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RECORDATION NO 8530-F FILED 1423

SEP 4 1992 -1 50 PM

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INTERSTATE COMMERCE COMMISSION OF COUNSEL  
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September 4, 1992

RECORDATION NO 8530-F FILED 1423

SEP 4 1992 -1 50 PM

Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

8530 - E  
- F

SEP 4 1 41 PM '92  
MOTOR OPERATING UNIT

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are an original and a certified copy of a Quitclaim of Interest dated September 2, 1992, a secondary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed document relates to that certain Agreement and Assignment dated September 1, 1976 and that certain Assignment of Lease and Agreement dated September 1, 1976, both of which documents were filed and recorded on October 22, 1976 under Recordation Number 8530.

The name and address of the party executing the enclosed document are:

Continental Bank, N.A.  
231 South LaSalle Street  
Chicago, IL 60697

Also enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are an original and one certified copy of a Purchase Agreement dated as of September 1, 1992 by and between Carlson Leasing, Inc. and U.S. Concord, Inc., a secondary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed document relates to that certain Lease Extension and Equipment Option Agreement, dated as of December 13, 1990, which was filed and recorded on December 28, 1990, under Recordation Number 8530.

*John*

*Cherry*

Mr. Sidney L. Strickland, Jr.  
September 4, 1992  
Page Two

The name and address of the parties executing the enclosed document are:

Seller: Carlson Leasing, Inc.  
Carlson Parkway  
PO Box 59159  
Minneapolis, MN 55459

Purchaser: U.S. Concord, Inc.  
40 Richards Avenue  
Norwalk, CT 06856

A description of the railroad equipment covered by the enclosed documents is the following: ten diesel-electric locomotives having road numbers and marks CNW 6926 - 6935, inclusive.

Also enclosed is a check in the amount of \$32.00 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return a stamped copy of the enclosed documents to Robert W. Alvord, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed secondary documents to appear in the Commission's Index is:

Quitclaim of Interest by Continental Bank, N.A. and Purchase Agreement between Carlson Leasing, Inc., as seller, and U.S. Concord, Inc., as purchaser, covering ten diesel-electric locomotives bearing road marks and numbers CNW 6926 - 6935, inclusive.

Very truly yours,



Robert W. Alvord

RWA/khb  
Enclosures

REGISTRATION NO. 9530-F FILED 1423

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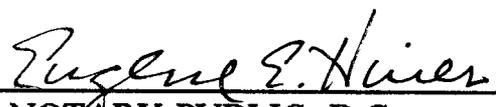
INTERSTATE COMMERCE COMMISSION

I, ROBERT W. ALVORD, being duly sworn do hereby certify that the attached Purchase Agreement dated September 1, 1992 by and between Carlson Leasing, Inc. and U.S. Concord, Inc. consisting of nine pages with Exhibits A, B and C and Schedule 1 attached thereto is a true and complete copy of the original thereof.



ROBERT W. ALVORD

Subscribed and sworn to before me this 4th day of September 1992.



NOTARY PUBLIC, D.C.

My Commission expires 8-14-97

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INTERSTATE COMMERCE COMMISSION

PURCHASE AGREEMENT

PURCHASE AGREEMENT (the "Agreement") dated as of September 1, 1992, by and between Carlson Leasing, Inc., a Minnesota corporation ("Seller"), and U.S. Concord, Inc., a New York corporation ("Purchaser").

RECITALS:

A. Seller and Chicago and North Western Transportation Company, a Delaware corporation ("CNW"), are parties to that certain Lease Extension and Equipment Option Agreement, dated as of December 13, 1990 (the "Contract"), a copy of which is attached hereto as Exhibit A, relating to the lease of ten diesel-electric locomotives more particularly described on Schedule 1 attached hereto (the "Equipment").

B. Purchaser desires to purchase and Seller desires to sell the Equipment on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Agreement to Purchase. Seller agrees to sell and Purchaser agrees to purchase Seller's entire right, title and interest in and to the Equipment and assume all of Seller's rights, duties and obligations under the Contract and the Lease (as defined in the Contract). Anything in this Agreement to the contrary notwithstanding, Seller shall retain and Purchaser shall not assume or in any way be liable or responsible for any liabilities or obligations with respect to the Equipment arising or relating to any period prior to the date of the Closing (as defined below), and Purchaser shall have and Seller shall not retain or in any way be liable or responsible for any liabilities or obligations with respect to the Equipment arising or relating to any period after the date of Closing. Notwithstanding anything contained in this Section 1, Seller shall not be deemed to have transferred its rights to receive indemnity payments from CNW for events which occurred prior to the Closing, except for such payments with respect to damage to the Equipment.

2. Purchase Price. The purchase price for the Equipment shall be Three Million Four Hundred Thousand Dollars (\$3,400,000.00) (the "Purchase Price") plus \$558.90 per day for each day that the Closing is delayed beyond September 1, 1992.

In the event that any casualty occurs with respect to any Equipment on or after the date of this Agreement and prior to the date of Closing, the Purchase Price shall be adjusted on a pro rata basis, and Seller shall be entitled to any and all casualty payments with respect to such occurrence, and Purchaser shall promptly remit any such payments which it may receive on account of such casualty to Seller.

3. Closing. Subject to satisfaction of the condition set forth in Section 4, the closing of the sale of the Equipment (the "Closing" shall take place by mail on September 1, 1992, or as soon thereafter as is practicable, but in no event later than September 4, 1992. Purchaser agrees that, notwithstanding the Closing, Seller shall be entitled to retain the full amount of the rental payment made by CNW on July 1, 1992, pursuant to the Contract representing the lease payment due for rental of the Equipment during the period July 1, 1992 through September 30, 1992.

4. Conditions. In addition to delivery of Seller of the documents which it is required to deliver pursuant to Section 5, Purchaser's obligation to purchase the Equipment shall be subject to satisfaction of the following conditions on or before the date of Closing:

(a) CNW shall have delivered an Acknowledgment of Assignment substantially in the form attached hereto as Exhibit B;

(b) Purchaser shall have obtained evidence from Interstate Commerce Commission records that Seller is the record owner of the Equipment.

5. Deliveries at Closing.

(a) At Closing, Seller shall deliver to Purchaser the following:

(i) an executed Bill of Sale of the Equipment in the form attached hereto as Exhibit C (the "Assignment");

(ii) a certificate that the representations made by Seller in this Agreement are true and correct as of the date of Closing.

(b) At Closing, Purchaser shall deliver to Seller the following:

(i) a certificate that the representations made by Purchaser in this Agreement are true and correct as of the date of Closing; and

(ii) payment of the Purchase Price which shall be made by wire transfer in immediately available funds to Seller in accordance with the following instructions:

Account Name	--	Carlson Holdings, Inc.
Account Number	--	602-3409-847
Bank Name	--	First Bank Minneapolis
Bank ABA No.	--	091000022

6. Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser as follows:

(a) Seller is a corporation, duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite power and authority necessary to enter into and deliver this Agreement, and all other documents contemplated hereby, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby, and there is no contract, agreement or restriction of any type whatsoever which prevents Seller from conveying or transferring to Purchaser unencumbered title to the Equipment subject only to rights of CNW under the Contract and the Lease.

(b) The Contract is genuine, enforceable in accordance with its terms, and, together with the Lease, is the only contract to which Seller is a party relating to the ownership or leasing of the Equipment. There are no amendments or modifications to the Contract except as attached hereto, and said Contract and all payments thereunder are and will continue to be free from defenses, set-offs and counterclaims other than any defenses, set-offs or counterclaims arising from actions or omissions occurring after the Closing. The Contract is in full force and effect and is not subject to any existing pledge or assignment by the Seller to any other person or institution. To the best of the Seller's knowledge, CNW is not in default under the terms of the Contract and, to the best of Seller's knowledge, there exists no event which, with the passage of time or the giving of notice or both, would constitute an event of default under the Contract. The Equipment has been accepted by CNW.

(c) Assuming the transaction contemplated by this Agreement shall close as provided for in Section 3, Seller shall on the date of Closing have good and marketable title to the Equipment and the Contract, free and clear of any lien, pledge, security interest or encumbrance, subject only to the rights of CNW under the Contract and the Lease.

(d) Seller has not employed any other broker or finder or incurred any liability for brokerage fees, commissions or finder's fees in connection with this transactions.

(f) "Option Agreement Closing" shall mean the closing in which the grant of the Option in Section 2.01 shall become effective as provided in Section 2.04;

(g) "Option Period" shall mean the period beginning on January 1, 1996 and ending on July 1, 1996.

(h) "Purchase Price" shall equal \$185,000 for each Unit of Equipment to be sold pursuant to Section 4.01; and

(i) "Unit of Equipment" shall mean each 3,000 hp. diesel-electric locomotive described in Exhibit A.

## ARTICLE II

Section 2.01. Renewal of Lease. Optionor and Optionee hereby agree to extend the term of the Lease (excluding Section 13 thereof) for a five-year term commencing on January 1, 1992 (the "Lease Extension"). Optionee agrees to pay to Optionor, as rental for each Unit of Equipment subject to the Lease, 20 consecutive quarterly payments, payable on January 1, April 1, July 1 and October 1 in each year commencing January 1, 1992. Accordingly, on January 1, 1992, Optionor shall pay to Optionee both the last payment due under the Lease and the first payment due under this Lease Extension. The rental payment payable on each date for all Units of Equipment shall be in an amount equal to \$186,300. This amount shall be considered Fair Market Rental for purposes of Section 13 of the Lease. This Lease Extension shall be in lieu of all other rights Optionor has under Section 13 of the Lease and all of such rights under said Section 13 of the Lease are hereby terminated. Except as provided for in this Section 2.01, and otherwise in this Agreement all terms of the Lease are hereby incorporated by reference, except for Section 13.

(a) Optionor and Optionee hereby agree that during the Lease Extension the Casualty Value of each Unit of Equipment as of the payment date on which payment is to be made pursuant to Section 7 of the Lease shall be as set forth in Exhibit C hereto.

Section 2.02. Grant of Option. Optionor hereby grants, bargains and sells to Optionee, upon the terms and conditions set forth in this Agreement, an irrevocable option to purchase all, but not less than all, of the Equipment for an amount equal to the Purchase Price.

EXCEPT AS SET FORTH IN SECTION 6(c) ABOVE, THE EQUIPMENT IS BEING SOLD "AS IS, WHERE IS," WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES AS TO THE FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, WITH ALL FAULTS RELATING THERETO, WHETHER KNOWN OR UNKNOWN, LATENT OR PATENT, AND WITH PURCHASER HAVING HAD FULL OPPORTUNITY FOR INSPECTION OF THE EQUIPMENT.

All the foregoing representations and warranties shall survive the Closing.

7. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller as follows:

(a) Purchaser is a corporation duly organized, validly existing and in good standing of the laws of the State of New York, and has all requisite power and authority necessary to enter into this Agreement and all other documents contemplated hereby, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

(b) Purchaser is responsible for the fees of Residual Based Finance Corporation in connection with Purchaser's acquisition of the Equipment. Except as provided in the immediately preceding sentence, Purchaser has not employed any broker or finder or incurred any liabilities for brokerage fees, commissions or finder's fees in connection with this transactions.

All the foregoing representations and warranties shall survive the Closing.

8. Indemnification.

(a) Purchaser shall defend, indemnify and hold harmless Seller from any and all claims, liabilities, losses, damages, costs and expenses (including attorneys' fees) that Seller may suffer or incur caused by, resulting from or arising out of (i) any Equipment (including without limitation, the possession, ownership, leasing, operation, use or maintenance of the Equipment) at any time from and after the Closing with respect to such Equipment, and (ii) the untruth, inaccuracy or breach of any representations, warranties or agreements of the Purchaser contained herein, or in any other document contemplated hereby or thereby.

(b) Seller shall defend, indemnify and hold harmless Purchaser from any and all claims, liabilities, losses, damages, costs and expenses (including attorneys' fees) that Purchaser may suffer or incur caused by, resulting from or arising out of (i) any Equipment (including without



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

CARLSON LEASING, INC.

By John R. Wagem  
Name: JOHN R. WAGEL  
Title: PRES.

U.S. CONCORD, INC.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

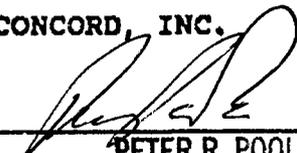


IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

CARLSON LEASING, INC.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

U.S. CONCORD, INC.

By  \_\_\_\_\_  
Name: PETER R POOLE  
Title: VICE PRESIDENT

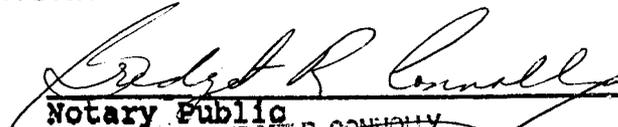
STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

On this \_\_\_\_ day of September, 1992, before me personally appeared \_\_\_\_\_, who, being by me duly sworn, did say that he is a \_\_\_\_\_ of CARLSON LEASING, INC.; that he knows the seal of said corporation; 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 said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF CONNECTICUT )  
 ) ss.  
COUNTY OF FAIRFIELD )

On this 2<sup>o</sup> day of September, 1992, before me personally appeared PETER R. POOLE, who, being by me duly sworn, did say that he is a VICE PRESIDENT of U.S. CONCORD, INC.; that he knows the seal of said corporation; 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 said PETER R. POOLE acknowledged said instrument to be the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

BRIDGET B. CONNOLLY  
Notary Public, State of Connecticut  
No. 61277  
Qualified in Fairfield County  
Commission Expires 7/30/96

List of Exhibits and Schedules

Exhibit A	Lease Extension and Equipment Option Agreement
Exhibit B	Form of Acknowledgment of Assignment
Exhibit C	Form of Assignment (Bill of Sale)
Schedule 1	List of Equipment

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LEASE EXTENSION AND  
EQUIPMENT OPTION AGREEMENT

BETWEEN

CARLSON LEASING, INC.

OPTIONOR

AND

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

OPTIONEE

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Equipment Schedule  
Form of Bill of Sale  
Casualty Values

LEASE EXTENSION AND  
EQUIPMENT OPTION AGREEMENT

LEASE EXTENSION AND EQUIPMENT OPTION AGREEMENT (the "Agreement"), dated as of December 13, 1990 by and between Carlson Leasing, Inc., a Minnesota corporation having an address at Carlson Parkway, P.O. Box 59159, Minneapolis, Minnesota 55459-8215 ("Optionor"), and Chicago and North Western Transportation Company, a Delaware corporation having an address at 165 North Canal Street, One North Western Center, Chicago, IL 60606 ("Optionee").

W I T N E S S E T H :

WHEREAS, Gold Bond Stamp Company of Georgia ("Gold Bond") and Optionee have entered into a Lease of Railroad Equipment dated as of September 1, 1976 (the "Lease") pursuant to which Gold Bond has leased the Equipment to Optionee;

WHEREAS, Gold Bond entered into a Conditional Sale Agreement dated as of September 1, 1976 (the "CSA") with General Motors Corporation (Electro-Motive Division) ("Vendor"), pursuant to which Vendor has retained a security interest in the Equipment delivered pursuant to the CSA until Gold Bond fulfills its obligations under the CSA, at which time full title to the Equipment shall vest in Gold Bond;

WHEREAS, Vendor entered into an Agreement and Assignment dated as of September 1, 1976 with American National Bank & Trust Company of Chicago, ("Investor") under a Participation Agreement dated as of September 1, 1976 (the "Participation Agreement") among Gold Bond, Optionee and Investor, pursuant to which Vendor assigned, inter alia, its security interest in the Equipment delivered pursuant to the CSA;

WHEREAS, Gold Bond and Investor have entered into an Assignment of Lease and Agreement dated as of September 1, 1976 (the "Lease Assignment"), pursuant to which Gold Bond has assigned certain of its rights under the Lease to Investor as collateral security until the full discharge and satisfaction of all sums due from Gold Bond under the CSA, at which time the Lease Assignment and all rights therein assigned to Investor shall terminate, and all right, title and interest of Investor in and to the Lease shall revert to Gold Bond;

Section 2.03. Manner of Exercise of Option. Optionee shall have the right to exercise the Option by giving written notice of its election to exercise the Option (the "Option Notice") in the manner herein provided, at any time during the Option Period. The Option Notice shall be given in writing by telex or other similar written form of electronic transmission or by first-class mail postage prepaid and addressed to Optionor at the address set forth above in the first paragraph of this Agreement, or addressed to Optionor at such address as Optionor shall hereafter furnish to Optionee in writing, and any such notice shall be conclusively deemed to be received when so delivered, transmitted or mailed.

If Optionee shall elect to exercise the Option as aforesaid, then the closing of the sale of the Equipment (the "Equipment Closing") shall occur on the Equipment Closing Date.

Section 2.04. Failure to Exercise Option; Lapse of Option; Failure to Close. Optionor and Optionee agree that time shall be of the essence with respect to the exercise of the Option. If Optionee shall fail to exercise the Option during the Option Period in the manner set forth in Section 2.03 or shall fail to complete the Equipment Closing in accordance with the provisions of Article IV, the Option shall automatically terminate and be of no further force and effect. If the Option shall so terminate, Optionee, at the request of Optionor, shall execute a release of the Option, provided that no such release shall be required to effectuate the terms of this Section 2.04. Notwithstanding the foregoing, the Lease Extension shall continue for the remainder of the renewal term. If the Option shall so terminate, Optionee shall deliver the Equipment to Optionor at the end of the Lease Extension in accordance with the terms of the Lease.

Section 2.05. Conditions for Closing This Agreement. The renewal of the Lease in Section 2.01 and the grant of the Option in Section 2.02 shall become effective upon (i) the execution of this Agreement by Optionee and Optionor and (ii) the receipt by the respective parties of the opinions referred to in Sections 5.01 and 5.02, respectively.

### ARTICLE III

Section 3.01. Optionor's Duty. (a) Optionor shall not incur any liens on any Unit of Equipment other than as contemplated in the Lease.

WHEREAS, Continental Bank, N.A. ("Continental") has succeeded to the interests of Investor with respect to the Participation Agreement and the documents related thereto;

WHEREAS, Optionor has succeeded to the interests of Gold Bond and is the current owner of the Equipment;

WHEREAS, Optionor and Optionee desire to extend the term of the Lease for five years;

WHEREAS, Optionee desires to obtain an option to acquire all, but not less than all, of the Equipment, and Optionor desires to issue such an option for valuable consideration; and

WHEREAS, Optionor and Optionee desire to set forth the terms and conditions of such lease renewal and purchase option.

NOW, THEREFORE, in consideration of the terms and covenants herein contained, the parties hereto covenant and agree as follows:

#### ARTICLE I

Section 1.01. Definitions. Unless the context otherwise requires, Optionor and Optionee agree that all capitalized terms used herein and not defined shall have the same meanings as in the Lease, and that the following terms shall have the following meanings:

- (a) "Agreement Date" shall mean the date of this Agreement;
- (b) "Equipment" shall mean the Units of rolling stock which are described in Exhibit A hereto;
- (c) "Equipment Closing" shall mean the closing in which title to the Equipment is conveyed to the Optionee as contemplated in Article IV;
- (d) "Equipment Closing Date" shall mean January 1, 1997;
- (e) "Option" shall mean the option granted pursuant to this Agreement and described in Section 2.01;

(b) Optionor covenants that it has not taken any action which would cause a lien to attach on any Unit of Equipment other than liens contemplated in the Lease, and liens which Optionee has the duty to discharge under the Lease.

(c) Optionor further covenants that it will possess on the Equipment Closing Date, all right, title and interest to the Equipment free and clear of all liens, security interests and other encumbrances, other than mechanic's liens, workmen's liens, other liens of similar nature and all other such liens which are the responsibility of Optionee in its capacity as Lessee under the Lease.

#### ARTICLE IV

Section 4.01. Sale and Purchase. If the Option is exercised by Optionee in accordance with the provisions of Article II and no Event of Default arising from Optionee's obligation to make payments under Section 10(A) of the Lease shall have occurred and be continuing as of the Equipment Closing Date, then, on the Equipment Closing Date, Optionor shall sell to Optionee, and Optionee shall purchase from Optionor, in accordance with the provisions of this Article IV, all, but not less than all, of the Equipment (other than Units of Equipment which have suffered a Casualty Occurrence under Section 7 of the Lease) for aggregate consideration equal to the Purchase Price, provided that the failure of Optionor to supply any document or take any action required under this Article IV shall not relieve Optionor of its obligation to sell the Equipment to Optionee.

Section 4.02. Purchase Price. If the Option is exercised as provided in Section 4.01, the Purchase Price shall be paid in cash as provided for in Section 4.06.

Section 4.03. CONDITION OF THE EQUIPMENT. OPTIONEE REPRESENTS THAT IT HAS INSPECTED THE EQUIPMENT AND AGREES, AFTER EXERCISE OF THE OPTION AT THE EQUIPMENT CLOSING, TO PURCHASE THE SAME ON AN "AS IS, WHERE IS" BASIS, AND AGREES THAT OPTIONOR HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES AS TO THE PHYSICAL CONDITION OR ANY OTHER MATTER AFFECTING OR RELATING TO THE EQUIPMENT EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT. IN FURTHERANCE THEREOF, OPTIONOR MAKES NO, AND SHALL NOT MAKE ANY, EXPRESS OR IMPLIED WARRANTY WHATSOEVER OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE REGARDING THE EQUIPMENT.

Section 4.04. Title to the Equipment. If the Option is exercised, then, upon satisfaction of the conditions set forth in this Article IV including payment in full of the Purchase Price pursuant to Paragraph 4.02 hereof, title to the Equipment shall be conveyed to Optionee as follows:

(a) Optionor shall execute and deliver (or shall cause to be executed and delivered) to Optionee, or to Optionee's assignee, nominee or successor, as the case may be, one or more bills of sale in recordable form, substantially in the form of Exhibit B hereto, transferring to Optionee, or to Optionee's assignee, nominee or successor, all right, title and interest of Optionor to the Equipment to be sold pursuant to Section 4.01; and

(b) Such bill or bills of sale shall transfer to Optionee or to Optionee's assignee, nominee or successor, as the case may be, title to such Equipment free and clear of all liens, security interests and other encumbrances, other than mechanic's liens, workmen's liens, other liens of similar nature and all other such liens which are the responsibility of the Optionee in its capacity as Lessee under the Lease.

(c) Optionor shall execute and deliver (or shall cause to be executed and delivered) to Optionee or Optionee's assignee, nominee or successor, as the case may be, a release in recordable form cancelling, discharging and releasing the Equipment from lien or liens of the Lease other than mechanic's liens, workmen's liens, other liens of similar nature and all other such liens which are the responsibility of the Optionee in its capacity as Lessee under the Lease. Any such releases that are required from parties other than Optionor shall be delivered to Optionee as soon as is practicable.

Section 4.05. Time and Place of Closing. The Equipment Closing shall take place on the Equipment Closing Date or on such other date at such time and at such place as shall be mutually agreed upon by Optionor and Optionee.

Section 4.06. Closing Deliveries; Expenses. (a) Optionor shall execute and deliver on the Equipment Closing Date the following documents (unless Optionee has waived in writing the execution and delivery of any of the following documents):

(i) A certificate by a duly authorized representative of Optionor that all necessary corporate action has been taken to authorize Optionor's completion of the transactions contemplated under this Agreement;

(ii) The bill or bills of sale referred to in Section 4.04; and

(iii) An opinion of in-house counsel, in form and substance reasonably satisfactory to Optionee, to the effect that

(x) Optionor has full power and authority to execute and deliver the bill or bills of sale referred to in Section 4.04 of this Agreement;

(y) Optionor has duly authorized, executed and delivered such bill or bills of sale; and

(z) Such bill or bills of sale shall constitute valid and binding obligations of Optionor enforceable against Optionor in accordance with its or their respective terms subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' right generally.

(b) Optionee shall on the Equipment Closing Date cause to be performed the following:

(i) Optionee shall pay the Purchase Price by federal wire transfer of immediately available good funds;

(ii) Optionee shall deliver an opinion of in-house counsel, in form and substance reasonably satisfactory to Optionor, to the effect that:

(x) Optionee has full power and authority and is duly authorized to purchase the Equipment and deliver the Purchase Price therefor;

(y) No consent, approval or authorization of any governmental authority is required in order to complete the purchase of the Equipment by Optionee.

(c) (i) Optionor shall pay any and all present or future Taxes (as defined in Section 4.06(c)(iii) of this Agreement) resulting from the sale of the Equipment to Optionee which are on, based on, or measured by, the net

income of Optionor or imposed in lieu of net income taxes as well as any interest, fines and penalties imposed with respect to such Taxes as Optionor is obliged to pay under this Agreement to the extent that such interest, fines and penalties are due to Optionor's failure to promptly pay such taxes as required hereby.

(ii) Optionee shall pay any and all present or future Taxes (as defined in Section 4.06(c)(iii) of this Agreement) resulting from the sale of the Equipment to Optionee which are not on, based on, or measured by the net income of Optionor or imposed in lieu of net income taxes as well as any interest, fines and penalties imposed with respect to such Taxes as Optionee is obliged to pay under this Agreement to the extent that such interest, fines and penalties are due to Optionee's failure to promptly pay such Taxes as required hereby.

(iii) The term "Taxes" as used in this Agreement shall include without limitation, corporation, sales and income taxes, and shall further include all taxes, assessments, imposts, duties, license and registration fees and any other governmental charges imposed by any federal, state, or local government or taxing authority in the United States of America or any foreign jurisdiction.

#### ARTICLE V

Section 5.01. Agreement Authorized by Optionee.  
As of the Agreement Date, Optionee represents and warrants to Optionor as follows:

(a) Optionee is duly incorporated and validly existing in good standing under the laws of Delaware; and

(b) Optionee has full power and authority to execute, deliver and perform its obligations under this Agreement, and has duly authorized, executed and delivered this Agreement.

Optionee shall deliver to Optionor an opinion of in-house counsel to such effect and further to the effect that Optionee has the corporate power and authority to execute, deliver and perform this Agreement, and that the execution, delivery and performance of this Agreement by Optionee do not violate its charter or bylaws and fully comply with all laws and governmental rules and regulations (federal, state, or otherwise) that may be applicable to it, and that this Agreement constitutes a valid, legal and bind-

U.S. Concord, Inc.  
One Norwalk West  
40 Richards Avenue  
Norwalk, CT 06856

5. To promptly send to Assignee by certified mail, return receipt requested, a copy of all notices it sends or receives pursuant to the Contract;

6. That it shall remain obligated under the Contract during the entire term thereof and that it will not terminate the Contract except as expressly provided therein; and

7. That Assignee will act in reliance on the representations and agreements made by Obligor hereunder.

8. That it shall (at its own expense) cause each unit of the Equipment covered by the Contract to be kept numbered with the road number set forth in Schedule 1 of the Lease (as defined in the Contract), and shall keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each such unit, in letters not less than one inch in height, the words "U.S. Concord, Inc. Owner/Lessor".

Please acknowledge this Notice of Assignment by signing in the space provided below and returning two copies to U.S. Concord, Inc.

Acknowledged and agreed to:

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY,  
Obligor

By \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ing obligation of Optionee enforceable against Optionee in accordance with its terms subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, and to equitable principles of general applicability.

Section 5.02. Agreement Authorized by Optionor.  
As of the Agreement Date, Optionor represents and warrants to Optionee as follows:

(a) Optionor is duly incorporated and validly existing in good standing under the laws of the State of Minnesota; and

(b) Optionor has full power and authority to execute, deliver and perform its obligations under this Agreement, and has duly authorized, executed and delivered this Agreement.

Optionor shall deliver to Optionee an opinion of Optionor's in-house counsel to such effect and further to the effect that Optionor has the corporate power and authority to execute, deliver and perform this Agreement and that the execution, delivery and performance of this Agreement by Optionor do not violate its charter or bylaws and fully comply with all laws and governmental rules and regulations (federal, state, or otherwise) that may be applicable to it, and that this Agreement constitutes a valid, legal and binding obligation of Optionor enforceable against Optionor in accordance with its terms subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, and to equitable principles of general applicability.

Section 5.03. Brokerage. Optionor and Optionee represent each to the other that each has not dealt with any broker or finder in connection with the transaction contemplated under this Agreement other than Macdonald & Company and Railroad Technology Corporation. Optionor and Optionee shall each indemnify and hold the other harmless from and against any loss, claim, liability and expense (including, without being limited to, reasonable attorneys' fees) incurred by, imposed upon or payable by the indemnified party in connection with claims of any brokers or persons for commissions or finders fees upon or in connection with said sale where such claims arise from the communications or actions of the indemnifying party. The provisions of this Section 5.03 shall survive the Equipment Closing or earlier termination of this Agreement.

Section 5.04. Notices. Except as provided in Section 2.03, any notices or other communications required or permitted hereby shall be given in writing by telex or other similar written form of electronic transmission or mailed first class postage prepaid to Optionor or Optionee, as applicable, at the appropriate address set forth above in the first paragraph of this Agreement or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing and such notice shall be conclusively deemed to be received when so delivered, transmitted or mailed.

Section 5.05. No Effect on Lease. Except as otherwise provided herein, the Lease (including any right of first refusal contained therein) shall remain in full force and effect, unamended and unmodified.

Section 5.06. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of Illinois.

Section 5.07. Entire Agreement. This Agreement, Exhibits A and B hereto, and all documents and agreements to be delivered pursuant hereto, constitute the entire agreement between the parties with respect to the renewal of the Lease and the purchase and sale of the Equipment pursuant to a fixed price purchase option and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof; provided, however, that this Agreement shall not affect any existing purchase options contained in the Lease. Each of this Agreement, Exhibits A and B hereto may not be amended or modified or canceled except pursuant to the terms hereof or thereof or an instrument in writing signed by the parties hereto or thereto.

Section 5.08. Further Assurances. In addition to the obligations required to be performed hereunder by the parties at the Equipment Closing or the Option Agreement Closing, the parties agree from time to time after the Equipment Closing or the Option Agreement Closing to perform such other acts, and to execute, acknowledge and deliver such other instruments, documents and other materials as either party may reasonably request in order to effectuate the consummation of the transactions contemplated hereunder.

Section 5.09. Table of Contents. The Table of Contents and Section headings in this Agreement are used in this Agreement only for convenience and shall not be used in

construing this Agreement nor to limit or affect any of the provisions of this Agreement.

Section 5.10. Assignment. (a) Optionee may assign its rights or delegate its obligations (such delegation not to relieve Optionee of obligations retained pursuant to the last sentence of this Section 5.10(a)) hereunder without the prior written consent of Optionor; provided, however, that Optionee shall give Optionor notice of any assignment hereunder. No assignment or delegation hereof, without the consent of Optionor, shall relieve or in any way release or discharge Optionee from any of its obligations hereunder.

(b) Optionor may assign its rights or delegate its obligations (such delegation not to relieve Optionor of obligations retained pursuant to the last sentence of this Section 5.10(b)) hereunder without the prior written consent of Optionee; provided, however, that Optionor shall give Optionee notice of any assignment hereunder and provided further that Optionor shall not delegate its obligations hereunder to a party to whom it does not also sell a correlative portion of the Equipment. No assignment or delegation hereof, without the consent of Optionee, shall relieve or in any way release or discharge Optionor from any of its obligations hereunder.

Section 5.11. Successors and Assigns. This Agreement enures to the benefit of Optionor and Optionee, their respective successors, administrators and assigns, and is binding upon Optionor and Optionee and their respective administrators, successors and assigns. Every reference in any provision hereof to Optionor extends to and includes the successors, administrators and assigns of Optionor and every reference herein, to Optionee, extends to and includes the administrators, successors and assigns of Optionee, in either case to the same extent and effect as if such administrators, successors or assigns, as the case may be, were specifically named in such provision.

Section 5.12. Counterparts. This Agreement may be simultaneously executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute and be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first written above.

OPTIONOR:

CARLSON LEASING, INC.

BY: John M. Deades  
Title: Vice President-Treasurer

[Corporate Seal]

Attest:

[Signature]  
Title: Asst Secy

OPTIONEE:

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY

BY: \_\_\_\_\_

[Corporate Seal]

Attest:

\_\_\_\_\_  
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first written above.

OPTIONOR:

CARLSON LEASING, INC.

BY: \_\_\_\_\_  
Title:

[Corporate Seal]

Attest:

\_\_\_\_\_  
Title:

OPTIONEE:

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY

BY: John E. Volker



[Corporate Seal]

Attest:

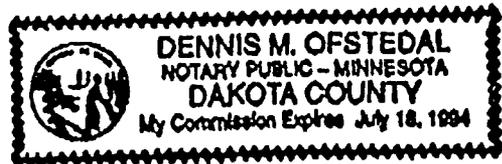
David M. Farrell  
Title:

STATE OF Minnesota     )  
                                   )     ss.:  
 COUNTY OF Hennepin    )

On this 13th day of December, 1990, before me, personally appeared John M. Diracles, Jr., who being by me duly sworn, did say that he is a V. P.-Treasurer of CARLSON LEASING, INC.; that he knows the seal of said corporation; 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 said V.P.-Treasurer acknowledged said instrument to be the free act and deed of said corporation.

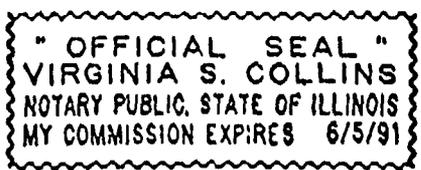
*Dennis M. Ofstedal*  
 Notary Public

My Commission Expires:



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

On this 13th day of December, 1990, before me, personally appeared John E. Voldseth, who being by me duly sworn, did say that he is a Vice President of CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY; that he knows the seal of said corporation; 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 said John E. Voldseth acknowledged said instrument to be the free act and deed of said corporation.



Virginia S. Collins  
Notary Public

My Commission Expires:

6/5/91

Equipment Schedule

<u>TYPE</u>	<u>QUANTITY</u>	<u>ROAD NUMBERS</u>
SD40-2 3,000 hp. diesel-electric locomotive	10	CNW 6926-35

EXHIBIT C

BILL OF SALE

Carlson Leasing, Inc. (hereinafter called the "Seller"), for valuable consideration paid by U.S. Concord, Inc. (hereinafter called the "Purchaser") at or before the execution and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Purchaser, its successors and assigns, its right, title and interest in the property described in Schedule 1 attached hereto.

TO HAVE AND TO HOLD the above described property unto the Purchaser, its successors and assigns, for its and their own use, forever.

And the Seller hereby warrants unto the Purchaser, its successors and assigns, that, as of the date hereof, the Seller has title to the aforesaid property, and good and lawful right to dispose of said property.

The Seller further warrants that the aforesaid property is free and clear of all claims, liens, charges, equities, mortgages, security interests and other encumbrances by or in favor of any person claiming by, through or under the Seller other than the rights of Chicago and North Western Transportation Company ("CNW") under that certain Lease Extension and Equipment Option Agreement dated as of December 13, 1990 (the "Contract"), between the Seller and CNW and under the Lease (as defined in the Contract).

THE EQUIPMENT IS BEING SOLD "AS IS, WHERE IS", AND, EXCEPT AS SET FORTH HEREIN, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES AS TO THE FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, WITH ALL FAULTS RELATING THERETO, WHETHER KNOWN OR UNKNOWN, LATENT OR PATENT, AND WITH PURCHASER HAVING HAD FULL OPPORTUNITY FOR INSPECTION OF THE EQUIPMENT.

Such grant, bargain, sale, transfer, and set over, as forth hereinabove, is pursuant to, in accordance with, and subject to the provisions, terms and conditions of that certain Purchase Agreement dated as of August \_\_, 1992 ("Purchase Agreement"), by and between Seller and the Purchaser, and the provisions, terms and conditions, including the representations and warranties made therein, of such Purchase Agreement are by this reference hereby incorporated herein and made a part of this Bill of Sale.

RLD:6327:5:04

SCHEDULE 1

Equipment Schedule

<u>Type</u>	<u>Quantity</u>	<u>Road Numbers</u>
DW40-2 3,000 hp. diesel-electric locomotive	10	CNW 6926-35

Exhibit B

BILL OF SALE

Carlson Leasing, Inc. (hereinafter called the "Seller") for valuable consideration paid by Chicago and North Western Transportation Company, (hereinafter called the "Purchaser") at or before the execution and delivery of these presents, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and set over unto the Purchaser, its successors and assigns, its right, title and interest in the property described in Schedule A attached hereto.

TO HAVE AND TO HOLD the above described property unto the Purchaser, its successors and assigns, for its and their own use and behoof, forever.

And the Seller hereby warrants unto the Purchaser, its successors and assigns that, as of the date hereof, the Seller has title to the aforesaid property and good and lawful right to dispose of said property, and the Seller, for itself, its successors and assigns, covenants that it will warrant and defend such title against all claims and demands whatsoever.

The Seller further warrants that the aforesaid property is free and clear of all claims, liens, charges, equities, mortgages, security interests and other encumbrances by or in favor of any person claiming by, through, or under the Seller other than mechanic's liens, workmen's liens, other liens of similar nature and all other such liens which are the responsibility of the Purchaser in its capacity as Lessee under the Lease as defined in the Option Agreement referred to below and as more expressly set forth in the Option Agreement.

THE AFORESAID PROPERTY IS BEING SOLD HEREIN ON AN "AS IS, WHERE IS" BASIS AND "WITH ALL FAULTS." EXCEPT AS SET FORTH HEREIN, THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

Such grant of gain, sale, transfer and title over, as set forth hereinabove is pursuant to, in accordance with, and subject to the provisions, terms and conditions of that certain Equipment Option Agreement dated as of December 13, 1990, ("Option Agreement") by and between Seller and the Purchaser, and the provisions, terms and conditions, including the representations and warranties made therein, of such Option Agreement are by this reference hereby incorporated herein and made a part of this Bill of Sale.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed in its name by a duly authorized representative on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Carlson Leasing, Inc.

\_\_\_\_\_  
Title

EXHIBIT B

ACKNOWLEDGMENT OF ASSIGNMENT

TO: U.S. CONCORD, INC.  
ONE NORWALK WEST  
NORWALK, CT 06856

RE: Lease Extension and Equipment Option Agreement (the "Contract"; capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Contract) between CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, as optionee/lessee ("Obligor"), and CARLSON LEASING, INC. as optionor/lessor ("Assignor"), dated December 13, 1990, having aggregate unpaid rentals due thereunder of \$3,167,100.00 at the date hereof based on seventeen (17) remaining payments of \$186,300.00 each, due on the first day of each consecutive calendar quarter beginning October 1, 1992, and continuing for each successive calendar quarter to and including October 1, 1996.

The undersigned Obligor acknowledges and consents to Assignor's sale of the Equipment and assignment of the Contract to U.S. Concord, Inc. ("Assignee") and, by signing below, Obligor agrees and acknowledges:

1. The Contract is valid, in full force and effect, enforceable in accordance with its terms, and there are no defaults thereunder of which Obligor has actual knowledge;
2. The due and proper receipt, installation and acceptance of the Equipment;
3. To accept the instructions of Assignee in the place of Assignor without confirmation from Assignor with respect to any of Obligor's obligations under the Contract;
4. That the payment obligations of Obligor as set forth above remain owing under the Contract, and that, until it receives contrary instructions from Assignee, it will make all payments due under the Contract to the order of and remit such payments directly to Assignee at the address set forth below:

Exhibit C

Casualty Values

	<u>Casualty Payment Date</u>	<u>Casualty Payment</u>
1	April 1, 1992	\$390,846.99
2	July 1, 1992	\$382,452.96
3	October 1, 1992	\$373,828.09
4	January 1, 1993	\$364,966.03
5	April 1, 1993	\$355,860.28
6	July 1, 1993	\$346,504.11
7	October 1, 1993	\$336,890.65
8	January 1, 1994	\$327,012.81
9	April 1, 1994	\$316,863.34
10	July 1, 1994	\$306,434.76
11	October 1, 1994	\$295,719.39
12	January 1, 1995	\$284,709.35
13	April 1, 1995	\$273,396.53
14	July 1, 1995	\$261,772.61
15	October 1, 1995	\$249,829.03
16	January 1, 1996	\$237,557.00
17	April 1, 1996	\$224,947.50
18	July 1, 1996	\$211,991.23
19	October 1, 1996	\$198,678.66
20	January 1, 1997	\$185,000.00

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed in its name by a duly authorized representative on this \_\_\_\_ day of September, 1992.

Carlson Leasing, Inc.

By \_\_\_\_\_  
Its \_\_\_\_\_