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JP

GT

Grand Trunk Rail System

Law Department

131 West Lafayette Blvd.
Detroit, Michigan 48226
(313) 962-2260

3-018A036

No. 13913
REGISTRATION NO. Filed 1425
Date JAN 18 1983
JAN 18 1983 - 2 40 PM
Fee \$ 50.00
INTERSTATE COMMERCE COMMISSION
ICC Washington, D. C.

January 14, 1983
File: 352-Sep.

RECEIVED
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I.C.C. BR.
FEE OPERATION BR.

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mrs. Mergenovich:

Enclosed for recordation with the Interstate Commerce Commission pursuant to 49 USC §11303 are counterparts of an Agreement of Sale and Purchase, dated as of December 23, 1982, providing for the purchase of rolling stock subject to a lease dated as of December 3, 1968, among Grand Trunk Western Railroad Company, Detroit Bank & Trust Company, D. E. Mundell & Ben L. Maushardt, not individually but solely as trustees. Said Agreement and Purchase is a primary document.

Parties to said document are:

Vendors: Comerica Bank - Detroit
(formerly Detroit Bank & Trust Company)
211 West Fort Street
Detroit, Michigan 48231

D. E. Mundell & Ben L. Maushardt, Trustees
c/o United States Lease Financing, Inc.
633 Battery Street
San Francisco, California 94111

Vendee: Grand Trunk Western Railroad Company
131 West Lafayette Boulevard
Detroit, Michigan 48226

13913

RECORDATION NO. Filed 1425

AGREEMENT OF SALE AND PURCHASE
(GTW No. 2 - GTW PURCHASE)

JAN 18 1983 - 12 40 PM

INTERSTATE COMMERCE COMMISSION

This agreement executed and delivered on the 23rd day of December 1982 is among Comerica Bank-Detroit, a Michigan corporation (formerly Detroit Bank and Trust Company) ("Trustor"), D. E. Mundell and Ben Maushardt, not individually but solely as trustees ("Trustees"), United States Leasing International, Inc., a California corporation, solely as agent for the Trustees ("Agent"), and Grand Trunk Western Railroad Company, a Michigan corporation, ("Purchaser").

RECITALS:

A. Trustor is the sole beneficial owner of a trust ("Trust") established pursuant to a certain trust agreement dated as of October 17, 1969 ("Trust Agreement") among Trustor, Trustees and Agent.

B. Pursuant to the Trust Agreement, Trustees acquired certain railroad equipment ("Equipment") and leased it to Purchaser, as lessee, under the terms of a certain equipment lease dated October 17, 1969 ("Lease") for a base lease term which expires January 22, 1985, with the obligations of Purchaser under the Lease guaranteed by Canadian National Railway Company.

C. Trustees and Agent entered into certain loan agreements ("Loan Agreements") dated October 17, 1969 with various lenders ("Lenders") pursuant to which Trustees borrowed a portion of the purchase price of the Equipment, which indebtedness is evidenced by promissory notes and pursuant to the terms of certain Security Agreements dated November 10, 1969 (together with all supplements thereto and related agreements, "Security Agreement") is secured by certain liens on the Equipment ("Liens").

D. Trustor wishes to sell its beneficial interest in that portion of the Equipment listed in Exhibit A hereto, which consists of Schedules A-1, A-2 and A-3 ("Exhibit A Equipment"), subject to the Lease and the Liens, and Purchaser wishes to acquire such interest.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Sale and Purchase. Trustor and Trustees hereby agree to sell, transfer and assign to Purchaser and Purchaser hereby agree to purchase and acquire from Seller, on January 22, 1985 ("Transfer Date"), for the consideration set forth in paragraph 2 below ("Purchase Price"), the rights, title and interests of Trustor and Trustees in the Exhibit A Equipment subject, however to the Liens and to the Lease, both of which shall continue in accordance with

the respective terms of the Security Agreement and the Lease. Such sale, transfer and assignment shall be WITHOUT RECOURSE AND WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR TITLE, except for the express warranties set forth in paragraph 5 of this Agreement.

Notwithstanding delivery of the Notes referred to in paragraph 2 below, the parties hereto acknowledge that this Agreement is wholly executory in character and that prior to the Transfer Date (and full payment of the Purchase Price), ownership of the Exhibit A Equipment (subject to the Liens and the Lease) shall continue in Trustor and Trustees; and Purchaser shall acquire ownership therein only upon fulfilment of all the conditions set forth in paragraph 4 below.

2. Purchase Price. The Purchase Price for the Exhibit A Equipment, which Purchaser hereby agrees to pay in accordance with the terms of this Agreement, shall be \$415,000 payable in cash on the Transfer Date.

Provided, however, that at the earliest date at which Purchaser, without the approval of the Interstate Commerce Commission, has the legal right to issue its promissory notes in the form of Exhibit B hereto, and in the amounts set forth below, it shall do so, and thereupon Purchaser's obligation in this paragraph 2 to pay the Purchase Price shall be evidenced by such promissory notes. Such promissory notes shall be as follows:

(i) one in the principal amount of \$207,500
("Note 1"), and

(ii) one in the principal amount of \$207,500
("Note 2").

Note 1 and Note 2 are hereafter collectively called "Notes".

All of the foregoing amounts and other amounts referred to in this Agreement are in United States dollars. Purchaser shall pay, in addition, all taxes, fees and assessments (other than state and United States federal income taxes and Canadian provincial and federal income taxes) imposed or otherwise payable by the parties as a result of or in connection with this Agreement.

3. Continuation of Lease. The Lease shall remain in full force and effect until its expiration or earlier termination in accordance with its terms, and Trustees shall continue as owner and Lessor of the Exhibit A Equipment during the term of the Lease, and shall continue to be entitled to enforce performance of the Lease and to all rent, damages and other amounts payable by Purchaser, as lessee, under the Lease. The beneficial interest of Trustor in the Exhibit A Equipment is subject to the legal interest of Trustees as owner and Lessor of such Equipment during the term of the Lease, all terms and provisions of the Lease, all rights of Purchaser, as lessee, thereunder, and all rights of Lenders under the Security

Agreement and the Liens. Purchaser recognizes that the interest in the Exhibit A Equipment which it shall acquire by reason of this Agreement represent interests of Trustor and Trustees in such Equipment after Purchaser, as lessee, has satisfied all of its obligations under the Lease.

4. Conditions for Transfer of Title. Upon the satisfaction by Purchaser as lessee, of all of its obligations under the Lease and under this Agreement (including payment in full of the Notes, if they have been issued) ownership and legal title to the Exhibit A Equipment shall pass to Purchaser, and Trustor and Trustees shall deliver to Purchaser a bill of sale in the form of Exhibit C hereto, and shall take such action, including action to terminate the Trust, as Purchaser may reasonably request for the purposes of transferring to Purchaser's ownership of and title to the Exhibit A Equipment; provided, however, that Trustor and Trustees shall not be required to make any representations or warranties other than those in paragraph 5 of this Agreement and provided, further, that Trustor and Trustees may expressly disclaim any other warranties.

5. Representations, Warranties and Covenants of Trustor and Trustees. As an inducement to Purchaser to enter into this Agreement and to pay valuable consideration to Trustor and Trustees for the rights and interests hereby sold, Trustor and Trustees, each individually for itself or himself, hereby represent, warrant and agree that:

(a) Trustor and Trustees have the right, power and authority to enter into and perform the undertakings provided for in this Agreement, and this Agreement has been duly executed and delivered by Trustor and Trustees and constitutes the legal, valid and binding agreement of Trustor and Trustees enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium laws and other general limitations on remedies from time to time in effect).

(b) The Lease, the Loan Agreements and the indebtedness of the Trust under the Loan Agreements shall continue without change in terms or conditions.

(c) Trustor and Trustees, alone or together, have taken no action to terminate the Trust.

(d) Trustor and Trustees will promptly deposit in the United States mail, postage prepaid and addressed to Purchaser, copies of all notices and other information received by Trustor and Trustees in connection with the Lease, the Loan Agreements or the Security Agreement from and after the date hereof which under the terms of the Lease, Loan Agreements or the Security Agreement are to be given to Trustor and Trustees under the terms of the Trust and other documents executed in connection therewith, and shall mail to Purchaser, as aforesaid, any and all such other documents described in the Lease, Loan Agreements or the Security Agreement that are in the possession of Trustor and Trustees upon request therefor by Purchaser.

(e) The Trust is the owner of the Exhibit A Equipment, and such Equipment is not subject to any liens or encumbrances thereon, other than the Liens, liens or encumbrances created by Purchaser, as lessee, liens or encumbrances which Purchaser, as lessee, is obligated to discharge or satisfy, and the rights of Purchaser, as lessee under the Lease, and hereunder.

(f) Upon satisfaction of its obligations under the Lease by Purchaser, as lessee, the Equipment will be free of all liens, claims, security interests and encumbrances in favor of Trustor and Trustees or any person claiming through or under Trustor and Trustees, except for Purchaser's claims pursuant to this Agreement.

(g) To the best knowledge of Trustor and Trustees, no Event of Default as defined in the Lease or an event that with the giving of notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing.

6. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Trustor and Trustees that:

(a) Purchaser has received the documentation and information referred to in the Recitals to this Agreement.

(b) All necessary consents and approvals with respect to this Agreement have been obtained, and in the event the Notes are issued, all necessary consents and approvals with respect to such issuance will have been obtained.

(c) This Agreement has been, and, the Notes, if issued, will have been duly executed and delivered by Purchaser and constitute the legal, valid and binding obligations of Purchaser enforceable in accordance with their terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium laws and other general limitations on remedies from time to time in effect).

(d) No Event of Default as defined in the Lease or an event that with the giving of notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing.

7. Casualty Occurrence. In the event of a Casualty Occurrence, as such term is defined in the Lease, with respect to an Item of Equipment as defined in the Lease, Purchaser shall pay Trustor and Trustees (in addition to all amounts required to be paid by Purchaser, as lessee, under Section 11 of the Lease), and at the same time, the applicable Additional Amount shown in Exhibit A hereto. Upon such payment by Purchaser, the unpaid balance of the Purchase Price payable as provided in paragraph 2 shall be reduced by the following amount (and if the Notes have been issued, the principal of each Note shall be reduced by one-half of the following amount) for each Item of Equipment (as shown in Exhibit A) for which such Casualty settlement was made.

Schedule A-1

\$10,000

Schedule A-2

\$7,500

Schedule A-3

\$10,000

8. Events of Default; Acceleration of the Obligation. If any of the following events ("Events of Default") shall occur and be continuing:

(a) Purchaser shall fail to pay all or any portion of the Purchase Price under paragraph 2, or installment of principal of the Notes if issued, when due; or

(b) Any representation or warranty made by Purchaser herein in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) Purchaser shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed and any such failure shall remain unremedied for 30 days after written notice thereof shall have been given to Purchaser by Trustor or Trustees; or

(d) An Event of Default as defined in the Lease shall occur,

then, Trustor, or any person to whom an interest in the amount payable under paragraph 2 is assigned as permitted by paragraph 11, may, at its option, by notice to Purchaser, elect to cancel this Agreement, Purchaser's right to acquire the Exhibit A Equipment and Purchaser's obligation hereunder, or to enforce this Agreement and declare the amount due under paragraph 2 to be forthwith due and payable, whereupon such amount shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Purchaser. In the event the amount payable under paragraph 2 is declared due and payable by Trustor or a subsequent assignee, the then unpaid amount under paragraph 2 shall be discounted to its present value at the rate of 11% per annum.

9. Expenses. Each party hereto shall pay the fees and expenses of its respective counsel and any advisors it has retained; and whether or not the transaction contemplated hereby is completed, no party shall be obligated to pay out-of-pocket or other costs and expenses of the other party.

10. Release of Tax Indemnity. Trustor does hereby release Purchaser, as lessee, from any obligations it may have to indemnify Trustor for income taxes which become payable as a result of the transaction contemplated in this Agreement.

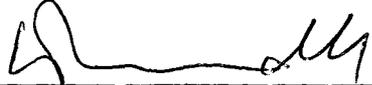
11. Assignment. Trustor may assign to one person its right to all or a portion of the amount payable under paragraph 2.

12. Counterparts. This Agreement may be executed in any number of counterparts, but all of such counterparts together shall constitute one and the same agreement.

THIS AGREEMENT has been duly executed and delivered on the day and year first written above.

COMERICA BANK-DETROIT
(formerly DETROIT BANK
AND TRUST COMPANY)

By _____
Robert N. Olsen
Vice President



D. E. Mundell, Trustee

Ben Maushardt, Trustee

UNITED STATES LEASING
INTERNATIONAL, INC.

By _____
Peter Mezey
Vice President

GRAND TRUNK WESTERN
RAILROAD COMPANY

By _____
P. E. Tatro
Senior Vice President-Finance

EXHIBITS:

- A (Schedules A-1, A-2 and A-3) - Description of Exhibit A Equipment,
including Additional Amount and Serial Numbers
- B - Form of Promissory Notes
- C - Form of Bill of Sale

Acknowledgments

EXHIBIT A

SCHEDULE A-1

(Type A Equipment)

MANUFACTURER:

Maxson Corporation

DESCRIPTION OF EQUIPMENT:

20

89' Flush deck flat cars,
end-of-car cushioning with
tie-down equipment.

MATURITY DATE: Janury 22, 1985

ADDITIONAL AMOUNT PER ITEM:

CASUALTY SETTLEMENT DATE

\$5,226

1/22/83

5,657

7/22/83

6,079

1/22/84

6,563

7/22/84

7,326

1/22/85

SERIAL NUMBERS:

GTW 303134 - 303156, excluding: 303135, 303139 and 303154

GTW Trust No. 2

GTW PURCHASER

EXHIBIT A

SCHEDULE A-2

(Type B Equipment)

MANUFACTURER:

Maxson Corporation

DESCRIPTION OF EQUIPMENT:

10 89' Flush deck flat cars with
end-of-car cushioning

MATURITY DATE: January 22, 1985

ADDITIONAL AMOUNT PER ITEM:

CASUALTY SETTLEMENT DATE

\$3,445
3,749
4,037
4,378
4,973

1/22/83
7/22/83
1/22/84
7/22/84
1/22/85

SERIAL NUMBERS:

GTW 303123 - 303133, excluding: 303127, 303129, 303130 and 303131

GTW 303070 - 303072

GTW Trust No.2

GTW PURCHASER

EXHIBIT A

SCHEDULE A-3

(Type C Equipment)

MANUFACTURER: Bethlehem Steel

DESCRIPTION OF EQUIPMENT: 14 89' Flat cars

MATURITY DATE: January 22, 1985

ADDITIONAL AMOUNT PER ITEM:

CASUALTY SETTLEMENT DATE

\$5,584
6,029
6,471
6,974
7,718

1/22/83
7/22/83
1/22/84
7/22/84
1/22/85

SERIAL NUMBERS:

GTW 303073 - 303080

GTW 303318, 303320, 303321, 303323
303324 and 303325

GTW Trust No.2

GTW PURCHASER

PROMISSORY NOTE

\$ (U.S.)
without interest

Detroit, Michigan

FOR VALUE RECEIVED, GRAND TRUNK WESTERN RAILROAD COMPANY (GTW), promises to pay to COMERICA BANK-DETROIT (Payee), the sum of

Dollars (U.S.), without interest, on January 22, 1985. Said amount shall be payable to Payee in Detroit, Michigan by deposit in a bank designated by Payee, or as otherwise directed by any holder hereof, in coin or currency of the United States of America.

This Note is issued under an Agreement executed and delivered on December 23, 1982 (Agreement) to which GTW, Payee and certain other persons are parties. The principal of this Note may be reduced upon the events, on the terms and in the manner provided for in the Agreement.

In the event of the occurrence of any Event of Default under the Agreement by GTW or failure to pay any amounts when due and payable hereunder, then Payee or any subsequent holder hereof may, at its option, by notice to GTW, exercise rights granted under paragraph 8 of the Agreement, including the right to cancel the agreement and terminate GTW's obligations under this Note, or declare the entire unpaid principal amount of this Note immediately due and payable, discounted as hereafter provided, and GTW shall pay interest on such discounted amount at the rate per annum which is 1% above the prime rate charged by the Bank of America in San Francisco, California, until such amount has been paid. Such principal shall be discounted to its present value at the date of notice to GTW by the holder hereof at the rate of 11% per annum. GTW shall also pay the costs and expenses of Payee, or any holder hereof (including court costs and reasonable attorney's fees) incurred by Payee or any holder hereof to enforce the obligations of GTW hereunder or under the Agreement. No course of dealing or delay in accelerating the maturity of this Note as aforesaid or taking any other action with respect to any Event of Default shall affect the right of Payee or the holder hereof to later take such action in respect thereto and no waiver as to any one Event of Default shall affect any rights as to any other Event of Default.

This Note and the rights hereunder may be assigned and transferred in the manner described in the Agreement, and it shall inure to and be binding upon the successors and assigns of GTW and Payee. This Note shall be governed by the laws of Michigan and shall for all purposes be construed in accordance with the laws of said State.

GRAND TRUNK WESTERN RAILROAD COMPANY

By _____

BILL OF SALE
(GTW)

For valuable consideration, Comerica Bank-Detroit (formerly Detroit Bank and Trust Company) and D. E. Mundell and Ben L. Maushardt, not individually but solely as Trustees (hereinafter called "Trustees") under a Trust Agreement dated as of October 17, 1969, (G.T.W. Trust No. 2), (all of the foregoing parties being hereinafter collectively called "Seller") does hereby transfer and assign to GRAND TRUNK WESTERN RAILROAD COMPANY (hereinafter called "Buyer") all of Seller's right, title and interest in and to the following described personal property:

legal title to which property is currently held by Trustees.

Said property is sold as-is, where-is, without any covenant or warranty expressed or implied, of any nature whatsoever except, however, that Seller covenants and warrants that said property is free of all liens and encumbrances created by, through or under Seller, other than liens and encumbrances which Buyer is obligated to satisfy under a certain lease between Trustees as Lessor and Buyer as Lessee dated as of October 17, 1969, as amended as of December 15, 1969 April 1, 1974 and August 15, 1979. By acceptance of said property transferred hereunder, Buyer agrees to pay all sales and use taxes payable in connection with this transfer and assignment, and any unpaid property taxes heretofore assessed or levied against said property.

Date: _____

COMERICA BANK-DETROIT

By _____

Date: _____

D. E. Mundell, Trustee

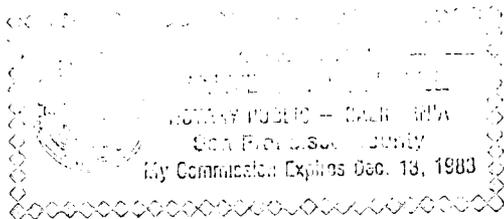
Date: _____

Ben L. Maushardt, Trustee

CORPORATE FORM OF ACKNOWLEDGMENT

State of California)
) ss:
County of San Francisco)

On this 21st day of December, 1982, before me
Walter J. Michael, a Notary Public in and for said county,
personally appeared Peter Mezey, to me personally known, who
being by me duly sworn, says that he is a Vice President of
United States Leasing International, Inc., that the seal
affixed to the foregoing instrument is the corporate seal of
said corporation, that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.



Walter J. Michael
Notary Public

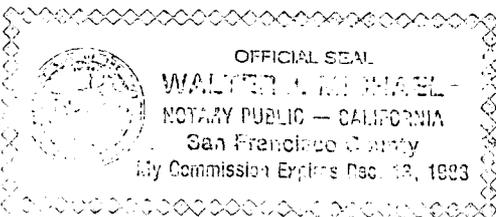
(SEAL)

My commission expires: December 13, 1983

NOTARY FORM OF ACKNOWLEDGMENT

State of California)
) SS
County of San Francisco)

On this 21st day of December, in the year 1982, before me Walter J. Michael, a Notary Public in and for said county, personally appeared Ben L. Maushardt, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.



Walter J. Michael

Notary Public

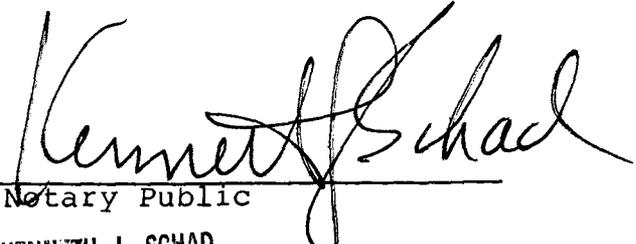
(Notarial Seal)

My commission expires: December 13, 1983

NOTARY FORM OF ACKNOWLEDGMENT

State of Michigan)
) ss
County of Wayne)

On this 22nd day of December, 1982, before me personally appeared Robert N. Olsen, to me personally known, who being by me duly sworn, says that he is the Vice President of COMERICA BANK-DETROIT (formerly DETROIT BANK AND TRUST COMPANY), a Michigan Corporation, that the foregoing 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 a free act and deed of said corporation.



Notary Public
KENNETH J. SCHAD
Notary Public, Oakland County, Mich.
Acting in Wayne County, Mich.
My Commission Expires January 21, 1986



NOTARY FORM OF ACKNOWLEDGMENT

State of Michigan)
) ss
County of Wayne)

On this 23 day of December, 1982, before me personally appeared P. E. Tatro, to me personally known, who being by me duly sworn, says that he is the Sr. Vice President - Finance and Administration of Grand Trunk Western Railroad Company, that the foregoing 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 a free act and deed of said corporation.

J. A. Brewer
Notary Public

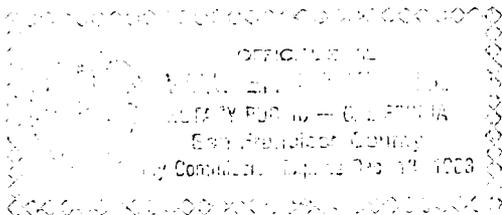
Notary Public
My Commission Expires 12/31/1983



NOTARY FORM OF ACKNOWLEDGMENT

State of California)
) ss
County of San Francisco)

On this 23rd day of December, in the year 1982, before me Walter J. Michael, a Notary Public in and for said county, personally appeared D. E. Mundell, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.



Walter J. Michael
Notary Public

(Notarial Seal)

My commission expires: December 13, 1983