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INTERSTATE COMMERCE COMMISSION

September 4, 1984

INTERSTATE COMMERCE COMMISSION

Grand Trunk Western Railroad Company
Lease Financing Dated as of August 15, 1984
14-3/8% Conditional Sale Indebtedness
Due January 2, 1997

Dear Mr. Bayne:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Grand Trunk Western Railroad Company, for filing and recordation counterparts of the following documents:

1. Reconstruction and Conditional Sale Agreement dated as of August 15, 1984, among Mercantile-Safe Deposit and Trust Company, as Agent, Grand Trunk Western Railroad Company, as Builder, and Whirlpool Leasing Services, Inc., as Vendee.
2. Transfer Agreement dated as of August 15, 1984, between Mercantile-Safe Deposit and Trust Company, as Agent, and Whirlpool Leasing Services, Inc., as Vendee.
3. (a) Lease of Railroad Equipment dated as of August 15, 1984, between Grand Trunk Western Railroad Company, as Lessee, and Whirlpool Leasing Services, Inc., as Vendee; and

Counterpart for H

- A

- B

ICC OFFICE OF THE SECRETARY
SEP 6 3 26 PM '84
NOTICE OF REGULATING UNIT

- C
 (b) Assignment of Lease and Agreement dated as of August 15, 1984, between Whirlpool Leasing Services, Inc., as Vendee, and Mercantile-Safe Deposit and Trust Company, as Agent.

- D
 4. Hulk Purchase Agreement dated as of August 15, 1984, between Whirlpool Leasing Services, Inc., as Buyer, and Grand Trunk Western Railroad Company, as Seller.

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-Buyer

Whirlpool Leasing Services, Inc.
 38200 West Ten Mile Road
 Farmington Hills, Michigan 48024

3. Lessee-Builder-Seller:

Grand Trunk Western Railroad Company
 131 West Lafayette Blvd.
 Detroit, Michigan 48226

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

The Hulks covered by the Transfer Agreement and the Hulk Purchase Agreement are listed in Exhibit A attached hereto. The reconstructed railroad equipment covered by the Reconstruction and Conditional Sale Agreement and the Lease are listed in Exhibit B attached hereto. The reconstructed railroad equipment bear the legend "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION".

Enclosed is our check for \$40 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining

counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
as Agent for
Grand Trunk Western
Railroad Company

James H. Bayne, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423.

Encls.

HULK PURCHASE AGREEMENT

Exhibit A

<u>Quantity</u>	<u>AAR Mechanical Description</u>	<u>Description</u>	<u>Lessee's Road Numbers</u>	<u>Hulk Purchase Price</u>	<u>Total Price</u>
9	SD-40	Diesel Electric Locomotives	GTW 5905-5906 5908-5911 5915 5918-5919	\$ 160,000	\$1,440,000
2	SD-38	Diesel Electric Locomotives	GTW 6250-6251	140,000	280,000
5	GP-38	Diesel Electric Locomotives	GTW 6205 6208-6210 6212	140,000	700,000
4	GP-9	Diesel Electric Locomotives	GTW 4432-4434 4438	25,000	100,000

* It is agreed that, notwithstanding anything to the contrary contained in this Exhibit A or in the Hulk Purchase Agreement to which this Exhibit A is annexed ("this Agreement"), this Agreement will only cover Hulks delivered by the Seller and accepted by the Buyer on or after the First Delivery Date (as defined in the Participation Agreement), and on or before November 30, 1985, having an aggregate Purchase Price (as defined in the RCSA) when reconstructed not in excess of the Maximum Purchase Price (as defined in the RCSA). After delivery of all the Hulks covered by this Agreement, if necessary, this Exhibit A will be appropriately amended to describe only those Hulks covered by this Agreement.

HP-7

EXHIBIT A

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Schedule A—Specifications of the Equipment*

Quantity	Mechanical Designation	Description	Old and New Railroad Road Nbs. (Inclusive)	Hulk Purchase Price		Estimated Base Reconstruction Cost		Estimated Purchase Price	
				Per Unit	Total	Per Unit	Total	Per Unit	Total
9	SD-40	Diesel Electric Locomotive	GIW 5905-5906 5908-5911 5915, 5918-5919	\$160,000	\$1,440,000	\$440,000	\$3,960,000	\$600,000	\$5,400,000
2	SD-38	" "	GIW 6250-6251	140,000	280,000	310,000	620,000	450,000	900,000
5	GP-38	" "	GIW 6205 6208-6210 6212	140,000	700,000	310,000	1,550,000	450,000	2,250,000
4	GP-9	" "	GIW 4432-4434 4438	25,000	<u>100,000</u>	275,000	<u>1,100,000</u>	300,000	<u>1,200,000</u>
<u>20</u>					\$2,520,000		\$7,230,000		\$9,750,000

Builder's Specifications and Place of Delivery:

Specifications attached.

* Notwithstanding anything herein to the contrary, this Schedule A and the Reconstruction and Conditional Sale Agreement to which this Schedule A is attached (this "Agreement") will cover only those units of Equipment that are reconstructed by the Builder from Hulks delivered pursuant to the Hulk Purchase Agreement and that are settled for pursuant to this Agreement. After delivery of all Equipment covered by this Agreement, if necessary, this Schedule A will be amended (and a supplement will be filed with the Interstate Commerce Commission) to describe only those units of Equipment covered by this Agreement and to designate the particular Railroad Road Numbers thereof.

EXHIBIT B

R-34

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

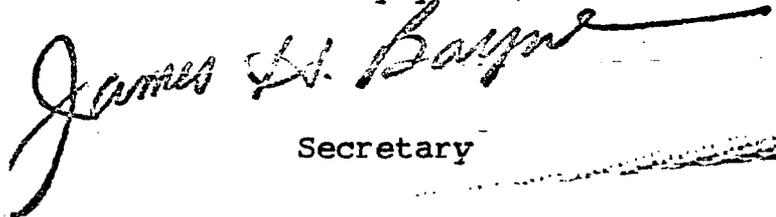
Laurance V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N. Y. 10005

September 6, 1984

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 9/6/84 at 3:35PM and assigned re-
recording number(s). 14421, 14421-A, 14421-B, 14421-C, & 14421-D

Sincerely yours,


Secretary

Enclosure(s)

[CS&M Ref: 1698-111]

REGISTRATION NO. 1442 Filed 1984

SEP 6 1984 - 3 35 PM

INTERSTATE COMMERCE COMMISSION

RECONSTRUCTION AND CONDITIONAL SALE
AGREEMENT

Dated as of August 15, 1984

Among

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity
but solely as Agent,

GRAND TRUNK WESTERN RAILROAD COMPANY

Builder,

and

WHIRLPOOL LEASING SERVICES, INC.,

Vendee.

RECONSTRUCTION AND 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.

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Exhibit A--Specifications of the Hulks

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of August 15, 1984, among MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking corporation, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement"), GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan and Indiana corporation (the "Builder") and WHIRLPOOL LEASING SERVICES, INC., a Delaware corporation, (the "Vendee").

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (the "Hulks") from the Builder pursuant to a Hulk Purchase Agreement (the "Hulk Purchase Agreement") in substantially the form of Exhibit D hereto, and pursuant to the Transfer Agreement (as hereinafter defined) will transfer security title of the same to the Vendor for the purpose of reconstructing the Hulks (the Hulks as reconstructed as described in Schedule A hereto, upon delivery, acceptance and settlement under this Agreement, being hereinafter called the "Equipment").

The Vendor will acquire security title to the Hulks pursuant to a Transfer Agreement (the "Transfer Agreement") in substantially the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and will thereupon sell such security title to the Vendee and the Vendee hereby agrees to purchase such security title in accordance with the terms of this Agreement. The Vendor's security title in any Hulk acquired pursuant to the Transfer Agreement shall not, prior to completion of reconstruction of such Hulk and settlement therefor pursuant hereto, be deemed to be collateral for the Vendee's obligations hereunder or for the Lessee's obligations under the Lease.

The Vendee will deliver the Hulks to the Builder and the Vendor will have the Builder reconstruct the Hulks in accordance with the Vendee's specifications and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Builder, in its capacity as a railroad (the "Lessee"), are entering into a Lease of Railroad Equipment (the "Lease") in substantially the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this Agreement, and

the Vendee is assigning for security purposes its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") in substantially the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Agreement shall be and are acquired for the benefit of the Investors identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

In consideration of the agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Reconstruction and Sale. The Vendee will deliver the Hulks to the Builder immediately after the purchase thereof under the Hulk Purchase Agreement. Pursuant to this Agreement, the Builder will reconstruct the Hulks into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor and the Vendee will accept delivery of and pay for the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the Vendee's specifications referred to in Schedule A hereto and in accordance with such modifications thereof as may be authorized by the Vendee (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as though expressly set forth herein and are hereinafter called the "Specifications"). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to the Specifications and to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of the date of such delivery.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the United States of America specified in Schedule A hereto on or prior to December 31, 1985 (the "Cut-Off Date"), freight charges, if any, prepaid; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement, the Lease, the Lease Assignment, the Hulk Purchase Agreement and the Transfer Agreement have been filed pursuant to 49 U.S.C. § 11303. The Builder agrees not

to tender for sale any Hulk under the Hulk Purchase Agreement or to commence any reconstruction of any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed within 120 days following such commencement of construction, and in any event on or prior to the Cut-Off Date, (B) has received written notice from the Vendee or the Vendor (a) of the occurrence of any event of default as defined in Article 14 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, (b) that any of the conditions contained in Paragraph 6 or 7 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided or (d) has received written notice from the Vendor or the Vendee that there has been a material adverse change in the business, operations or the financial condition of the Guarantor from that which existed on December 31, 1983; or (C) the Purchase Price (as defined in Article 3 hereof) of such Hulk when reconstructed, when added to the aggregate Purchase Price when reconstructed of all other Hulks which previously have been validly accepted under the Hulk Purchase Agreement, would exceed the Maximum Purchase Price (as defined in Article 3 hereof).

During reconstruction, the Hulks, all materials used in the reconstruction of the Equipment and all work thereon shall be subject to inspection and approval by the Vendee; provided, however, that any inspection or failure to inspect by the Vendee shall not affect any of its rights hereunder. The Builder shall grant to the authorized inspectors of the Vendee access to all portions of its plant where Hulks are being reconstructed and shall furnish the Vendee with monthly reports concerning the progress of the reconstruction. Upon completion of each unit or of a number of units of the Equipment, the authorized inspector of the Vendee shall inspect such unit or units at the place specified for delivery of such unit or units, and if each such unit conforms to the specifications, requirements and standards applicable thereto, such authorized inspector of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (a "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 8 hereof;

provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 12 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee, but the aggregate Reconstruction Cost shall in no event exceed the lesser of (i) the actual cost to the Builder of doing the reconstruction work plus a reasonable overhead and profit factor or (ii) \$8,270,950 in the aggregate. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost and the "Maximum Purchase Price" shall be \$10,790,950.

For the purpose of settlement therefor, the Equipment shall be divided into groups of units of the Equipment with each group (other than the last group) having a Purchase Price of at least \$1,000,000, unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean such date, not later than the Cut-Off Date, occurring not more than ten business days following presentation by the Builder to the Vendee of the invoice (addressed to the Vendor and approved as to price by the Vendee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Builder by written notice delivered to the Vendee and the Vendor at least three business days prior to the Closing Date designated therein. The parties hereto will, so far as is practicable, attempt to comply with the schedule of estimated Closing Dates set forth in Schedule B hereto. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Baltimore, Maryland, Detroit, Michigan, or New York, New York, are authorized to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay (and the Builder is hereby constituted a third party beneficiary of such obligation) in immediately available funds to the Vendor at such place as the Vendor may

designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in 22 semiannual installments, as hereinafter provided, an amount (the "CSA Indebtedness") equal to 72.282772% of the aggregate of the Purchase Prices of the units of the Equipment in the Group for which settlement is then being made as set forth in the Invoice or Invoices therefor (the "Invoiced Purchase Prices"); and

(b) on the Closing Date with respect to each Group an amount (the "Down Payment") equal to the aggregate Purchase Price of such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment until there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered thereto pursuant to the eighth paragraph of this Article 3.

The installments of the CSA Indebtedness shall be payable on each January 2 and July 2 commencing July 2, 1986, to and including January 2, 1997, or, if any such date is not a business day, on the next succeeding business day (each such date being hereinafter called a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date upon which such CSA Indebtedness was incurred at the rate of 14-3/8% per annum and such interest shall be payable, to the extent accrued, on July 2, 1985, January 2, 1986, and on each Payment Date. The installments of principal and/or interest payable on each Payment Date shall be calculated as set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the CSA Indebtedness. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a payment schedule showing the amount of principal 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 that interest due on July 2, 1985, and January 2, 1986 shall be calculated on an actual elapsed day, 365-day year, basis.

The Vendee will pay interest at the rate of 15-3/8% per annum, to the extent legally enforceable, upon

all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding (the "Penalty 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 and shall be made by bank wire immediately available funds at, and not later than, 10:00 a.m. Baltimore time. The Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that the CSA Indebtedness may be prepaid as provided for in Article 6 hereof.

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in immediately available funds by the Vendor to the Builder (in its capacity as Builder hereunder and in its capacity as Seller under the Hulk Purchase Agreement) from (y) the amounts available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the CSA Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3; provided that there shall have been delivered to the Vendor the following documents (in addition to copies of the documents referred to in the fifth paragraph of the Hulk Purchase Agreement), in form and substance satisfactory to it and its special counsel:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder for the reconstruction of the Equipment in the Group and invoices of the Builder (in its capacity as Seller under the Hulk Purchase Agreement) for the Hulks, accompanied by, or having endorsed on such invoices or copies thereof the approval of the Vendee of the price stated therein and a certification by the Builder that the Invoiced Purchase Prices have been calculated as provided in the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title to such Equipment was free of all claims, liens, security interests and other encumbrances of the Builder or of anyone claiming through the Builder except for those arising under this Agreement or the Exhibits hereto; and

(d) a favorable opinion of counsel for the Builder dated as of such Closing Date, stating that title to the Hulks from which such Equipment in such Group were reconstructed was vested, at the time of delivery under the Hulk Purchase Agreement, in the Vendee and was free of all claims, liens, security interests and other encumbrances of any nature whatsoever except for those arising under this Agreement or the Exhibits hereto, together with a favorable opinion of Messrs. Wilmer, Cutler & Pickering addressed to the Vendor and the Vendee regarding their search of the Interstate Commerce Commission files in respect of the Hulks and the Equipment.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 14 and 15 hereof), but not limiting the effect of Article 21 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement, with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3, the interest payments due on July 2, 1985, and January 2, 1986, and the obligations set forth in the proviso in the third paragraph of Article 11 hereof shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from 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 14 hereof shall have occurred and while it shall be continuing, so much of the

following amounts as are indefeasibly received by the Vendee 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 6 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and (b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and 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 are indefeasibly received by the Vendee and as shall be required to discharge 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 be required to discharge 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 Excluded Payments (as defined in Paragraph 1 of the Lease Assignment). Notwithstanding anything to the contrary contained in Articles 14 and 15 hereof, the Vendor agrees that in the event it 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, it will, accordingly, limit its execution of such judgment against the Vendee to amounts payable pursuant to the limitations set forth in this paragraph. It is further agreed by the parties hereto that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Security Title to the Hulks; Security Interest in the Equipment. Pursuant to the Transfer Agreement, the Vendor has security title to the Hulks delivered to the Builder hereunder for reconstruction and shall continue to retain such security title (subject to the provisions of the Transfer Agreement) during the entire period that the Hulks are being reconstructed. Upon reconstruction of the Hulks and delivery, acceptance and

settlement for the related Equipment pursuant hereto, the Vendor shall and hereby does retain a security interest in the Equipment until (i) the Vendee shall have made all its payments under this Agreement in respect of the Equipment and the Vendee shall have made all its payments under the Participation Agreement and shall have kept and performed all its agreements herein and therein contained, 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, and (ii) the Lessee shall have satisfied all its obligations to the Vendor and any Investor under any provision of the Lease. Any and all additions, modifications and improvements to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder, shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the terms "Hulk" or "Equipment", as the case may be, as used in this Agreement, except for any additions, modifications and improvements which, under the provisions of Section 8 of the Lease, are owned by the Lessee.

Except as otherwise specifically provided in Article 6 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained and all the Lessee's obligations to the Vendor and the Investors contained in the Lease shall have been performed, all rights and interests of the Vendor in the Equipment shall be released and discharged to 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 and deliver to the Vendee documents covering the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby and (b) execute and deliver to the Vendee 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 such Equipment. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such release documents or instrument or instruments or to file any such certificate of payment in

compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such release documents or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sale, use or rental taxes], franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title or return or other disposition of the Equipment under the terms hereof, all of which impositions 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 impositions 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 impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith (after written notice to the Vendor) and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions 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 impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor acceptable to the Vendee)

or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Maintenance and Repair; Casualty Occurrences. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good operating order, repair and condition.

In the event that any unit of the Equipment shall suffer a Casualty Occurrence (as defined in Section 6 of the Lease), the Vendee shall, within 30 days after it shall have actual knowledge that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all installments of principal and interest in respect of such unit until the next succeeding date for the payment of interest on the CSA Indebtedness (a "Casualty Payment Date"). On such date the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit suffering a Casualty Occurrence as of the date of such payment 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 on the date that such Casualty Value is paid (after the regularly scheduled payment of the interest and principal due on such date) to prepay without penalty or premium the unpaid balance of the CSA Indebtedness with respect to such unit or units and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made in respect of the remaining units in such number of counterparts as the Vendor may request.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, all rights and interests of the Vendor in such unit shall be released and discharged, 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 release and discharge of all the Vendor's right 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 Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original CSA Indebtedness with respect to such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit of Equipment), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of CSA Indebtedness in respect of Equipment made pursuant to Article 3 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 all the units of Equipment.

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 the Vendor having received payment of the Casualty Value hereunder, 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 or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 7. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1986, the Vendee shall cause to be furnished to the Vendor an accurate statement to the effect set forth in Section 7 of the Lease. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's and Lessee's records with respect thereto at such reasonable times as the Vendor may request during the continuance of this Agreement.

ARTICLE 8. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered and marked as provided in Section 4 of the Lease.

Except as provided in the immediately preceding paragraph and in the proviso to the second paragraph of Section 4 of the Lease, 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.

ARTICLE 9. 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 8 of the Lease) and in the event that any Applicable Law requires any alteration, replacement or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expenses; provided, however, that the Vendee may, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 10. 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, but only upon and subject to all the terms and conditions of this Agreement and the Lease.

The parties hereto acknowledge that the Vendee simultaneously herewith 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 be subordinate and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

Subject to the provisions of the preceding paragraph of this Article 10, the Equipment may be used as provided in Section 11 of the Lease. Except as otherwise provided in the Lease, the Vendee may also lease the Equipment to any other railroad company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 11. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease or the payments due and to become due thereunder, or any part thereof, and will promptly discharge any such lien, charge, security interest or other encumbrance 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 any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of any claim, 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 11 shall be subject to the limitations set forth in the last paragraph of Article 3 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or its successors and assigns, not arising out of the ownership of the Equipment or 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 of the Equipment) which, if unpaid, 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, but the Vendee shall not be required to pay or discharge any such claim so long as the validity or priority 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 opinion of counsel to 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 12. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, including, without limitation, strict or absolute liability in tort or by statute imposed, claims 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 security title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, reconstruction, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, reconstruction, 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 title thereto 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, any losses, damages, inquiries, liabilities, claims and demand whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the CSA Indebtedness and the release of the security interest in, the Equipment, as provided in the last paragraph of Article 4 hereof or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY OF THE EQUIPMENT AND SALE OF THE EQUIPMENT HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in

material or workmanship or design under normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WITH RESPECT TO RECONSTRUCTION, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Builder agrees to and does hereby, 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 Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks or any party who shall furnish any parts used in such reconstruction and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor, the Investors and the Vendee from and against any and all liability, including, without limitation, strict or absolute liability in tort or by statute imposed, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, any Investor and the Vendee (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or injury or death to any person. The Vendor or the Vendee will give notice to the Builder of any claim as to which it has received actual notice from which liability may be charged against the Builder under this paragraph.

The indemnities made in this Article 12 by the Builder shall not be modified, abated, postponed or in any other way or in any manner diminished or reduced as a consequence of any action or inaction of the Vendee, the Vendor or the Investors in connection with, relating to, or arising out of the rights (whether or not exercised) of any such party to inspect or approve the reconstruction to be performed by the Builder pursuant to this Agreement. Such indemnities shall in all events, and in addition to the agreements contained elsewhere in this Article 12, extend to

and apply to any allegation against any indemnified party that it has been negligent, either actively or passively, or is guilty of a breach of other duty, including, without limitation, any breach of warranty or breach of contract, to any person or organization.

The warranties and indemnities of the Builder contained or referred to in this Article 12 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by the Vendee, the Vendor, the Investors, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment reconstructed by the Builder hereunder.

ARTICLE 13. Assignments. The Vendee will not (a) except as provided in Article 10 hereof or as provided in the Hulk Purchase Agreement, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose 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 reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement, the Participation Agreement, the Hulk Purchase Agreement, the Transfer 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 (ii) a corporation which is and remains a member of the same "affiliated group" (as defined in Section 1504 of the Internal Revenue Code of 1954, as amended) as 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 reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to reconstruct the Equipment on behalf of the Vendor and the Vendee and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 12 hereof or relieve the Vendee of its

obligations to the Builder or diminish the rights of the Vendee contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the 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 in such manner as it may direct and shall constitute full compliance with the terms of this Agreement. The Vendee may rely upon instruments or documents which it believes in good faith to be true and authentic.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (irrespective of the provisions of Article 3 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee), to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for five days; or

(b) the Vendee or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing (sent to both the Lessee and the Vendee) performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, the Participation Agreement, the Transfer Agreement, the Hulk Purchase Agreement, the Lease, the Lease Assignment or the Consent on its part to be kept and performed and the Vendee or the Lessee shall have failed to make provision satisfactory to the Vendor for such compliance; or

(c) 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 Agreement, the Hulk Purchase Agreement, the Lease and the Consent 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 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 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

(d) any other proceeding shall be commenced by or against the Vendee or the Lessee for any relief which includes, or might result in, any modification of their respective obligations hereunder or under the Participation Agreement, the Hulk Purchase Agreement, the Transfer Agreement, the Lease, the Lease Assignment or the Consent 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 readjustment 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 such obligations of the Vendee or the Lessee, as the case may be, 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 the Lessee, as the case may be, or for their respective 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 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) any Event of Default shall have occurred under the Lease; provided, however, that an Event of Default under the Lease (other than an Event of Default under Section 9A of the Lease) shall not be deemed to be an event of default hereunder if such default under the Lease causing such Event of Default thereunder is cured by the Vendee's remedying such default prior to the expiration of 5 days after the date of the occurrence of such Event of Default under the Lease, and provided further, however, that an Event of Default under Section 9A of the Lease shall not be deemed to be an event of default hereunder if (i) not more than 4 such Events of Default shall have occurred and not more than 2 such Events of Default shall have occurred on consecutive dates and (ii) the Vendee shall not be in default under the provisions of clause (a) of this Article 14;

then at any time after the occurrence of such an event of default 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 (a "Declaration of Default") the entire unpaid CSA Indebtedness together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Penalty Rate to the extent legally enforceable. In addition, if the Vendee does not pay the entire unpaid CSA Indebtedness, together with interest thereon accrued and unpaid to the date of payment, within 30 days of such notice of Declaration of Default, the Vendor may, upon written notice to the Vendee and the Lessee, cause the term of the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the term of the Lease) and the Vendor may exercise the other remedies provided in Article 15 hereof. Upon a Declaration of Default, subject to Article 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the limitations of Articles 3 and 21 hereof, wherever situated.

The Vendor may, at its election, 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 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 understood and 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.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, 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, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon

such storage tracks of the Lessee as the Lessee reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all 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 in the premises, 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 15 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 by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee 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 30-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 all rights and interests of the Vendor in the Equipment shall be released and discharged; provided, further, that if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 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 15.

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 to the Vendee 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 or any other party claiming from, through or under the Vendee 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 in such event the rights and interests of the Vendor in the Equipment shall be immediately released and discharged. 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 and the balance shall be paid to the Vendee.

Any sale hereunder may be held or conducted at New York, New York, 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. The Vendee shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Vendee or the Vendor 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 thereof, it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all 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 duly granted to the Vendee 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 hereunder 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.

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, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the Penalty 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 Articles 3 and 21 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, 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 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 16. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction which is not overridden by applicable Federal law shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the 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 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, or any one or more units thereof, and any other requirements as to the time,

place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 17. Filing. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly 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; and 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 special counsel for the Vendor, of its security title to 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 18. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 19. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equipment and supersedes all other agreements oral or written, with respect to the Hulks and 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 parties hereto.

ARTICLE 20. Notices. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its place of

business at the following specified addresses:

(a) to the Vendor, at P. O. Box 2258 (Two Hopkins Plaza, if by hand), Baltimore, Maryland 21203, Attention of Corporate Trust Department,

(b) to the Vendee, at 38200 West Ten Mile Road, Farmington Hills, Michigan 48204, Attention of Leverage Lease Administrator,

(c) to the Builder and the Lessee, at 131 West Lafayette Boulevard, Detroit, Michigan 48226, Attention of Director of Finance,

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

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

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second, seventh and eighth paragraphs of Article 15 and under Articles 2, 5, 6 (other than the second, third and fourth sentences of the second paragraph thereof to the extent requiring delivery of certificates and payment schedules as therein provided and other than the payment obligations, which are limited under the last paragraph of Article 3 hereof), 7, 8, 9, 11 (other than the proviso to the last paragraph thereof), 12 and 17 hereof, or any other obligations hereunder not covered by the provisions of the last paragraph of Article 3 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 hereunder pursuant to Article 14 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is also expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that this Agreement is executed and delivered by the Agent, not in its individual capacity but solely as Agent under the Participation Agreement.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement shall become effective. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the

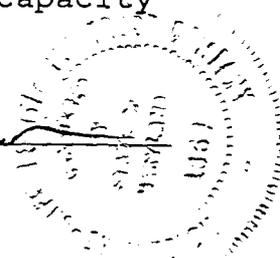
actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
not in its individual capacity
but solely as Agent,

by


Vice President



[Seal]

Attest:


Corporate Trust
Officer

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

WHIRLPOOL LEASING SERVICES, INC.

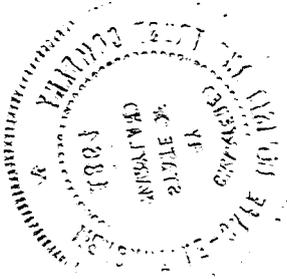
by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary



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 or caused this instrument to be executed all as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
not in its individual capacity
but solely as Agent,

by

Vice President

[Seal]

Attest:

Corporate Trust
Officer

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

P. E. Mtu

Vice President

[Corporate Seal]

Attest:

E. J. Intance

~~Assistant~~ Secretary

WHIRLPOOL LEASING SERVICES, INC.

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

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 or caused this instrument to be executed all as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
not in its individual capacity
but solely as Agent,

by

Vice President

[Seal]

Attest:

Corporate Trust
Officer

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President

[Corporate Seal]

Attest:

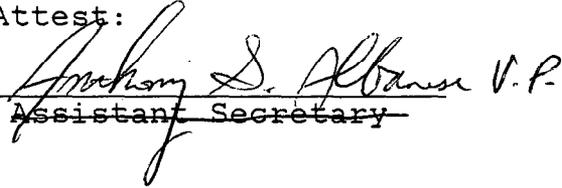
Assistant Secretary

WHIRLPOOL LEASING SERVICES, INC.

by 
Vice President

[Corporate Seal]

Attest:


~~Assistant Secretary~~

STATE OF MICHIGAN,)
)
COUNTY OF OAKLAND,)

On this *4th* day of *September* 1984, before me personally appeared *RICHARD ZAMOJSKI*, to me personally known, who, being by me duly sworn, says that he is a Vice President of WHIRLPOOL LEASING SERVICES, 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.

Anthony S. Albanese

Notary Public



ANTHONY S. ALBANESE
Notary Public, Wayne County, MI
My Commission Expires June 17, 1986
Acting in Oakland Co.

STATE OF MARYLAND,)
)
CITY OF BALTIMORE,)

On this day of 1984, 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 seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires

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

On this *4th* day of *September* 1984, before me personally appeared *P. E. J. atre*, to me personally known, who, being by me duly sworn, says that he is a Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

J. Isabelle Matusko

Notary Public

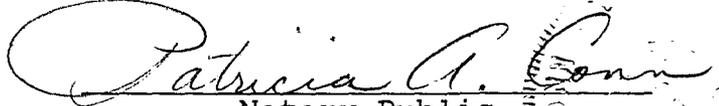
J. ISABELLE MATUSKO
Notary Public, Oakland County, MI
My Commission Expires Feb. 17, 1987
Acting in Wayne County

[Notarial Seal]

My Commission Expires

STATE OF MARYLAND,)
)
CITY OF BALTIMORE,)

On this 4th day of September 1984, before me personally appeared R. E. Schreiber, 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 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 7-1-86

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

On this _____ day of _____ 1984, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission Expires

SCHEDULE I

Allocation Schedule of Each
\$1,000,000 of 14-3/8% CSA Indebtedness

<u>Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Unpaid Principal</u>
7/2/85	*	*		\$1,000,000.00
1/2/86	*	*		1,000,000.00
7/2/86	\$94,193.15	\$71,875.00	\$22,318.15	977,681.85
1/2/87	94,193.15	70,270.89	23,922.26	953,759.59
7/2/87	94,193.15	68,551.48	25,641.67	928,117.92
1/2/88	94,193.15	66,708.48	27,484.67	900,633.25
7/2/88	94,193.15	64,733.02	29,460.13	871,173.12
1/2/89	94,193.15	62,615.57	31,577.58	839,595.54
7/2/89	94,193.15	60,345.93	33,847.22	805,748.32
1/2/90	94,193.15	57,913.17	36,279.98	769,468.34
7/2/90	94,193.15	55,305.54	38,887.61	730,580.73
1/2/91	94,193.15	52,510.50	41,682.65	688,898.08
7/2/91	73,254.79	49,514.55	23,740.24	665,157.84
1/2/92	89,533.63	47,808.22	41,725.41	623,432.43
7/2/92	89,533.63	44,809.20	44,724.43	578,708.00
1/2/93	89,533.63	41,594.63	47,939.00	530,769.00
7/2/93	89,533.63	38,149.02	51,384.61	479,384.39
1/2/94	89,533.63	34,455.75	55,077.88	424,306.51
7/2/94	89,533.63	30,497.03	59,036.60	365,269.91
1/2/95	89,533.63	26,253.77	63,279.86	301,990.05
7/2/95	89,533.63	21,705.53	67,828.10	234,161.95
1/2/96	89,533.63	16,830.39	72,703.24	161,458.71
7/2/96	89,533.63	11,604.84	77,928.79	83,529.92
1/2/97	89,533.63	6,003.71	83,529.92	.00
	<u>\$2,000,056.22</u>	<u>\$1,000,056.22</u>	<u>\$1,000,000.00</u>	

* Interest only shall be payable to the extent accrued on these dates.

RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Schedule A—Specifications of the Equipment*

Quantity	Mechanical Designation	Description	Old and New Railroad Road Nos. (Inclusive)	Hulk Purchase Price		Estimated Base Reconstruction Cost		Estimated Purchase Price	
				Per Unit	Total	Per Unit	Total	Per Unit	Total
9	SD-40	Diesel Electric Locomotive	GIW 5905-5906 5908-5911 5915, 5918-5919	\$160,000	\$1,440,000	\$440,000	\$3,960,000	\$600,000	\$5,400,000
2	SD-38	" "	GIW 6250-6251	140,000	280,000	310,000	620,000	450,000	900,000
5	GP-38	" "	GIW 6205 6208-6210 6212	140,000	700,000	310,000	1,550,000	450,000	2,250,000
4	GP-9	" "	GIW 4432-4434 4438	25,000	100,000	275,000	1,100,000	300,000	1,200,000
<u>20</u>					\$2,520,000		\$7,230,000		\$9,750,000

Builder's Specifications and Place of Delivery:

Specifications attached.

* Notwithstanding anything herein to the contrary, this Schedule A and the Reconstruction and Conditional Sale Agreement to which this Schedule A is attached (this "Agreement") will cover only those units of Equipment that are reconstructed by the Builder from Hulks delivered pursuant to the Hulk Purchase Agreement and that are settled for pursuant to this Agreement. After delivery of all Equipment covered by this Agreement, if necessary, this Schedule A will be amended (and a supplement will be filed with the Interstate Commerce Commission) to describe only those units of Equipment covered by this Agreement and to designate the particular Railroad Road Numbers thereof.

Schedule A

STATEMENT OF RECONSTRUCTION SPECIFICATIONS--
ELECTRIC DIESEL LOCOMOTIVES

GRAND TRUNK WESTERN RAILROAD COMPANY
1984-1985 Locomotive Reconstruction Program

- CARBODY - Disassembled, all major components removed, sides, cab, end plates steps straightened, repair or replaced as necessary. Interior of cab, short hood compartment, and hood painted and reconditioned. New fixtures applied. All external surfaces primed and painted, all modifications made to bring to latest GTW standard.
- ENGINE - Disassembled, cleaned, inspected, all components qualified renewed or rebuilt as necessary. Remanufactured injectors and governor applied.
- COMPRESSOR - Rebuilt compressor applied.
- MAIN GEN. - AR-10 or D-32 disassembled, cleaned, inspected and reassembled with new bearing.
- TRUCKS - Disassembled, cleaned, inspected, welded ground, re-bushed, assembled with new or qualified springs and brake rigging. Rebuilt traction motors and new wheel sets applied.
- ELECTRICAL
& AIR
SYSTEMS - Major electrical components and all air system components removed, cleaned, tested and reapplied.
- MISC.
REPAIRS - Rewiring as necessary, wreck repair as necessary.
- ADDITIONS - Electronic speed indicator/recorder applied.

SCHEDULE B

Schedule of Closings

<u>Estimated Closing Dates</u>	<u>Hulk Purchase Price</u>	<u>Reconstruction Cost</u>	<u>Estimated Purchase Price of Equipment</u>
December 31, 1984	\$460,000	\$1,190,000	\$1,650,000
March 31, 1985	485,000	1,465,000	1,950,000
June 30, 1985	625,000	1,775,000	2,400,000
September 30, 1985	485,000	1,465,000	1,950,000
December 31, 1985	465,000	1,335,000	1,800,000
	<u>\$2,520,000</u>	<u>\$7,230,000</u>	<u>\$9,750,000</u>

TRANSFER AGREEMENT

Dated as of August 15, 1984

Between

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

and

WHIRLPOOL LEASING SERVICES, INC.

TRANSFER AGREEMENT

As of August 15, 1984

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity
but solely as Agent for the
Investors under a Participation
Agreement dated as of the date hereof
(the "Participation Agreement"),
P. O. Box 2258
Baltimore, Maryland 21203

Attention of Corporate Trust Department.

Gentlemen:

The undersigned proposes to acquire the used railroad equipment described in Annex I hereto (the "Hulks") from Grand Trunk Western Railroad Company (the "Builder") and intends to have such Hulks reconstructed. The undersigned hereby agrees with you as follows:

1. In order to arrange for the financing of the reconstruction of the Hulks and the sale of the reconstructed Hulks to us by you on conditional sale, the undersigned hereby assigns and transfers to you (WITHOUT ANY WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES AS TO TITLE, FITNESS, MERCHANTABILITY OR WORKMANSHIP) security title to the Hulks.

2. You will hold security title under and pursuant to this Agreement and the Hulks will be reconstructed pursuant to the Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA"), among you, the Builder and us. In accordance with the RCSA, the undersigned will cause the Hulks to be delivered to the Builder on your behalf.

3. Upon completion of the reconstruction, your security title to the reconstructed Hulks will be conditionally sold by you to us in accordance with the RCSA.

4. If any Hulks are not reconstructed, delivered, accepted and settled for under the RCSA you shall promptly release and reassign to us your security title to such Hulks, without warranty.

5. It is agreed that this Agreement is being entered into solely to permit you to effectuate the foregoing and your interests in the Hulks, in present form or as reconstructed, is a security interest and that we shall at all times be the owner of the same.

6. It is agreed that this Agreement may be executed by you and us in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart.

7. The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

If the foregoing is in accordance with your understanding, please sign each of the enclosed counterparts of this letter. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to you or your counsel, whereupon this Agreement shall become effective.

Very truly yours,

WHIRLPOOL LEASING SERVICES,
INC.,

[Corporate Seal]

by

Attest:

Vice President

by

Assistant Secretary

[Seal]

Attest:

by

Corporate Trust
Officer

ACCEPTED:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but
solely as Agent,

by

Vice President

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

On this day of 1984, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of WHIRLPOOL LEASING SERVICES, 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.

Notary Public

[Notarial Seal]

My Commission Expires:

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of 1984, 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 the seal affixed to the foregoing instrument is the 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 a free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires:

TRANSFER AGREEMENT
ANNEX I 1/

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers</u>
9	SD-40	Diesel Electric Locomotives	GTW 5905-5906 5908-5911 5915 5918-5919
2	SD-38	Diesel Electric Locomotives	GTW 6250-6251
5	GP-38	Diesel Electric Locomotives	GTW 6205 6208-6210 6212
4	GP-9	Diesel Electric Locomotives	GTW 4432-4434 4438

1/ Notwithstanding anything herein to the contrary, this Annex I and the Transfer Agreement to which this Annex I is annexed ("this Agreement") will only cover Hulks delivered by the Builder pursuant to and accepted under the terms of the Hulk Purchase Agreement. After delivery of all Hulks covered by this Agreement, if necessary, this Annex I will be amended to describe only those Hulks covered by this Agreement and to designate the particular Road Numbers thereof.

EXHIBIT B
to the
RECONSTRUCTION AND
CONDITIONAL SALE
AGREEMENT

[CS&M Ref. 1698-111]

LEASE OF RAILROAD EQUIPMENT

dated as of August 15, 1984

Between

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee,

and

WHIRLPOOL LEASING SERVICES, INC.

Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Mercantile-Safe Deposit and Trust Company, as Agent for certain institutional investors. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT, dated as of August 15, 1984, between GRAND TRUNK WESTERN RAILROAD COMPANY, a Michigan and Indiana corporation (the "Lessee") and WHIRLPOOL LEASING SERVICES, INC., a Delaware corporation (the "Lessor").

The Lessee and the Lessor are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA") with MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (said bank as so acting, being hereinafter, together with its successors and assigns, called the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessor, the Lessee, Grand Trunk Corporation (the "Guarantor") and the parties named in Schedule A thereto (such parties, together with their successors and assigns, being hereinafter called the "Investors"), wherein the Vendor has agreed to transfer to the Lessor its interest in the railroad equipment described in Schedule A thereto (the "Equipment") after it has been reconstructed (pursuant to the terms of the RCSA) from the hulks (the "Hulks") delivered to the Lessor pursuant to a Hulk Purchase Agreement dated as of the date hereof (the "Hulk Purchase Agreement") between the Lessor and the Lessee.

The Lessee desires to lease all the units of the Equipment as are delivered, accepted and settled for under the RCSA (the "Units"). The Lessor will assign certain rights in this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment") and the Lessee will consent thereto pursuant to the Consent and Agreement attached to the Lease Assignment (the "Consent").

In consideration of the agreements hereinafter set forth, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the RCSA:

SECTION 1. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the RCSA. The Lessor will cause each Unit to be tendered 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 RCSA. Upon such tender, the Lessee will cause an authorized

representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery (the "Certificate of Acceptance"), whereupon 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.

SECTION 2. Rental. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 22 consecutive semiannual payments in arrears on January 2 and July 2 of each year commencing July 2, 1986. The first 11 semiannual rental payments shall each be in an amount equal to the 6.808542% of the Purchase Price (as defined in the RCSA) of each Unit then subject to this Lease, and the remaining 11 semiannual rental payments thereafter shall each be in an amount equal to 8.321551% of the Purchase Price of each such Unit then subject to this Lease. The Lessee also agrees to pay the Lessor, as additional rentals, amounts equal to (i) any commitment fees payable pursuant to the first paragraph of Paragraph 2 of the Participation Agreement, (ii) any Investment Deficiency payable pursuant to the first paragraph of Paragraph 9 and (iii) any amounts payable pursuant to clauses (a) and (b) of the fourth paragraph of said Paragraph 9, in each case on the dates such amounts are payable by the Lessor to the Agent. The foregoing rental rates and the Casualty Value percentages set forth in Schedule B hereto are subject to adjustment as provided in Paragraph 16 of the Participation Agreement. In no event shall the rentals and Casualty Value percentages, as so adjusted, be less than sufficient to satisfy the obligations of the Lessor under the RCSA.

If any of the rental payment dates referred to above 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 Detroit, Michigan, Baltimore, Maryland or New York, New York, are authorized or obligated to remain closed.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the

Lessee against the Lessor under this Lease or under the RCSA, or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units 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 Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, 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. 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. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. All payments under the Lease shall be made by bank wire transfer of immediately available funds at, and not later than 10:00 a.m. local time, in the city where such payments are due.

SECTION 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder; provided, however, that all the obligations of the Lessee, except for the payment of rent and the furnishing of annual reports, shall continue until surrender of the Units in accordance with Section 13 hereof.

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 RCSA. If an event of default should occur under the RCSA, 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 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 11 hereof.

SECTION 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the RCSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road 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 filed by the Lessee in all public offices where this Lease and the RCSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a

claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

SECTION 5. Impositions. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith ("impositions") now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the RCSA, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the RCSA. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto (as evidenced by an

opinion of counsel for the Lessor acceptable to the Lessee) or unless the Lessee shall have approved the payment thereof.

In the event that the Lessor shall become obligated to make any payment to the Vendor pursuant to Article 5 of the RCSA not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be reasonably satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be reasonably satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

The parties hereto acknowledge that the Units become a part of the mass of property used by the Lessee in its operations as a common carrier by rail. Consequently, the parties agree that the Lessee shall include the Units in the ad valorem tax returns to be filed by the Lessee in the applicable states or localities and that neither the Vendor nor the Vendee shall include the Units in any ad valorem tax returns filed by them in such states or localities.

SECTION 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition ordinary wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for the lesser of a period of 90 consecutive days or a period which shall exceed the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 13 hereof, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the Casualty Payment Date (as hereinafter defined) listed in Table 1 of Schedule B hereto next succeeding such notice. On July 2, 1985, or the next rental payment date, as the case may be ("Casualty Payment Date"), the Lessee shall pay to the Lessor the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B hereto, plus the rental payment or payments in respect of such Unit then due and payable. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction 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 under the circumstances on an "as is, where is, and with all faults" basis in accordance with the Lessee's normal procedures. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale after deductions of any cost or expense incurred in disposing of such Unit to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of Schedule B hereto opposite such date with respect to such Unit plus (b) that percentage, if any, of the Reconstruction

Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit set forth in Schedule B hereto as of the rental payment date immediately preceding such Casualty Occurrence. 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), 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 such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is, and with all faults" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, 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.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained types and amounts of insurance in respect of the Units at the time subject hereto and the use and operation thereof, including, without limitation, property insurance and public liability insurance, in such amounts and for such risks and with such insurance companies as are at least comparable to insurance coverage carried by the Lessee in respect of similar equipment owned or leased by it; provided, however, that, in respect of property insurance, the Lessee may self-insure any Unit to the extent that it self-insures similar equipment owned by it. The Lessee hereby assigns and transfers to the Lessor and the Vendor, as their interests may appear, all right, title, and interest in and to any insurance proceeds paid under any policy of insurance to the extent such proceeds relate to the Units or the use and operation thereof as aforesaid. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of

cancelation or material change in coverage to the Lessor and the Vendor and (ii) name the Lessor and the Vendor as additional insureds or loss payees, as their respective interests may appear, and, in the event such policies contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Lessor and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor and the Vendor) and shall insure the Lessor and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor and the Vendor). On or prior to the First Delivery Date under the Participation Agreement and thereafter not less than 15 days prior to the expiration dates of the expiring policies, the Lessee shall deliver to the Lessor and the Vendor evidence satisfactory to them of the insurance required to be maintained pursuant to this Section 6.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Vendor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor and the Vendor for all expenditures made by the Lessor or the Vendor for such insurance, together with interest thereon computed at the rate set forth in Section 15 in respect of overdue rentals from the date of the Vendor's or the Lessor's payment until reimbursed by the Lessee.

If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, if no Event of Default exists and no event has occurred which with the lapse of time or the giving of notice would be an Event of Default and subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments (up to the amount of the Casualty Value paid) to 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 and the Vendor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

SECTION 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1986, the

Lessee will cause to be furnished to the Lessor and the Vendor (at the addresses shown in Section 16 hereof) an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the RCSA, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced. The Lessor and the Vendor shall have the right at their sole cost, risk and expense, by their authorized representatives, to inspect the Units and the Lessee's records with respect thereto (including those relating to any use of the Units outside the United States) at such reasonable times as the Lessor or the Vendor may request during the continuance of this Lease.

SECTION 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. 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, 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 all Units

described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not 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, 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 and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units (the "Applicable Laws"), and in the event that, prior to the expiration of this Lease or any renewal thereof and the return of all Units as provided in Section 10 or 13 hereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any Applicable Law in any reasonable manner which does not, in the

reasonable opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or the RCSA. So long as no Event of Default shall have occurred and be continuing the Lessee, at its own cost and expense, may furnish additions, modifications and improvements to any Unit during the term of this Lease provided that such additions, modifications and improvements (a) are readily removable without causing material damage to such Unit and (b) do not diminish its utility or value. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall (unless any such addition, modification or improvement is a replacement of or substitution for, any part originally incorporated or installed in or attached to a Unit or any part in replacement of or substitution for any such original part or unless such addition, modification or improvement is not removed by the Lessee at the time of delivery of possession by the Lessee pursuant to Section 10 or 13 hereof) be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Vendor and the Investors from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the RCSA, the Participation Agreement, the Hulk Purchase Agreement, or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, maintenance, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease, including without limitation any claim based upon the doctrines of product liability or strict or absolute liability in tort or by statute imposed, or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the RCSA. The Lessor agrees to give the Lessee, promptly upon obtaining knowledge thereof, written notice of any claim or liability to be indemnified against hereunder. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement; provided, however, that the foregoing indemnification shall not apply to any failure of payment of any of the principal of or interest on the CSA Indebtedness. Nothing in this Section 8 shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Lessor under the RCSA or a guarantee of the residual value of any Unit.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

SECTION 9. Default. If, during the continuance of this Lease, one or more of the following events (an "Event of Default") shall occur:

A. default shall be made in the payment of any amount provided for in Section 2, 6 or 12 hereof and such default shall continue for five days;

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

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, the Hulk Purchase Agreement, the RCSA or the Consent and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee (and the Lessor, if such notice is given by the Vendor) specifying the default and demanding that the same be remedied;

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 or the Guarantor 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 or the Guarantor under this Lease, the Participation Agreement, the Hulk Purchase Agreement, the RCSA and the Consent 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 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 and, in respect to the Lessee, 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 proceedings shall be commenced by or against the Lessee or the Guarantor for any relief

which includes, or might result in, any modification of the obligations of the Lessee or the Guarantor hereunder or under the Participation Agreement, the Hulk Purchase Agreement, the RCSA or the Consent, 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 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 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 the Guarantor or for the property of the Lessee or the Guarantor 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 a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

F. an event of default set forth in Article 14 of the RCSA shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement, the RCSA or the Consent and shall not have been cured as provided for therein; or

G. any of the Lessee's representations or warranties made herein, in the Participation Agreement, the RCSA or the Hulk Purchase Agreement or any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be breached or found to be false or misleading in any material respect;

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

(a) proceed by appropriate court action, 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;

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee 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 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 be then 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 full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) 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 rental 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 rental which the Lessor reasonably estimates to be obtainable for the Unit (as is, where is) during such period, such present value to be computed in each case on the basis of a 7.88% per annum discount, compounded semiannually 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 (as is, where is) at such time; provided, however, that in the event the Lessor shall have sold any Unit, in a commercially reasonable manner, 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.

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Lessor shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Equipment or the Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of the Lessor appears to affect the Equipment, and in exercising any such rights, the Lessor may insure any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by the Lessor shall be due and payable by the Lessee within ten (10) days of notice thereof.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor 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 existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of

any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have removed therefrom all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, 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 Unit or Units of the Equipment have been interchanged to return the units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessee reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insuring 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 in the premises 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 cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such

Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

The Lessee hereby waives any and all claims against the Vendor or the Lessor and their agents for damages of whatever nature in connection with any retaking of the Units in any reasonable manner.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to .04202% of the Purchase Price of such Unit. Nothing contemplated by this paragraph, including the payment by the Lessee of any amounts pursuant hereto shall be deemed to relieve the Lessee of its obligation to assemble, deliver and store the Units or affect the Lessor's rights and remedies with respect to such obligation.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The rights of the Lessor hereunder (including the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee under the Assignment in the manner and to the extent therein provided. So long as the Lessee shall not be in default under this Lease and no event of default exists under the RCSA, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the

prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in any of the Units or sublease any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof; and any such assignment or transfer without said consent shall be void. The Lessee, at its own expense, will promptly discharge or cause to be duly discharged any and all sums claimed by any party which if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance which the Lessor is obligated to discharge pursuant to Paragraph 14 of the Participation Agreement), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

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 to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Units or to sublease the Units to any of its affiliates or to any railroad company incorporated in the United States of America or any state thereof or the District of Columbia, but only upon and subject to all the terms and conditions of this Lease and the RCSA; provided, however, that any sublease or subleases of any Unit to the same non-affiliated railroad company shall not exceed in the aggregate a period of three years and, provided, further, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor

shall the Lessee assign or sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify, as "section 38 property" within the meaning of said Code. The Lessee may receive and retain compensation for the use of any of the Units from other railroads so using such Units. Any sublease permitted by this paragraph shall be subject and subordinate to the rights and remedies of the Vendor under the RCSA and the Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an event of default thereunder or an Event of Default hereunder.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety; provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

SECTION 12. Renewal Option; Purchase Option.
Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease (or, in the event the Lessee extends the term of this Lease for an additional two-year term, not less than 180 days prior to the end of that extended term) to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease for one or two additional two-year periods commencing on the scheduled expiration of the original term or the first extended term of this Lease, as the case may be, at a semiannual rental payable in arrears in semiannual payments, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such rental payments to be made on January 2, and July 2 in each year of the applicable extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently

in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, (i) it shall be assumed that the Units are in the condition and repair in which they are required to be maintained pursuant to this Lease and that they are free and clear of all liens, claims and encumbrances, (ii) the value of the additions, modifications and improvements as to which Lessee retains title pursuant to Section 8 shall not be included and (iii) costs of removal from the location of current use shall not be a deduction from such value. If, within two months following receipt of the notice required by the preceding paragraph, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the relevant Units, such rental shall be determined in accordance with the foregoing definition by a qualified independent Appraiser as hereinafter defined. The term "Appraiser" shall mean such independent Appraiser as Lessor may select with the approval of Lessee, or, failing such approved selection, a panel of three independent Appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected; and if the Appraisers selected by Lessor and Lessee are unable to agree upon such third Appraiser, either Lessor or Lessee may apply to any court of competent jurisdiction to select such third Appraiser. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be paid by Lessee.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, at the end of the original term and at the end of any extended term of this Lease, the Lessee may elect to purchase all but not less than all the Units then subject to this Lease at the then "Fair Market Value" of such Units, by giving written notice to the Lessor not less than 180 days prior to the expiration of such term.

"Fair Market Value" shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing purchaser (other than a lessee currently in possession) and an informed and willing seller under no compulsion to sell and, in such determination, the same assumptions applicable to the determination of Fair Market Rental, as set forth in the second paragraph of this

Section 12, shall be applied. If, within 30 days following receipt of the notice required by the preceding paragraph, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such Fair Market Value shall be determined in accordance with the foregoing definition by the appraisal procedure set forth in the second paragraph of this Section 12. The Appraiser(s) shall be instructed to make the determination of Fair Market Value within a period of 30 days following appointment and shall promptly communicate such determination in writing to the Lessor and the Lessee.

Upon payment of the purchase price pursuant to the exercise by the Lessee of its above-specified purchase rights and of all other amounts due with respect to the Units, 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 representations or warranties except that the Units so being sold are free and clear of all liens, charges, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor and which the Lessor is obligated to discharge pursuant to Paragraph 14 of the Participation Agreement) for such Units, and such other documents as may be required to release such Units from the terms and scope of this Lease and to transfer title thereto to the Lessee, or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

SECTION 13. Return of Units upon Expiration of Term. After the expiration of the original or any extended term of this Lease, the Lessee will have 30 days to marshal the Units (without being required to make any payment to Lessor in respect of the Units) and the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Units to the Lessor upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store such Units on such tracks for a period not exceeding 90 days, and transport such Units at any time within such 90-day period, to one or more connecting carriers for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of

its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction, and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. 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 having jurisdiction in the premises, 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.

In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after the end of the term of this Lease, or any extended term, then the Lessee shall pay the Lessor for each day thereafter an amount equal to .04202% of the Purchase Price of such Unit.

SECTION 14. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Hulk Purchase Agreement, the Transfer Agreement, the RSCA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and deposited with 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. The Lessee will undertake the filing, recording and depositing and refiling, rerecording and redepositing required of the Lessor under the RSCA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their reasonable satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the

Vendor, or the RCSA; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the Assignment, the Hulk Purchase Agreement, the Transfer Agreement and the RCSA shall be filed with the Interstate Commerce Commission and deposited with the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada and the provision will have been made for publication of notice of such deposit in The Canada Gazette prior to the delivery and acceptance hereunder of any Unit.

SECTION 15. Interest on Overdue Obligations and Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to 15 3/8% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

SECTION 16. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

(a) if to the Lessor, at 38200 West Ten Mile Road, Farmington Hills, Michigan 48024, attention: Leverage Lease Administrator;

(b) if to the Lessee, at 131 West Lafayette Boulevard, Detroit, Michigan 48226, attention: Director of Finance;

(c) if to the Vendor, at P.O. Box 2258 (Two Hopkins Plaza, if by hand), Baltimore, Maryland 21203, attention: Corporate Trust Department;

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing.

SECTION 17. Effect and Modification of Lease. Except for the Participation Agreement, this Lease exclusively and completely states the rights 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 officers of the Lessor and the Lessee.

SECTION 18. Definitions. If and so long as this Lease is assigned to the Vendor (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Vendor and any successors thereto unless the context shall otherwise require and except that the Vendor shall not be subject to any liabilities or obligations under this Lease; and the fact that the Vendor is specifically named in certain provisions shall not be construed to mean that the Vendor (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named or where only the Vendor, as the case may be, is named.

SECTION 19. 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 pursuant to the Lease Assignment shall be deemed to be the original counterpart and all other counterparts shall be deemed duplicates thereof. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Lease shall become effective. Although this Lease is dated as of the date first set forth above for convenience, 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.

SECTION 20. Law Governing; Severability. The terms of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited.

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.

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

WHIRLPOOL LEASING SERVICES, INC.

by

[Corporate Seal]

Vice President

Assistant Secretary

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

Lease of Railroad Equipment

SCHEDULE A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers (Inclusive)</u>
9	SD-40	Diesel Electric Locomotives	GTW 5905-5906 5908-5911 5915 5918-5919
2	SD-38	Diesel Electric Locomotives	GTW 6250-6251
5	GP-38	Diesel Electric Locomotives	GTW 6205 6208-6210 6212
4	GP-9	Diesel Electric Locomotives	GTW 4432-4434 4438

* Units subject to this Lease will include only those delivered, accepted and settled for under the RCSA on or before December 31, 1985, and will bear the Road Numbers listed above. Upon completion of all deliveries, if necessary, this Schedule A will be appropriately amended to delete the Equipment listed above which has not become subject to this Lease.

Lease of Railroad Equipment

SCHEDULE B

Casualty Value Percentages Schedule

TABLE 1

<u>Casualty Payment Date</u>	<u>Percentage</u>
2 JAN 1986	96.338%
2 JUL 1986	95.731%
2 JAN 1987	95.833%
2 JUL 1987	96.177%
2 JAN 1988	95.466%
2 JUL 1988	94.977%
2 JAN 1989	93.403%
2 JUL 1989	92.037%
2 JAN 1990	89.618%
2 JUL 1990	87.517%
2 JAN 1991	84.670%
2 JUL 1991	82.366%
2 JAN 1992	77.801%
2 JUL 1992	72.997%
2 JAN 1993	67.992%
2 JUL 1993	62.766%
2 JAN 1994	57.339%
2 JUL 1994	51.686%
2 JAN 1995	45.834%
2 JUL 1995	39.755%
2 JAN 1996	33.481%
2 JUL 1996	26.984%
2 JAN 1997	20.000%

(Schedule B Continued)

TABLE 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of any investment tax credit. Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence before the Fifth Anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Period</u>	<u>Percentage of Reconstruction Cost</u>
Prior to First Anniversary of Delivery and Acceptance	18.519%
On or after the First Anniversary but prior to the Second Anniversary of Delivery and Acceptance	14.815%
On or after the Second Anniversary but prior to the Third Anniversary of Delivery and Acceptance	11.111%
On or after the Third Anniversary but prior to the Fourth Anniversary of Delivery and Acceptance	7.407%
On or after the Fourth Anniversary but prior to the Fifth Anniversary of Delivery and Acceptance	3.704%

EXHIBIT C
to the
RECONSTRUCTION
AND CONDITIONAL
SALE AGREEMENT

[CS&M Ref. 1698-111]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of August 15, 1984

between

WHIRLPOOL LEASING SERVICES, INC.,
as Vendee,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 15, 1984, by and between WHIRLPOOL LEASING SERVICES, INC., a Delaware corporation (the "Vendee"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

The Vendee and the Vendor have entered into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA") with Grand Trunk Western Railroad Company (the "Lessee") in its capacity as builder providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Vendee and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") providing for the leasing by the Vendee to the Lessee of the Units.

In order to provide security for the obligations of the Vendee under the RCSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the RCSA), the Vendee has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

In consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Vendee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Vendee under the RCSA, all the Vendee's right, title and interest, 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 by the Vendee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers 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 Vendee is or may become entitled to do under the Lease. Notwithstanding the foregoing, the Payments shall not be deemed to include (y) payments by the Lessee to the Vendee pursuant to Sections 5 and 8 of the Lease (except to the extent that the Vendee is obligated to reimburse the Vendor pursuant to Articles 5 and 12 of the RCSA and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 9 of this Assignment). and (z) such amounts of indemnity receivable by the Vendee pursuant to the Tax Indemnity Agreement dated as of the date hereof between the Vendee and the Lessee (such amounts and payments referred to in (y) and (z) being hereinafter collectively called the "Excluded Payments"). In furtherance of the foregoing assignment, the Vendee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Vendee or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Vendee 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 Vendee pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Vendee under the RCSA due and payable at the time such Payments are due and payable under the Lease, and to provide for the payments required to be made by the Vendee to the Vendor pursuant to Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the RCSA shall have occurred and be continuing, any balance shall be paid to the Vendee, or to such other party as the Vendee may direct in writing, in Federal funds not later than the first business day following receipt of such balance. If the Vendor shall not receive any rental payment under Section 2 of the Lease when due, the Vendor shall, on the date due, notify the Vendee and the Lessee, by telephone, confirmed in writing, at the respective addresses set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Vendee and the Lessee shall not affect the obligations of the Vendee hereunder, under the RCSA or the Participation Agreement or the Lessee under the Lease or the Consent and Agreement attached hereto.

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

3. To protect the security afforded by this Assignment the Vendee agrees that, without the written consent of the Vendor, the Vendee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, 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 Vendee agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Vendee may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Vendee under the RCSA and the Participation Agreement, notwithstanding any limitation of liability of the Vendee contained therein.

4. Subject to Paragraph 12 hereof, the Vendee does hereby constitute the Vendor the Vendee's true and lawful attorney, irrevocably, with full power (in the name of the Vendee, or otherwise), to ask, require, demand, and receive, any and all Payments due and to become due under or arising out of the Lease to which the Vendee 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 the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Vendee's obligations under the RCSA and the Participation Agreement (without giving effect to any limitations on liability contained therein), this Assignment

and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Vendee.

6. If an event of default under the RCSA shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the RCSA.

7. The Vendee will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file (and will refile) any and all further instruments required by law and reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

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; provided, however, the Vendee and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of all Payments shall constitute full compliance with the terms of this Agreement and the Lease. The Vendee and the Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Vendee will pay and discharge any and all claims, liens, charges or security interests (other than created by the RCSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Vendee or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the RCSA or the Lease (but including income taxes arising out of the receipt of rentals and other payments under the Lease and any other "income and proceeds from the Equipment", as defined in the RCSA) 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 Vendee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in

the opinion of the Vendor, adversely affect such interests of the Vendor.

10. The terms of this Assignment and all rights and obligations hereunder shall be governed by and construed in accordance with 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, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Assignment or any assignment hereof shall be filed, recorded or deposited.

11. The Vendee shall cause copies of all notices received by it in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the RCSA, or at such other address as the Vendor shall designate.

12. So long as no event of default under the RCSA has occurred and is continuing, the Vendor will not 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 Vendee to the Vendor by this Assignment, except the right to demand, sue for, collect, receive and apply the Payments as provided in Paragraph 1 hereof. If an Event of Default under the Lease shall occur, subject to the terms of the Lease and the RCSA, the Vendee may (if the Vendor is not already doing so) exercise or enforce, or seek to exercise or enforce or avail itself of, its rights, powers, privileges and remedies arising out of Section 9(a) of the Lease; provided, however, that the Vendee shall not, and shall not have any authority to, take any action which would terminate the Lease without the prior written consent of the Vendor.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), and so long as there is no event of default under the RCSA or event which with notice or lapse of time could become such an event of default, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Vendee under the RCSA and the Participation Agreement, the terms of this Assignment shall not limit or in any way affect the Vendee's right to receive and collect any Payments under the Lease in excess of the obligations of the Vendee under the RCSA and the Participation Agreement, or empower the Vendor in any way to waive

or release the Lessee's obligation to pay such excess amounts, and the Vendee shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor.

14. 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 counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Vendor or its counsel, whereupon this Agreement shall become effective.

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.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but solely
as Agent,

[Seal]

by

Attest:

Vice President

Corporate Trust Officer

WHIRLPOOL LEASING SERVICES,
INC.,

by

[Corporate Seal]

Attest:

Vice President

Assistant Secretary

LESSEE'S CONSENT AND AGREEMENT

The undersigned, GRAND TRUNK WESTERN RAILROAD COMPANY, a corporation duly incorporated under the laws of the States of Michigan and Indiana, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Assignment"), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all Payments as defined in the Assignment, due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Assignment, to be applied as provided in the RCSA (as defined in the Assignment), in immediately available funds by 11 a.m., Baltimore, Maryland, time on the date of payment, by wire transfer to Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, for credit to its Corporate Trust Department's Account No. 619478-8, with advice that the deposit is "RE: GTW 8/15/84" (or at such other address as may be furnished in writing to the undersigned 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 undersigned under the Lease as though the Vendor were named therein as the Lessor and 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 Assignment or this Consent and Agreement, 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 amended, terminated or modified (other than as set forth in the proviso in Paragraph 3 of the Assignment), nor shall any action be

HULK PURCHASE AGREEMENT

Dated as of August 15, 1984

Between

WHIRLPOOL LEASING SERVICES, INC.,

and

GRAND TRUNK WESTERN RAILROAD COMPANY

HULK PURCHASE AGREEMENT

Grand Trunk Western Railroad Company

As of August 15, 1984

Whirlpool Leasing Services, Inc.,
38200 West Ten Mile Road
Farmington Hills, Michigan 48024

Attention of

Gentlemen:

Grand Trunk Western Railroad Company, a corporation organized under the laws of the states of Michigan and Indiana (the "Seller"), owns or will own the railroad equipment described in Exhibit A hereto (the "Hulks"). The Seller desires to sell the Hulks and Whirlpool Leasing Services, Inc., a Delaware corporation (the "Buyer") desires to purchase the Hulks for the Purchase Price set forth in Exhibit A (the "Purchase Price").

The Seller will, from time to time, prior to delivery of such Hulks to Grand Trunk Western Railroad Company, in its capacity as builder (the "Builder"), for reconstruction, as provided in the Reconstruction and Conditional Sale Agreement (the "RCSA") dated as of the date hereof among the Buyer, Mercantile-Safe Deposit and Trust Company not in its individual capacity but solely as Agent (the "Agent") under a Participation Agreement (the "Participation Agreement") dated as of the date hereof, and the Builder, deliver to the Buyer a bill or bills of sale (a "Bill of Sale") transferring title to a group or groups of Hulks and warranting that at the date of such Bill of Sale the Seller had legal title to such Hulks and good and lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill of Sale was free of all claims, liens, security interests, security title and other encumbrances of any nature whatsoever (other than any created by the Documents as defined in the Participation Agreement). On or after the date of such Bill of Sale, the Seller will deliver the Hulks in such group or groups to an authorized representative of the Buyer at such point or points within the United States of America as shall be

specified by the Seller. The Buyer hereby appoints the Seller (and any employee thereof designated by the Seller) as its agent for acceptance of the Hulks; provided, however, that the Seller is not authorized to accept delivery of any Hulk (i) that is not economically fit for reconstruction in accordance with the specifications provided in the RCSA; (ii) after written notice from the Buyer that such authority has been terminated; (iii) if the Purchase Price of such Hulk when added to the sum of the estimated Reconstruction Cost (as defined in the RCSA) thereof and the aggregate Purchase Price and Reconstruction Cost of those Hulks previously accepted would exceed the Maximum Purchase Price specified in Article 3 of the RCSA or (iv) after November 30, 1985. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by December 31, 1985.

If and to the extent that any Hulk is not reconstructed and accepted pursuant to the RCSA on or before December 31, 1985 (a "Noncompleted Hulk"), all rights and interests of the Seller in and to such Hulk, including the reconstructed portions thereof, if any, shall immediately, without further action, be released and transferred to the Buyer, and the Seller shall promptly deliver such Noncompleted Hulk to the Buyer, at such place as shall be specified by the Buyer, free and clear of all liens, claims and encumbrances of the Seller or any other person, and thereafter the Buyer or any agent shall either (a) sell such Noncompleted Hulk in a commercially reasonable manner or (b) retain such Noncompleted Hulk for its own use or for further reconstruction, lease, future sale or other disposition. If such Noncompleted Hulk shall be sold pursuant to clause (a) above, the net proceeds of such sale shall be applied first, to the payment of all costs and expenses, including legal fees, of the Buyer and its agent incurred in connection with such repossession and sale, second, to reimburse the Buyer for the Purchase Price of such Noncompleted Hulk, third, to reimburse the Seller for its reasonable reconstruction expenses incurred in connection with such Noncompleted Hulk (excluding any profit or overhead) and fourth, the balance, if any, to the Buyer. If such Noncompleted Hulk shall be retained pursuant to clause (b) above, the Buyer shall determine the fair market value of such Noncompleted Hulk (determined on an "as is, where is" basis), deduct from such value the amount of the Purchase Price of such Noncompleted Hulk and all costs and expenses of the Buyer and its agent in connection with such repossession and determination and,

to the extent that any amount of such value remains, pay to the Seller the amount set forth in clause third above.

Notwithstanding anything to the contrary contained herein, the Buyer shall have no obligation to accept any Hulk which is delivered hereunder after (i) any event of default as defined in Article 14 of the RCSA or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default thereunder shall have occurred, (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Paragraph 7 of the Participation Agreement have not been met or waived, or (iii) there shall have been a material adverse change in the financial condition, business or operations of the Lessee or the Guarantor from that which existed on December 31, 1983.

The Buyer at the times hereafter specified will pay to the Seller the Purchase Price of each Hulk in each group subject to all the terms and conditions of this Agreement, including without limitation the receipt by the Buyer, on or prior to the date of delivery of such Hulk hereunder of (a) the Bill of Sale with respect thereto specified in the second and sixth paragraphs hereof, (b) a certificate or certificates of acceptance (a "Certificate of Acceptance") signed by the Buyer's authorized representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer, (c) an invoice or invoices with respect to such Hulks and (d) a written opinion of counsel for the Seller dated the date of such Bill of Sale, addressed to the Buyer, and stating that such Bill of Sale is valid and effective to transfer the Seller's title to such Hulks to the Buyer and that on such date title to such Hulks was free of all claims, liens, security interests and other encumbrances (other than any created by the Documents) and that no filings, recordings, registration or other action is necessary to establish, perfect and protect such title of the Buyer.

Each such Bill of Sale shall contain the following information with respect to each type of Hulk included in the group of Hulks covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in this Agreement and in Paragraph 7 of the Participation Agreement, the Buyer will pay the Purchase Price of each

Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date relating to such Hulk fixed as provided in the RCSA or (ii) December 31, 1985, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. The Buyer and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns.

Notwithstanding the delivery of any Bill of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill of Sale, its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to and accepted by the authorized representative of the Buyer, as provided above, and the Seller agrees to indemnify and hold the Buyer harmless from any claim made against the Buyer solely by reason of the transfer of title to the Hulks or with respect to the validity of such title, free from all claims, liens, security interests, security title or encumbrances of any nature other than those of the Buyer at the time of such delivery and acceptance. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer. As of the date of such delivery and acceptance, the Buyer shall be unconditionally obligated to purchase such Hulk, without any right to a reduction in or setoff against the price thereof by reason of any past, present or future claims against the Seller under this agreement, the RCSA, the Participation Agreement, the Lease (as defined in the Participation Agreement) or otherwise.

In the event that any Hulk is not so delivered to the Buyer after the date of any Bill of Sale with respect thereto the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration.

The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered to the Agent or its counsel, whereupon this Agreement shall become effective.

Very truly yours,

GRAND TRUNK WESTERN RAILROAD
COMPANY,

[Corporate Seal]

by

Vice President

Attest:

Assistant Secretary

Accepted as of the date
first set forth above:

WHIRLPOOL LEASING
SERVICES, INC.,

[Corporate Seal]

Attest:

by _____

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

On this day of 1984, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Vice President of GRAND TRUNK WESTERN RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day 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 OAKLAND,)

On this day of 1984, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of WHIRLPOOL LEASING SERVICES, 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.

Notary Public

[Notarial Seal]

My Commission Expires

HULK PURCHASE AGREEMENT

Exhibit A

<u>Quantity</u>	<u>AAR Mechanical Description</u>	<u>Description</u>	<u>Lessee's Road Numbers</u>	<u>Hulk Purchase Price</u>	<u>Total Price</u>
9	SD-40	Diesel Electric Locomotives	GTW 5905-5906 5908-5911 5915 5918-5919	\$ 160,000	\$1,440,000
2	SD-38	Diesel Electric Locomotives	GTW 6250-6251	140,000	280,000
5	GP-38	Diesel Electric Locomotives	GTW 6205 6208-6210 6212	140,000	700,000
4	GP-9	Diesel Electric Locomotives	GTW 4432-4434 4438	25,000	100,000

* It is agreed that, notwithstanding anything to the contrary contained in this Exhibit A or in the Hulk Purchase Agreement to which this Exhibit A is annexed ("this Agreement"), this Agreement will only cover Hulks delivered by the Seller and accepted by the Buyer on or after the First Delivery Date (as defined in the Participation Agreement), and on or before November 30, 1985, having an aggregate Purchase Price (as defined in the RCSA) when reconstructed not in excess of the Maximum Purchase Price (as defined in the RCSA). After delivery of all the Hulks covered by this Agreement, if necessary, this Exhibit A will be appropriately amended to describe only those Hulks covered by this Agreement.

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