

REBOUL, MACMURRAY, HEWITT, MAYNARD & KRISTOL

45 ROCKEFELLER PLAZA

NEW YORK, N. Y. 10111

TELEPHONE: (212) 841-5700
TELECOPIER: (212) 841-5725

WILLIAM J. HEWITT
HOWARD G. KRISTOL
JOHN C. MACMURRAY
JOHN MAYNARD
JOHN W. REBOUL
WILLIAM F. MCCORMACK
ROBERT SCHEFF
ROBERT A. SCHWED
DAVID S. ELKIND
CHARLES D. UNIMAN
ROBERT P. DEVLIN
JAMES E. MAGEE (D. C. BAR)
ROBERT L. SILLS
WILLIAM I. SUSSMAN
MARK J. TANNENBAUM
ANDREW P. TASHMAN
ROBERT M. PEAK
EDWARD A. McDONALD
LIZA A. BOSWORTH

MICHAEL DOWNEY RICE
COUNSEL

3-014A015

SUITE 728
523 WEST SIXTH STREET
LOS ANGELES, CALIF. 90014
TELEPHONE: (213) 612-0822
TELECOPIER: (213) 612-0310

SUITE 406
1111 NINETEENTH STREET, N. W.
WASHINGTON, D. C. 20036
TELEPHONE: (202) 429-0004
TELECOPIER: (202) 429-8743

January 13, 1993

18098

JAN 14 1993 2:19 PM

INTERSTATE COMMERCE COMMISSION

JAN 14 2 02 PM '93
NOTED IN UNIT

Interstate Commerce Commission
Washington, D.C.
Attention of Secretary

Dear Sirs:

We enclose four counterparts of the document described below, to be recorded pursuant to section 11303 of title 49 of the United States Code.

This document is a purchase and conditional sale agreement, a primary document, dated as of January 11, 1993.

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

Seller, secured party:

General Electric Capital Corporation
1600 Summer Street
Stamford, Connecticut 06927

Purchaser, obligor:

IC Leasing Corporation II
1077 East Sahara Avenue
Las Vegas, Nevada 89193

A description of the equipment covered by the document follows:

17 model EMD SD40-2 diesel-electric locomotives, bearing the road

Countryman & Hawley

FRANCIS & TAYLOR

numbers BN6753-6759, 6761-6764,
6766, 6768-6772

A fee of \$16.00 is enclosed. Please return any extra counterparts not needed by the Commission for recordation to:

James E. Magee, Esq.
Reboul, MacMurray, Hewitt,
Maynard & Kristol
1111 19th Street, N.W.
Suite 406
Washington, D.C. 20036

A short summary of the document to appear in the index follows:

Purchase and conditional sale agreement dated as of January 11, 1993, between General Electric Capital Corporation, as seller, and IC Leasing Corporation II, as purchaser, covering 17 model EMD SD40-2 diesel electric locomotives.

Very truly yours,

Michael Rice

Michael Rice

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

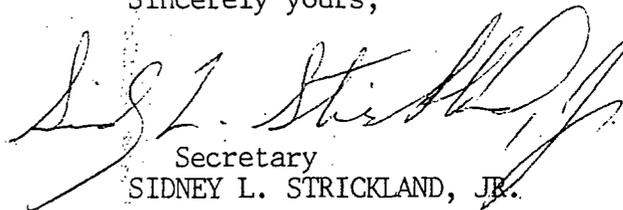
OFFICE OF THE SECRETARY

Michael Rice
Reboul, MacMurray, Hewitt
Maynard & Kristol
1111 19th St, N.W.
Suite 406
Washington, D.C. 20036

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 **1/14/93** at **2:10pm**, and assigned
recording number(s). **18098**

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

0
2/11/93

18098

JAN 14 1993 - 2 40 PM

INTERSTATE COMMERCE COMMISSION

PURCHASE AND CONDITIONAL SALE AGREEMENT

This Agreement is entered into as of January 11, 1993 between General Electric Capital Corporation, a New York corporation ("Seller") and IC Leasing Corporation II, a Nevada corporation ("Purchaser").

RECITALS

WHEREAS, Seller owns seventeen EMD SD40-2 locomotives, described more fully on Exhibit A attached hereto (the "Equipment"). Each unit of Equipment is herein designated a "Unit".

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Equipment at a price and on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the following mutual agreements the parties hereto hereby agree as follows:

1. **Purchase and Sale of Equipment.**

1.01 **Transfer of Equipment.** On the Closing Date (as hereinafter defined) Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the Equipment. Possession of the Equipment shall be transferred from Seller to Purchaser as soon as practicable following the Closing Date, but in no event later than January 31, 1993, and Seller shall effect such transfer of possession by delivering, without cost to Purchaser, the Units to Purchaser at a mutually agreed to interchange point located on the railroad lines of Illinois Central Railroad Company ("Delivery Point") for transportation dead in tow by Illinois Central Railroad Company, without cost to Seller, to the VMV shops, Paducah, Kentucky, or National Railway at Dixmoor, Illinois, as determined by Seller, for the purposes set forth in Exhibit B. Seller shall bear all risks related to the delivery of the Equipment to the Delivery Point. Risk of loss with respect to each Unit shall pass from Seller to Purchaser when the Unit is delivered at the Delivery Point, except that risk of loss resulting from mechanical defects with respect to each Unit shall not pass from Seller to Purchaser until such Unit has been accepted by Purchaser in accordance with Exhibit B. If Seller fails to deliver possession of any Unit by January 31, 1993, the Purchase Price (as hereinafter defined) shall be reduced by an amount equal to \$250 for each day that possession of each Unit was delayed beyond January 31, 1993.

Acceptance of the Units by Purchaser shall be evidenced by an Acceptance Certificate in the form attached hereto as Exhibit E. In the event any Unit presented for

acceptance to Purchaser is not in Federal Railroad Administration and Association of American Railroads interchange condition and does not meet the acceptance requirements set forth in Exhibit B, the Seller shall promptly cause said Unit(s) to be repaired (at no expense to Purchaser) or exclude such Unit(s) from this Agreement, provided, however, that any Unit which has not met the acceptance requirements as set forth in Exhibit B on or before March 1, 1993 ("final acceptance date"), shall be deemed to be excluded from this Agreement, and the Purchase Price shall be reduced by \$262,000 per Unit for each Unit so excluded. This final acceptance date may be modified by mutual written agreement between Purchaser and Seller.

1.02 Warranties and Other Rights. Seller hereby agrees to sell and assign to Purchaser all of the warranties with respect to the Equipment obtained by Seller from others which are assignable.

1.03 Purchase Price. In consideration for the sale of the Equipment, Purchaser does hereby promise to pay to Seller the sum of \$4,454,000 (the "Purchase Price") on or before March 31, 1993, by Federal Reserve wire transfer to such bank account as Seller may direct. Such Purchase Price shall be reduced by the amount, if any, specified by Section 1.01. Any amounts not paid when due hereunder shall bear interest at the rate of 15% per annum.

1.04 Security. Seller shall and hereby does retain a security interest in the Equipment and all cash and non-cash proceeds therefrom until Purchaser shall have paid to Seller the Purchase Price as provided in Section 1.03 and performed all of its obligations required to be performed prior to Purchaser's payment to Seller of the Purchase Price. As additional collateral security for its obligations hereunder, Purchaser hereby grants a security interest in and assigns its rights in and to any lease of the Equipment, and the payments due and to become due thereunder, but so long as the Purchaser shall not be in default hereunder, the Purchaser shall have the right to collect and retain such payments. The Purchaser shall prepare, execute, and deliver any instrument or assignment, and obtain such acknowledgements of lessees, as the Seller may request in order to confirm such assignments and perfect its interest in such leases. Upon the payment by Purchaser of the Purchase Price, absolute right to the possession of, title to, and property in the Equipment and any such lease shall pass and vest in Purchaser without the requirement of further action by Seller. Seller shall execute and deliver such instruments as shall be appropriate to evidence the release of the security interest of Seller in the Equipment and any such lease and to make clear on the public record the clear title of the Purchaser to the Equipment and any such lease.

1.05 Remedies. If Purchaser shall fail to pay to Seller the Purchase Price as provided in Section 1.03, Seller may exercise any of the following remedies:

- (a) Seller may institute any action or proceeding at law or in equity for the collection of the amounts due and unpaid, may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against Purchaser and collect in the manner provided by law out of the property of Purchaser, wherever situated, the amount adjudged or decreed to be payable;
- (b) Seller may collect and receive any and all rents, revenues and other cash and non-cash proceeds from the Equipment and apply the same against the amounts due;
- (c) Subject to any rights of third parties pursuant to any lease assigned pursuant to Section 1.04 hereof, Seller may recover possession of the Equipment, and if Seller shall so request, Purchaser shall assemble and deliver the Equipment to Seller at the location or locations specified by Seller, in the same condition as delivered by Seller hereunder (ordinary wear and tear excepted); and
- (d) Seller may sell, subject to any rights of third parties pursuant to any lease assigned pursuant to Section 1.04 hereof, all or any part of the Equipment free from any claim of Purchaser, in one lot and as an entirety or in separate lots, at public or private sale. Any such sale may be held or conducted at such place and at such time as Seller may specify, or as may be required by law, and without gathering at the place of sale of the Equipment to be sold, and in general in such commercially reasonable manner as Seller may determine.

If after recovery of possession of the Equipment, Seller shall elect to retain the same, Purchaser shall pay to Seller an amount equal to \$25,000 for each Unit of the Equipment originally delivered to Purchaser hereunder plus \$250 for each day Purchaser had possession of such Unit, plus interest thereon from March 31, 1993, at the rate specified in Section 1.03 for overdue payments, plus the costs and expenses of such recovery of possession and of collection of such amounts.

If Seller shall elect to sell the Equipment as contemplated by clause (d) above, the proceeds of such sale shall be applied, first to the costs and expenses of such sale and the exercise of remedies hereunder, second to interest on all amounts due hereunder at the rate specified in Section 1.03 for overdue payments from March 31, 1993, to the date paid, and third to the principal amount of the Purchase Price.

If after applying all such sums of money realized by Seller as aforesaid there shall remain any amount due to Seller under the provisions hereof, Purchaser agrees to pay the amount of such deficit to Seller. If after applying as aforesaid the sums of money realized by Seller there shall remain a surplus in the possession of Seller, such surplus shall be paid to Purchaser.

No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Seller at law or in equity.

1.06 Closing. The closing of the purchase and sale of the Equipment shall occur at 10:00 a.m. Pacific Time at the office of Bank of America in Reno, Nevada on January 11, 1993 (the "Closing Date").

2. Representations, Warranties and Covenants of Seller.

2.01 Concerning the Equipment. Seller represents and warrants that (i) the Equipment is in good operating order, repair and condition; and (ii) the sale, use, or operation of the Equipment does not violate or infringe the patent, trademark, trade name or other rights of any party.

2.02 Title. Seller represents and warrants that on the Closing Date, Seller shall have good and marketable title to the Equipment, free and clear of all liens, claims, charges, security interests, encumbrances and rights of third parties of any type or description.

2.03 Notices. Seller represents and warrants that Seller has not received any notice from any governmental authority that any investigation has been commenced or is contemplated respecting any failure of the Equipment to comply with any laws, rules, regulations or orders.

2.04 Other Agreements. Seller represents and warrants that except for this Agreement and the documents to be delivered pursuant hereto, there are no agreements of any kind relating to the Equipment or any part thereof which Seller or its predecessors in interest as to the Equipment have entered into and which will be binding upon Purchaser after the Closing Date.

2.05 Bill of Sale. On the Closing Date, the "Bill of Sale" (as hereinafter defined) shall have been duly authorized, executed and delivered by Seller and shall be valid and effective to transfer good and marketable title to the Equipment, free and clear

of all liens, claims, charges, security interests, encumbrances and rights of third parties of any type or description.

2.06 Documents Furnished. Seller represents and warrants that it will deliver to Purchaser within thirty days of the Closing Date, copies of all material agreements and instruments currently in its possession received by it (except the Purchase Agreement, drafts of documents, correspondence and legal opinions) in connection with Seller's acquisition and use of the Equipment, including, without limitation, all written notices, appraisals, inspection reports, maintenance records, invoices, purchase orders, original equipment specifications, drawings and certificates of acceptance.

2.07 Organization and Existence. Seller represents and warrants that it is a corporation duly and validly organized and existing in good standing under the laws of the State of New York and is duly qualified to own its properties and carry on its business in each jurisdiction where the failure to so qualify would be materially adverse to Seller or its business.

2.08 Power and Authority. Seller represents and warrants that Seller has the power and authority to execute and deliver or accept, as the case may be, this Agreement, the Bill of Sale, the Guaranty (each as hereinafter defined) (collectively, the "Transaction Documents") and to pay and perform, when due, its obligations hereunder and thereunder. Seller has the power and authority to deliver all other documents delivered by Seller in connection with the closing of this Purchase Agreement.

2.09 Authorizations. Seller represents and warrants that the execution and delivery or acceptance, as the case may be of the Transaction Documents by Seller and the payment and performance by Seller, when due, of its obligations hereunder and thereunder, have been duly authorized by all necessary corporate action and do not violate or conflict with, or, with or without the giving of notice, the passage of time or both, constitute a default under, any provision of the Seller's instruments of organization, any law, order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority or any agreement or other document or instrument to which Seller is a party or by which Seller is, or may be bound.

2.10 Enforceability. Seller represents and warrants that the Transaction Documents constitute the valid and binding obligations of Seller and are enforceable against it in accordance with their respective terms. There is no action, suit, proceeding or investigation at law or in equity pending or, to the knowledge of Seller, threatened before or by any court, public board or body, against or affecting Seller wherein an unfavorable decision, ruling or finding would adversely affect the ability of Seller to perform its obligations under the Transaction Documents.

2.11 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE CONDITION OF THE EQUIPMENT, ITS DESIGN, MERCHANTABILITY, FITNESS FOR USE OR FITNESS FOR A PARTICULAR PURPOSE, OR AS TO ANY OTHER MATTER RELATING TO THE EQUIPMENT.

3. Representations and Warranties of Purchaser.

Purchaser represents and warrants to, and agrees with, Seller as follows:

3.01 Organization and Existence. Purchaser is a corporation duly and validly organized and existing under the laws of the State of Nevada and is duly qualified to own its properties and carry on its business in each jurisdiction where the failure to be so qualified would be materially adverse to Purchaser or its business.

3.02 Power and Authority. Purchaser has the power and authority to execute and deliver or accept, as the case may be, the Transaction Documents and to pay and perform when due, its obligations hereunder and thereunder.

3.03 Authorization. The execution and delivery or acceptance, as the case may be, of the Transaction Documents by Purchaser and the payment and performance by Purchaser, when due, of its obligations hereunder and thereunder, have been duly authorized by all necessary action of Purchaser and do not violate or conflict with, or, with or without the giving of notice, the passage of time or both, constitute a default under, any provision of Purchaser's instruments of organization, any law, order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority or any agreement or other document or instrument to which Purchaser is a party or by which Purchaser is, or may be, bound.

3.04 Enforceability. The Transaction Documents constitute the valid and binding obligations of Purchaser, enforceable against it in accordance with their respective terms. There is no action, suit, proceeding or investigation at law or in equity pending or, to the knowledge of Purchaser, threatened before or by any court, public board or body, against or affecting the Purchaser wherein an unfavorable decision, ruling or finding would adversely affect the ability of Purchaser to perform its obligations under the Transaction Documents.

4. No Subsequent Leases.

4.01 Seller shall not enter into any additional leases with respect to the Equipment subsequent to that certain lease by and between Seller and Southern Pacific Transportation Company, dated July 15, 1992.

5. Certain Taxes and Charges.

5.01 Payment. Purchaser agrees to pay, when due, all sales and other taxes due upon the transactions contemplated hereby. Seller agrees to pay, when due, all taxes due as a result of Seller's ownership of the Equipment.

5.02 Contest. Each party may in good faith (at its expense) contest in any reasonable manner the imposition of any of the foregoing taxes but only to the extent that such contest neither affects adversely, nor threatens to affect adversely, the other party's interest in the Equipment nor exposes the other party to any liability.

6. Indemnification.

6.01 Indemnification by Seller. Seller agrees to indemnify Purchaser and to protect, defend and hold Purchaser harmless, from and against any and all loss, cost, damage, injury or expense, including, without limitation, reasonable attorneys' fees, wheresoever and howsoever arising which Purchaser may incur for, or by reason of (i) the breach of any of the warranties or representations of Seller contained in any of the Transaction Documents, (ii) a breach by Seller of any of the warranties or agreements of Seller contained in any of the Transaction Documents, or (iii) any claim in any way relating or arising or alleged to arise out of the ownership or use of the Equipment prior to the Purchaser's receipt of the Equipment. In the event any claim for indemnification hereunder arises on account of a claim or action made or instituted by a third person against Purchaser, Purchaser shall notify Seller promptly after the receipt of notice by Purchaser that such claim was made or that such action was commenced. Seller shall be entitled to participate in the defense of any such claim or action by counsel of its own choosing and at its expense. If Seller shall participate in the defense of such claim or action, the same shall not be settled without its prior written consent (which consent shall not be unreasonably withheld or delayed), unless Seller shall deny Purchaser's right to indemnification.

6.02 Indemnification by Purchaser. Purchaser agrees to indemnify Seller and to protect, defend and hold Seller harmless, from and against any and all loss, cost, damage, injury or expense, including, without limitation, reasonable attorney's fees,

wheresoever and howsoever arising which Seller may incur for, or by reasons of (i) the breach of any of the warranties or representations of Purchaser contained in any of the Transaction Documents, (ii) a breach by Purchaser of any of the warranties or agreements of Purchaser contained in any of the Transaction Documents, or (iii) any claim in any way relating to or arising or alleged to arise out of the ownership or use of the Equipment after the Purchaser's receipt of the Equipment. In the event any claim for indemnification hereunder arises on account of a claim or action made or instituted by a third person against Seller, Seller shall notify Purchaser promptly after the receipt of notice by Seller that such claim was made or that such action was commenced. Purchaser shall be entitled to participate in the defense of any such claim or action by counsel of its own choosing and at its expense. If Purchaser shall participate in the defense of such claim or action, the same shall not be settled without its prior written consent (which consent shall not be unreasonably withheld or delayed), unless Purchaser shall deny Seller's right to indemnification.

7. Purchaser's Conditions Precedent. Purchaser's obligation to consummate the transactions contemplated by this Agreement are subject to the following conditions precedent:

7.01 Representations and Warranties of Seller. All representations and warranties of Seller set forth herein shall be true and correct on the Closing Date as if then made.

7.02 Compliance. Seller shall have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by it prior to the Closing Date.

7.03 No Injunctions. There shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction, or other governmental body having jurisdiction, against the consummation of the transactions contemplated by this Agreement.

7.04 Condition of Units. Purchaser shall have inspected each of the Units in running mode and shall have determined that each Unit is in good operating order, repair and condition, reasonable wear and tear excepted, and meets the acceptance requirements set forth in Exhibit B.

7.05 Delivery of Transaction Documents. Seller shall have delivered to Purchaser (i) an executed copy of the bill of sale in the form attached hereto as Exhibit C (the "Bill of Sale"); (ii) the opinion of counsel to Seller, in such form as may be acceptable to Purchaser as to the matters set forth in Sections 2.07, 2.08, 2.09 and the

first sentence of Section 2.10 hereof; and (iii) an executed copy of the guaranty agreement in the form attached hereto as Exhibit D (the "Guaranty").

8. Seller's Conditions Precedent. Seller's obligation to consummate the transactions contemplated by this Agreement are subject to the following conditions precedent:

8.01 Representations and Warranties of Purchaser. All representations and warranties of Purchaser set forth herein shall be true and correct on the Closing Date as if then made.

8.02 Compliance. Purchaser shall have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by it prior to the Closing Date.

8.03 No Injunctions. There shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction, or other governmental body having jurisdiction, against the consummation of the transactions contemplated by this Agreement.

8.04 Delivery of Transaction Documents. Purchaser shall have delivered to Seller (i) the opinion of counsel to Purchaser, in such form as may be acceptable to Purchaser as to the matters set forth in Section 3.01, 3.02, 3.03 and the first sentence of Section 3.04 hereof; (ii) an executed copy of the Guaranty, together with an opinion of counsel with respect thereto of similar scope and tenor as the opinion specified in clause (i) of this Section.

9. Miscellaneous.

9.01 Transaction Costs and Legal Fees. Each party shall bear its own expenses (including broker's fees) relating to the transaction contemplated by this Agreement.

9.02 Survival. The representations, warranties and agreements made herein shall survive the execution and delivery of this Agreement and the consummation of the transactions described herein.

9.03 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

9.04 Notices. Any notice, request or other communication required or permitted to be given under any of the provisions of this Agreement shall be given in writing and shall be deemed given the date the same is actually received by the party to whom it is addressed, provided that if such notice is mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the party for which it is intended, such mailed notice shall be deemed received 3 days after the mailing date. All notices shall be sent to the parties at the addresses set forth below:

(a) If to Seller, addressed to:

General Electric Capital Corporation

1600 Summer Street, Sixth Floor
Stamford, Connecticut 06927
Attention: D. L. Eakin

(b) If to Purchaser, addressed to:

IC Leasing Corporation II
1077 East Sahara Avenue
Las Vegas, Nevada 89193
Attention: Treasurer

9.05 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of Nevada applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws thereof.

9.06 Captions. Captions used herein are inserted for reference purposes only and shall not affect the interpretation or construction of this Agreement.

9.07 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

9.08 Entire Agreement. This Agreement (including the executed counterparts of the exhibits hereto) represents the entire agreement between the parties and it supersedes all prior agreements or understandings with respect to the subject matter hereof. This Agreement may be amended or varied only by writing, of even or subsequent date, executed by Seller and Purchaser.

9.09 Course of Dealing. No course of dealing between Seller and Purchaser, nor any delay in exercising any rights or remedies hereunder or otherwise shall operate as a waiver of any of the rights and remedies of Seller or Purchaser.

9.10 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

9.11 Further Assurances. Each of Purchaser and Seller agree to execute and deliver to the other all such further instruments and documents as may reasonably be requested by the other in order fully to carry out the intent, and to accomplish the purposes of, the transactions referred to herein.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement as of January 11, 1993.

SELLER:

GENERAL ELECTRIC CAPITAL CORPORATION

By: *J. Mahan*
Its: *MG 2- OPERATIONS*

PURCHASER:

IC LEASING CORPORATION II

By: *Dale W. Phillips*
Title: *President*

STATE OF NEVADA)
) SS.
COUNTY OF WASHOE)

On this 11th day of January, 1993, before me personally appeared Dale W. Phillips, to me personally known, who, by me being duly sworn, says that he is the President of IC Leasing Corporation II, 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.



Kris Huntoon

Notary Public

My commission expires:

June 30, 1994

LIST OF EXHIBITS

Exhibit A	List of Equipment
Exhibit B	Acceptance Requirements
Exhibit C	Bill of Sale
Exhibit D	Guaranty Agreement
Exhibit E	Form of Acceptance Certificate

Exhibit A

List of Equipment

This Exhibit A is attached to and forms a part of a Purchase and Conditional Sale Agreement entered into as of January 11, 1993 between General Electric Capital Corporation and IC Leasing Corporation II.

The Equipment covered by this Agreement is a follows:

17 EMD SD40-2 locomotives (each a "Unit") identified by road numbers BN 6753-6759, 6761-6764, 6766, 6768-6772, in each case inclusive.

EXHIBIT B

Acceptance Requirements

This Exhibit B is attached to and forms a part of a Purchase and Conditional Sale Agreement entered into as of January 11, 1993 between General Electric Capital Corporation and IC Leasing Corporation II.

Purchaser shall accept a Unit when it has been delivered to its representative and Seller has demonstrated to the reasonable satisfaction of Purchaser that the Unit meets the following acceptance requirements:

1. During a 40-minute load test:
 - (a) it develops a minimum of 3,000 horsepower in notch 8 (plus or minus 75 horsepower) after correction for temperature, altitude and parasitic load,
 - (b) its lubricating oil temperatures are within manufacturer's specifications,
 - (c) its lubricating oil pressure at the eighth notch and at idle after the load test is within manufacturer's specifications,
 - (d) its water temperature is within manufacturer's specifications,
 - (e) its turbo pressure is within manufacturer's specifications, and
 - (f) its oil cooler base line is within manufacturer's specifications.
2. All water leaks and oil leaks (which are Federal Railroad Administration defects) discovered during the load test have been repaired.
3. Is able to move forward and reverse under its own power.
4. All items found defective during the load test have been repaired.
5. Radiator cooling fans have been inspected for mounting and proper rotation and temperature switches are operative.

6. Passes brake cylinder leakage test and air compressor orifice test as specified by Federal Railroad Administration.
7. All covers are in their proper place, sealed, secured and have proper warning decal applied.
8. All electrical lights are in operable working order.
9. Batteries will be able to start the Unit.
10. Is in compliance with all Federal Railroad Administration requirements.

Purchaser shall execute and deliver to Seller an Acceptance Certificate in the form of Exhibit E attached hereto at the time each Unit is accepted.

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that General Electric Credit Corporation ("Seller"), for good and valuable consideration paid to it by IC Leasing Corporation II, a Nevada corporation ("Purchaser"), and subject to the security interest retained by Seller pursuant to Section 1.04 of the Purchase and Conditional Sale Agreement between Seller and Purchaser, does hereby grant, bargain, sell, convey, transfer, assign and set over unto Purchaser, its successors and assigns, all of its right, title and interest in and to seventeen EMD SD40-2 locomotives identified by road numbers BN 6753-6759, 6761-6764, 6766, and 6768-6772, inclusive (the "Equipment").

TO HAVE AND TO HOLD all and singular the Equipment by these presents bargained, sold and conveyed unto Purchaser, its successors and assigns, forever.

Seller hereby represents and warrants to Purchaser that Seller has good and marketable title to the Equipment, that the Equipment is free and clear of all liens, claims, charges, security interests, encumbrances and rights of third parties of any type or description and that Seller has full right, power and authority to sell the Equipment and to make this Bill of Sale. Seller further agrees that it will defend such title to such Equipment against the demands of all persons whomsoever (other than those claiming by, through or under Purchaser).

Seller hereby assigns to Purchaser any warranties with respect to the Equipment made by the manufacturer thereof and others which are assignable by Seller.

IN WITNESS WHEREOF, the undersigned pursuant to due corporate authority, has caused this instrument to be duly executed in its corporate name by its officer thereunto duly authorized, all as of the date written below, and the undersigned signatory hereby declares that the foregoing is a true and correct document and was executed on the date indicated below its signature.

SELLER:

GENERAL ELECTRIC CAPITAL
CORPORATION

By: _____

Title: _____

Date: _____

EXHIBIT D

GUARANTY AGREEMENT dated as of January 11, 1993, between **ILLINOIS CENTRAL CORPORATION**, a Delaware corporation (the "Guarantor"), and **GENERAL ELECTRIC CAPITAL CORPORATION**, a New York corporation (the "Owner").

The Guarantor is the owner of all the issued and outstanding capital stock of IC Leasing Corporation II, a Nevada corporation (the "Purchaser"). Pursuant to the Purchase and Conditional Sale Agreement dated January 11, 1993 (The "Purchase Agreement"), the Purchaser proposes to purchase certain locomotives from the Owner, with payment of the purchase price being deferred until March 31, 1993.

The Owner is willing to accept the deferral of the purchase price contemplated by the Purchase Agreement only if the Guarantor executes this Agreement, and as an inducement to the Owner, the Guarantor is entering into this Guaranty Agreement and the guaranty provided for herein.

NOW, THEREFORE, the Guarantor, as primary obligor and not as surety, covenants and agrees as follows:

1. Guaranty. The Guarantor, as primary obligor and not as surety, hereby unconditionally and irrevocably guarantees to the Owner (a) the due, punctual and full payment by the Purchaser of all amounts (including, without limitation, amounts payable as damages in case of default) to be paid by the Purchaser pursuant to the Purchase Agreement whether such obligations now exist or arise hereafter, as and when the same shall become due and payable in accordance with the terms thereof and (b) the due, prompt and faithful performance of, and compliance with, all other obligations, covenants, terms, conditions and undertakings of the Purchaser contained in the Purchase Agreement (all such amounts and obligations being hereinafter called the "Obligations"). The Guarantor further agrees to pay any and all costs and expenses (including reasonable fees and disbursements of counsel) that may be paid or incurred by the Owner in collecting any Obligations or in preserving or enforcing any rights under this Guaranty Agreement or under the Obligations.

This guaranty is a guaranty of payment, performance and compliance and not of collectibility, is in no way conditioned or contingent upon any attempt to collect

from or enforce performance or compliance by, the Purchaser or upon any other event, contingency or circumstance whatsoever, and shall be binding upon and against the Guarantor without regard to the validity or enforceability of the Purchase Agreement.

If for any reason whatsoever, either the Purchaser shall fail or be unable duly, punctually and fully to pay such amounts as and when the same shall become due and payable or to perform or comply with any such obligation, covenant, term, condition or undertaking, the Guarantor will forthwith pay or cause to be paid such amounts to the person or persons entitled to receive the same under the terms of the Purchase Agreement, or perform or comply with any such obligation, covenant, term, condition or undertaking or cause the same to be performed or complied with, together with interest on any amount due and owing from the Purchaser at the interest rate stipulated in the Purchase Agreement for overdue payments from the date the same becomes due and payable to the date of payment.

2. Guarantor's Obligations Unconditional. The covenants and agreements of the Guarantor set forth in this Agreement shall be primary obligations of the Guarantor, and such obligations shall be continuing, absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction, diminution, abatement, recoupment, suspension, deferment, reduction of defense (other than full and strict compliance by the Guarantor with its obligations hereunder) based upon any claim that the Purchaser or the Guarantor or any other person may have against the Owner or any other person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not the Guarantor or the Purchaser shall have any knowledge or notice thereof), including, without limitation:

(a) any amendment, modification, addition, deletion, supplement or renewal to or of or other change in the Obligations or the Purchase Agreement;

(b) any waiver, consent, extension, indulgence, compromise, release or other action or inaction under or in respect of the Purchase Agreement or any obligation or liability of the Purchaser or the Owner, or any exercise or non-exercise by the Owner of any right, remedy, power or privilege under or in respect of any such instrument, agreement, guarantee, right of offset or security or any such obligation or liability;

(c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to the

Purchaser, the Owner or any other Person or any of their respective properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding;

(d) any limitation on the liability or obligations of the Purchaser or any other person under the Purchase Agreement, the Obligations, any collateral security for the Obligations or any other guaranty of the Obligations or any discharge, termination, cancellation, frustration, irregularity, invalidity or unenforceability, in whole or in part, of any of the foregoing;

(e) any defect in the title, compliance with specifications, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, or any interruption or cessation in the use of the locomotives covered by the Purchase Agreement or any portion thereof by the Purchaser or any other person for any reason whatsoever (including, without limitation, any governmental prohibition or restriction, condemnation, requisition, seizure or any other act on the part of any governmental or military authority, or any act of God or of the public enemy) regardless of the duration thereof even though such duration would otherwise constitute a frustration of a contract), whether or not resulting from accident and whether or not without fault on the part of the Purchaser or any other person;

(f) any merger or consolidation of the Purchaser or the Guarantor into or with any other corporation or any sale, lease or transfer of any of the assets of the Purchaser or the Guarantor to any other person;

(g) any change in the ownership of any shares of capital stock of the Purchaser; or

(h) any other occurrence or circumstances whatsoever, whether similar or dissimilar to the foregoing and any other circumstance that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against the Guarantor.

The obligations of the Guarantor set forth herein constitute the full recourse obligations of the Guarantor enforceable against it to the full extent of all its assets and properties.

3. Waiver and Agreement. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Owner upon this Agreement or acceptance of this Agreement, and the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guaranty Agreement, and all dealings between the Purchaser or the Guarantor and the Owner shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty Agreement. The Guarantor unconditionally waives, to the extent permitted by applicable laws, (a) acceptance of this Guaranty Agreement and proof of reliance by the Owner hereon, (b) notice of any of the matters referred to in Section 2, or any right to consent or assent to any thereof, (c) all notices that may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against the Guarantor, including without limitation, any demand, presentment, protest, proof of notice of nonpayment under the Purchase Agreement, and notice of default or any failure on the part of the Purchaser to perform and comply with any covenant, agreement, term or condition of the Purchase Agreement or any other Operative Document, (d) any right to the enforcement, assertion or exercise against the Purchaser of any right, power, privilege or remedy conferred in the Purchase Agreement or otherwise, (e) any requirement of diligence on the part of any person, (f) any requirement of the Owner to take any action whatsoever, to exhaust any remedies or to mitigate the damages resulting from a default by any person under the Purchase Agreement, (g) any notice of any sale, transfer or other disposition by any person of any right, title to or interest in the Purchase Agreement of the locomotives covered thereby, and (h) any other circumstances whatsoever that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or that might otherwise limit recourse against the Guarantor.

4. Subrogation; Subordination. The Guarantor shall be subrogated to the rights against the Purchaser of any person to which a payment shall be made by the Guarantor; provided, however, that in any case under the United States Bankruptcy Code involving the Purchaser as the debtor, the claim therein of the Guarantor based upon such subrogation shall be limited (and the Guarantor hereby agrees to limit such claim) to the amount allowable under such Code to such person as a claim in respect of the Obligations; and provided further, however, that the Guarantor shall not be entitled to receive payment from the Purchaser in respect of any claim against the Purchaser arising from a payment by the Guarantor, and any such payment from the Purchaser shall be subordinate and junior in right of payment to the Obligations, in the event of any insolvency, bankruptcy, liquidation, reorganization or other similar proceedings relating to the Purchaser, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Purchaser, whether or not involving insolvency or bankruptcy

proceedings, and in such case the Obligations shall be paid in full before any payment in respect of a claim by the Guarantor shall be made by or on behalf of the Purchaser.

5. Certain Rights and Powers of the Owner. The Owner may proceed in the name of the Guarantor (except against the Guarantor), or otherwise, to protect and enforce any of or all of its rights under this Guaranty Agreement, by suit in equity or action at law, or by other appropriate proceedings, whether for the specific performance of any covenants or agreements contained in the Purchase Agreement, or to take any action authorized or permitted under applicable law. No failure to exercise and no delay in exercising, on the part of the Owner, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power or privilege preclude any other or former exercise thereof, or the exercise of any other power or right. Each and every right and remedy of the owner shall, to the extent permitted by law, be cumulative and shall be in addition to any other right or remedy given hereunder or under the Purchase Agreement or now or hereafter existing at law or in equity.

At the option of the Owner, the Guarantor may be joined in any action or proceeding commenced by the Owner against the Purchaser in connection with or based on the Purchase Agreement, or any provision thereof, and recovery may be had against the Guarantor in such action or proceeding or in any independent action or proceeding against the Guarantor, without any requirement that the Owner first assert, prosecute or exhaust any remedy or claim against the Purchaser.

6. Term of Guaranty Agreement. This Guaranty Agreement and all guaranties, covenants and agreements of the Guarantor contained herein shall continue in full force and effect and shall not be discharged until such time as all the Obligations shall be paid in full and all the agreements of the Purchaser and the Guarantor hereunder and under the Purchase Agreement shall be duly performed. If, as a result of any bankruptcy, dissolution, reorganization, insolvency, arrangement or liquidation proceedings (or proceedings similar in purpose of effect), or if for any other reason, any payment received by the Owner in respect of the Obligations is rescinded or must be returned by the Owner, this Guaranty Agreement shall continue to be effective as if such payment had not been made and, in any event, as provided in the preceding sentence.

7. Additional Payments. The Obligations, the payment, performance of and compliance with which are guaranteed by the Guarantor hereunder, shall be determined without giving effect to any termination of the Purchase Agreement, other than in accordance with its terms, or to any limitation, discharge, cancellation, invalidity

or unenforceability of the obligations of the Purchaser thereunder, in whole or in part. If the Purchase Agreement or this Agreement shall be terminated in whole or in part other than in accordance with its terms, or if the obligations of the Purchaser or the Guarantor hereunder or thereunder shall be limited, discharged, terminated, cancelled or determined to be invalid or unenforceable in whole or in part, the Guarantor nevertheless agrees to pay amounts equal to the amounts payable by it at the times such amounts would have become due and payable by it in accordance with the terms hereof had the Purchase Agreement or this Agreement, as the case may be, not been terminated or the obligations of the Purchaser or the Guarantor, as the case may be, not been so limited, discharged, terminated, cancelled or determined to be invalid or unenforceable.

8. Notices, etc.. All notices, demands, requests, consents, approvals and other instruments hereunder shall be in writing and shall be deemed to have been properly given if given as provided for in the Purchase Agreement.

9. Separability of this Agreement. In case any provision of this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and statements and any other application thereof shall not in any way be affected or impaired thereby.

10. Further Assurances. The Guarantor hereby agrees to execute and deliver all such instruments and take all such action as the Owner may from time to time reasonably request in order to fully effectuate the purposes of this Guaranty Agreement.

11. Miscellaneous. This Guaranty Agreement is being delivered and is intended to be performed in the State of New York and shall be construed and enforced in accordance with and governed by the laws of the State of New York. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Owner. This Agreement embodies the entire agreement and understanding between the Guarantor and the Owner and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Agreement are for the purposes of references only, and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be entered into by their respective officers thereunto duly authorized.

ILLINOIS CENTRAL CORPORATION

By _____
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By _____
Title: Manager-Operations

EXHIBIT E

CERTIFICATE OF ACCEPTANCE

The undersigned, a duly authorized representative of IC Leasing Corporation II, a Nevada Corporation ("Purchaser"), does hereby certify that I have inspected each of the units of equipment identified below and Purchaser accepts each such unit under the Purchase Agreement referenced below on the date and at the time and place set forth below:

Number of Units:

Description of Units:

Unit Numbers:

Delivered at:

The Equipment is subject to all the terms and conditions of the Purchase and Conditional Sale Agreement between General Electric Capital Corporation and IC Leasing Corporation II dated January 11, 1993.

Date: _____

Authorized Representative of
Purchaser

Time: _____