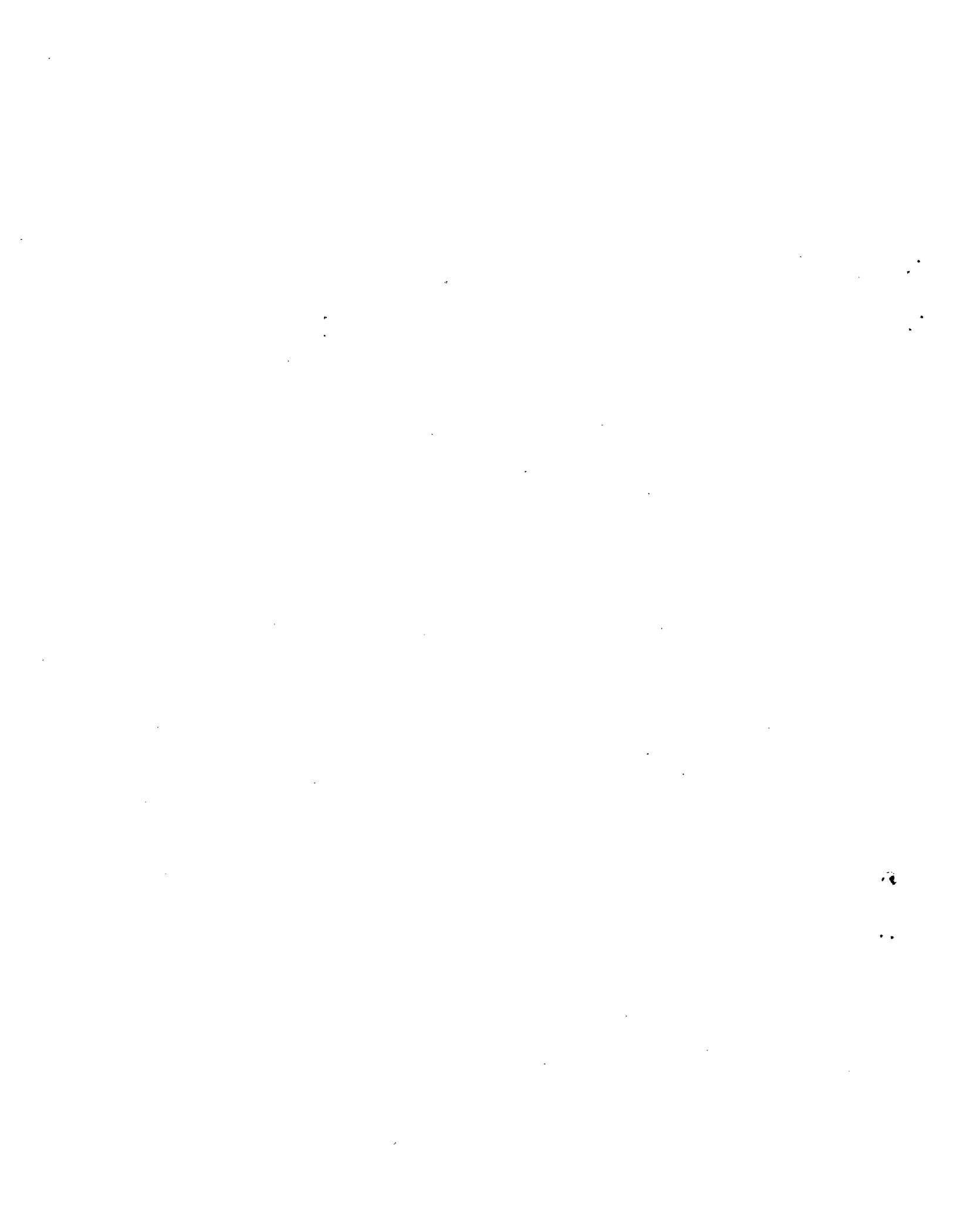


indemnification payments hereunder, shall preserve the Lessor's Net Economic Return. If as a result of any such Capital Expenditures the taxes paid by the Lessor for any taxable year shall be less than the amount of such taxes which would have been payable by the Lessor had not such Capital Expenditures been made, then the Lessor shall pay the Lessee the amount of such savings in taxes plus any additional tax benefits realized by the Lessor as the result of such payment; provided, however, that the Lessor shall not be obligated to make any payment pursuant to this sentence with respect to any Capital Expenditures (i) so long as the Lessee is currently in default or a condition exists or an event has occurred which with the lapse of time and/or the giving of notice would constitute a default under this Agreement, (ii) to the extent that any such payment would cause the Lessor not to realize its Net Economic Return or (iii) to the extent that such payment, together with all amounts previously paid by the Lessor to the Lessee pursuant to this subsection (g) with respect to such Capital Expenditure, are in excess of all amounts previously paid by the Lessee to the Lessor with respect to such Capital Expenditure.

(h) Contest of Disallowance of Tax Benefits. If a claim ("Claim") shall be made at any time which, if successful, would require the Lessee to indemnify the lessor under this Section, the Lessor hereby agrees to contest such Claim in good faith, discussing with Lessee such actions, including but not limited to selection of forum, as Lessee may reasonably request; provided, however, that any final decision on such action shall be made solely by the Lessor; provided, further, however, that:

(i) within 30 days after notice by the Lessor to the Lessee of such Claim, the Lessee shall request that such Claim be contested;

(ii) the Lessor shall control all proceedings in connection with such Claim and, at its sole option, may forego or terminate any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service with respect to such Claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Claims Court as the Lessor shall elect, or contest such Claim in the United States Tax Court; provided, however, that the Lessee shall have no obligation to indemnify the Lessor for any such Taxes, if as a result of the Lessor's foregoing or



the extent that such Loss results from the occurrence of any of the following events:

(i) a voluntary transfer or other voluntary disposition by the Lessor of any interest in any unit or any interest in the Lease, except pursuant to its exercise of any rights in respect of a Default;

(ii) the failure of the Lessor to claim (unless Tax Counsel has advised that such claim is not properly allowable by reason of acts of commission or omission, misrepresentations or breach of any agreement, covenant or warranty by the Lessee) the Cost Recovery Deductions, the Foreign Tax Credits, the Interest Deductions or the State and Local Tax Benefits;

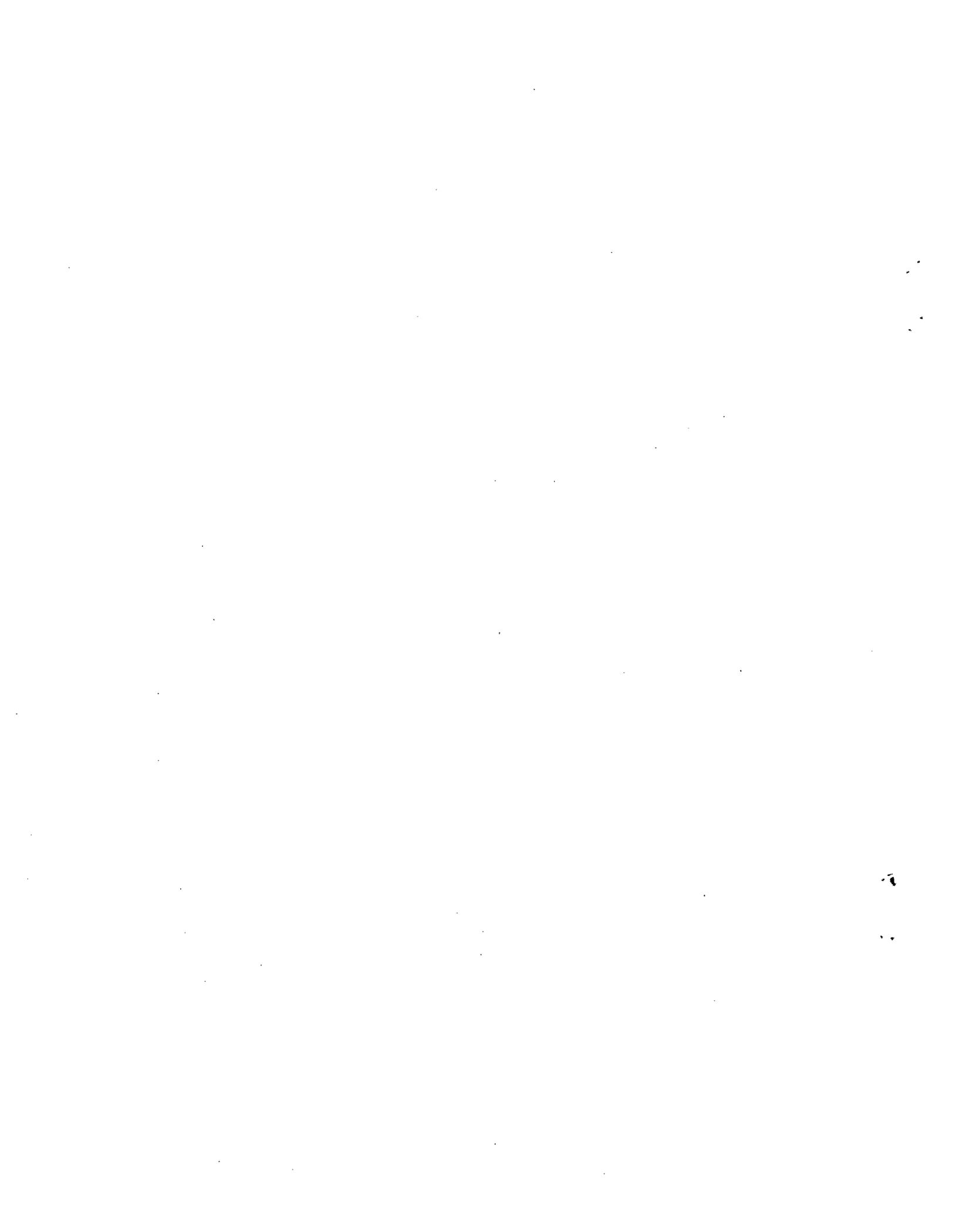
(iii) the loss results directly from the gross negligence or willful misconduct of the Lessor that is inconsistent with the tax assumptions in this Section;

(iv) the failure of the Lessor to have sufficient liability for tax against which to credit the Investment Credit or to have sufficient income to benefit from the Cost Recovery Deductions or the Interest Deductions or to utilize the State and Local Tax Benefits, as the case may be;

(v) a Casualty Occurrence to the extent of the Casualty Value timely paid by the Lessee pursuant to Section 7 of the Lease; or

(vi) any changes in tax law (it being understood that this clause (vi) shall not affect the rights of the Lessor under Section 3(b) hereof).

(g) Indemnity for Improvements. If at any time the Lessor is required to include in its gross income an amount in respect of any improvement or addition to the units or any accession referred to in Section 9 hereof Lessee shall pay to the Lessor, as an indemnity, such amount or amounts as, after deduction of all taxes required to be paid by the Lessor in respect to the receipt of such amounts shall be equal to the additional taxes payable by the Lessor from time to time as a result of such Capital Expenditures plus the amount of any interest, penalties or additions to tax payable as a result of any such Capital Expenditures provided that indemnification payments hereunder shall be an amount sufficient so that, after considering the tax and other effects of the Capital Expenditures and the receipt of

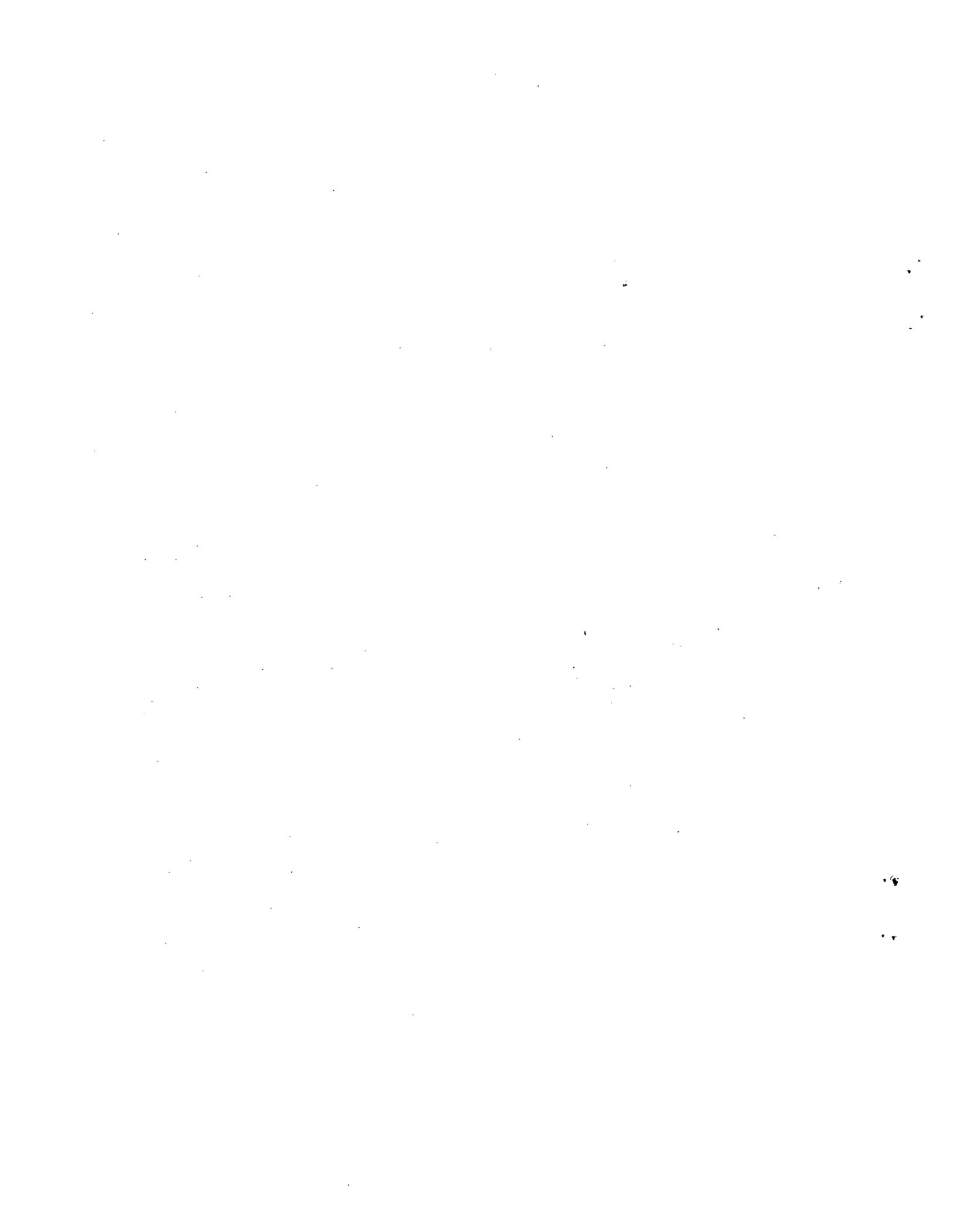


Upon the request of the Lessee, the Lessor will furnish to the Lessee a certificate of the Lessor's independent accountants, verifying that the amount of such indemnification payment is in an amount sufficient, but not greater than the amount necessary, on an after-tax basis assuming a combined Federal and State tax rate of 43% for 1987 and 37% for 1988 and all subsequent years, to preserve the Lessor's Net Economic Return.

(d) Subsequent Benefit. If, as a result of any Loss for which indemnification is paid by the Lessee hereunder, the aggregate Federal income taxes paid or accrued by the Lessor for any taxable year shall be less than the amount of such taxes which would have been payable by the Lessor had no such Loss occurred, and if such reduction in taxes was not taken into account in determining the amount of indemnification payable by the Lessee hereunder, then the Lessor will pay the Lessee the amount of such difference in taxes plus an amount equal to any additional reductions in tax realized by the Lessor as a result of such payment; provided, however, that the Lessor shall not be obligated to make any payment pursuant to this Section 22 (i) so long as the Lessee is in default or a condition exists nor has an event occurred which with the lapse of time and/or the giving of notice would constitute a default under this Agreement, (ii) to the extent that such payment would cause the Lessor not to realize its Net Economic Return, or (iii) to the extent that such payment, together with all amounts previously paid by the Lessor, pursuant to this subsection (d) are in excess of all amounts previously paid by the Lessee with respect to such loss.

(e) Payment. All amounts payable to the Lessor hereunder shall be paid promptly and in immediately available funds and in any event within 15 days after receipt by the Lessee of a written demand therefor on the basis that the Lessor has paid or within 15 days expects to pay such amounts. Any payment due to the Lessee from the Lessor pursuant to this Section shall be paid promptly and in any event within 15 days after the Lessor realizes any reduction in its income or franchise taxes based upon net income.

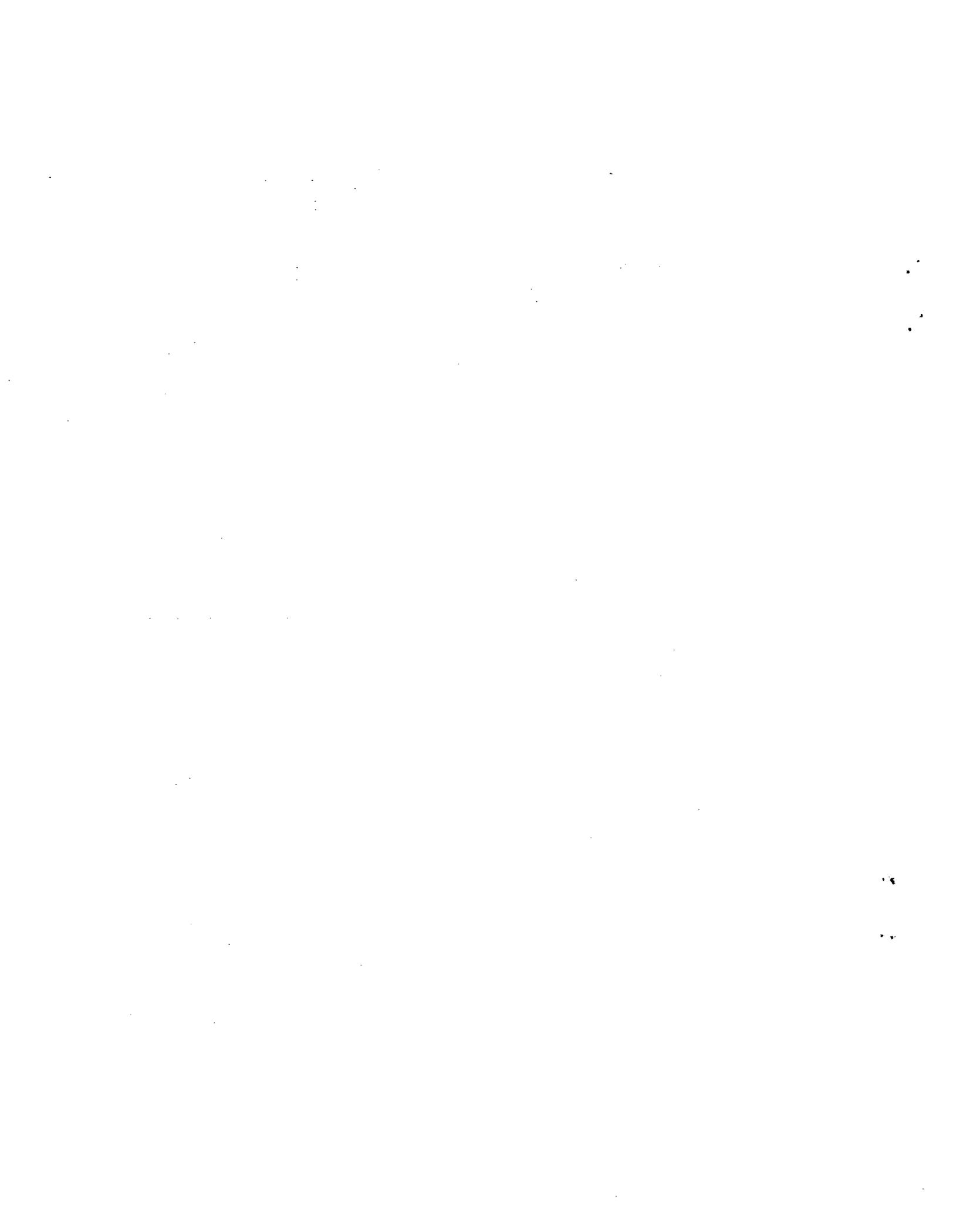
(f) Limitations on Special Tax Indemnities. Notwithstanding anything to the contrary hereinbefore set forth, no amount shall be payable to the Lessor as an indemnity under this Section 22 in respect of any Loss to



(v) as of the date of delivery and acceptance of each Unit, such Unit will not be property described in Section 168(j) of the Code;

(vi) as of the date of delivery and acceptance of each Unit, such Unit will not be "limited use property" within the meaning of the Internal Revenue Service Revenue Procedure 76-30, 1976-2 C.B. 647.

(c) Indemnity. If by reason of any act of commission or omission (including any acts of commission or omission permitted to be taken pursuant to the Lease), misrepresentation, breach of any agreement, covenant, representation or warranty contained herein on the part of the Lessee, (i) the Lessor shall lose the right to claim or shall not claim (as the result of a good faith determination based upon the advice of independent tax counsel selected by the Lessor and approved by Lessee, which approval shall not be unreasonably withheld (hereinafter referred to as "Tax Counsel"), that such claim is not properly allowable by reason of any act of commission or omission, misrepresentation or breach of any agreement, covenant or warranty by the Lessee), shall suffer a disallowance of, or shall be required to recapture all or any portion of the Cost Recovery Deductions, the Interest Deductions, or State and Local Tax Benefits or such benefits are available as to the Lessor only at later dates than assumed, or (ii) the Lessor shall suffer a disallowance of or be required to recapture an amount of foreign tax credit which would have been allowable to the Lessor if the Lessor had not participated in the transactions contemplated by the Lease (the "Foreign Tax Credit") (any of such events being a "Loss"), then the Lessee shall pay to the Lessor such amount or, from time to time, such amounts as, shall be equal to the additional taxes, including penalties and interest, if any, payable by the Lessor from time to time as a result of any such Loss plus any taxes required to be paid by the Lessor on such amounts; provided that indemnification payments hereunder shall be an amount sufficient, on an after-tax basis, to preserve the Lessor's Net Economic Return plus, on an after-tax basis, an amount equal to any interest, additions to tax and/or penalties imposed as a result of the Loss which gave rise to indemnification hereunder. The Lessor's net after-tax economic and accounting yields and cash flows computed on the basis of such assumptions and the same method of accounting as were utilized by the Lessor in evaluating this transaction are herein called "Net Economic Return."



(vi) Alterations, improvements and additions to any Unit by the Lessee will not result in any tax consequences to the Lessor.

(vii) All income and deductions with respect to the Units will be from sources within the United States.

(viii) The maximum Federal income tax rate applicable to the Lessor is 39.95% in 1987 and 34% in 1988 and subsequent years.

It being expressly agreed, however, that the Lessee does not warrant or represent the accuracy of any of the assumptions set forth in subsection (a) of this Section.

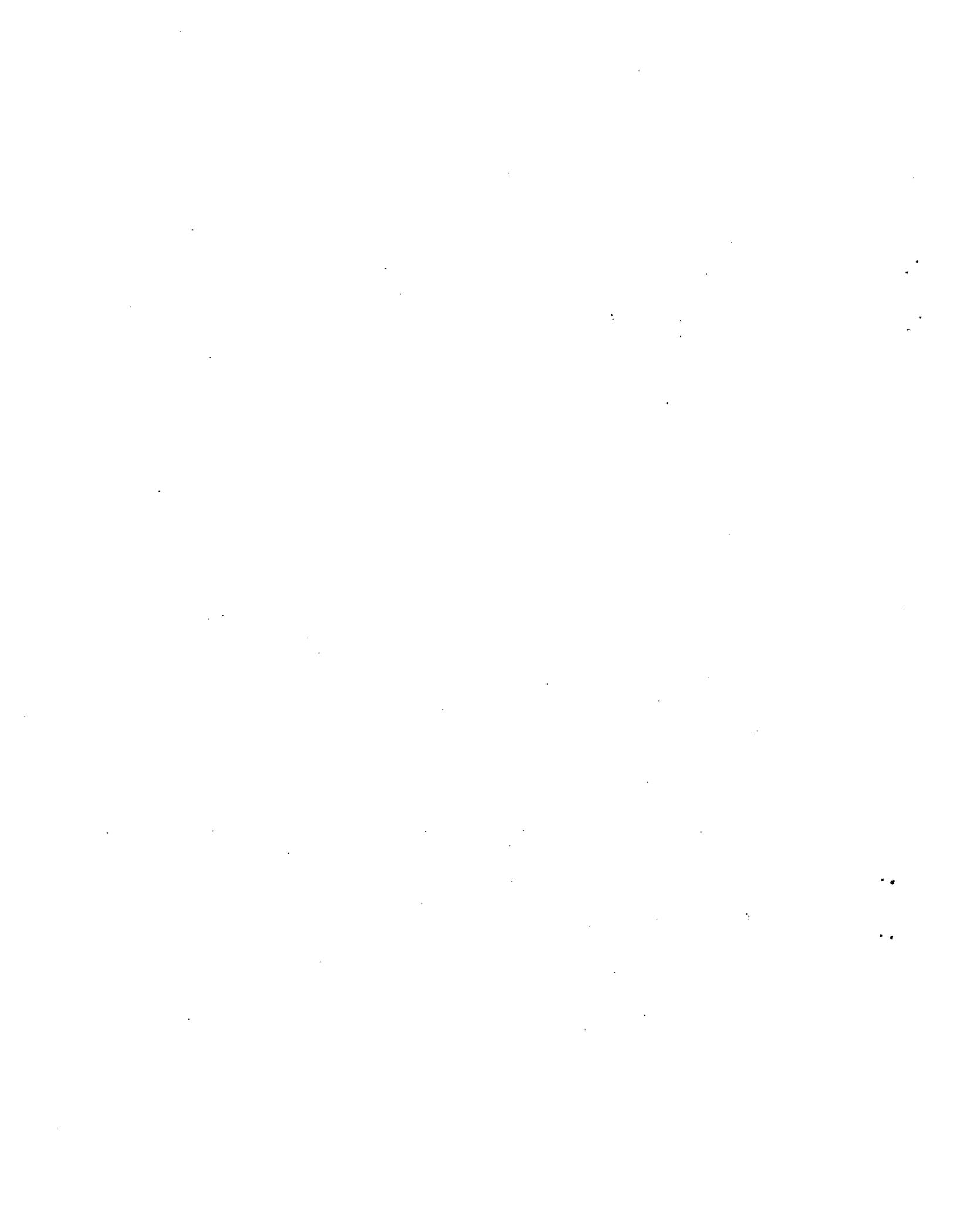
(b) Lessee's Representations and Warranties. The Lessee represents and warrants for purposes of this Section that:

(i) in the hands of the Lessor as of the date of delivery and acceptance of each Unit, such Unit will constitute (A) "recovery property" and "7-year property" within the meaning of Section 168 of the Code, and the Lessor will be entitled to the Cost Recovery Deductions with respect to such Unit (the "Cost Recovery Deductions");

(ii) the Lessee has not made any claim and will not make any claim predicated on tax or legal ownership of the Units, including but not limited to, a claim of the Cost Recovery Deductions, the Interest Deductions or the State and Local Tax Benefits;

(iii) at all times during the Lease Term the Lessee will not use nor permit the use of the Units in any taxable year of the Lessor "predominately outside the United States," within the meaning of Section 168(f)(2) of the Code;

(iv) at all times during the Lease Term, the Lessee will not use nor permit the use of the Units outside the United States of America in such a manner as to affect the ability of the Lessor to treat, for Federal income tax purposes, each item of income, deduction and credit relating to all Units subject to the Lease as being derived from or allocable to, sources within the United States of America;



are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania; 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 or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed or deposited.

SECTION 22. (a) Assumed Tax Consequences. This Lease has been entered into on the assumption that it will have the following tax consequences (herein referred to as "Assumed Tax Consequences"):

(i) The transaction will be treated as a lease for tax purposes. The Lessor will be treated as the owner and lessor of each Unit and the Lessee will be treated as lessee of each Unit.

(ii) In the hands of the Lessor as of the date of delivery and acceptance of each Unit, such Unit will constitute (A) "recovery property" and "7-year property" within the meaning of Section 168 of the Internal Revenue Code of 1986, as amended ("Code"), and the Lessor will be entitled to the deductions allowed under Section 168 of the Code with respect to such Unit (the "Cost Recovery Deductions").

(iii) The Lessor will be entitled to the Cost Recovery Deductions with respect to the full amount of the Lessor's tax basis for each of the Units and the full amount of the Cost Recovery Deductions will be allowed to the Lessor and there will be no recapture of the Cost Recovery Deductions by the Lessor.

(iv) The amounts of interest payable on any debt incurred with respect to this transaction shall be deductible as interest by the Lessor in accordance with its method of accounting (the "Interest Deductions").

(v) The Lessor shall be entitled to depreciate the Units for state and local income tax purposes in the Lessor's home state (the "State and Local Tax Benefits").

SECTION 18. Notices. Any notice required or permitted hereunder shall be deemed to have been received by the addressee on the date of actual receipt (if such date is a business day, otherwise on the next business day) if transmitted by mail, air courier, telex, telecopy or similar transmission, or by hand, addressed as follows:

(a) if to the Lessor, c/o Whirlpool Leasing Services, Inc., at 17177 N. Laurel Park Drive, Suite 233, Livonia, Michigan 48152, Attention of Leverage Lease Administrator; and

(b) if to the Lessee, at Consolidated Rail Corporation, 1310 Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention of Assistant Treasurer-Financing;

or at such other address or either party shall have designated to the other party in writing. Copies of each such notice shall be given to the Vendor at P.O. Box 2258 (or if by hand, 2 Hopkins Plaza), Baltimore, Maryland 21203, Attention of Corporate Trust Department.

SECTION 19. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

SECTION 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or

assignment of either thereof to be filed in accordance with 49 U.S.C. § 11303 and deposited with the Registrar General of Canada (and notice of such deposit to be given forth in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments (including the filing of appropriate Uniform Commercial Code financing statements and continuation statements under the laws of the Commonwealth of Pennsylvania and the State of Michigan) required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to its satisfaction, of the Vendor's and the Lessor's rights in the Units, or for the purpose of carrying out the intention of this Lease, the CSA and the assignments hereof and thereof to the Vendor; and the Lessee will promptly furnish or cause to be furnished to the Vendor and the Lessor evidence of all such filing, registering, depositing, recording and other acts which may be required under this Section 15, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor.

SECTION 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount on the overdue rentals and other obligations for the period of time during which they are overdue at a rate equal to the higher of (i) 11 3/4% or (ii) the "prime" rate of interest as announced from time to time by Morgan Guaranty Trust Company of New York plus 1% ("Penalty Rate").

SECTION 17. Lessor's Right To Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Penalty Rate, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

point on Lessee's lines for a connecting carrier for shipment, the movement and storage of such units during the Storage Period to be at the expense and risk of the Lessee. During the Storage Period Lessor shall not be responsible for the expenses of storage. During the Storage Period under this option, Lessor shall be responsible for all rents, including but not limited to Trailer Train rental due on the subject flatcars, from and after the date each flatcar is delivered to the storage tracks. If Lessor requests and provides funds, Lessee shall continue to make the subject flatcar rent payments to Trailer Train on Lessor's behalf during the Storage Period, or if Lessor requests, Lessee shall assign whatever rights it has to the subject flatcars to another Class I railroad. Each Unit returned to the Lessor pursuant to this subparagraph shall be in the condition required by the first paragraph of Section 7 hereof. Subsequent to the expiration of the term and prior to any transfer of any Unit from the possession and control of Lessee to Lessor, the parties hereto and a representative of Trailer Train shall inspect the Units for damage in a reasonable manner consistent with current industry practice. In the event that any Unit shall suffer a Casualty Occurrence during such Storage Period, the Lessee shall pay the Lessor the Casualty Value thereof as provided in Section 7 hereof, provided, however, the Lessee shall have no obligation to pay the Lessor the Casualty Value for a Unit which suffers a Casualty Occurrence while being operated or inspected by the Lessor or its agents (other than the Lessee) during the Storage Period. During such Storage Period the Lessee will permit the Lessor or any person designated by it, including the authorized representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same in a reasonable manner and consistent with current industry practice; provided, however, that the Lessee shall not be liable, except in the case of negligence or strict liability of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, on behalf of either the Lessor or any prospective purchaser, lessee or user, such rights of inspection. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance thereof.

SECTION 15. Recording. The Lessee, at its cost and expense, will cause this Lease and the CSA, prior to the delivery and acceptance of any Unit hereunder, and any

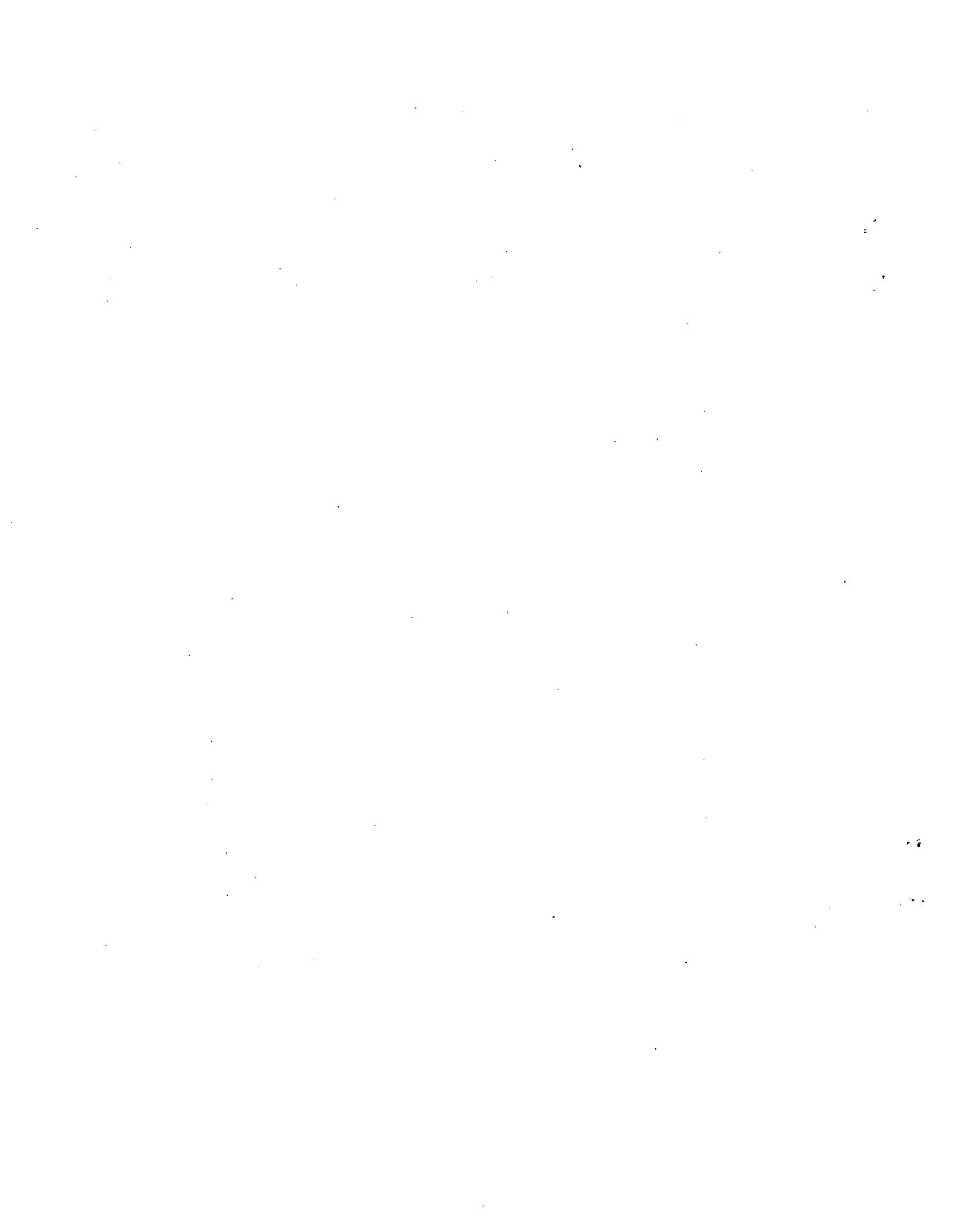


apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two determinations shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be shared equally by the Lessor and Lessee.

SECTION 14. Disposition of Units upon Expiration of Term. Unless Lessee shall have purchased and paid for the Units pursuant to the terms and conditions set forth in Section 13 hereof, or unless Lessee shall have renewed this Lease Agreement under any terms and conditions, or unless Lessee shall have paid Lessor the Casualty Value for the Units, Lessor shall have the following options which will be exercised with at least 60 days written notice prior to the expiration of the term:

(1) Require Lessee to remove the Units from the flatcars and prepare the flatcars so that they are acceptable to Trailer Train, all at Lessee's expense and risk. During the period of time necessary for removal of the Units, all related expenses (flatcar rental, insurance, transportation charges, etc.) shall be Lessee's responsibility; or

(2) Require the Lessee to store the Unit or Units on its storage tracks for a period not exceeding 90 days from the expiration date ("Storage Period") and transport the same, at any time within the Storage Period, to any point that Lessor shall designate on Lessee's lines or to a

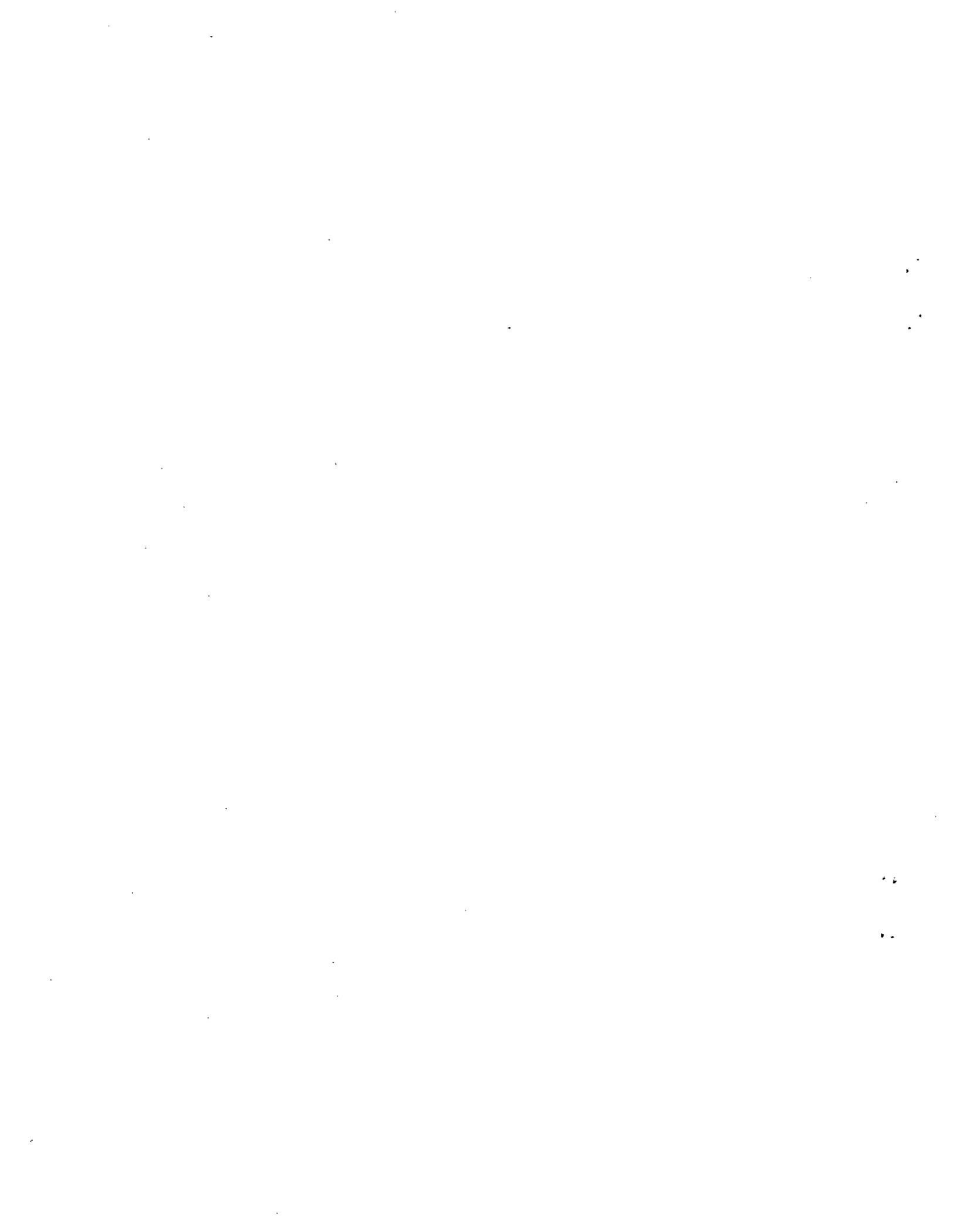


Lessee. If the Lessor and the Lessee do not reach agreement on the Fair Market Purchase Price by the end of the 75th day before the end of the term of this Lease with respect to such Units, the Lessor shall have no obligation to sell such Units to the Lessee at any price and shall have no restrictions on its ability to sell to any other party at any price.

13.2. Renewal Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect to renew the term of this Lease for one additional three-year period by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease, electing to extend such original term of this Lease in respect of all but not less than all the Units then covered by this Lease for an additional one three-year period commencing on the scheduled expiration of such original term of this Lease. Such election shall be irrevocable. The rental payable during each extended term shall be payable semi-annually on January 2 and July 2 of each year of such extended term and shall be in an amount equal to the Fair Market Rental.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than the Lessee) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental.

If, after 30 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given either party may

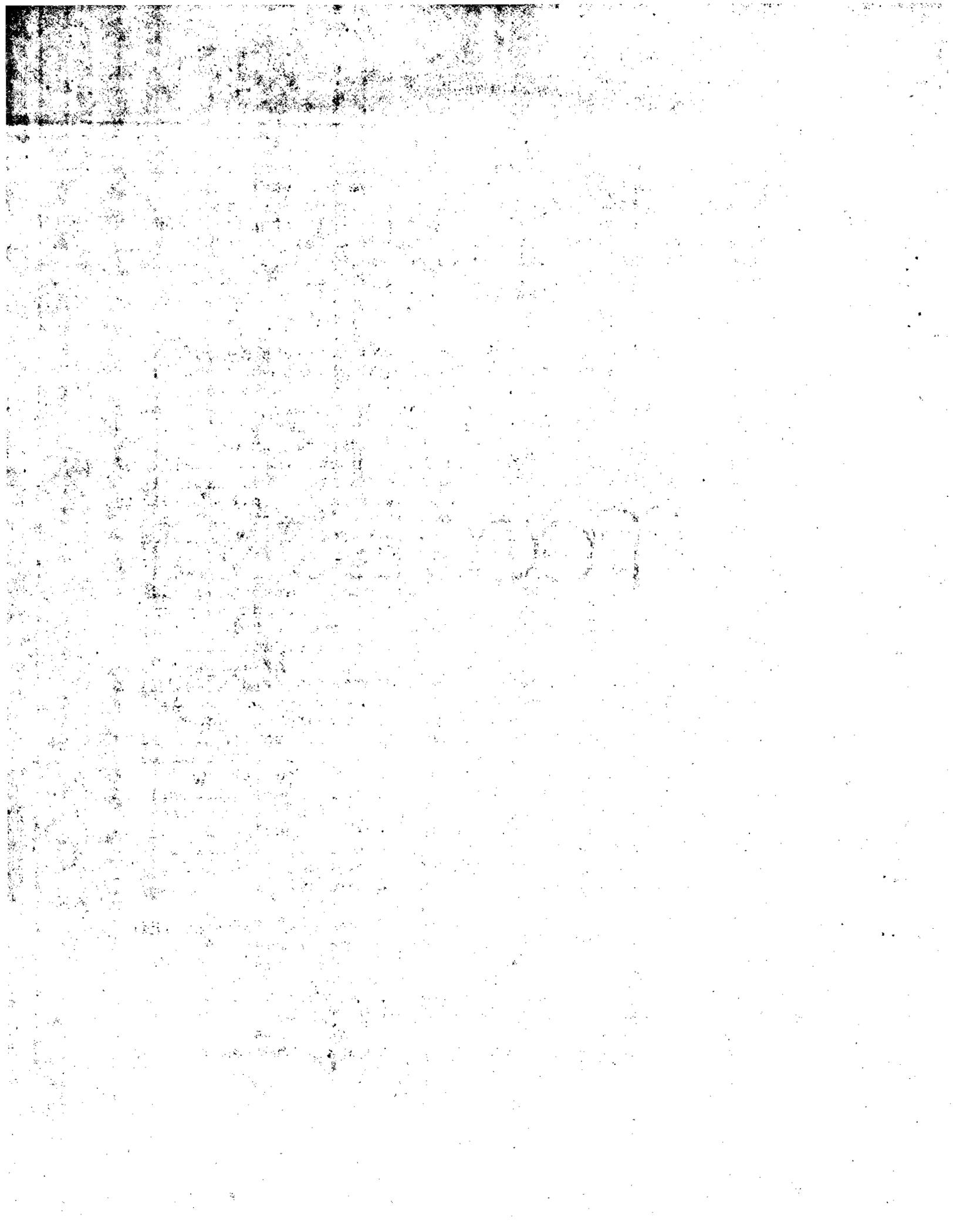


Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrances which arises.

SECTION 13.1 Options Upon Expiration of the Lease Term Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor, not less than 180 days prior to the end of term, elect to purchase all but not less than all the Units then subject to this Lease as are identified in Lessee's written notice, at the lesser of (i) 35% of the Purchase Price thereof or (ii) the Fair Market Purchase Price thereof payable in immediately available funds on the dates this Lease expires with respect to each Unit.

Upon payment of the price for any Unit, pursuant to an election by the Lessee to purchase the Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Builder thereof, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Fair Market Purchase Price shall be the price agreed to by Lessee and Lessor, in writing, as the cash purchase price that would obtain in an arm's-length transaction between a purchaser and seller, both being informed and willing and neither being under any compulsion to buy or sell. Lessee's notice pursuant to the first sentence of the first paragraph of this Section 13.1 shall include a conditional offer (conditioned solely on approval within a reasonable period of time by Lessee's board of directors, which approval Lessee's management shall seek if the conditional offer is accepted by Lessor) to the Lessor to purchase the Units identified in such notice at the price designated therein by Lessee as the Fair Market Purchase Price. Such conditional offer shall remain open for acceptance by Lessor at all times from the date the notice is given until the 75th day before the end of the term of this Lease with respect to such Units. During the period that such conditional offer remains open for acceptance by the Lessor (but in no event beyond the end of the 60th day before the end of the term of this Lease with respect to such Unit), the Lessor shall not sell or agree to sell to anyone other than the Lessee any Units so designated for a price equal to or lower than the price so offered by the



for assignment, the Lessee will have 10 business days to respond to such request; provided, however, that the Lessee's failure to respond within 10 business days shall be deemed to be approval. If the Lessee will not permit such assignment, the Lessee shall provide the Lessor with a written statement describing in reasonable detail the reasons for such denial. All the rights of the Lessor hereunder shall inure to the benefit of the Lessor's successors and assigns.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and, without the prior written consent of the Lessor, the Lessee may sublease the Units to, or permit their use by, a user incorporated in the United States of America (or any State thereof or the District of Columbia), upon lines of railroad owned or operated by the Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia), or over which the Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term longer than six months; provided further, however, that the Lessee shall not sublease or permit the sublease or use of any Unit to service involving operation or maintenance outside the United States of America except that occasional service in Canada shall be permitted so long as such service in Canada does not involve regular operation and maintenance outside the United States of America; and provided further, however, that any such sublease or use shall be consistent with the provisions of Section 22 hereof. No such assignment or sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety.

The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than a lien, charge, security interest or other encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor, the

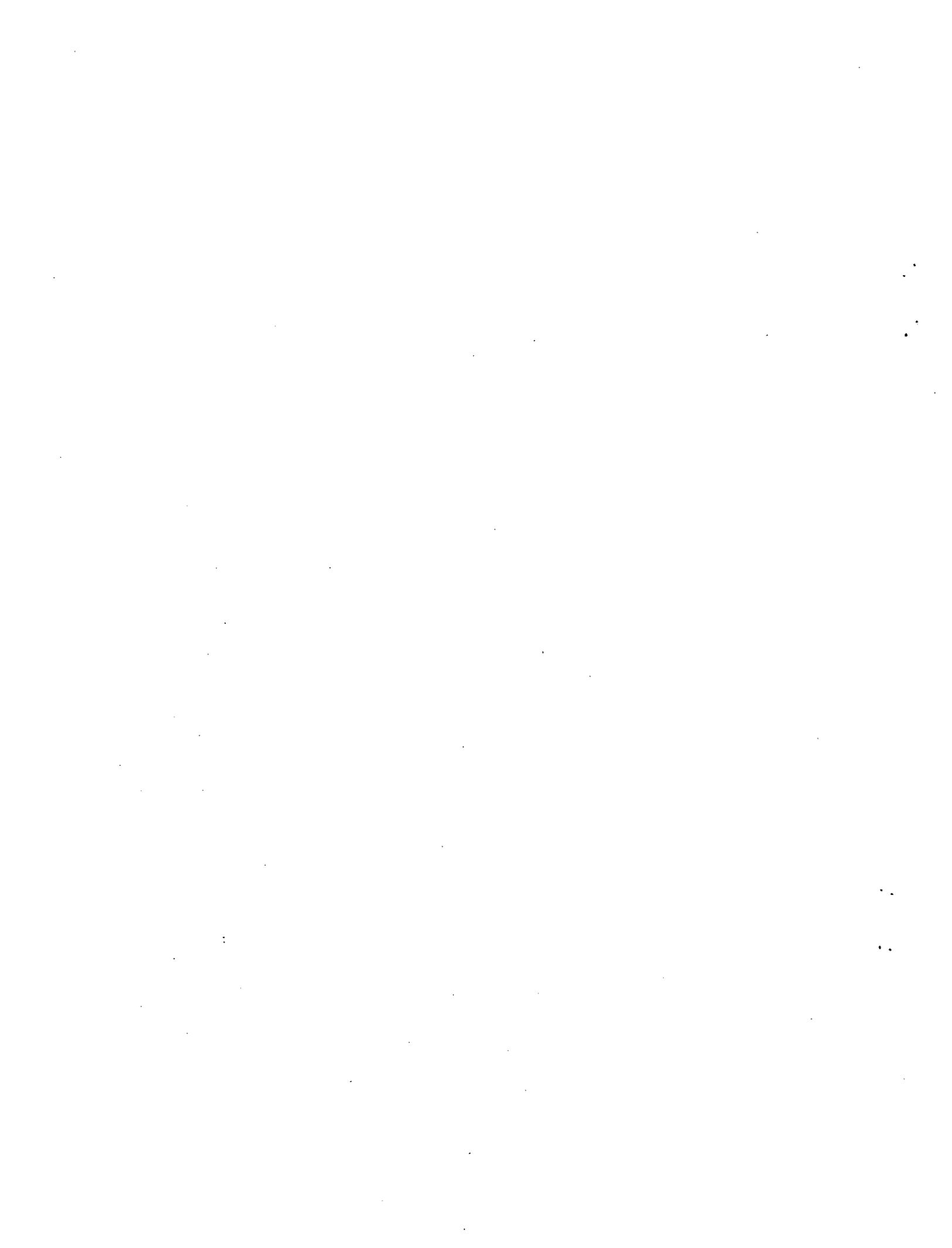
charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Lessor; and

(d) cause the same to be transported to any reasonable place as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own expense, maintain and keep the Equipment in the condition required by the first paragraph of Section 7 hereof and will permit and cooperate with the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any such Unit, to inspect the same in a reasonable manner consistent with current industry practices. All rent and car hire charges earned in respect of the Units after the date of termination of this Lease shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which \$9.86 for each such day exceeds the actual earnings received by the Lessor with respect to such Unit for each such day.

Without in any way limiting the foregoing obligations of the Lessee under this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of such Unit in the name and on behalf of the Lessee to obtain possession thereof from whomsoever shall be in possession of such Unit at the time.

SECTION 12. Assignment; Possession and Use. So long as no Event of Default exists hereunder, any rights arising under this Lease shall not be assignable in whole or in part by the Lessor or any assignee thereof without the written consent of the Lessee, which consent shall not be unreasonably withheld. Upon the written notice by the Lessor or any assignee thereof to the Lessee of the request



existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all claims against the Lessor and the Vendor and their agent or agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner. The Lessor and the Lessee agree that the Lessor shall be entitled to all rights (such rights being fundamental to the willingness of the Lessor to enter into this Lease) provided for in § 1168 of the Bankruptcy Act or any comparable provisions of any amendment thereto, or of any other bankruptcy act, so that the Lessor shall have the right to take possession of the Equipment upon an Event of Default under this Lease regardless of whether the Lessee is in reorganization.

No failure by the Lessor in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege by the Lessor preclude any other or future exercise thereof, or the exercise of any other right, power or privilege.

SECTION 11. Return of Units upon Default. If this Lease shall terminate pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of the Units and the flatcars to which they are attached to the Lessor and shall assign to the Lessor all rights to the use of such flatcars. Each Unit so delivered shall be in the condition required by the first paragraph of Section 7 hereof. For the purpose of delivering possession, the Lessee shall:

(a) 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 flatcars to which any Units are attached have been interchanged or which may have possession thereof to return such flatcar so interchanged) place such Units upon such storage tracks or other premises of the Lessee or any of its affiliates as the Lessor reasonably may designate;

(b) if so required by the Lessor, detach each Unit from the flatcar to which it has been attached;

(c) cause such Units to be stored on such tracks or other premises at the risk of the Lessee without

the Lessee shall not be relieved of its obligations under Section 6 or Section 22 hereof except as specifically provided therein and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 11.16% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or (y) an amount equal to the excess, if any, of the Casualty Value as of the Rental Payment Date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the Rental Payment Date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor

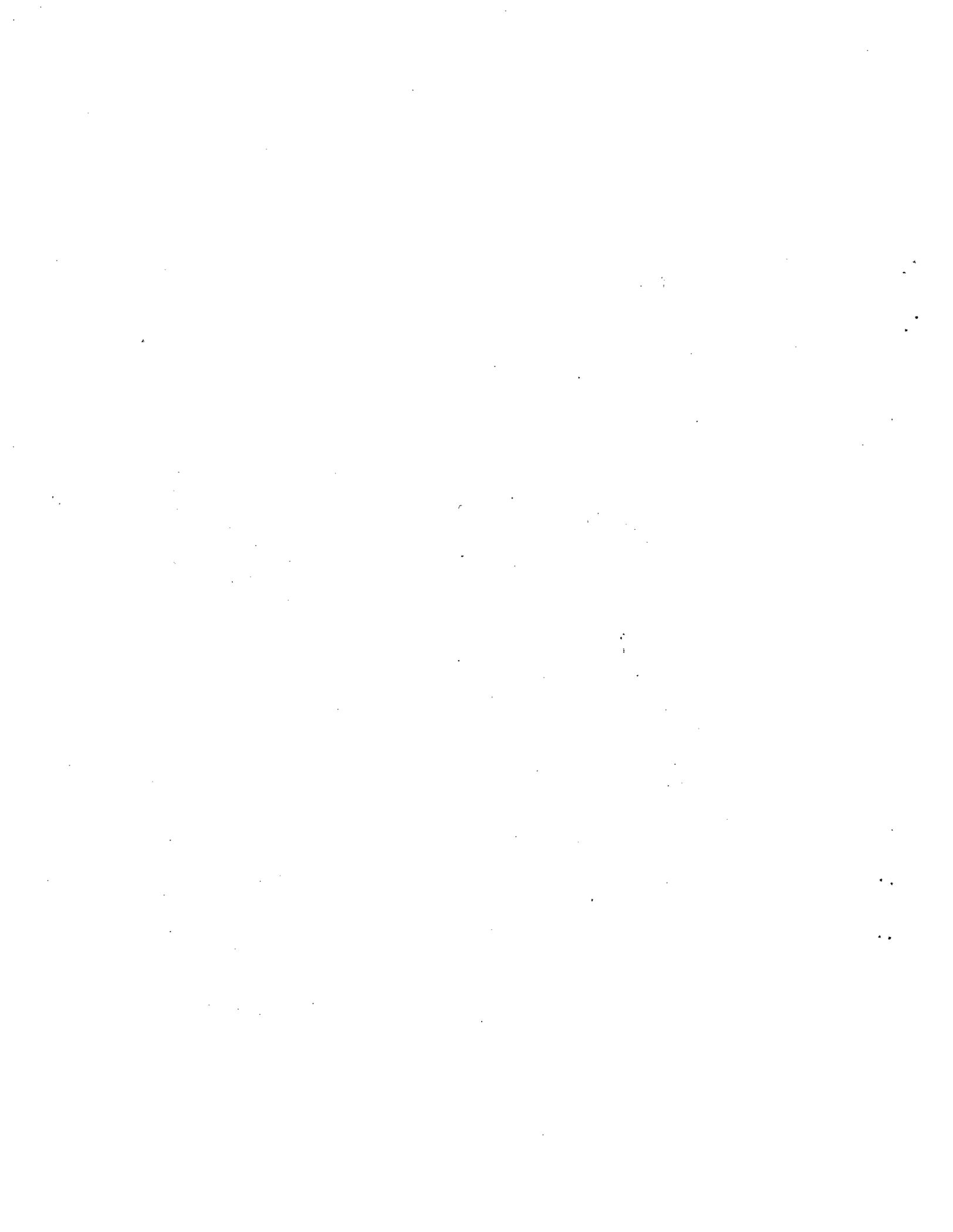


rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including Net Economic Return of Federal income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lease to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents, subject to compliance with all mandatory requirements of law, enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such rental period by a fraction of which the numerator is such number of days and the denominator is 180 days) including but not limited to any amounts due the Lessor pursuant to Section 6 hereof; provided, however, that



(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

(C) default shall be made in observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Consent or in the Participation Agreement and such default shall continue for 30 days (or, in the case of a default under Section 7 hereof, five business days') after the earlier of (i) written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied and (ii) the date on which such default shall first become known to any officer of the Lessee;

(D) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent and the Participation Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

(E) any other proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Consent and the Participation Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise

Person or anyone acting under, through, or on behalf of such Indemnified Person. The indemnities arising under this paragraph shall be paid on an after-tax basis and shall continue in full force and effect notwithstanding (i) the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease and (ii) that an Indemnified Party may have a right to be indemnified by another party.

Except as otherwise expressly provided in Section 14, the Lessee shall bear the responsibility and risk for, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any or all of the Units of Equipment. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required filing date (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of, or the interest of the Vendor in, the Units, or the leasing thereof to the Lessee.

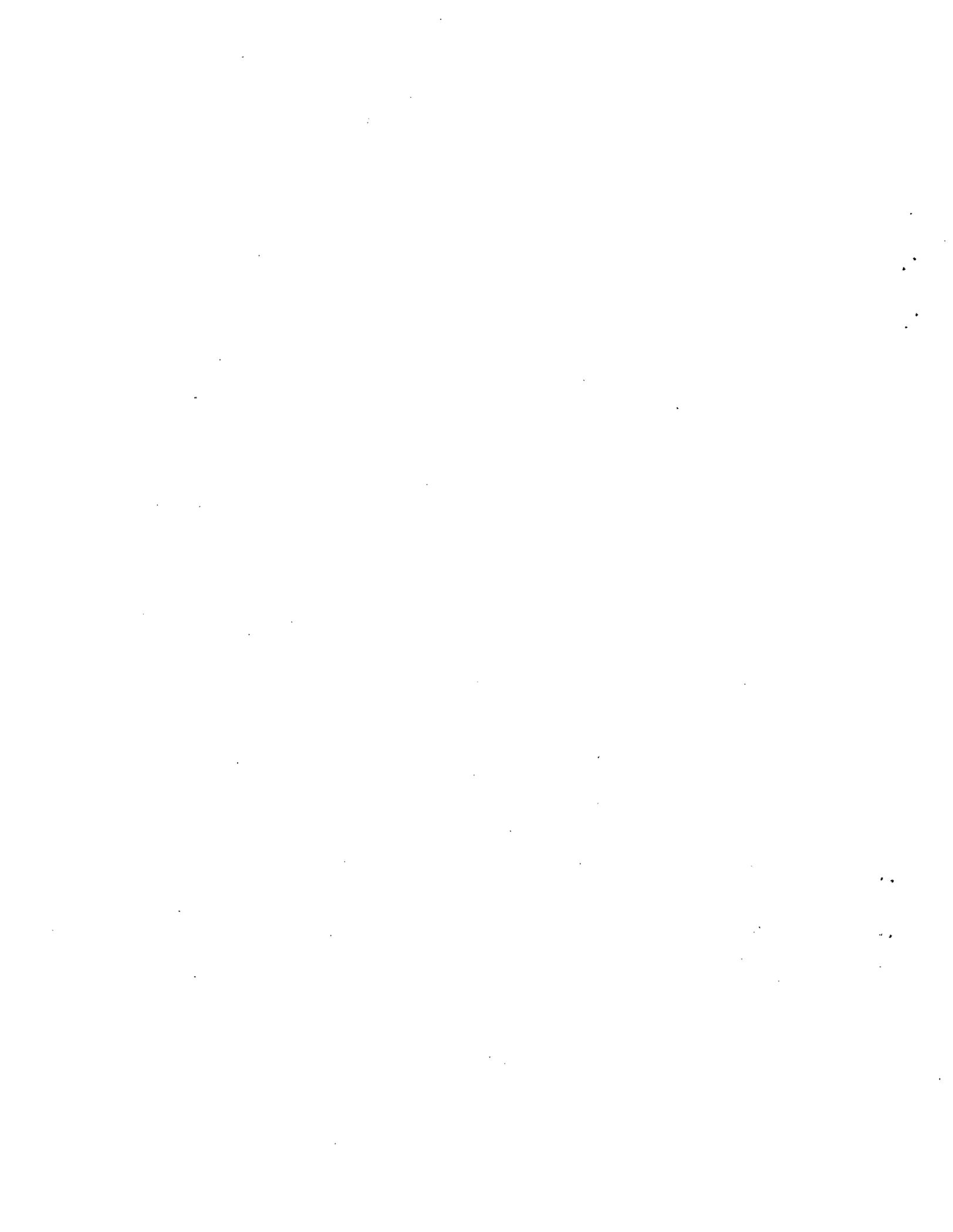
The indemnities contained in this Section 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Section 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or the Lessor therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the CSA or a guarantee of the residual value of the Equipment.

SECTION 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein called an "Event of Default") shall occur:

(A) default shall be made in payment of any amount provided for in Section 3 or 7 hereof, and such default shall continue for five business days;

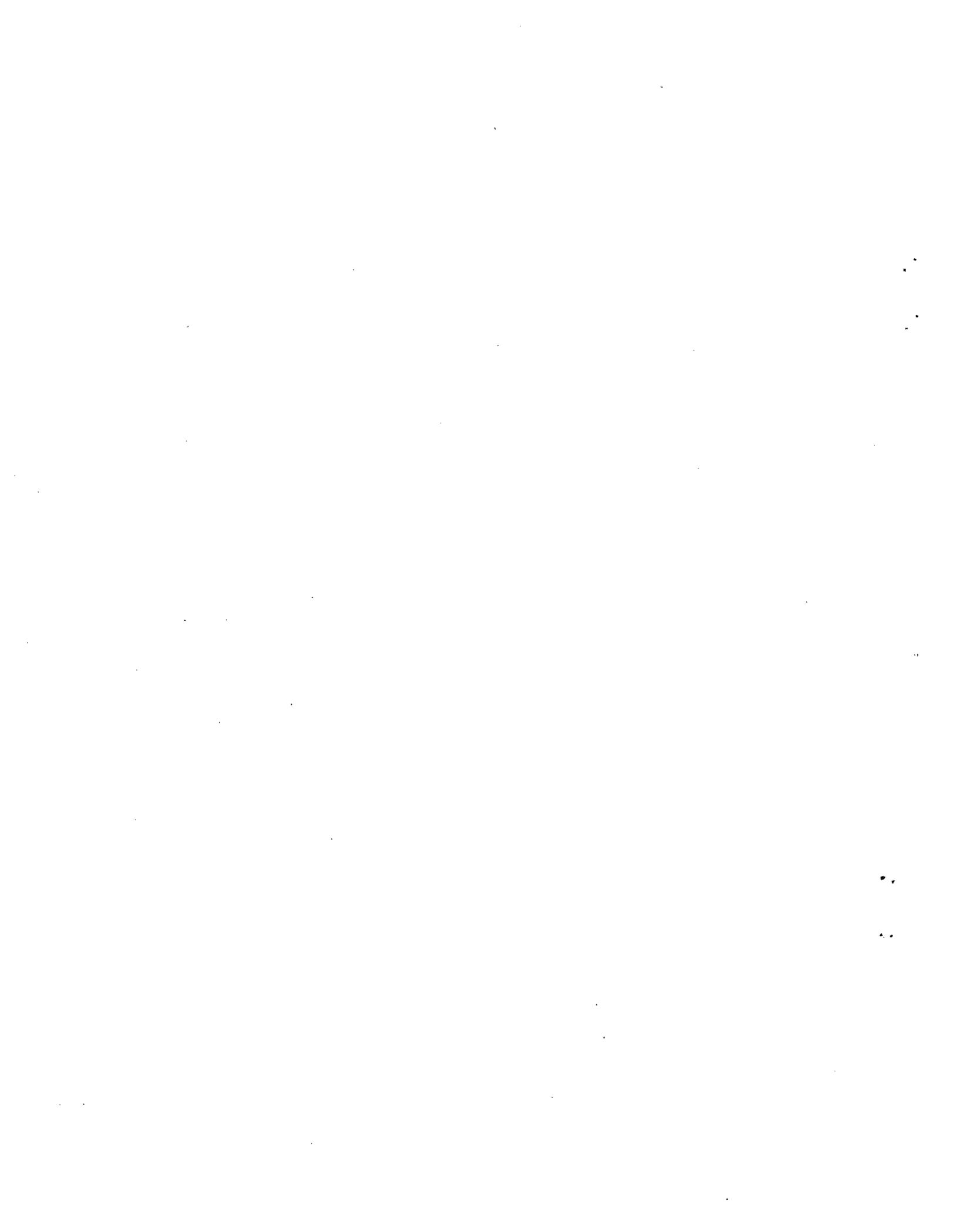
modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications, or improvements are described in the following sentence. Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the provisions contained hereinabove, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the United States Department of Transportation or any other regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for additions required by law for limited special use and not general operation which are readily removable without causing material damage to the Units and without adversely and materially affecting the value of the Units) shall immediately be vested in the Lessor.

The Lessee agrees to indemnify, protect and hold harmless each Indemnified Person from and against all losses, damages, injuries, liabilities, claims (including without limitation claims for strict liability, but excluding all losses, damages, injuries, liabilities due to, and any claims for wilful misconduct or gross negligence of such Indemnified Person otherwise to be indemnified) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent, trademark and copyright liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of or the occurrence of a default, an event of default or an Event of Default under this Lease or any sublease entered into pursuant to Section 12 hereunder, the ownership of any Unit, the manufacture, ordering, acquisition, use, operation, condition, purchase, sublease, delivery, acceptance, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise expressly provided in Section 14 of this Lease; provided, however, that this paragraph shall not be read as a waiver of any right of action the Lessee may have in respect of any such act, omission or misrepresentation of such Indemnified

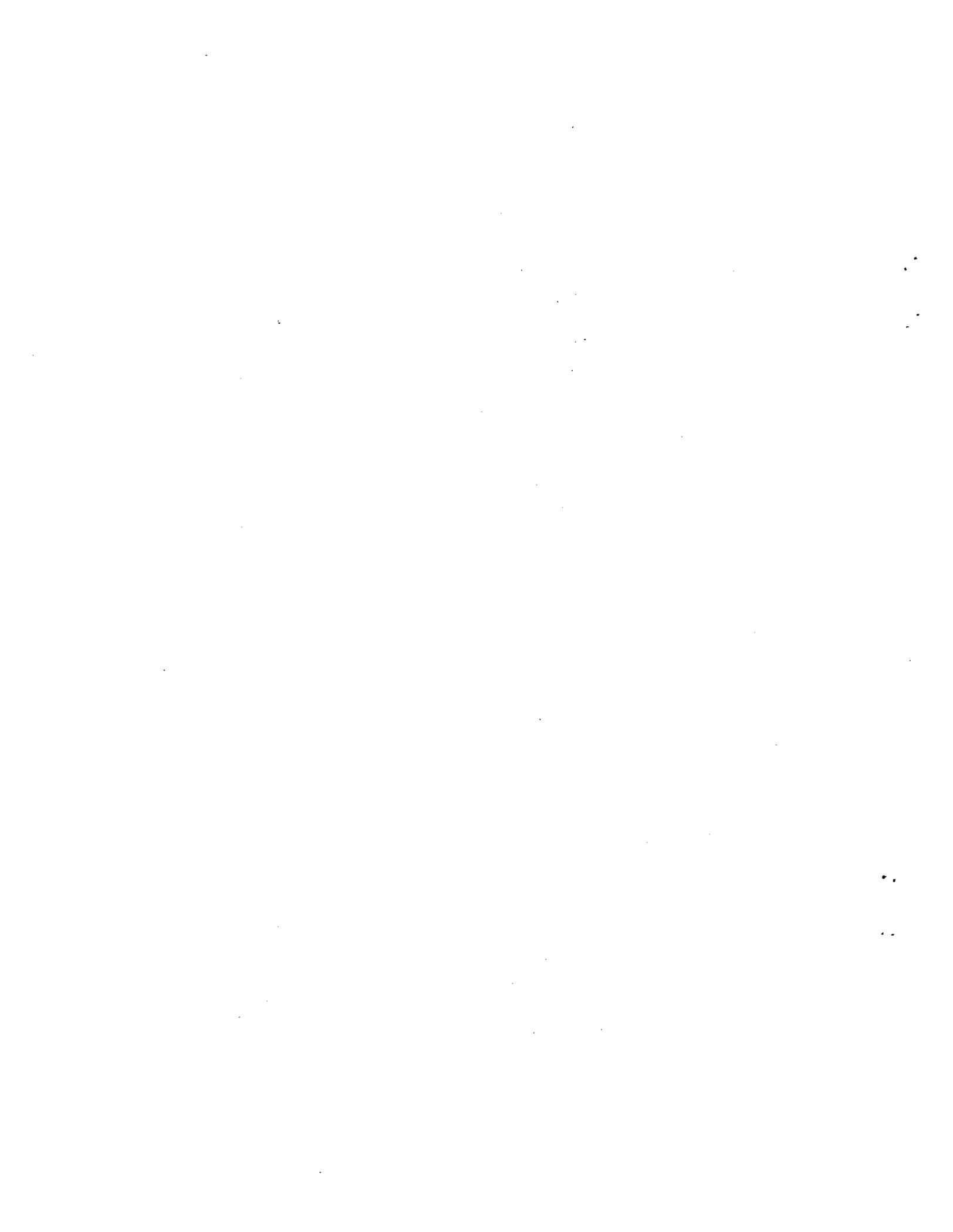


assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, at all times to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads, if applicable, and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units (collectively "Applicable Laws"), to the extent that such Applicable Laws affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, (i) such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will comply therewith at its own expense (any such additions which are readily removable without material damage to the Units shall become the property of the Lessee if their removal would not adversely and materially affect the value of the Units and their installation was required by law for limited special use and not general operation) or (ii) such laws or rules require disposal, removal and dismantlement of or stripping any part or parts of the Equipment from the Equipment, the Lessee promptly will give the Lessor and the Vendor written notice to such effect in reasonable detail and will set forth in detail a reasonable course of action, determined by the Lessee in good faith and according to the Lessee's normal business practice, for such disposal, removal and dismantlement of or stripping such part or parts of the Equipment. The Lessee shall not dispose of, remove, dismantle or strip any such part or parts of the Equipment without the written consent of the Lessor and Vendor, which consent shall not be unreasonably withheld; provided, however, that the Lessee may at its own expense, 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 Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the CSA. The Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). The additions,



REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO THE TITLE (EXCEPT THAT THE LESSOR REPRESENTS THAT IT WILL HAVE WHATEVER TITLE IT RECEIVES FROM THE APPROPRIATE BUILDER IN RESPECT OF EACH UNIT), VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF THE UNITS OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK, OR COPYRIGHT, AS TO THE ABSENCE OF ANY OBLIGATION BASED ON STRICT LIABILITY IN TORT OR OTHERWISE, OR ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNITS OR ANY PART THEREOF (EXCEPT THAT THE LESSOR WARRANTS THAT SO LONG AS (i) NO EVENT OF DEFAULT EXISTS HEREUNDER, (ii) THE LESSEE IS COMPLYING WITH PROVISIONS OF THE CONSENT AND (iii) THE VENDOR IS ENTITLED (WITHOUT REGARD TO ACTS OF MISAPPROPRIATION BY ITS OWN EMPLOYEES) TO APPLY THE PAYMENTS (AS DEFINED IN THE LEASE ASSIGNMENT) IN ACCORDANCE WITH THE LEASE ASSIGNMENT, THE LESSEE SHALL HAVE QUIET ENJOYMENT OF THE UNITS AND SHALL BE ENTITLED TO THE OTHER RIGHTS OF POSSESSION, USE AND ASSIGNMENT PROVIDED UNDER SECTION 12 HEREOF), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against a Builder, including but not limited to claims and rights, under Article 13 of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, subleasing, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described herein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not



sentence, or in the event that the financing documents furnished by the Lessee do not establish to the satisfaction of the Lessor that the Unit shall not constitute an accession to the flatcar and that the Unit shall not become subject to any security interest or other interest of any party to such financing, then, in any such case, such Unit, at the option of the Lessor, shall be deemed to have suffered a Casualty Occurrence under § 7 hereof.

At all times prior to the expiration of this Lease or any renewal thereof, the Lessee will perform its obligations under, and will exercise any and all rights or options to renew the term of, and will not cancel or otherwise terminate, the Form A Car Contract or any other lease or leases covering the flatcars to which the Units are attached.

SECTION 8. Reports. On or before April 30 in each year, commencing with the calendar year 1988, the Lessee will furnish to the Vendor and the Lessor a certificate signed by the Chief Mechanical Officer of the Lessee (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending a determination of whether a Casualty Occurrence has occurred or pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Section 5 hereof have been preserved or replaced. The Lessor, at its sole expense, shall have the right (but shall not have any obligation) by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee shall promptly notify the Lessor and the Vendor of any occurrence of an Event of Default or other event which after notice or lapse of time or both would become an Event of Default, specifying such Event of Default and all such events and the nature and status thereof.

SECTION 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO

would become an Event of Default) shall have occurred and be continuing. Any amounts paid or payable to the Lessor under the foregoing insurance shall not be reduced on account of any amount which may be paid or payable to the Lessor by reason of claims made under any other policies of insurance under which the Lessor is a beneficiary or claimant. Notwithstanding the foregoing, the Lessor shall in no event be obligated to participate in the funding of any self-insurance program of the Lessee.

SECTION 7A. Flatcars. At all times prior to the expiration of this Lease or any renewal thereof, the Lessee will cause each Unit to be and remain attached or affixed to a flatcar leased from Trailer Train Company, a Delaware corporation ("Trailer Train"), under a Car Contract, with Trailer Train (the "Car Contract"). If for any reason the Car Contract shall be in default or shall terminate as to any flatcar to which a Unit is attached or affixed, the Lessee will promptly notify the Lessor of such default or termination, and, upon the request of the Lessor, will promptly cause such Unit to be removed from such flatcar and to be and remain attached or affixed to another flatcar which is either (i) leased under another lease which is not in default or (ii) owned by the Lessee free and clear of all liens. In the event that any Unit is to be attached or affixed to a flatcar pursuant to clause (i) of the next preceding sentence or to another flatcar leased under a Car Contract other than the flatcar to which such Unit was attached at the commencement of the term of this Lease for such Unit, the Lessee will furnish to the Lessor, as soon as practicable but in any event not later than 30 days after such Unit is so attached or affixed, written agreements of the lessor of such flatcar, of like substance to the written agreements with respect to such Unit furnished by Trailer Train prior to or at the commencement of the term of this Lease for such Unit and the Lessee agrees to use its best efforts to furnish to the Lessor, as soon as practicable but in any event not later than 30 days after such unit is so attached or affixed, copies of all financing documents relating to any such flatcar which is not leased from Trailer Train. In the event that any Unit shall fail to be attached to a flatcar in accordance with the provisions of the first or second sentence of this paragraph (other than by reason of maintenance being performed in accordance with § 7 hereof) and such failure shall continue for 90 consecutive days, or in the event that the written agreement or financing documents referred to in the third sentence of this paragraph with respect to any Unit shall not be furnished for any reason prior to the time provided in said

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than 15 days after such expiration date. Five business days prior to such expiration date, the Lessee shall notify the Lessor and the Vendor as to the status of such renewal negotiations. The Lessee shall furnish to the Lessor and the Vendor certificates evidencing renewal of such policy or policies not later than 15 days after the expiration date of such policy or policies. In the event that the Lessee fails to renew such policy or policies on the expiration date of any of its policy or policies required to be carried or maintained with respect to the Units under this Section 7, the Lessee shall furnish to the Lessor and the Vendor a prompt telephonic notice (promptly confirmed in writing) thereof. In the event that the Lessee shall fail to maintain insurance as herein provided the Lessor may at its option on five business days' prior written notice to the Lessee (which notice may be given five business days prior to the expiration of such insurance) provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest on the amount of such cost from the date of payment thereof at the Penalty Rate as defined in Section 16 hereof. The Lessee shall, at its own expense, make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance. If the Lessor shall receive any insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee's having made payment of the Casualty Value in respect of such Unit and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value paid by the Lessee with respect to such Unit and, only if the insurance policy has been maintained by the Lessee, any balance of such insurance proceeds shall be paid to the Lessee (provided, however, that, if the Lessee failed to maintain such insurance policy, any balance of such insurance proceeds shall remain the property of the Lessor), and any balance of such condemnation payments shall remain the property of the Lessor (except to the extent such balance includes a pro rata share of the proceeds with respect to any readily removable property of the Lessee). All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired, provided no Event of Default (or other event which after notice or lapse of time or both

The Lessee will, at all times prior to the return of all Units to the Lessor, at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Units at the time subject hereto, against such risks, in such amounts and on such terms and conditions as are satisfactory to the Lessor and the Vendor; provided, however, that the Lessor and the Vendor will be reasonable in determining such terms and conditions and, in any event, such insurance shall be comparable in amounts and against such risks as are customarily insured against by the Lessee in respect of similar equipment owned or leased by it, but in no event shall such coverage be for amounts or against risks less than the prudent industry standard for Class I line-haul railroads. All policies with respect to such insurance shall provide for payments to the Lessor and the Vendor as additional named insureds and loss payees, as their interests may appear, shall provide for at least 30 days' prior written notice by the insurance carrier to the Lessor and the Vendor in the event of cancelation, expiration or amendment (and the Lessee shall provide 30 days' prior written notice to the Lessor and the Vendor in any such event), shall include waivers by the insurer of all claims for premiums against the Lessor and the Vendor, and shall provide that losses are payable notwithstanding, among other things, any act of negligence of the Lessee, the Lessor or the Vendor, more hazardous use or occupation of the Units than that permitted by such policies, any breach or violation by the Lessee, the Lessor or the Vendor of any warranty, declaration, condition or other provision contained in any such policy, or foreclosure, notice of sale or any other proceeding in respect of the Units, or any change in the title to or ownership of any of the Units. Each such insurance policy shall expressly provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor or the Vendor. The Lessee shall, not later than 30 days prior to the expiration date of any of its insurance policy or policies required to be carried and maintained with respect to the Units under this Section 7, furnish to the Lessor and the Vendor a written notice to the effect that (i) the Lessee is in good faith negotiating the renewal of such policy or policies and (ii) the Lessee expects to furnish to the Lessor and the Vendor certificates evidencing renewal of such policy or policies, as promptly as practicable, but in no event later

at the best price obtainable on an "as is, where is" basis, and the Lessee may be purchaser of such Unit (unless such Unit is declared worn out by the Lessee) and shall notify the Lessor prior to any such purchase by the Lessee. Provided that the Lessee has previously paid the Casualty Value to the Lessor and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

In the event of the requisition (other than a requisition which constitutes a Casualty Occurrence) for use by the United States Government or by any other government or governmental entity (hereinafter collectively called "Government") of any Unit during the term of this Lease, all of the Lessee's obligations (including without limitation the obligation to pay rent) under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Lessor pursuant to Section 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease; but the Lessee shall in all other respects comply with the provisions of said Section 11 or 14, as the case may be, with respect to such Unit except, however, if such Unit shall be destroyed or irreparably damaged or in the opinion of the Lessee worn out as a result of any requisition that continues to the end of the Basic Term, the Lessee shall have the right to declare a Casualty Occurrence. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee, provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

90th day, at a rate equal to the higher of 10 3/4% or the "prime" rate of interest as announced from time to time by Morgan Guaranty Trust Company of New York. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or permanent return to the appropriate Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis, and the Lessee may be a purchaser of such Unit (unless such Unit is declared worn out by the Lessee) and shall notify the Lessor prior to any such purchase by the Lessee. Provided that the Lessee has previously paid the Casualty Value to the Lessor and provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. The Lessee shall be entitled to credit against the Casualty Value payable in respect of any Unit permanently returned to the appropriate Builder pursuant to any patent indemnity provision of the CSA in an amount equal to any patent indemnity payment in respect of such Unit made by the appropriate Builder to the Vendor under the CSA.

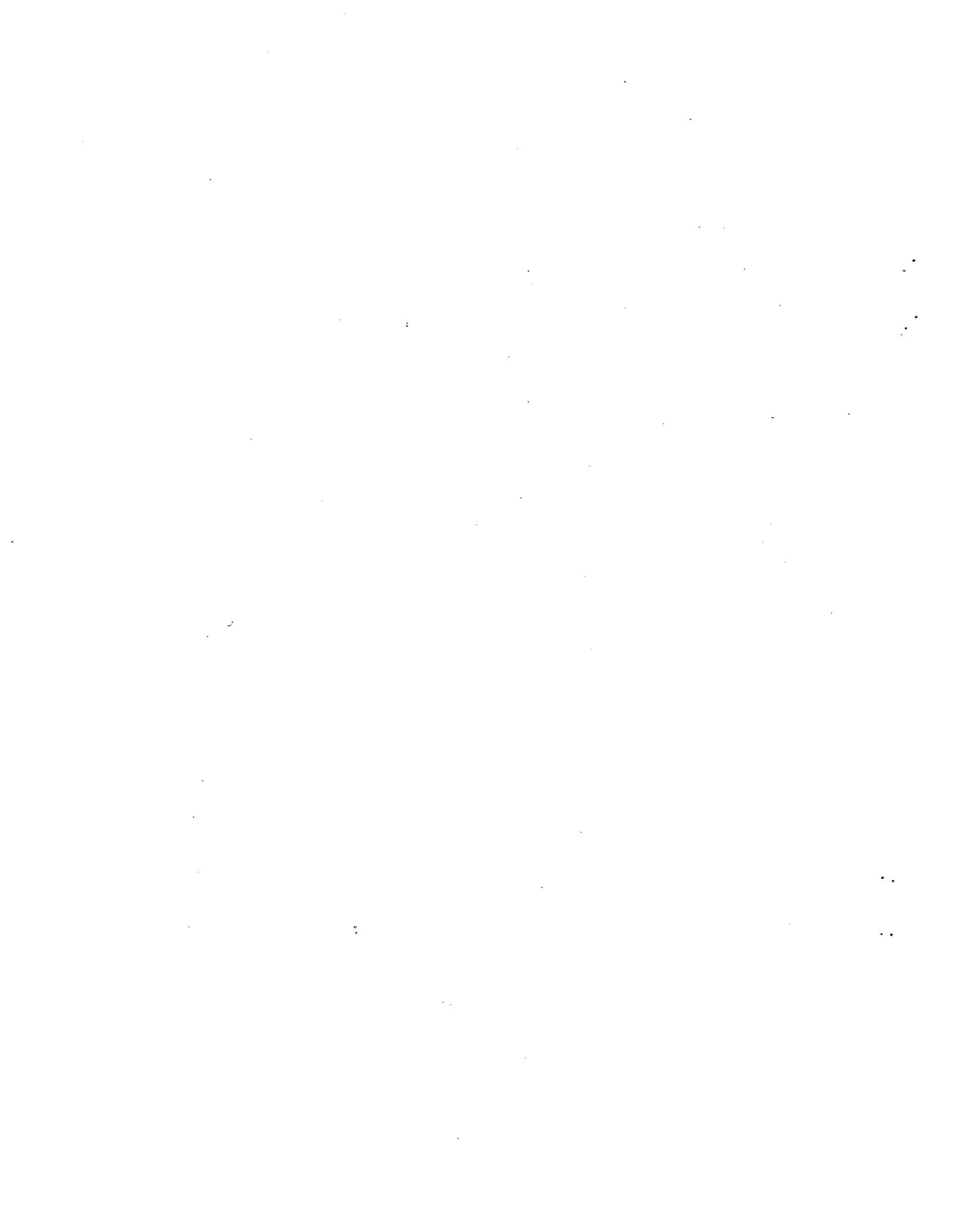
The Casualty Value of each Unit as of any Rental Payment Date shall be an amount for that Unit calculated as set forth in Schedule B hereto.

Whenever any Unit shall suffer a Casualty Occurrence after the final payment of rent in respect thereof is due pursuant to Section 3 hereof and before such Unit shall have been returned in the manner provided in Section 14 hereof, the Lessee shall promptly (as provided above) and fully notify the Lessor with respect thereto and, except as provided in Section 14 hereof, pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to the Casualty Value for such Unit on the last Rental Payment Date. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit or return to the Builder of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any such Unit suffering a Casualty Occurrence, or any component thereof,



no less thorough and complete than is the prudent industry standard for Class I line-haul railroads, will maintain, service and adhere to Lessee's standard preventive maintenance schedule with respect to each Unit so that each Unit will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations, and (c) suitable for immediate purchase or lease and immediate regular use in main line freight service by a Class I line-haul railroad (not then a debtor in any insolvency, bankruptcy or reorganization proceedings). In no event shall any Unit be maintained or serviced to a lesser standard for maintenance, or serviced on a basis less frequent than the maintenance standard, or maintenance or service scheduling basis, employed as of any given time during this Lease by the Lessee for any similar equipment owned or leased by it at such given time.

In the event that any Unit shall be or become lost, stolen, destroyed or irreparably damaged, or in the opinion of the Lessee worn out from any cause whatsoever, permanently returned to the appropriate Builder pursuant to any patent indemnity provision of the CSA, or taken or requisitioned by condemnation or otherwise by the United States Government or by any other government or governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in Section 14 hereof, the Lessee shall promptly (but in any event within 60 days after such Casualty Occurrence) and fully notify the Lessor and the Vendor, with respect thereto. By the later of: (i) the Rental Payment Date next succeeding such event and (ii) the 180th day following such event, (provided any such loss, return, taking or requisition shall have continued for at least 90 consecutive days), the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit then due and payable or accrued to such date (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is 180 days) plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the Rental Payment Date on or next succeeding the date of such Casualty Occurrence in accordance with Schedule B hereto referred to below, together with, if such payment is made pursuant to clause (ii) above, interest on the Casualty Value payment from the Rental Payment Date preceding such 90th day to such



(e) Refund. So long as no Event of Default shall have occurred and be continuing, if an Indemnified Person shall obtain a refund of all or any part of such Taxes paid by the Lessee or with the Lessee's advance of funds, such Indemnified Person shall pay to the Lessee the amount of such refund, subject to the Lessee making the indemnification in paragraph (d) of this Section 6. If in addition to such a refund the Indemnified Person shall receive an amount representing interest on the amount of such refund, the Lessee shall be paid that proportion of such interest which is fairly attributable to Taxes paid by the Lessee prior to the receipt of such refund or with an advance provided by the Lessee.

(f) Reports. In case any report or return is required to be made relating to any Taxes, the Lessee will, at its own expense, make and timely file such reports and returns where permitted to do so under applicable rules and regulations (the interest of each Indemnified Person in the Units to be shown in a manner satisfactory to such Indemnified Person) or, where not so permitted, notify such Indemnified Person of such requirement and at the Lessee's expense prepare and deliver such reports to such Indemnified Person within a reasonable time prior to the time such reports are to be filed. Any expenses incurred by such Indemnified Person with respect to the submission or execution of any such report or return, or the filing or recording thereof, shall be reimbursed to such Indemnified Person by the Lessee in the manner provided in paragraph (d) of this Section 6. Each Indemnified Person agrees to provide the Lessee, in a timely manner, all information requested by the Lessee in the possession of such Indemnified Person which is reasonably required for the preparation and filing of such report or return.

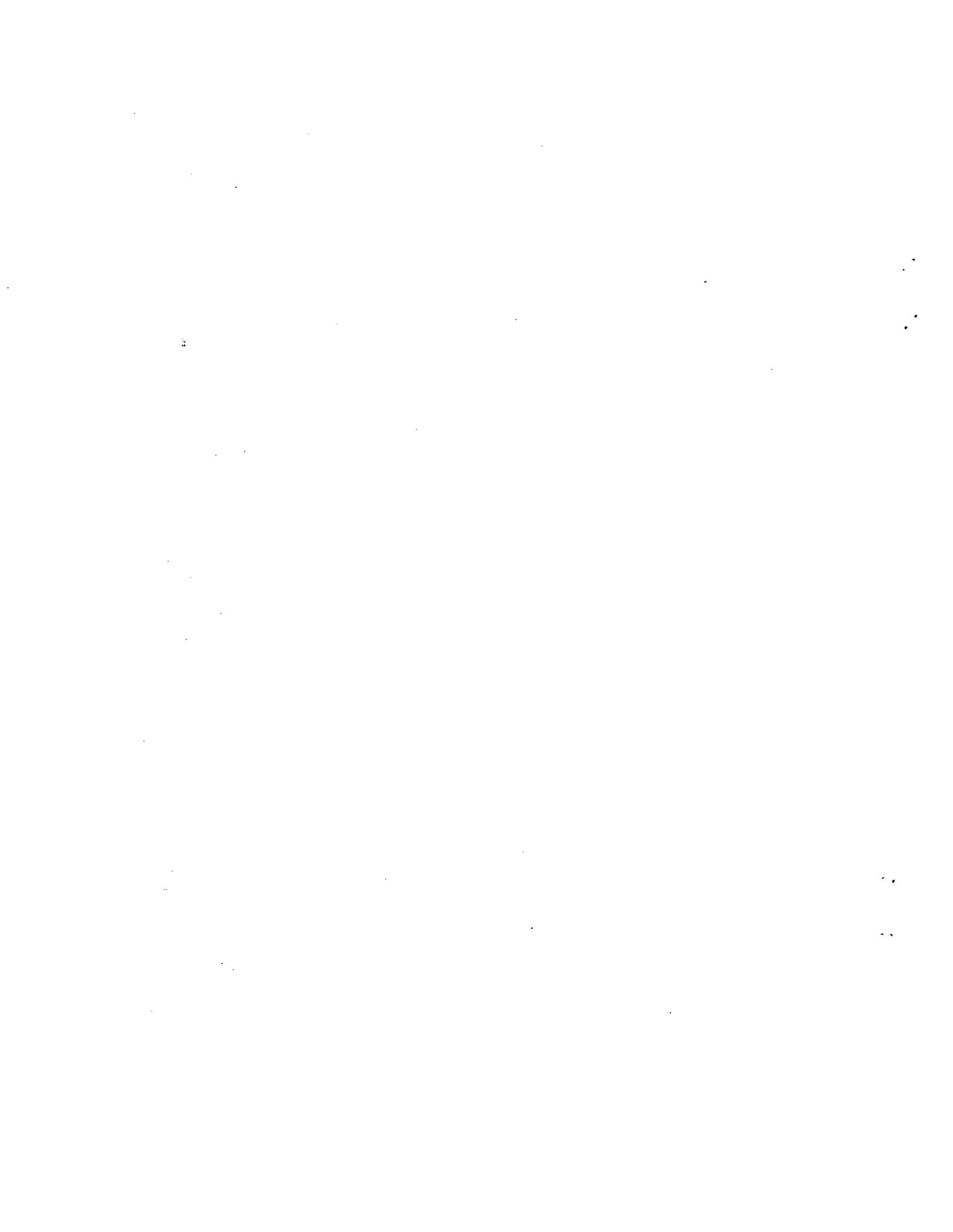
All the obligations of the Lessee and any Indemnified Person under this Section 6 shall survive and continue, notwithstanding payment of all amounts under the CSA and the termination of this Lease, but only with respect to periods included in the term of this Lease. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee or any subsidiary or affiliated corporation of the Lessee of the payment of any installments of principal or interest payable under the CSA, or a guarantee of any residual value of the Units following the expiration of the term hereof as such term may or may not be renewed.

SECTION 7. Maintenance; Casualty Occurrences; Insurance. The Lessee, at its own expense and in a manner

(ii) such Indemnified Person, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with any applicable agency with respect to any such claim, accept the findings of such agency or otherwise terminate any audit or other administrative proceedings and may, at its sole option, either pay the Taxes and sue for a refund in such court as such Indemnified Person shall elect, or contest the proceeding in any appropriate forum; provided, however, that the Lessee shall have no obligation to indemnify such Indemnified Person for any such Taxes, if as a result of such Indemnified Person's foregoing of any such administrative appeals, proceedings, hearings or conferences, such Indemnified Person shall lose the right to contest the merits of such imposition or levies; and

(iii) prior to taking such action, the Lessee at its expense shall furnish such Indemnified Person in a timely manner with an opinion of independent tax counsel satisfactory to such Indemnified Person to the effect that there exists a substantial likelihood of such Indemnified Person's prevailing on the merits in the contest of such proceeding; it being understood, however, that in no event shall such Indemnified Person be required to commence any proceeding pursuant to this paragraph (c) unless the Lessee shall have provided such Indemnified Person with sufficient funds on an interest-free basis to pay such Taxes as are required to be paid so to proceed.

(d) Costs of Contest. The Lessee shall indemnify such Indemnified Person in a manner satisfactory to such Indemnified Person for any liability or loss which such Indemnified Person may incur from time to time as a result of participating in any proceeding described in paragraph (c) of this Section 6. The indemnification shall be an amount which, on an after-tax basis, shall be equal to all costs and expenses which the Indemnified Person may incur from time to time in connection with any such proceeding or any appeal thereof, including, without limitation, reasonable attorneys' and accountants' fees and disbursements, and the amount of any interest, tax or penalty which may ultimately be due and payable as a result of any such proceeding. Such amounts shall be payable within 15 days after the presentation to the Lessee of appropriate documentation in reasonable detail of such costs, expenses, interest, taxes, or penalties and the demand for payment thereof.



Consent, the CSA Assignment or the Participation Agreement or any document referred to herein or therein or any of the transactions contemplated hereby or thereby (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed hereafter referred to as "Taxes"); excluding, however: (i) United States Federal income taxes, (ii) any net income taxes or other similar taxes measured by net income or net earnings imposed by any state or the District of Columbia or any local subdivision of any thereof in which any Indemnified Person maintains its principal place of business or is otherwise subject to income or franchise taxation by reason of other transactions, (iii) any claim for penalties, fines or interest resulting from an act, omission or misrepresentation of such Indemnified Person or anyone acting under, through, or on behalf of such Indemnified Person (other than the Lessee pursuant to this Section 6), and (iv) any Taxes imposed upon the Lessor or Vendor as a result of the voluntary transfer of title, sale, or other disposition of the Units other than as a result of the exercise of any remedies pursuant to Section 10 hereof or by reason of the operation of the provisions of Section 7 hereof. Clause (ii) above shall not be read as any waiver of any right of action the Lessee may have in respect of any such act, omission or misrepresentation of such Indemnified Person or anyone acting under, through, or on behalf of such Indemnified Person.

(b) Payment. All amounts payable to any Indemnified Person pursuant to this Section 6 shall be paid promptly in immediately available funds and in any event within 15 days after receipt by the Lessee of written demand therefor from such Indemnified Person requesting reimbursement or indemnification for any Taxes, on the basis that such Indemnified Person has paid or within 15 days expects to pay such amounts.

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against an Indemnified Person for any Taxes, such Indemnified Person shall promptly after obtaining knowledge thereof notify the Lessee. Each Indemnified Person will confer with the Lessee, if so requested, and will take such action in connection with contesting any such proceeding as the Lessee shall reasonably request; provided, however, that:

(i) within 30 days after notice by such Indemnified Person to the Lessee of such proceeding the Lessee shall request that it be contested;

required by law or required in the opinion of the Vendor and the Lessor, in order to protect the Lessor's title and the Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, and that no other filing, deposit or giving of notice with or to any Federal, District of Columbia, state or local government or agency thereof is necessary to protect the rights of the Vendor and the Lessor in such Units.

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

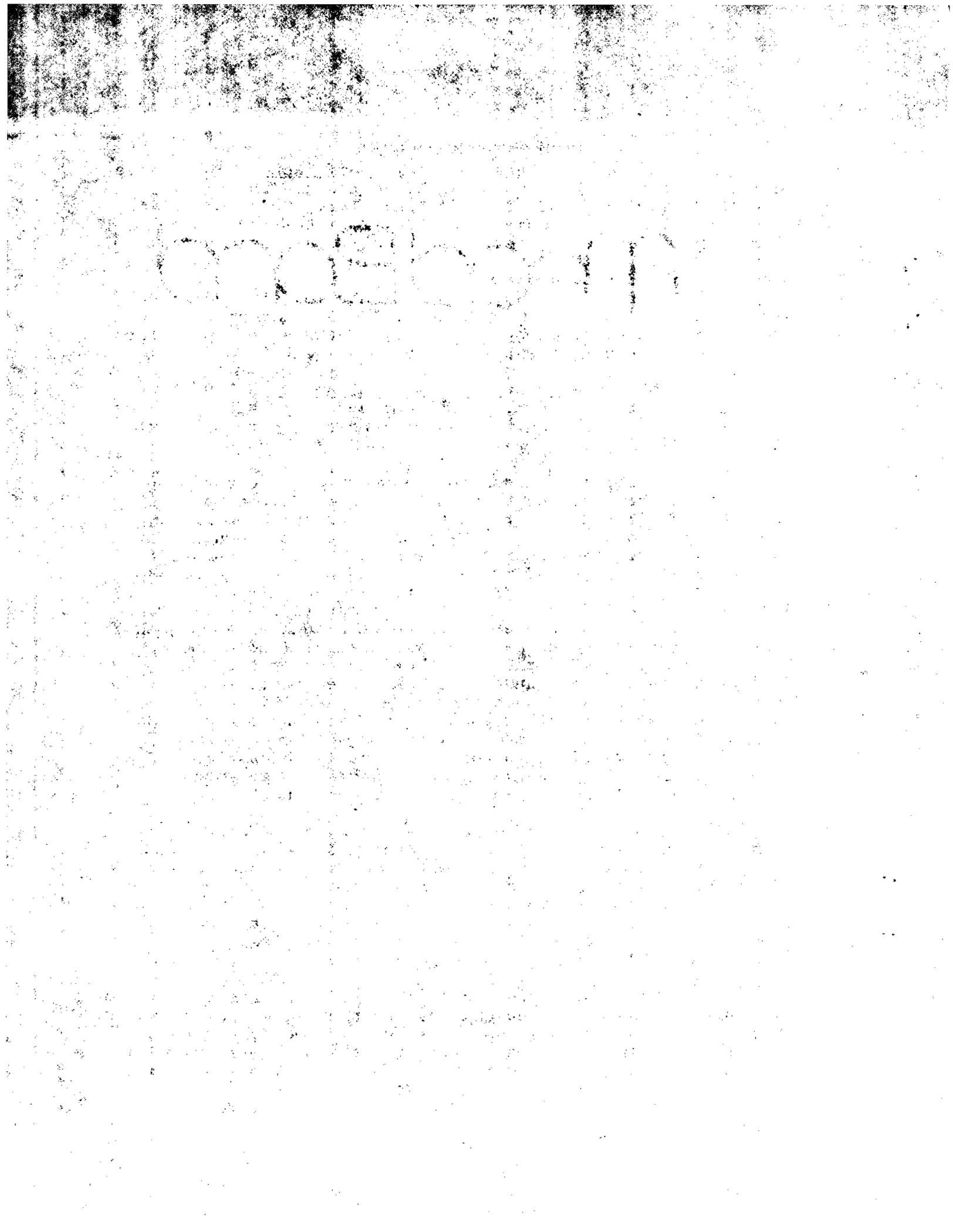
SECTION 6. General Tax Indemnity. (a) Indemnity. The Lessee agrees to pay, and to indemnify and hold harmless the Lessor, the Vendor and the Investors and their successors and assigns agents and servants ("Indemnified Persons") on an after-tax basis, from all license and registration fees and all taxes, assessments, fees, withholdings and charges together with any penalties, fines, additions to tax or interest thereon, however imposed, whether levied or imposed upon any Indemnified Person by any Federal, state, District of Columbia or local government or governmental subdivision in the United States of America or by any foreign country or subdivision or taxing authority thereof, upon or with respect to, any Unit; the purchase, sale, storage, ownership, delivery, leasing, re-leasing, subleasing, possession, use, operation, location, maintenance, repair, condition, transfer of title, return or other disposition thereof; the indebtedness with respect thereto; the rentals, receipts or earnings arising therefrom; or this Lease, the CSA, the Lease Assignment, the

the account of the Lessor in care of the Vendor, with instructions to the Vendor first, to apply such payments to satisfy the obligations of the Lessor then due and payable under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or other appropriate recipient by 12:00 noon, Baltimore time, on the date such payment is due.

SECTION 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of Sections 7 and 10 hereof, shall terminate on January 2, 2003 ("Base Term"). The obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 3, 6, 7, 9, 14 and 22 hereof) shall survive the expiration or termination of the term of this Lease and the full payment of all amounts payable under this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein; provided, however, that, so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled (without regard to acts of misappropriation by its own employees) to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under Section 12 hereof.

SECTION 5. Identification Marks. The Lessee will cause each Unit to be numbered with the identification number set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership subject to Documents filed with the Interstate Commerce Commission", with appropriate changes thereof as from time to time may be



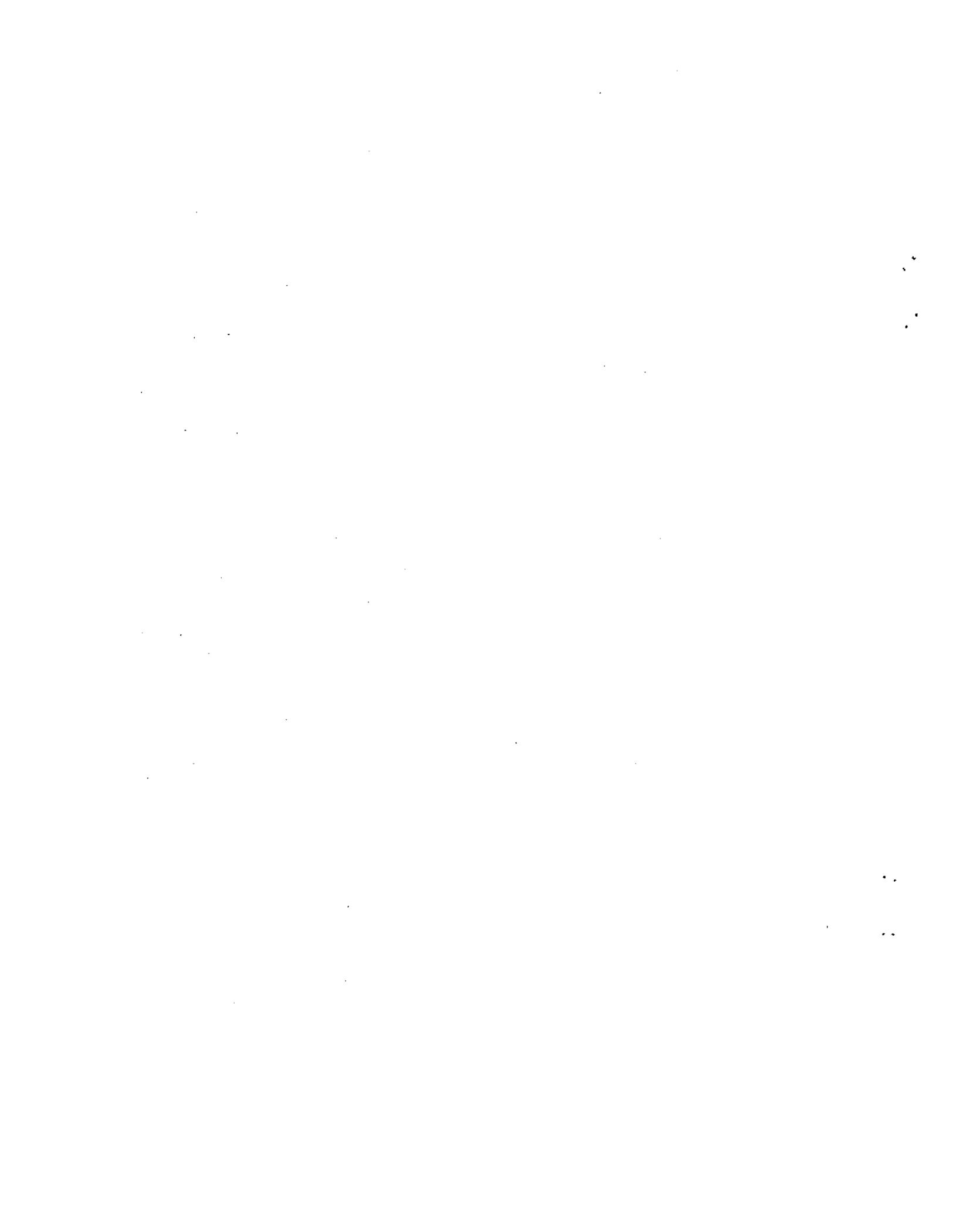
SECTION 3. Rentals. (a) Basic Rent. The Lessee agrees to pay to the Lessor, as basic rental (the "Basic Rent") for each Unit during the Basic Term, 29 consecutive semi-annual payments commencing July 2, 1988 (each such semi-annual date being hereinafter called a "Basic Rental Payment Date"). The Basic Rent payable on each Basic Rental Payment Date for each Unit shall be in accordance with Schedule D hereto. In addition, as interim rent the Lessee agrees to pay the Lessor on January 2, 1988, an amount equal to the amount required by clause (b) of the second paragraph of Paragraph 9 of the Participation Agreement.

(b) Adjustment of Basic Rent and Casualty Values. With respect to any Unit, Basic Rent and the Casualty Values have been calculated on the assumptions set forth in Schedule E hereto.

If for any reason such assumptions are not correct, then the Basic Rent and the Casualty Values payable by the Lessee hereunder in respect of the Units shall be increased or decreased, as the case may be, by such amount as shall cause the Lessor's Net Economic Return (as defined in Section 22(c) hereof to be the same as if such assumptions had been correct. Notwithstanding anything to the contrary contained herein, in no event shall the Basic Rent or the Casualty Values hereunder be less than an amount that would be sufficient to pay the principal of (including Casualty Values under the CSA) and interest on the CSA Indebtedness when due under the CSA. The Lessor shall provide a schedule of such rentals and Casualty Values to the Lessee promptly after such calculations have been made by the Lessor. The Lessee may, at its sole cost and expense, seek verification of the Lessor's calculation of such proposed adjustments from a financial lease intermediary such as D'Accord Financial Services, Inc.

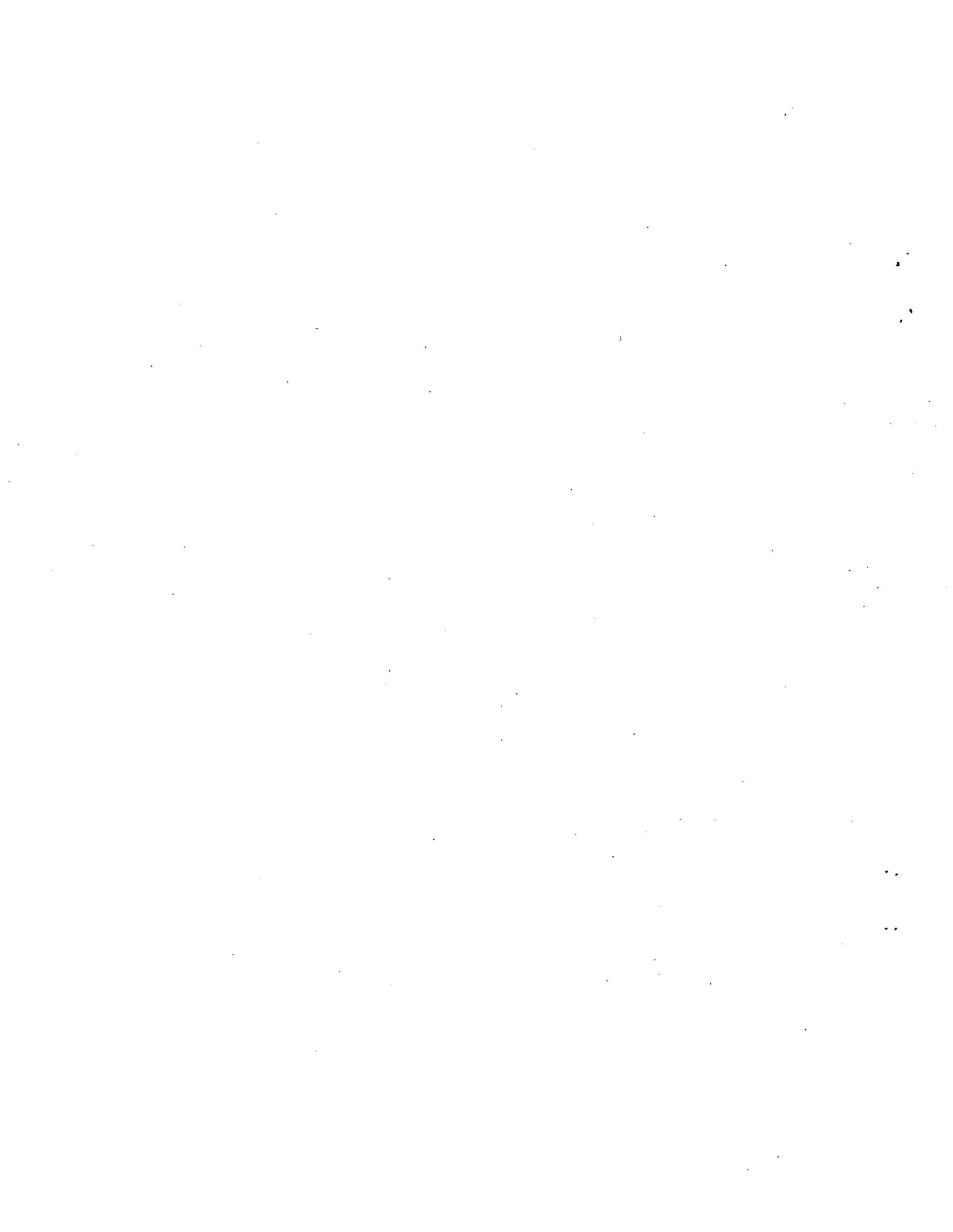
If any of the Rental Payment Dates is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Baltimore, Maryland, Detroit, Michigan, or Philadelphia, Pennsylvania are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee, until all amounts due under the CSA have been fully satisfied and discharged, to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this Section 3 and in Section 7 hereof, but excluding all payments not assigned to the Vendor pursuant to the Lease Assignment, at the principal office of the Vendor, for



interference continues; provided, however, that an authorized officer of the Lessee shall have given 10 days' prior written notice thereof to the Lessor in sufficient detail to identify such Unit and the source, nature and location of such interference, it being understood that such prior notice is of the essence of this Lease and that an abatement of rent by the Lessee without such prior notice will constitute an Event of Default under Section 10(A) after five business days'; and provided further, however, that such abatement of rent shall be limited solely to that portion of the rent which is not necessary to pay the principal of and interest on the CSA Indebtedness when due and payable under the CSA. If the Lessee abates the rent under the next preceding sentence when it is not authorized to do so thereunder, the Lessee agrees to pay to the Lessor the amount of such abatement together with interest thereon at the Penalty Rate (as defined in § 16). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof.

SECTION 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit, and the Lessee shall timely execute and deliver to the Lessor a certificate of acceptance ("Certificate of Acceptance") in the form annexed hereto as Schedule C, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any Unit of Equipment after December 30, 1987, shall be null and void and ineffective to subject such Unit to this Lease or to constitute acceptance thereof on behalf of the Lessor for any purpose whatsoever. The Lessee will give at least five business days' prior written notice to the Lessor and the Vendor of the First Delivery Date (as defined in the Participation Agreement) and of each Closing Date with the appropriate Builder under the CSA.



hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or additional rent or setoff against or recoupment or reduction of rent or additional rent, including, but not limited to, abatements, setoffs, reductions or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor under this Lease or the CSA, or against the Builders or the Vendor or otherwise; provided, however, that nothing in this Section 1 shall be deemed to impair the Lessee's right to assert and sue upon such claims in separate actions. The Lessee's obligations hereunder, including its obligations to pay all rentals, additional rentals and other amounts hereunder, shall be absolute and unconditional under any and all circumstances, and, except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. So long as no Event of Default, or event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default, exists hereunder, if the Lessor or anyone claiming through the Lessor shall interfere with the Lessee's right to possession and use of any Unit in accordance with the terms of this Lease as a result of any tax, claim, lien, charge or security interest that the Lessor is obligated to provide the funds to discharge pursuant to Article 12 of the CSA, the Lessee's obligation to pay rent (other than the portion thereof required as specified in the last proviso to this sentence) with respect to such Unit hereunder shall abate for so long as such

LEASE OF RAILROAD EQUIPMENT dated as of October 1, 1987, between CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation ("Lessee"), and WHIRLPOOL ACCEPTANCE CORPORATION, a Delaware corporation ("Lessor").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with Consolidated Rail Corporation (in such capacity "Builder"), Thrall Car Manufacturing Company and Trinity Industries, Inc. (severally "Builder" and collectively "Builders") wherein the Builders have agreed to, conditionally sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto ("Equipment"); and

WHEREAS each Builder under an Agreement and Assignment dated as of the date hereof ("CSA Assignment") is assigning its interests in the CSA to Mercantile-Safe Deposit and Trust Company, acting as Agent (hereinafter, together with its successors and assigns, called "Vendor") under a Participation Agreement dated as of the date hereof ("Participation Agreement") with the Lessee, the Lessor, the Vendor and a certain institutional investor (hereinafter called, together with its successors and assigns, "Investors"); and

WHEREAS the Lessee desires to lease such number of units of Equipment as are delivered and accepted and settled for under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessee has secured all necessary approvals from Trailer Train Company regarding the application of the Equipment to Trailer Train Company's flatcars;

WHEREAS the parties contemplate that the Lessor will assign certain of its rights in this Lease to the Vendor by an Assignment of Lease and Agreement dated as of the date hereof ("Lease Assignment"), and the Lessee will consent thereto by a Consent and Agreement ("Consent");

WHEREAS capitalized terms not defined herein are used as defined in the CSA;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor

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SCHEDULE A Description of Units of Equipment

SCHEDULE B Casualty Value

SCHEDULE C Certificate of Acceptance

SCHEDULE D Basic Rent

SCHEDULE E Assumptions

1/ This Table of Contents has been included in this document for convenience only and does not form a part of or affect any construction or interpretation of this document.

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ANNEX C
To
Conditional Sale Agreement

[CS&M Ref. 1240-200]

LEASE OF RAILROAD EQUIPMENT

Dated as of October 1, 1987

between

CONSOLIDATED RAIL CORPORATION

and

WHIRLPOOL ACCEPTANCE CORPORATION
