

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-18** | Period of Report: **1993-12-31**
SEC Accession No. **0000049792-94-000004**

([HTML Version](#) on [secdatabase.com](#))

FILER

ILLINOIS CENTRAL RAILROAD CO

CIK: **49792** | IRS No.: **362728842** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-07092** | Film No.: **94516690**
SIC: **4011** Railroads, line-haul operating

Business Address
455 N CITYFRONT PLZ DR
CHICAGO IL 60611-5504
3127557500

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993

Commission file number 1-7092

Illinois Central Railroad Company
(Exact name of registrant as specified in its
charter)

DELAWARE 36-2728842
(STATE OR OTHER JURISDICTION (I.R.S. EMPLOYER
OF INCORPORATION OR IDENTIFICATION NO.)
ORGANIZATION)

455 NORTH CITYFRONT PLAZA DRIVE
CHICAGO, ILLINOIS 60611-5504
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(312) 755-7500

SECURITIES REGISTERED PURSUANT TO SECTION 12(B)
OF THE ACT:

Title of each class so registered:	Name of each exchange on which each class is registered:
Illinois Central Railroad Company 6-3/4% Notes, due May 15, 2003	New York Stock Exchange
Gulf, Mobile and Ohio Railroad Company 5% Income Debentures, Series A, due December 1, 2056	New York Stock Exchange

Securities registered pursuant to Section 12(g) of
the Act:

None

Indicate by check mark whether the registrant
(1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such
shorter period that the registrant was required to
file such reports), and (2) has been subject to
such filing requirements for the past 90 days.
Yes ..X.. No

As of December 31, 1993, the number of shares outstanding of the registrant's common stock was 100.

DOCUMENTS INCORPORATED BY REFERENCE
NONE

THE REGISTRANT IS A WHOLLY-OWNED SUBSIDIARY OF ILLINOIS CENTRAL CORPORATION (SEC FILE NO. 1-10720) AND MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J (1) (a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES
FORM 10-K

Year Ended December 31, 1993

INDEX

PART I	10-K Page
Item 1. Business	3
Item 2. Properties	
Item 3. Legal Proceedings.	14
Item 4. Submission of Matters to a Vote of Security Holders(A)	17
PART II	
Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.	19
Item 6. Selected Financial Data (A).	19
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.	23
Item 8. Financial Statements and Supplementary Data	27
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	27
PART III	
Item 10. Directors and Executive Officers of the Registrant (A).	28
Item 11. Executive Compensation (A)	28
Item 12. Security Ownership of Certain Beneficial Owners and Management (A)	28
Item 13. Certain Relationships and Related Transactions (A)	28
PART IV	
Item 14. Exhibits, Financial Statement Schedules and Reports on	

(A) Omitted or amended as the registrant is a wholly-owned subsidiary of Illinois Central Corporation and meets the conditions set forth in General Instructions J(1) (a) and (b) of Form 10-K and is, therefore, filing this Form with the reduced disclosure format.

PART I

ITEM 1. BUSINESS

BACKGROUND

Illinois Central Railroad Company (the "Railroad"), traces its origin to 1851, when the Railroad was incorporated as the nation's first land grant railroad. Today, the Railroad operates 2,700 miles of main line track between Chicago and the Gulf of Mexico, primarily carrying chemicals, coal and paper north, with coal, grain and milled grain products moving south along its lines. The Railroad has been significantly downsized and restructured from its peak of nearly 10,000 miles of track operated in 13 states, rebuilding its main line and converting to a single-track main line with a centralized traffic control system and divesting major east-west segments. The Railroad is a wholly-owned subsidiary and a principal asset of Illinois Central Corporation ("IC").

In 1989, the Railroad was acquired by The Prospect Group, Inc. ("Prospect") by means of a public tender offer that resulted in the Railroad becoming highly leveraged. Prospect distributed the stock of the Railroad to Prospect's stockholders in 1990, and the Railroad again became publicly owned. Improved operating performance, combined with sales of non-operating assets and proceeds from equity and lower-cost debt financings since 1990 have resulted in a substantial reduction in the Railroad's leverage. Between December 31, 1989 and December 31, 1993, the Railroad reduced its debt to capitalization ratio from 89% to approximately 49%.

The principal executive office of the Railroad is located at 455 North Cityfront Plaza Drive, Chicago, Illinois 60611-5504 and its telephone number is (312) 755-7500.

GENERAL

The Railroad is in the midst of a four year plan designed to increase its revenues and lower its operating ratio and interest costs. The plan is in sharp contrast to the Railroad's primary focus for the four years ended December 31, 1992 of

significantly reducing costs and improving service offerings.

With 1992 as its base, the plan will focus on capitalizing on the Railroad's leading operating ratio among Class I railroads (operating expenses divided by operating revenues) which was 68.6% at December 31, 1993. The components of the plan are:

- increase annual revenues by \$100 million by the end of 1996
- reduce the operating ratio by one percentage point per year for a total of four (4) points below the 1992 base
- reduce annual interest expense by \$10 million

To accomplish this plan, revenues must grow at a compounded rate of 4.3% per year while operating expenses must not exceed a compounded annual growth rate of 2.5% per year.

Management has identified the sources of planned revenue growth as economic expansion, new and expanded plants on line and market share growth. Economic expansion is the combination of industrial production improvement and freight rate increases. Market share growth is volume gained from competition, (i.e., other railroads, trucklines and barges) facilitated by being a low cost producer. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the progress made in 1993.

To foster achievement of these goals, the Railroad reorganized its marketing and sales effort (see below), restructured its safety and claims group into a Risk Management Group and streamlined the operating organization. The latter effectively created teams of engineering, maintenance and transportation experts who share the common goal of moving trains safely and efficiently. As a result of these changes, decision-making authority and accountability are now at lower and more localized levels, in line with the Railroad's systematic efforts to examine and refine all aspects of its service offering to customers.

COMMODITIES AND CUSTOMERS

The Railroad's customers are engaged in a wide variety of businesses and ship a number of different products that can be classified into commodity groups: chemicals, coal, grain, paper, grain mill and food products and other commodities. In 1993, two customers accounted for approximately 7% and 6%, respectively, of revenues (no other customer exceeded 5%) and the ten largest customers accounted for approximately 37% of revenues.

In order to address more effectively the diversity of the Railroad's customer base and move toward attainment of the four year growth plan, the

Railroad's marketing department was re-organized in 1993 along major commodity groups. The new business units are chemicals and bulk, grain and grain mill, forest products, coal and coke and metals, and intermodal. The formation of separate units enables a fully integrated sales and marketing effort. Specialization allows employees to anticipate and respond to customer needs more quickly, to attract customers who previously used trucks or barges for their service needs, and to establish business relationships with new shippers. These new units work with current and prospective customers to develop customized shipping solutions. Management believes that this commitment to improved customer service has enhanced relations with shippers.

The formation of the Intermodal Business Unit underscores the Railroad's commitment to intermodal through long-term relationships with major participants in this strategic market. By forming a separate business unit, the Railroad has fully integrated its intermodal hub operation with sales and marketing for unmatched control of this highly specialized, customer-oriented service.

In 1993, the Railroad invested in 800 new trailers and upgraded facilities to position itself for intermodal growth, dedicated its newest, state-of-the-art terminal, just south of Chicago at the intersections of major expressways, and initiated a major expansion at the Memphis facility with completion anticipated for the first quarter of 1994.

To enhance service within its corridor, the Railroad entered into several joint operating agreements in 1992 and 1993 with trucklines and other intermodal carriers. Management anticipates that these relationships will provide better service to customers and seamless transportation of goods for shippers and customers.

In 1993, approximately 75% of the Railroad's freight traffic originated on its own lines, of which approximately 29% was forwarded to other carriers. Approximately 20% of the Railroad's freight traffic was received from other carriers for final delivery by the Railroad, and the balance of approximately 5% represented bridge or through traffic.

The respective percentage contributions by principal commodity group to the Railroad's freight revenues and revenue ton miles during the past five years are set forth below:

<TABLE>

CONTRIBUTIONS TO TOTAL FREIGHT REVENUES BY COMMODITY GROUP

<CAPTION>

<S> COMMODITY GROUP	<C> 1993	<C> 1992	<C> 1991	<C> 1990	<C> 1989
Chemicals.....	25.0%	24.3%	24.5%	25.3%	24.3%
Coal.....	12.8	15.3	15.0	15.3	16.0
Grain.....	14.0	12.2	11.7	10.7	12.6
Paper.....	12.4	12.1	11.2	10.7	9.9
Grain mill & food products	9.8	8.8	8.7	9.5	8.7
Intermodal.....	5.4	5.4	5.2	5.0	4.6
All other	20.6	21.9	23.7	23.5	23.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%

CONTRIBUTION TO REVENUE TON MILES BY COMMODITY GROUP(1)

</TABLE>

<TABLE>

<CAPTION>

<S> COMMODITY GROUP	<C> 1993	<C> 1992	<C> 1991
Chemicals.....	15.9%	15.1%	16.0%
Coal.....	15.1	18.2	17.0
Grain.....	27.9	27.3	27.7
Paper.....	9.6	9.0	8.4
Grain mill & food products..	9.9	9.0	8.3
Intermodal.....	3.7	3.1	2.9
All other	17.9	18.3	19.7
Total.....	100.0%	100.0%	100.0%

</TABLE>

- - - - -

(1) A new car tracking system installed in late 1990 affects the comparability of 1993's, 1992's and 1991's ton mile data with that of the prior years, thus prior years are not presented.

Some of the elements contained in these commodity groupings are as follows:

- CHEMICALS A wide variety of chemicals and related products such as chlorine, caustic soda, potash, soda ash, vinyl chloride monomer, carbon dioxide, synthetic resins, alcohols, glycols, styrene monomer, plastics, sulfuric acid, muriatic acid, anhydrous ammonia, phosphates, mixed fertilizer compounds and carbon blacks.
- COAL..... Bituminous and metallurgical coal.

GRAIN Corn, wheat, soybeans, sorghum, barley and oats.

PAPER..... Pulpboard, fiberboard, woodpulp, printing paper, newsprint and scrap or waste paper.

GRAIN MILL & FOOD PRODUCTS .. Products obtained by processing grain and other farm products such as feed, soybean meal, corn syrup, flour and middlings, animal packinghouse by-products (tallow), canned food, corn oil, soybean oil, vegetable oils, malt liquors, sugar and molasses.

INTERMODAL..... A wide variety of products shipped either in containers or trailers on specially designed cars.

OTHER..... Pulpwood and chips, lumber and other wood products; sand, gravel and stone, coke and petroleum products, metallic ores and other bulk commodities; primary and scrap metals, machinery and metal products, appliances, automobiles and parts, transportation equipment and farm machinery; glass and clay products, ordnance and explosives, rubber and plastic products, and general commodities.

<TABLE>

<CAPTION>
OPERATING STATISTICS

Set forth below is certain information relating to the Railroad's freight traffic during the past five years:

<S>	<C> 1993	<C> 1992	<C> 1991	<C> 1990	<C> 1989
Carloads (in thousands).....	848	852	866	853	893
Freight train miles (in thousands) (2).....	5,659	5,149	5,445	5,496	5,974
Revenue ton miles of freight traffic (in millions) (1) (3) ..	20,334	18,734	19,357	NM	NM
Revenue tons per carload.....	79.1	76.6	79.0	77.7	79.8
Average length of haul (in miles).....	293	284	286	270	246
Gross freight revenue per ton mile (1) (4).....	\$.027	\$.029	\$.028	NM	NM
Net freight ton miles per average					

route mile (in millions) (1)...	7.5	6.8	7.0	NM	NM
Gallons per ton mile (5).....	.00251	.00269	.00276	.00292	.00329
Active locomotives.....	322	331	361	375	439
Track resurfacing (miles).....	1,293	1,465	940	618	200
Percent resurfaced.....	29.8%	32.0%	19.6%	12.7%	3.9%
Ties laid in replacement (including switch ties).....	323,764	296,536	255,283	240,968	55,346
Slow order miles.....	152.32	135.42	194.62	149.74	308.19

</TABLE>

- -----

- (1) Ton mile data for years subsequent to December 31, 1990, are not comparable with prior years because of the installation of a new car tracking system in late 1990. As a result, this information is not meaningful (NM) for 1990 and 1989.
- (2) Freight train miles equals the total number of miles traveled by the Railroad's trains in the movement of freight.
- (3) Revenue ton miles of freight traffic equals the product of the weight in tons of freight carried for hire and the distance in miles between origin and destination.
- (4) Revenue per ton mile equals net freight revenue divided by revenue ton miles of freight traffic.
- (5) Gallons per ton mile equals the amount of fuel required to move one ton of freight one mile.

The following tables summarize operating expense-to-revenue ratios of the Railroad for each of the past four years, excluding the effect of the \$8.9 million pretax special charge in 1992. The ratios for 1989 are not comparable to subsequent years because of the March 17, 1989, change in control and are not presented. The first table analyzes the various components of operating expenses based on the line items appearing on the income statements, whereas the second table is based on functional groupings.

<TABLE>

<CAPTION>

<S>	<C> 1993	<C> 1992	<C> 1991	<C> 1990
Operating ratio(1).....	68.6%	70.9%	73.6%	75.4%
Labor and fringe benefits ratio..	33.7	34.9	35.8	37.3
Leases and car hire ratio.....	13.0	13.3	14.2	14.8
Diesel fuel ratio.....	5.4	5.5	6.0	5.9
Materials and supplies ratio.....	6.5	6.0	5.7	4.8
Depreciation and amortization ratio.....	4.0	3.9	3.8	4.0
Other ratio.....	6.0	7.3	8.1	8.6
	1993	1992	1991	1990
Operating ratio(1).....	68.6%	70.9%	73.6%	75.4%
Transportation ratio(2).....	29.6	31.6	34.8	35.3
Maintenance of way ratio(3).....	7.2	7.1	6.4	7.1

</TABLE>

-
- (1) Operating ratio means the ratio of operating expenses before special charge over operating revenues.
 - (2) Transportation ratio means the ratio of transportation expenses (such as expenses of operating, servicing, inspecting, weighing, assembling and switching trains) over operating revenues.
 - (3) Maintenance of way ratio means the ratio of maintenance of way expenses (such as the expense of repairing, maintaining, leasing, depreciating and retiring right-of-way and trackage structures, buildings and facilities) over operating revenues.
 - (4) Maintenance of equipment ratio means the ratio of maintenance of equipment expenses (such as the expense of repairing, maintaining, leasing, depreciating and retiring transportation and other operating equipment) over operating revenues.

EMPLOYEES; LABOR RELATIONS

Railroad industry personnel are covered by the Railroad Retirement System instead of Social Security. Employer contribution rates under the Railroad Retirement System are currently more than double those in other industries, and may rise further because of the increasing proportion of retired employees receiving benefits relative to the shrinking number of working employees.

Labor relations in the railroad industry are subject to extensive governmental regulation under the Railway Labor Act. Railroad industry personnel are also covered by the Federal Employer's Liability Act ("FELA") rather than by state no-fault workmen's compensation systems. FELA is a fault-based system, with compensation for injuries determined by individual negotiation or litigation.

The Railroad is a party to several national collective bargaining agreements which establish the wages and benefits of its union workers -- 90% of all Railroad employees. These agreements are subject to renegotiation beginning November 1, 1994, however, cost of living allowance provisions and other terms in each agreement continue until new agreements are reached. Despite being part of a national bargaining group, the Railroad has expressed a desire to negotiate separate distinct agreements with each of its unions on a local basis. Management has been exploring that position and has held several discussions with representatives from most of its unions. It is too early to determine if separate agreements will be reached. Thus, the Railroad has not taken steps to withdraw formally from the national bargaining group. The following table shows the

average annual employment levels of the Railroad:

	1993	1992	1991	1990	1989
Total employees..	3,306	3,421	3,611	3,688	3,942

A significant portion of the decline from the 1992 level is the result of a separate agreement between the Railroad and the United Transportation Union, reached in November 1991. This agreement permits the Railroad to reduce the size of all crews on all trains operated. In accordance with this agreement, 158 crew members were severed at a cost of \$9.6 million to date. No further dramatic reductions in the current crew size of approximately 2.75 at December 31, 1993 is anticipated.

Management believes that additional jobs in all areas may be eliminated over the next several years primarily through attrition and retirements though additional severances are possible.

REGULATORY MATTERS; FREIGHT RATES; ENVIRONMENTAL CONSIDERATIONS

The Railroad is subject to significant governmental regulation by the ICC and other federal, state and local regulatory authorities with respect to rates, service, safety and operations.

The jurisdiction of the ICC encompasses, among other things, rates charged for certain transportation services, issuance of securities, assumption of certain liabilities by railroads, mergers or the acquisition of control of one carrier by another carrier and extension or abandonment of rail lines or services.

The Federal Railroad Administration, the Occupational Safety and Health Administration and certain state transportation agencies have jurisdiction over railroad safety matters. These agencies prescribe and enforce regulations concerning car and locomotive safety equipment, track safety standards, employee work conditions and other operating practices.

The amount of coal transported by the Railroad is expected to decline somewhat as the Clean Air Act is fully implemented. Much of the coal from mines currently served by the Railroad will not meet the environmental standards of the Clean Air Act without blending or installation of air scrubbers. On the other hand, the Railroad expects to participate in additional movements of Western coal. Overall, management believes that implementation of the Clean Air Act is unlikely to have a material adverse effect on the results of the Railroad.

The Railroad is and will continue to be subject to extensive regulation under environmental laws and regulations concerning, among other things, discharges into the environment and the handling, storage, transportation and disposal of waste and hazardous materials. Inherent in the operations and real estate activities of the Railroad and other railroads is the risk of environmental liabilities. As discussed in Item

3. "Legal Proceedings," several properties on which the Railroad currently or formerly conducted operations are subject to governmental action in connection with environmental degradation. Additional expenditures by the Railroad may be required in order to comply with existing and future environmental and health and safety laws and regulations or to address other sites which may be discovered.

Environmental regulations and remediation processes are subject to future change and cannot be determined at this time. Based on present information, in the opinion of management, the Railroad has adequate reserves for the costs of environmental investigation and remediation. However, there can be no assurance that environmental conditions will not be discovered which might individually or in the aggregate have a material adverse effect on the Railroad's financial condition.

COMPETITION

The Railroad faces intense competition for freight traffic from motor, water, and pipeline carriers and, to a lesser degree, from other railroads. Competition with other railroads and other modes of transportation is generally based on the quality and reliability of the service provided and the rates charged. Declining fuel prices disproportionately benefit trucking operations over railroad operations. The trucking industry frequently is more cost and transit-time competitive than railroads, particularly for distances of less than 500 miles. While deregulation of freight rates under the Staggers Act has greatly increased the ability of railroads to compete with each other and alternate forms of transportation, changes in governmental regulations (particularly changes to the Staggers Act) could significantly affect the Railroad's competitive position.

To a greater degree than other rail carriers the Railroad is vulnerable to barge competition because its main routes are parallel to the Mississippi River system. The use of barges for some commodities, particularly coal and grain, sometimes represents a lower cost mode of transportation. As a result, the Railroad's revenue per ton-mile has generally been lower than industry averages for these commodities. Barge competition and barge rates are affected by navigational interruptions from ice, floods and droughts. These interruptions cause widely fluctuating rates. The Railroad's ability to maintain its market share of the available freight has traditionally been affected by its response to the navigational conditions on the river.

Most of the Railroad's operations are conducted between points served by one or more competing carriers. The consolidation in recent years of major midwestern and eastern rail systems has resulted in strong competition in the service territory of the Railroad.

LIENS ON PROPERTIES

See Note 8 of Notes to Consolidated Financial Statements.

LIABILITY INSURANCE

The Railroad is self-insured for the first \$5 million of each loss. The Railroad carries \$295 million of liability insurance per occurrence, subject to an annual cap of \$370 million in the aggregate for all losses. This coverage is considered by the Railroad's management to be adequate in light of the Railroad's safety record and claims experience.

ITEM 2. PROPERTIES

PHYSICAL PLANT AND EQUIPMENT

System. As of December 31, 1993, the Railroad's total system consisted of approximately 4,700 miles of track comprised of 2,700 miles of main line, 300 miles of secondary main line and 1,700 miles of passing, yard and switching track. The Railroad owns all of the track except for 190 miles operated by agreements over track owned by other railroads.

Track Structures. During the five years ended December 31, 1993, the Railroad has spent \$305.3 million on track structure to maintain its rail lines, as follows (\$ in millions):

	CAPITAL Expenditures	Maintenance	Total
1993	\$ 50.3	\$ 25.1	\$ 75.4
1992	46.4	23.0	69.4
1991	36.3	20.7	57.0
1990	34.6	20.0	54.6
1989	19.1	29.8	48.9
Total.....	\$186.7	\$118.6	\$305.3

These expenditures concentrated primarily on track roadway and bridge rehabilitation in 1993 and 1992. Approximately 1,300 miles and 1,400 miles of road were resurfaced in 1993 and 1992, respectively. Over the last two years, a total of \$8.4 million was spent to construct new or expanded intermodal facilities in Chicago and Memphis. Expenditures in 1991 and 1990 benefited from the use of reclaimed rail, cross ties, ballast and other track materials from the second main line when the Railroad's double-track mainline was converted to a single-track mainline with centralized traffic control. Most reclaimed material has now been used and future expenditures will reflect the purchase of new materials. The reduced number of miles of track and the general good condition of the track structure should result in future expenditures approximately equal to the average of 1993 and 1992.

Fleet. The Railroad's fleet has undergone

significant rationalization and upgrading from its peak in 1985 of 862 locomotives and 28,616 freight cars. Over the last two years older, less efficient locomotives were replaced with newer larger horsepower and more efficient equipment.

The Railroad is leasing 61 locomotives and approximately 650 cars from other subsidiaries of IC. When those leases expire, the Railroad has first right of refusal to lease the equipment. As these cars are leased to the Railroad other leased equipment will be returned to the independent, third-party lessors or short-term car hire agreements will be terminated. In 1993, the Railroad acquired 4 SD-40-2 locomotives and also upgraded its highway trailer fleet with 800 newly built trailers which replaced 880 older leased trailers.

The following is the overall fleet at December 31:

Total Units:	1993	1992	1991	1990	1989
Locomotives(1)....	468	449	470	471	516
Freight cars	15,112	15,877	16,381	16,526	17,141
Work equipment....	745	902	881	934	1,000
Highway trailers(2)	898	203	124	67	70

(1) Approximately 100 locomotives need repair before they can be returned to service. This equipment is repaired if needed on an ongoing basis or sold. In 1993 and 1992, the Railroad sold 23 and 66 surplus locomotives, respectively. The active fleet is 322 as of December 31, 1993.

(2) Excludes trailers being accumulated for return to lessors.

The components of the Railroad's fleet and in total for 1993 and in total for 1992 are shown below:

<TABLE>

<CAPTION>

<S>	<C>	<C>	<C>	<C>
Description(1)	Owned(2)	Long-Term Lease	1993 Total	1992 Total
Locomotives:				
Multipurpose	223	145	368	352
Switching	18	82	100	97
Total	241	227	468	449
Freight Cars:				
Box (general service)	199	357	556	703
Box (special purpose)	1,928	725	2,653	2,345
Gondola	945	149	1,094	1,046
Hopper (open top)	1,611	3,344	4,955	5,397
Hopper (covered)	2,418	1,359	3,777	3,574
Flat	304	547	851	883
Other	998	228	1,226	1,929

Total	8,403	6,709	15,112	15,877
Work equipment	704	41	745	902
Highway trailers(3)	-	898	898	203

</TABLE>

- (1) In addition, approximately 2,735 freight cars and 696 highway trailers were being used by the Railroad under short-term car hire agreements.
- (2) May be subject to Conditional Sales Agreements.
- (3) Excludes trailers being accumulated for return to lessor.

ITEM 3. LEGAL PROCEEDINGS

State of Alabama, et al. v. Alabama Wood Treating Corporation, Inc., et al., S.D. Ala. No. 85-0642-C

The State of Alabama and Alabama State Docks ("ASD") filed suit in 1985 seeking damages for alleged pollution of land in Mobile, Alabama, stemming from creosoting operations over several decades. Defendants include the Railroad, which owned the land until 1976, Alabama Wood Treating Corporation, Inc., and Reilly Industries, Inc. ("RII"), which leased the land from the Railroad and conducted creosote operations on the site. In December 1976, the Railroad sold the premises to ASD. The complaint sought payment for the clean-up cost together with punitive and other damages.

In 1986, ASD, RII and the Railroad agreed to form a joint technical committee to clean the site sharing equally the cost of clean-up, and in October 1986, the court stayed further proceedings in the suit. Under the agreement the joint technical committee has spent approximately \$6.6 million and has been authorized to expend up to a total of \$6.9 million. The Railroad has contributed \$2.2 million and has agreed to increase its contribution to a total of \$2.3 million. Further clean-up activities are anticipated.

Under the agreement, if any party disagrees with the amount determined by the joint technical committee to be expended or otherwise disagrees with any aspect of the clean-up, such party may decline further participation and recommence legal proceedings. However, amounts already contributed by any party will be credited against that party's eventual liability and may not be recovered from any other party.

Iselin Yard, Jackson, Tennessee

In 1991, the Iselin Rail Yard in Jackson, Tennessee was placed on the Tennessee Superfund list. In May 1993, the United States Environmental Protection

Agency ("EPA") proposed to add a number of sites, including Iselin Rail Yard to the National Priorities List. The Railroad operated a rail yard and locomotive repair facility at the site. The shop facility was sold in 1986 and the rail yard was sold in 1988. Trichloroethylene ("TCE") has been found in several municipal water wells near the site. TCE is a common component of solvents similar to those believed to have been used at the Iselin shop. In addition, concentrations of metals and organic chemicals have been identified on the surface of the site. No order has been issued by any regulatory agency but the State of Tennessee is monitoring work at the site. The Railroad expects to cooperate with the agencies and other Potentially Responsible Parties to conduct any necessary studies and clean-up activities. The Railroad has commenced a remedial investigation and feasibility study of the site.

McComb, Mississippi

Elevated levels of lead and other soil contamination has been discovered at the Railroad's facility in McComb, Mississippi. The site was used for many years for sandblasting lead-based paint off freight cars. The Railroad has commenced a formal site investigation under the supervision of the Mississippi Department of Environmental Quality. The Remedial Investigation has disclosed the presence of lead in the soil and further testing of the surface and subsurface soil and groundwater is underway to assess the scope of the contamination. No order has been issued by any regulatory agency. The Railroad expects to cooperate with the State of Mississippi to conduct any necessary studies and clean-up activities.

Waste Oil Generation

The Railroad was notified in September 1992 that it had been identified as a Potentially Responsible Party at a federal superfund site in West Memphis, Arkansas. The Railroad is alleged to have generated waste oil which was collected by a waste oil refiner who in turn disposed of sludge at the West Memphis landfill. In December 1992, the successor to the refiner initiated legal proceedings to preserve testimony in anticipation of a future contribution action against multiple Potentially Responsible Parties including the Railroad. Similar actions have been taken by the EPA or third parties with respect to waste oil allegedly generated by the Railroad and disposed of in landfills at Livingston, LA, Griffith, IN and Nashville, TN.

Based on information currently available, the Railroad believes it has substantial defenses to liability for any contamination at these sites, and

that any contribution to the contamination by the Railroad was de minimis.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Intentionally omitted. See Index page of this Report for explanation.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

All of the outstanding common stock of the Railroad (100 shares) is owned by IC and therefore is not traded on any market. Various credit agreements limit the Railroad's ability to pay cash dividends to IC. However, the Railroad was able to declare \$36.0 million in dividends in 1993 and \$12.8 million in dividends in 1992. At December 31, 1993, approximately \$76 million of the Railroad's equity was in excess of the limitation and available for dividend to IC.

ITEM 6. SELECTED FINANCIAL DATA

Intentionally omitted. See Index page of this Report for explanation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GROWTH PLAN

For the four years ended December 31, 1992, the Railroad's primary drivers were reducing costs and improving service offerings. The result was the best operating ratio among Class I railroads, 68.6% at December 31, 1993. While costs continue to be scrutinized, a new direction was initiated in 1993. With 1992 as its base, a new plan was outlined as follows:

- increase annual revenues by \$100 million by the end of 1996.
- reduce the operating ratio by one percentage point per year for a total of four (4) points below the 1992 base.
- reduce annual interest expense by \$10 million.

To accomplish this plan, revenues must grow at a compounded annual rate of 4.3% while operating expenses must not exceed a compounded annual growth rate of 2.5% per year.

Management has identified the sources of planned revenue growth as economic expansion, new and expanded plants on our line and market share growth. Economic expansion is the combination of industrial production improvement and freight rate increases. Market share

growth is volume gained from competition i.e., other railroads, trucklines and barges, facilitated by being a low cost producer.

In 1993, the first year of the growth plan, significant strides were made in accomplishing the plan as total revenues increased 3.1%. Two major unplanned events had an impact on revenues. In May 1993, the United Mine Workers began a strike against several companies affecting six mines served by the Railroad. As a result, approximately 35,000 carloads of coal were lost. The strike was settled in December 1993, and full production resumed in January 1994. Partially offsetting the lost coal loads was a gain of approximately 15,000 carloads of grain and grain mill products. This traffic was diverted to the Railroad as a result of the flooding of the upper Mississippi River in July and August 1993. Additionally, over 500 trains from several other Class I railroads were detoured over the Railroad's system. The result was a significant increase in traffic density over the Railroad's routes.

Carloadings of paper recorded their fourth consecutive annual increase (3% for 1993). The increase was a result of the improved economy and growth in recycling. In 1993, chemical traffic increased 6%, reversing a two-year recessionary trend. While not benefiting for the full year from various truckline partnerships, intermodal traffic grew at 15% in the second half of 1993 versus the second half of 1992.

While 1993 revenue lagged behind the plan compound rate of 4.3%, management believes the Railroad is positioned well for 1994. The targeted revenue growth in 1994 is 5%.

For 1993, the Railroad exceeded its operating ratio goal. Actual improvement was 2.3 percentage points and the full year operating ratio was 68.6%. More efficient train crew and train scheduling coupled with reduced costs contributed to this achievement.

The tender offer for and retirement of the Railroad's \$145 million 14-1/8% Debentures, in the second quarter of 1993, effectively resulted in the achievement of the third goal of the growth plan as interest expense, net declined \$10.5 million in 1993 to \$33.1 million. Interest expense, net is expected to be below \$30 million in 1994.

RESULTS OF OPERATIONS

The discussion below takes into account the financial condition and results of operations of the Railroad for the years presented in the consolidated financial statements.

1993 COMPARED TO 1992

Revenues for 1993 increased from the prior year by \$17.3 million or 3.1% to \$564.7 million. The increase was a result of a 2.9% increase in average gross freight

revenue per carload, resulting from an improved commodity mix and modest rate increases. The 1993 revenue increase was attributable in part to the gain in carloads when the upper Mississippi River flooding affected barge traffic and also disrupted rail operations of other carriers which diverted traffic to the Railroad's system. Additionally, chemical loads were up 6% and paper was up 3%. Intermodal was up 5%, reflecting the Railroad's commitment to increase this aspect of operation, as evidenced by the new Chicago-area intermodal facility and expansions in Memphis. These gains were offset by lost carloads of coal resulting from the United Mine Workers strike of certain coal producers. For the year, carloadings declined .5% (or 4,400 carloads) to 847,900 carloads.

Operating expenses for 1993 decreased \$1.1 million, or .3% as compared to 1992, excluding the special charge recorded in 1992. Labor expense decreased \$1.1 million as a result of on-going cost control programs, including the reduction in train crews, and an overall improvement in efficiency. This decrease was accomplished despite the additional expense incurred because of the flood-related detours of other railroads' trains over the Railroad's track and a 3% wage increase which was effective July 1, 1993 for union employees. Fuel expense reflects the increased traffic in 1993 and 1992 coupled with a total of \$1.5 million for increased fuel taxes resulting from the Omnibus Budget Reconciliation Act of 1993 and for the costs associated with fuel hedges. The more fuel efficient locomotives acquired over the last two years partially offset the rise in fuel costs. Materials and supplies increased \$3.6 million primarily as a result of track material purchases. The surplus from the single track project was substantially depleted necessitating purchase of new materials.

Operating income for 1993 increased 18.2% (\$27.3 million) to \$177.6 million compared to \$150.3 million for 1992, as a result of increased revenues cited above and decreased expenses (including the 1992 special charge). Excluding the special charge, the increase in operating income was 11.6% (\$18.4 million).

Net interest expense decreased by 25.9% to \$31.8 million compared to \$42.9 million in 1992. The issuance of new notes at 6.75% to replace the 14-1/8% Senior Subordinated Debentures (the "Debentures") and lower interest rates on floating debt account for the reduced interest expense in 1993. The Debentures were retired via a tender offer which resulted in an extraordinary loss of \$23.4 million, net of \$12.6 million in tax benefits. The extraordinary loss covers the costs associated with the tender (i.e., premium on repurchase, the write-off of unamortized financing fees and debt discount and the costs associated with calling the untendered Debentures).

See "Liquidity and Capital Resources" for discussion of the impact of the Omnibus Budget Reconciliation Act of 1993.

Effective January 1, 1993, the Railroad adopted both the Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS No. 106") and the Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS No. 112"). SFAS No. 106 requires that future costs associated with providing postretirement benefits be recognized as expense over the employees' requisite service period. The pay-as-you-go method used prior to 1993 recognized the expense on a cash basis. SFAS No. 112 establishes accounting standards for employers who provide postemployment benefits and clarifies when the expense is to be recognized. As a result of adopting these two standards the Railroad recorded a decrease to net income of \$84,000 (net of taxes of \$46,000) as a cumulative effect of changes in accounting principles. In accordance with each standard, years prior to 1993 have not been restated.

For 1993, the adoption of these two standards had no significant effect on income before cumulative effect of changes in accounting principles as compared to the Railroad's prior pay-as-you-go method of accounting for such benefits. The Railroad has no plans to fund these liabilities and will continue to pay these costs on a pay-as-you-go basis, as was done in prior years.

1992 COMPARED TO 1991

Revenues for 1992 decreased from the prior year by \$2.3 million or .4% to \$547.4 million. The decrease resulted from a 1.6% (or 13,900 carloads) decrease in the number of freight carloads to 852,300, offset by a 1.1% increase in the average gross revenue per carload. Net freight revenue ton miles decreased 3.2% to 18.7 billion. Gross freight revenue per thousand ton miles increased 2.7% to \$28.89 from \$28.12. The increase in average revenue per carload was caused by an improved commodity mix, in which a greater volume of higher revenue per carload commodities was hauled, and modest rate increases.

Operating expense for 1992 decreased by \$7.5 million, or 1.9% as compared to 1991, even though the Railroad recorded an \$8.9 million pretax special charge in 1992. Reductions in labor expense (\$5.5 million), lease and car hire expense (\$5.2 million), diesel fuel expense (\$3.1 million) and a favorable litigation settlement in the first quarter more than offset the special charge. The special charge covered certain organizational and other expenses associated with the retirement of E. L. Moyers, the Railroad's Chairman, President and Chief Executive Officer until February 1993, as well as various unrelated asset revaluations.

Operating income for 1992 increased by 3.6% to \$150.3 million compared to \$145.1 million for 1991, as a result of decreased expenses cited above offset by the aforementioned pretax special charge and decreased revenues. Excluding the special charge, the Railroad's

1992 operating income was \$159.2 million, an increase of \$14.1 million (9.7%) as compared to 1991. This increase is a result of on-going cost reduction programs, including the reduction in train crew sizes and the overall emphasis on efficiency.

Net interest expense decreased by 23.5% from \$56.1 million to \$42.9 million. The full year effect of the August 1991 refinancing of the Series K Mortgage Bonds and the repayment of approximately \$34.0 million of the Term Facility accounted for approximately \$4.0 million and \$8.0 million, respectively, in reduced interest expense for 1992.

Effective January 1, 1992, the Railroad adopted SFAS No. 109, "Accounting for Income Taxes." As a result, the Railroad recorded a \$23.7 million reduction of its accrued deferred income tax liabilities. The Railroad elected to report this change as the cumulative effect of change in accounting principle. Therefore, prior period amounts have not been restated.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING DATA:

	1993	1992	1991
	----	----	----
Cash flows provided by (used for):			
Operating activities...	\$121.7	\$ 124.1	\$ 61.1
Investing activities...	(54.1)	(45.5)	(25.2)
Financing activities...	(85.1)	(67.9)	(34.5)
	-----	-----	-----
Net change in cash and temporary cash investments.	\$(17.5)	\$ 10.7	\$ 1.4

Cash from operating activities was primarily net income before depreciation, deferred taxes, extraordinary item and the cumulative effect of changes in accounting principles. A significant source of cash in 1992 (\$26.4 million) was the realization of settlement proceeds with numerous insurance carriers in connection with asbestos and hearing loss casualty claims. Most of the settlements were for prior claims but some cover future claims related to prior periods. As part of the settlements, the Railroad agreed to release the carriers from liability for future hearing loss claims. An additional \$6.3 million was received in 1993.

During 1993, additions to property of \$57.1 million included approximately \$36.6 million for track and bridge rehabilitation and approximately \$.6 million for the purchase of 4 locomotives. During 1992, additions to property of \$50.8 million included approximately \$46.4 million for track and bridge rehabilitation including approximately \$5 million for the construction of a new intermodal facility in the Chicago area. The funds for this new facility were provided by advance rentals on a three-year lease agreement for the Railroad's old intermodal yard in Chicago by another railroad. The other railroad also paid for an option to acquire the old yard for cash at any time during the three-year lease

period. Proceeds from the sales of excess materials generated by the single-track project (\$4.1 million in 1992) partially offset the cost of property additions. Property retirements and removals unrelated to the single-track project generated proceeds of \$5.3 million and \$3.5 million in 1993 and 1992, respectively.

The Railroad anticipates that base capital expenditures for 1994 will be approximately \$50 million and will concentrate on track maintenance, renewal of track structures such as bridges, and upgrading the locomotive fleet. If additional opportunities such as lease conversions or market-driven expansions occur in 1994, the total capital spending could be approximately \$70 million. These expenditures are expected to be met from current operations or other available sources.

Over the last three years, management has concentrated on reducing leverage, expanding funding sources, lowering funding costs and upgrading the debt ratings issued by the rating services. During that time frame, the Railroad's public debt has moved from being designated a "Highly Leveraged Transaction" to being rated Baa3 by Moody's Investors Service ("Moody's") and BBB by Standard & Poor's Corporation ("S&P"). Likewise, the Railroad's debt has also gone from fully collateralized to unsecured. A further step in this process was the initiation of a public commercial paper program in November 1993.

The commercial paper, issued by the Railroad, is rated A2 by S&P, F2 by Fitch Investors Service, Inc. ("Fitch") and P3 by Moody's and is supported by a \$100 million Revolver with the Railroad's bank lending group. At December 31, 1993, \$38.1 million of commercial paper was outstanding with various maturities. The interest rates ranged from 3.45% to 3.75%. The Railroad views this program as a significant long-term funding source and intends to issue replacement notes as each existing issue matures. Therefore, the \$38.1 million is classified as long-term.

Twice during 1993, the Railroad renegotiated its lending arrangements with its bank lending group and the private placement noteholders. In April 1993, in connection with the Tender Offer for the \$145 million 14-1/8% Senior Subordinated Debentures (the "Debentures") (see below), the banks converted the previous Permanent Facility to a \$180 million Revolving Credit Facility due 1996 at LIBOR plus 100 basis points. The banks and the holders of the \$160 million senior secured notes ("Senior Notes") issued in 1991 agreed to release all collateral and continue to lend on an unsecured basis. In November 1993, the banks again modified this arrangement in connection with the commercial paper program. The new bank agreements consist of a new \$100 million Revolver, due 1996 and a \$50 million 364-day facility due in October 1994 (the "Bank Line"). The new Revolver will be used primarily for backup for the commercial paper but can be used for general corporate purposes. The available amount is reduced by the outstanding amount of commercial paper borrowings and any letters of credit

issued on behalf of the Railroad under the facility. No amounts have been drawn under the Revolver. The \$100 million was limited to \$57.9 million because \$38.1 million in commercial paper was outstanding and \$4.0 million in letters of credit had been issued. The Bank Line was structured as a 364-day renewal instrument and the Railroad intends to renew it on an on-going basis. The \$40 million borrowed at December 31, 1993, has therefore been classified as long-term.

The Company believes that its available cash, cash generated by its operations and cash available via commercial paper, the Revolver and the Bank Line will be sufficient to meet foreseeable liquidity requirements.

Various borrowings of the Railroad are governed by agreements which contain financial and operating covenants. The Railroad was in compliance with these covenant requirements at December 31, 1993, and management does not anticipate any difficulty in maintaining such compliance.

In 1993, conditions in the financial markets provided an opportunity for the Railroad to replace its outstanding Debentures. As a result, the Railroad initiated a tender offer for the Debentures. The tender offer, costs associated with calling the \$10.3 million untendered portion and the refinancing of the Permanent Facility Term Loan resulted in a \$23.4 million extraordinary loss, net of \$12.6 million in tax benefits.

In connection with the tender offer for the Debentures, the Railroad issued \$100 million of 6.75% non-callable, 10-year notes due 2003 (the "Notes") and irrevocably placed funds with a trustee to cover principal, a 6% premium and interest through the first call date of October 1, 1994, for the untendered Debentures. Additionally, the Railroad's bank lending group agreed to the termination and replacement of the previous Permanent Facility with a new \$180 million unsecured Revolving Credit Facility expiring December 31, 1996 (see above). Likewise, the Senior Note holders agreed to release all the collateral specified in their original agreement and continue on an unsecured basis.

Certain covenants of the Railroad's debt agreements restrict the level of dividends it may pay to IC. In 1993 and 1992, the Railroad paid dividends to IC of \$27.4 million and \$6.4 million, respectively. In November 1993, the Railroad declared a \$15.0 million dividend which was paid in January 1994. At December 31, 1993, approximately \$76 million of Railroad equity was free of such restrictions.

The Railroad has paid approximately \$8 million, \$10 million and \$18 million in 1993, 1992 and 1991, respectively, for severance and lump sum signing awards associated with the various agreements signed in 1992 and 1991. The Railroad anticipates that an additional \$7 million will be required in 1994 related to all such agreements. These requirements are expected to be met from current operating activities or other available

sources.

The Railroad has entered into various hedge agreements designed to mitigate significant changes in fuel prices. As a result, approximately 93% of the Railroad's short-term diesel fuel requirements through March 1995 and 46% through June 1995 are protected against significant price changes.

Federal Deficit Reduction Package

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993, which contains a deficit reduction package, became law. Certain aspects of the legislation increased taxes directly affecting the Railroad. Most significantly, the new law increased the maximum corporate federal income tax rate from 34% to 35% retroactive to January 1, 1993. This change required the Railroad to record additional deferred income tax expense of approximately \$3.1 million in the third quarter of 1993 to reflect the new tax rate's impact on net deferred income tax liability as of January 1, 1993. The higher corporate rate did not significantly affect the Railroad's cash flow.

In addition, the legislation increased the federal tax on diesel fuels by 4.3 cents per gallon effective October 1, 1993. This tax increased the fuel expense of the Railroad, which purchases approximately 4.3 million gallons of diesel fuel each month, by \$.5 million in 1993.

Other

The Railroad is and will continue to be subject to extensive regulation under environmental laws and regulations concerning, among other things, discharges into the environment and the handling, storage, transportation and disposal of waste and hazardous materials. Inherent in the operations and real estate activities of the Railroad and other railroads is the risk of environmental liabilities. Several properties on which the Railroad currently or formerly conducted operations are subject to governmental action in connection with environmental damage. In the opinion of management, the Railroad has adequate reserves to cover the costs for investigation and remediation. However, there can be no assurance that environmental conditions will not be discovered which might individually or in the aggregate have a material adverse effect on the Railroad's financial condition.

Recent Accounting Pronouncements

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" ("SFAS No. 114") and Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115").

SFAS No. 114 requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate. This statement applies to financial statements for fiscal years beginning after December 31, 1994, with earlier adoption encouraged. The Railroad is currently evaluating the impact of this statement, if any, on its reported results. Early adoption is not anticipated.

SFAS No. 115 addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. This statement is effective for fiscal years beginning after December 15, 1993. Adoption is not anticipated to have an adverse impact on reported results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY
DATA

See Index to Consolidated Financial Statements on page 27 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENT WITH
ACCOUNTANTS IN ACCOUNTING FINANCIAL
DISCLOSURES

NONE

PART III

ITEM 10, 11, 12 and 13

Intentionally omitted. See the Index page of this Report for explanation.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES,
AND REPORTS ON FORM 8-K

(a) 1. Financial Statements:

See Index to Consolidated Financial Statements on page 27 of this Report.

2. Financial Statement Schedules:

See Index to Financial Statement Schedules on page F-21 of this Report.

3. Exhibits:

See items marked with "*" on the Exhibit Index beginning on page E-1 of this Report.

Items so marked identify management contracts or compensatory plans or arrangements as required by Item 14.

(b) 1. Reports on Form 8-K:

During the fourth quarter of 1993 the Registrant filed with the Securities and Exchange Commission the following reports on Form 8-K on the dates indicated to report the events described:

NONE

(c) Exhibits:

The response to this portion of Item 14 is submitted as a separate section of this Report. See Exhibit Index beginning on page E-1.

(d) Financial Statement Schedules:

The response to this portion of Item 14 is submitted as a separate section of this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, there unto duly authorized.

Illinois Central Railroad Company

By: /s/ DALE W. PHILLIPS
Dale W. Phillips
Vice President and Chief Financial Officer
Date: March 16, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	Title(s)	Date
-----------	----------	------

/s/ GILBERT H. LAMPHERE Gilbert H. Lamphere	Chairman of the Board and Director	March 16, 1994
--	------------------------------------	----------------

/s/ E. HUNTER HARRISON E. Hunter Harrison	President and Chief Executive Officer (principal executive officer), Director	March 16, 1994
--	---	----------------

/s/ DALE W. PHILLIPS Dale W. Phillips	Vice President and Chief Financial Officer (principal	
--	---	--

financial officer)
March 16, 1994

/s/ JOHN V. MULVANEY Controller
 John V. Mulvaney (principal accounting
 officer)
 March 16, 1994

/s/ RONALD A. LANE Director
 Ronald A. Lane
 March 16, 1994

/s/ GERALD F. MOHAN Director
 Gerald F. Mohan
 March 16, 1994

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

F O R M 10-K

FINANCIAL STATEMENTS

SUBMITTED IN RESPONSE TO ITEM 8

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Public Accountants....	F-1
Consolidated Statements of Income for the three years ended December 31, 1993.....	F-2

Consolidated Balance Sheets at December 31, 1993 and 1992.....	F-3
Consolidated Statements of Cash Flows for the three years ended December 31, 1993....	F-4
Consolidated Statements of Stockholder's Equity and Retained Income for the three years ended December 31, 1993.....	F-5
Notes to Consolidated Financial Statements for the three years ended December 31, 1993.	F-6

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Illinois Central Railroad
Company:

We have audited the accompanying consolidated balance sheets of Illinois Central Railroad Company (a Delaware corporation) and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, cash flows and stockholder's equity and retained income for each of the three years in the period ended December 31, 1993. These financial statements and the schedules referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Central Railroad Company and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 9 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for postretirement health care and postemployment benefits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the index to financial statement schedules herein are presented for purposes of

complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Chicago, Illinois
January 19, 1994

ILLINOIS CENTRAL RAILROAD COMPANY AND SUBSIDIARIES
Consolidated Statements of Income
(\$ in millions)

<TABLE>

<CAPTION>

	Years Ended December 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Revenues	\$ 564.7	\$ 547.4	\$ 549.7
Operating expenses:			
Labor and fringe benefits	190.2	191.3	196.8
Leases and car hire	73.1	72.6	77.8
Diesel fuel	30.4	30.0	33.1
Materials and supplies	36.7	33.1	31.4
Depreciation and amortization	22.8	21.4	20.5
Other	33.9	39.8	45.0
Special charge	-	8.9	-
	-----	-----	-----
Operating expenses	387.1	397.1	404.6
Operating income	177.6	150.3	145.1
Other income, net	2.8	3.6	7.0
Interest expense, net	(31.8)	(42.9)	(56.1)
	-----	-----	-----
Income before income taxes, extraordinary item and cumulative effect of changes in accounting principles	148.6	111.0	96.0
Provision for income taxes	56.6	37.7	30.7
	-----	-----	-----
Income before extraordinary item and cumulative effect of changes in accounting principles	92.0	73.3	65.3
Extraordinary item, net	(23.4)	-	-
Cumulative effect of changes in accounting principles	(0.1)	23.7	-
	-----	-----	-----
Net income	\$ 68.5	\$ 97.0	\$ 65.3
	=====	=====	=====

</TABLE>

The following notes are an integral part of the consolidated financial statements.

ILLINOIS CENTRAL RAILROAD COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets
(\$ in millions)

<TABLE>

<CAPTION>

ASSETS	December 31, 1993	December 31, 1992
<S>	<C>	<C>
Current assets:		
Cash and temporary cash investment	\$ 8.1	\$ 25.6
Receivables, net of allowance for doubtful accounts of \$3.1 in 1993 and \$2.6 in 1992	84.6	79.1
Materials and supplies, at average cost	20.1	18.8
Assets held for disposition	9.1	9.1
Deferred income taxes - current	22.8	24.2
Other current assets	3.6	2.0
Total current assets	148.3	158.8
	-----	-----
Investments	14.5	15.0
Properties:		
Transportation:		
Road and structures, including land	947.9	909.5
Equipment	71.7	62.4
Other, principally land	40.4	40.6
	-----	-----
Total properties	1,060.0	1,012.5
Accumulated depreciation	(19.3)	(15.1)
	-----	-----
Net properties	1,040.7	997.4
Other assets	10.2	16.2
	-----	-----
Total assets	\$1,213.7	\$1,187.4
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 1.1	\$ 11.9
Accounts payable	51.7	53.7
Dividends payable	15.0	6.4
Income taxes payable	3.5	2.2
Casualty and freight claims	24.7	24.6
Employee compensation and vacations	15.8	16.3
Taxes other than income taxes	13.9	12.9
Accrued redundancy reserves	6.8	9.4
Other accrued expenses	28.4	30.8
	-----	-----
Total current liabilities	160.9	168.2
Long-term debt	347.3	356.9
Deferred income taxes	200.6	170.2
Other liabilities and reserves	138.1	160.6
Contingencies and commitments (Note 12)		
Stockholder's equity:		
Common stock authorized, issued and outstanding 100 shares, \$1 par value	-	-
Additional paid-in capital	128.6	125.8
Retained income	238.2	205.7
	-----	-----
Total stockholder's equity	366.8	331.5

Total liabilities and stockhol

\$1,213.7

\$1,187.4

</TABLE>

The following notes are an integral part of the consolidated financial statements.

ILLINOIS CENTRAL RAILROAD COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(\$ in millions)

<TABLE>

<CAPTION>

	Years Ended December 31,		
	1993	1992	1991
	<C>	<C>	<C>
Cash flows from operating activities :			
Net income	\$ 68.5	\$ 97.0	\$ 65.3
Reconciliation of net income to net cash provided by (used for) operating activities :			
Extraordinary item, net	23.4	-	-
Cumulative effect of changes in accounting principles	0.1	(23.7)	-
Depreciation and amortization	22.8	21.4	20.5
Deferred income taxes	31.9	20.7	20.3
Special charge	-	8.9	-
Equity in undistributed earnings of affiliates, net of dividends received	(0.3)	0.2	(0.1)
Net gains on sales of real estate	(0.8)	(0.4)	(0.7)
Cash changes in working capital	(3.1)	(15.6)	(26.6)
Changes in other assets	(0.9)	2.8	(2.8)
Changes in other liabilities and reserves	(19.8)	12.8	(14.8)
Net cash provided by (used for) operating activities	121.8	124.1	61.1
Cash flows from investing activities :			
Additions to properties	(57.1)	(49.7)	(38.2)
Proceeds from sales of real estate	1.5	1.3	1.8
Proceeds from single track sales	-	4.1	16.3
Proceeds from equipment sales	3.8	2.2	1.3
Proceeds from sales of investments	0.8	1.8	3.3
Other	(3.2)	(5.2)	(9.7)
Net cash provided by (used for) investing activities	(54.2)	(45.5)	(25.2)
Cash flows from financing activities :			
Proceeds from issuance of debt	344.6	-	167.0
Principal payments on debt	(401.9)	(61.0)	(250.9)
Dividends paid	(27.4)	(6.4)	-
Capital contribution from parent company	-	-	50.0
Purchase of subsidiary's common stock	(0.4)	(0.5)	(0.6)
Net cash provided by (used for) financing activities	(85.1)	(67.9)	(34.5)
Changes in cash and temporary cash investments	(17.5)	10.7	1.4
Cash and temporary cash investments at beginning of period	25.6	14.9	13.5
Cash and temporary cash investments at end of period	\$ 8.1	\$ 25.6	\$ 14.9
Supplemental disclosure of cash flow information :	=====	=====	=====

Cash paid during the year for:			
Interest (net of amount capitalized)	\$ 38.3	\$ 44.3	\$ 55.7
	=====	=====	=====
Income taxes	\$ 10.9	\$ 15.9	\$ 15.7
	=====	=====	=====

</TABLE>

The following notes are an integral part of the consolidated financial statements.

ILLINOIS CENTRAL RAILROAD COMPANY AND SUBSIDIARIES

Consolidated Statements of Stockholder's Equity

<TABLE>

<CAPTION>	Shares		Equity (\$ in millions)		
	Common Share	Common Stock	Additional Paid-in Capital	Retained Income	Total Stockholder's Equity
<S>	----- <C>	----- <C>	----- <C>	----- <C>	----- <C>
Balance December 31, 1990	100	\$ -	\$ 72.2	\$ 56.2	\$ 128.4
Capital contribution			50.0		50.0
Net income				65.3	65.3
Balance December 31, 1991	----- 100	----- -	----- 122.2	----- 121.5	----- 243.7
Capital contribution			3.6		3.6
Dividends				(12.8)	(12.8)
Net income				97.0	97.0
Balance December 31, 1992	----- 100	----- -	----- 125.8	----- 205.7	----- 331.5
Capital contribution			2.8		2.8
Dividends				(36.0)	(36.0)
Net income				68.5	68.5
Balance December 31, 1993	----- 100	----- \$ -	----- \$ 128.6	----- \$ 238.2	----- \$ 366.8
	=====	=====	=====	=====	=====

</TABLE>

The following notes are an integral part of the consolidated financial statements.

1. THE RAILROAD

Illinois Central Corporation, a holding company, (hereinafter, "IC") was formed originally for the purpose of acquiring, through a wholly-owned subsidiary, the outstanding common stock of Illinois Central

Transportation Company ("ICTC"). Following a tender offer and several mergers, the Illinois Central Railroad Company ("Railroad") is the surviving corporation and the successor to ICTC and now a wholly-owned subsidiary of the IC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Railroad and its subsidiaries. Significant investments in affiliated companies are accounted for by the equity method. Transactions between consolidated companies have been eliminated in the accompanying consolidated financial statements.

PROPERTIES

Depreciation is computed by the straight-line method and includes depreciation on properties under capital leases. Depreciation for track structure, other road property, and equipment is calculated using the composite method. In the case of routine retirements, removal cost less salvage recovery is charged to accumulated depreciation. Expenditures for maintenance and repairs are charged to operating expense.

The Interstate Commerce Commission ("ICC") approves the depreciation rates used by the Railroad. In 1991, the Railroad completed a study which resulted in revised depreciation rates for road properties (excluding track properties) and equipment. The revised rates did not and will not have a significant effect on operating results. The approximate ranges of annual depreciation rates for major property classifications are as follows:

Road properties	1% - 8%
Transportation equipment	1% - 7%

In 1989, the Railroad initiated a program to convert approximately 500 miles of double track main line to a single track main line, with a centralized traffic control system. This program was completed successfully in 1991.

REVENUES

Revenues are recognized based on services performed and include estimated amounts relating to movements in progress for which the settlement process is not complete. Estimated revenue amounts for movements in progress are not significant.

INCOME TAXES

Effective January 1, 1992, the Railroad adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under SFAS No. 109, deferred income taxes are accounted for on the asset and liability method by applying enacted statutory tax rates to differences ("temporary

differences") between the financial statement carrying amounts and the tax bases of assets and liabilities. The resulting deferred tax assets and liabilities represent taxes to be collected or paid in the future when the related assets and liabilities are recovered and settled, respectively. See Note 10 for discussion of the 1992 impact of adopting SFAS No. 109.

CASH AND TEMPORARY CASH INVESTMENTS

Cash in excess of operating requirements is invested in certain funds having original maturities of three months or less. These investments are stated at cost, which approximates market value.

INCOME PER SHARE

Income per share has been omitted as the Railroad is a wholly-owned subsidiary of IC.

FUTURES, OPTIONS, CAPS, FLOORS AND FORWARD CONTRACTS

In March 1990, the FASB issued Statement of Financial Accounting Standards No. 105 "Disclosure of Information about Financial Instruments with Off Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk" ("SFAS 105"). Disclosures required by SFAS 105 are found in various notes where the financial instruments or related risks are discussed. See specifically Notes 6, 7, 8, and 12.

CASUALTY AND FREIGHT CLAIMS

The Railroad accrues for injury and damage claims outstanding based on actual claims filed and estimates of claims incurred but not filed. Estimated amounts expected to be settled within one year are classified as current liabilities in the accompanying Consolidated Balance Sheets.

EMPLOYEE BENEFIT PLANS

All employees of the Railroad are covered under the Railroad Retirement Act. In addition, management employees of the Railroad are covered under a defined contribution plan. Contribution costs of the plan are funded currently.

Mr. E. L. Moyers, former Chairman, President and Chief Executive Officer ("Mr. Moyers") is covered by a supplemental plan which is discussed in Note 9.

Effective January 1, 1993, the Railroad adopted both the Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS No. 106") and the Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS No. 112"). SFAS No. 106 requires that future costs associated with providing postretirement benefits be recognized as expense over the employees' requisite service period.

The pay-as-you-go method used prior to 1993 recognized the expense on a cash basis. SFAS No. 112 establishes accounting standards for employers who provide postemployment benefits and clarifies when the expense is to be recognized. In accordance with the provisions of these standards, years prior to 1993 have not been restated. See Note 9 for discussion of the impact of adopting SFAS No. 106 and SFAS No. 112.

RECLASSIFICATIONS

Certain items relating to prior years have been reclassified to conform to the presentation in the current year.

3. EXTRAORDINARY ITEM AND REFINANCING

The 1993 extraordinary loss resulted from the retirement of the Railroad's 14-1/8% Senior Subordinated Debentures (the "Debentures") and refinancing the Permanent Facility. The loss was \$23.4 million, net of tax benefits of \$12.6 million. The loss resulted from the premium paid, the write-off of unamortized financing fees and debt discount and costs associated with the calling of the \$10.3 million of Debentures not tendered. The net proceeds of the 6.75% Notes (see Note 8), borrowings under the \$180 million Revolving Credit Facility and other available cash were used to fund the retirement of the Debentures.

4. OTHER INCOME, NET

Other Income, Net consisted of the following (\$ in millions):

	Years Ended December 31,		
	1993	1992	1991
	----	----	----
Rental income, net.....	\$ 3.9	\$ 3.8	\$ 3.0
Net gains on real estate sales.....	.8	.4	.7
Net gain (loss) on disposal of rolling stock.....	(2.3)	-	-
Equity in undistributed earnings of affiliates.	.5	.3	.4
Net gain on Series K....	-	-	3.6
Other, net.....	(.1)	(.9)	(.7)
	-----	-----	-----
Other Income, Net.....	\$ 2.8	\$ 3.6	\$ 7.0

5. SUPPLEMENTAL CASH FLOW INFORMATION

Cash changes in components of working capital, exclusive of Current Maturities of Long-Term Debt, included in the Consolidated Statements of Cash Flows were as follows (\$ in millions):

<TABLE>

<CAPTION>

<S>	Years Ended December 31,		
	<C>	<C>	<C>
	1993	1992	1991
	----	----	----
Receivables, net	\$ (5.5)	\$ 1.9	\$ (2.6)
Materials and supplies	(1.4)	(3.2)	(.6)
Other current assets	(1.5)	.4	1.0
Accounts payable	(1.7)	(3.7)	(7.1)
Income taxes payable	13.9	1.5	(5.2)
Accrued redundancy reserves...	(2.6)	(11.0)	(11.7)
Other current liabilities	(4.3)	(1.5)	(.4)
	-----	-----	-----
	\$ (3.1)	\$ (15.6)	\$ (26.6)

</TABLE>

Included in changes in Other Liabilities and Reserves is approximately \$6.3 million and \$23.4 million for the years ended December 31, 1993 and 1992, respectively, reflecting proceeds from the settlement of casualty claims with numerous insurance carriers.

In 1993, the Railroad entered into a capital lease for 200 covered hoppers. The lease expires in 2003. See Note 7 for a recap of the present value of the minimum lease payments.

In 1991, the Railroad retired several Long-Term Debt obligations, most significantly its \$150 million 15.5% Series K First Mortgage Bonds ("Series K"). These retirements resulted in non-cash reductions of debt balances of \$4.6 million. Also, in 1991 the balance of a long term investment was reduced by \$2.5 million.

6. MATERIALS AND SUPPLIES

Materials and Supplies, valued using the average cost method, consist of track material, switches, car and locomotive parts and fuel. The Railroad entered into various hedge agreements designed to mitigate significant changes in fuel prices. As a result, approximately 93% of the short-term diesel fuel requirements through March 1995 and 46% through June 1995 are protected against significant price changes based on the average near-by contract for Heating Oil #2 traded on the New York Mercantile Exchange.

7. LEASES

As of December 31, 1993, the Railroad leased 6,709 of its cars and 227 of its locomotives. The majority of these leases have original terms of 15 years and expire between 1994 and 2001. Under the terms of the majority of its leases, the Railroad has the right of first refusal to purchase, at the end of the lease terms, certain cars and locomotives at fair market value. Other leases include office and computer equipment, vehicles and office facilities.

Net obligations under capital leases at December 31, 1993 and 1992, included in the Consolidated Balance

Sheets are \$5.4 million and \$.2 million, respectively.

At December 31, 1993, minimum rental payments under capital and operating leases that have initial or remaining noncancellable terms in excess of one year were as follows (\$ in millions):

	Capital Leases	Operating Leases
1994	\$.9	\$ 34.6
1995 .....	.9	28.4
1996 .....	.8	19.3
1997 .....	.8	7.8
1998 .....	.8	4.2
Thereafter	3.1	17.4
Total minimum lease payments.....	7.3	\$111.7
Less: Imputed interest ...	1.9	
Present value of minimum payments.....	\$5.4	

Total rent expense applicable to noncancellable operating leases amounted to \$48.2 million in 1993, \$48.4 million for 1992 and \$49.4 million for 1991. Most of the leases provide that the Railroad pay taxes, maintenance, insurance and certain other operating expenses.

8. LONG-TERM DEBT AND INTEREST EXPENSE

Long-Term Debt at December 31, consisted of the following (\$ in millions):

<TABLE>

<CAPTION>

<S>

	<C> 1993	<C> 1992
Equipment obligations.....	\$ -	\$.5
Debentures and other debt, due 1994 to 2056, 4.5% to 10.9% ...	10.8	11.3
Commercial Paper, at average interest rate 3.57%.....	38.1	-
Bank Line, at average interest rate 3.49%.....	40.0	-
Notes, due 2003, 6.75%.....	100.0	-
Senior Subordinated Debentures.....	-	145.0
Senior Notes, due 1998 to 2001, 10.02% and 10.4%.....	159.8	160.0
Permanent Facility, at average interest rate in 1992 of 5.25%	-	47.6
Capitalized leases (Note 7)	4.9	.1
Unamortized premium (discount), net	(6.3)	(7.6)
	-----	-----
Total Long-Term Debt	\$347.3	\$356.9

</TABLE>

At December 31, 1993, the aggregate annual maturities and sinking fund requirements for debt payments for 1994 through 1999 and thereafter are \$1.1 million, \$.8 million, \$78.9 million, \$.9 million, \$55.6 million, \$55.6 million and \$155.5 million, respectively. The weighted-average interest rate for 1993 and 1992 on total debt excluding the effect of discounts, premiums and related amortization was 9.1% and 10.8%,

respectively.

In November 1993, the Railroad initiated a public commercial paper program. The commercial paper is rated A2 by S&P, F2 by Fitch and P3 by Moody's and is supported by a new \$100 million Revolver with the Railroad's bank lending group. The Railroad views this program as a significant long-term funding source and intends to issue replacement notes as maturities occur. Therefore, the \$38.1 million outstanding at December 31, 1993 has been classified as long-term.

In connection with the commercial paper program, the bank lending group agreed to replace the \$180 million Revolving Credit Facility (see below) with (i) a new \$100 million Revolver, due 1996 and (ii) a \$50 million 364-day facility due October 1994 ("Bank Line"). The new Revolver will be used primarily for backup for the commercial paper but can be used for general corporate purposes. The available amount is reduced by the outstanding amount of commercial paper borrowings and any letters of credit issued on behalf of the Railroad under the facility. No amounts have been drawn under the Revolver. The \$100 million was limited to \$57.9 million because \$38.1 million in commercial paper was outstanding and \$4.0 million in letters of credit had been issued. The Bank Line was structured as a 364-day renewable instrument and the Railroad intends to renew it on an on-going basis. The \$40 million outstanding at December 31, 1993, has therefore been classified as long-term.

During April 1993, IC and the Railroad reached an agreement with its bank lending group and the holders of the privately placed \$160 million Senior Secured Notes ("Senior Notes") for a release of all collateral and those instruments are now unsecured. The bank agreed to replace the Permanent Facility with a \$180 million Revolving Credit Facility. This was done in connection with the tender offer made by the Railroad for all of the Debentures.

The tender offer was funded by issuance of new \$100 million 6.75% Notes, due 2003 (the "Notes"), borrowing under a \$180 million Revolving Credit Facility negotiated with the banks which replaced the Permanent Facility and cash on hand. See Note 3 for discussion of the extraordinary loss incurred upon tender for the Debentures. The Railroad irrevocably placed \$12.6 million on deposit with a trustee to cover principal, a 6% premium and interest through the first call date of October 1, 1994, for the untendered Debentures.

The Notes (issued at a slight discount 1.071%) pay interest semiannually in May and November and are covered by an Indenture. Of the Senior Notes, \$109.8 million bears interest at a rate of 10.02% and \$50 million at 10.4%. Principal payments of \$55 million are due in each of 1998 and 1999, and \$25 million in each of 2000 and 2001. The Senior Notes are governed by a Note Purchase Agreement.

Various borrowings of the Railroad are governed by

agreements which contain certain affirmative and negative covenants customary for facilities of this nature including restrictions on additional indebtedness, investments, guarantees, liens, distributions, sales and leasebacks, and sales of assets and capital stock. Some also require the Railroad to satisfy certain financial tests, including a leverage ratio, an earnings before interest and taxes to interest charges ratio, debt service coverage, and minimum consolidated tangible net worth requirements. The Railroad may be required to apply 100% of net after-tax proceeds of sales aggregating \$2.5 million or greater of certain assets to reduce Revolver commitments. The holders of the Senior Notes can elect to receive a pro-rata share of after-tax proceeds.

Interest Expense, Net consisted of the following (\$ in millions):

	Years Ended December 31,		
	1993	1992	1991
Interest expense	\$33.8	\$45.1	\$59.7
Less: Interest capitalized.....	.8	.6	.4
Interest income.....	1.2	1.6	3.2
	-----	-----	-----
Interest Expense, Net.	\$31.8	\$42.9	\$56.1

9. EMPLOYEE BENEFIT PLANS

Retirement Plans. All employees of the Railroad are covered under the Railroad Retirement Act. In addition, management employees of the Railroad are covered under a defined contribution plan. Contributions under the plan vest immediately. Expenses relating to the defined contribution plan were \$.4 million for each of the years ended December 31, 1993, 1992 and 1991.

Mr. Moyers is covered by a non-qualified, unfunded supplemental retirement benefit agreement which provides for a defined benefit payable annually, commencing upon death, permanent disability or retirement (with benefits arising from retirement commencing upon his attaining age 65 and compliance with certain non-competition agreements), in the amount of \$250,000 per year for a maximum of 15 years. In accordance with the term of the agreement, no payments will be made while Mr. Moyers is employed by another Class I railroad. The present value of this agreement was included in the 1992 special charge. See Note 14.

Postretirement Plans. In addition to the Railroad's defined contribution plan for management employees, the Railroad has three benefit plans which provide some postretirement benefits to most former full-time salaried employees and selected former union represented employees. The medical plan for salaried retirees is contributory, with retiree contributions adjusted annually if expected inflation rate exceeds 9.5%, and contains other cost sharing features such as deductibles and co-payments. The Railroad's contribution will be

fixed at the 1999 year end rate for all subsequent years. Salaried retirees are covered by a life insurance plan which provides a nominal death benefit and is non-contributory. The medical plan for locomotive engineers who retired under a special early retirement program in 1987 provides non-contributory coverage until age 65. All benefits under this plan terminate in 1998.

There are no plan assets and the Railroad will continue to fund these benefits as claims are paid as was done in prior years.

Postemployment Benefit Plans. The Railroad provides certain postemployment benefits such as long-term salary continuation and waiver of medical and life insurance co-payments while on long-term disability.

SFAS No. 106 and SFAS No.112. As described in Note 2 effective January 1, 1993 the Railroad adopted SFAS No. 106 and SFAS No. 112. With respect to SFAS No. 106, the Railroad elected to immediately recognize the transition asset associated with adoption which resulted because the Railroad had previously recorded an amount under purchase accounting to reflect the estimated liability for such benefits as of the acquisition date of ICTC.

As a result of adopting these two standards, the Railroad recorded a decrease to net income of \$84,000 (net of taxes of \$46,000) as a cumulative effect of changes in accounting principles (\$ in millions):

Postretirement Benefits (SFAS No. 106):	
APBO at January 1, 1993:	
Medical.....	\$36.5
Life.....	2.3
Total APB.....	38.8
Liability previously recorded	(40.3)
Transition Asset.....	1.5
Postemployment Benefits Obligation at January 1, 1993 (SFAS 112)	(1.6)
Pre-tax Cumulative Effect of Changes in Accounting Principles.....	(.1)
Related tax benefit.....	-

Cumulative Effect of Changes in Accounting Principles.....	\$ (.1)
Per Share Impact.....	\$ -

In accordance with each standard, years prior to 1993 have not been restated. For 1993, the adoption of these two standards had no significant effect on income before cumulative effect of changes in accounting principles as compared to the Railroad's prior pay-as-you-go method of accounting for such benefits.

The accumulated postretirement benefit obligations ("APBO") of the postretirement plans were as follows (\$ in millions):

	December 31, 1993			January
	Medical	Life	Total	1, 1993
	-----	----	-----	-----
Accumulated post-retirement benefit obligation:				
Retirees.....	\$26.4	\$ 2.4	\$28.8	\$33.4
Fully eligible active plan participants....	.7	-	.7	.7
Other active plan participants....	4.7	-	4.7	4.7
	-----	-----	-----	-----
Total APBO...	\$31.8	\$ 2.4	34.2	38.8
Unrecognized net gain			5.0	-
			-----	-----
Accrued liability for postretirement benefits			\$39.2	\$38.8

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 8.0% at January 1, 1993. As a result of the Railroad's improved financial condition and recognizing the overall shift in the financial community, the Railroad lowered the weighted-average discount rate to 7.25% as of December 31, 1993. The change in rates resulted in approximately \$2.0 million actuarial loss. The loss was offset by actual experience gains, primarily fewer claims and lower medical rate inflation, which resulted in a \$5.0 million unrecognized net gain as of December 31, 1993.

The components of the net periodic postretirement benefits cost for 1993 were as follows (\$ in millions):

Service costs.....	\$.1
Interest costs.....	3.0
Net amortization of Corridor excess.....	-
Net periodic postretirement benefit costs.....	-----
	\$ 3.1

The weighted-average annual assumed rate of increase in the per capital cost of covered benefits (e.g., health care cost trend rate) for the medical plans is 14.0% for 1993 and is assumed to decrease gradually to 6.25% by 2001 and remain at that level thereafter. The health care cost trend rate assumption normally has a significant effect on the amounts reported; however, as discussed, the plan limits annual inflation for the Railroad's portion of such costs to 9.5% each year. Therefore, an increase in the assumed health care cost trend rates by one percentage point in each year would have no impact on the Railroad's accumulated postretirement benefit obligation for the medical plans as of December 31, 1993, or the aggregate of the service and interest cost components of net periodic postretirement benefit expense in future years.

10. PROVISION FOR INCOME TAXES

Effective January 1, 1992, the Railroad adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). As a result, the Railroad recorded a \$23.7 million reduction in its accrued net deferred income tax liability as of January 1, 1992. The gain recorded upon adoption could not be recognized previously in accordance with SFAS No. 96 which the Railroad had adopted in 1988.

The Railroad elected to report this change as the cumulative effect of a change of accounting principle. Therefore, prior year amounts were not restated.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993, which contains a deficit reduction package, became law. Certain aspects of the Act directly affect the Railroad. Most significantly, the new law increased the maximum corporate federal income tax rate from 34% to 35% retroactive to January 1, 1993. This change required the Railroad to record additional deferred income tax expense of approximately \$3.1 million to reflect the new tax rate's impact on net deferred income tax liability as of January 1, 1993. The higher corporate rate is not anticipated to significantly affect the Railroad's cash flow.

The Provision for Income Taxes for continuing operations consisted of the following (\$ in millions):

	Years Ended December 31,		
	1993	1992	1991
Current income tax:			
Federal.....	\$23.8	\$15.4	\$ 9.4
State.....	.9	1.6	1.0
Deferred income taxes	31.9	20.7	20.3
Provision for Income Taxes.....	-----	-----	-----
	\$56.6	\$37.7	\$30.7

The effective income tax rates for the years ended December 31, 1993, 1992 and 1991, were 38%, 34% and 32%, respectively. See Note 3 for the tax benefits associated with the extraordinary loss.

The items which gave rise to differences between the income taxes provided for continuing operations in the Consolidated Statements of Income and the income taxes computed at the statutory rate are summarized below (\$ in millions):

<TABLE>

<CAPTION>

	Years Ended December 31,		
<S>	<C>	<C>	<C>
	1993	1992	1991
	----	----	----
Expected tax expense computed at			

statutory rate.....	\$52.0	35%	\$37.7	34%	\$32.7	34%
Dividends received						
exclusion	(.1)	-	(.1)	-	(.1)	-
Impact of OBRA 1993 rate						
change.....	3.1	2	-	-	-	-
State income taxes, net						
of Federal tax						
effect .....	.6	-	1.0	1	.7	1
Benefits of net						
operating loss						
carryforwards	-	-	-	-	(3.8)	(4)
Other items, net	1.0	1	(.9)	(1)	1.2	1
Provision for	-----	---	-----	---	-----	---
Income Taxes.....	\$56.6	38%	\$37.7	34%	\$30.7	32%

</TABLE>

Temporary differences between book and tax income arise because the tax effects of transactions are recorded in the year in which they enter into the determination of taxable income. As a result, the book provisions for taxes differ from the actual taxes reported on the income tax returns. The net results of such differences are included in Deferred Income Taxes in the Consolidated Balance Sheets.

The Railroad has an Alternative Minimum Tax ("AMT") carryforward credit of \$.1 million at December 31, 1993. This excess of AMT over regular tax can be carried forward indefinitely to reduce future U.S. Federal income tax liabilities. At December 31, 1993, this credit was used to reduce the recorded deferred tax liability.

At December 31, 1993, the Railroad, for tax or financial statement reporting purposes, had no net operating loss carryovers.

Deferred Income Taxes consisted of the following (\$ in millions):

	December 31,	
	1993	1992
Deferred tax assets.....	\$ 82.2	\$ 114.4
Less: Valuation allowance....	(2.2)	(3.3)
	-----	-----
Deferred tax assets, net of valuation allowance.	80.0	111.1
Deferred tax liabilities.....	(257.8)	(257.1)
	-----	-----
Deferred Income Taxes.....	\$ (177.8)	\$ (146.0)

The valuation allowance is comprised of the portion of state tax net operating loss carryforwards expected to expire before they are utilized and non-deductible expenses incurred with the previous merger of wholly-owned subsidiaries.

Major types of deferred tax assets are: reserves not yet deducted for tax purposes (\$64.0 million) and safe

harbor leases (\$11.8 million). Major types of deferred tax liabilities are: accelerated depreciation (\$203.5 million), land basis differences (\$10.3 million) and debt marked to market (\$2.1 million).

IC and the Railroad have a tax sharing agreement whereby the Railroad's federal tax liability and combined state tax liabilities (if any) are the lesser of (i) the Railroad's separate consolidated liability as if it were not a member of IC's consolidated group or (ii) IC's consolidated liability computed without regard to any other subsidiaries of the IC.

11. EQUITY AND RESTRICTIONS ON DIVIDENDS

Certain covenants of the Railroad's debt restrict the level of dividends it may pay to IC. At December 31, 1993, approximately \$76 million was free of such restrictions. The Railroad was able to pay dividends of \$27.4 million and \$6.4 million in 1993 and 1992, respectively. In November 1993, the Railroad declared a \$15.0 million dividend which was paid in January 1994.

In 1993 and 1992, IC made capital contributions of \$2.8 million and \$3.6 million respectively, to the Railroad which was equivalent to the vested portion of the restricted IC Common Stock granted to various Railroad employees, including Mr. Moyers, in accordance with an IC benefit plan. Such restricted stock vests in equal installments through May 1, 1996. In 1991, IC made a \$50 million capital contribution from proceeds of a \$63 million public Common Stock offering.

12. CONTINGENCIES, COMMITMENTS AND CONCENTRATION OF RISKS

The Railroad is self-insured for the first \$5 million of each loss. The Railroad carries \$295 million of liability insurance per occurrence, subject to an annual cap of \$370 million in the aggregate for all losses. This coverage is considered by the Railroad's management to be adequate in light of the Railroad's safety record and claims experience.

As of December 31, 1993, the Railroad had \$4.0 million of letters of credit outstanding as collateral primarily for surety bonds executed on behalf of the Railroad. Such letters of credit expire in 1994 and are automatically renewable for one year. The letters of credit reduced the maximum amount that could be borrowed under the Revolver (see Note 8).

The Railroad has guaranteed repayment of certain indebtedness of a jointly owned company aggregating \$7.8 million. The Railroad's primary share is \$1.0 million; the remainder is a primary obligation of other unrelated owner companies.

There are various regulatory proceedings, claims and litigation pending against the Railroad. While the ultimate amount of liability that may result cannot be determined, in the opinion of the Railroad's

management, based on present information, adequate provisions for liabilities have been recorded. See "Management's Discussion and Analysis - Other" for a discussion of environmental matters.

13. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and temporary cash investments. The carrying amount approximates fair value because of the short maturity of those instruments.

Investments. The Railroad has investments of \$9.1 million in 1993 and \$11.1 million in 1992 for which there are no quoted market prices. These investments are in joint railroad facilities, railroad terminal associations, switching railroads and other transportation companies. For these investments, the carrying amount is a reasonable estimate of fair value. The Railroad's remaining investments (\$5.4 million in 1993 and \$3.9 million in 1992) are accounted for by the equity method.

Long-term debt. The fair value of the Railroad's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Railroad for debt of the same remaining maturities.

Fuel hedge agreements. The fair value of fuel hedging agreements is the estimated amount that the Railroad would receive or pay to terminate the agreements as of year end, taking into account the current credit worthiness of the agreement counterparties. At December 31, 1993 and 1992, the fair value was a liability of \$4.6 million and less than \$.1 million, respectively.

The estimated fair values of the Railroad's financial instruments at December 31, are as follows (\$ in millions):

	1993		1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	-----	-----	-----	-----
Cash and temporary cash Investments...	\$ 8.1	\$ 8.1	\$ 25.6	\$ 25.6
Investments.....	9.1	9.1	11.1	11.1
Debt.....	(348.4)	(368.9)	(368.8)	(418.2)

14. SPECIAL CHARGE

In 1992, the Railroad recorded a pretax special charge of \$8.9 million as part of operating expense. The special charge reduced Net Income by \$5.9 million.

The special charge consisted of \$7 million for various costs associated with the retirement of Mr. Moyers and the related organizational changes. The costs associated with Mr. Moyers' retirement include the present value of his pension, accelerated vesting of a portion of his restricted stock award and certain costs of a non-competition agreement. The remaining \$1.9 million was for the disposition costs of railcars and a building and its adjacent land.

<TABLE>

15. SELECTED QUARTERLY FINANCIAL DATA - (UNAUDITED) (\$ IN MILLIONS) :

<CAPTION>

<S>	<C>	<C>	<C>	<C>
	FIRST	SECOND	THIRD	FOURTH
	QUARTER	QUARTER	QUARTER	QUARTER (A)
1993				
Revenues.....	\$142.7	\$132.1	\$147.4	\$142.5
Operating income.....	45.9	37.8	45.9	48.0
Income before extraordinary item and cumulative effect of changes in accounting principles.....	24.1	19.9	21.6	26.4
Net income (loss).....	24.0	(3.5)	21.6	26.4
1992				
Revenues.....	\$138.7	\$129.9	\$131.4	\$147.4
Operating income.....	42.4	36.3	36.2	35.4
Income before cumulative effect of change in accounting principle.....	21.3	17.2	17.7	17.1
Net income.....	45.0	17.2	17.7	17.1
1991				
Revenues.....	\$138.0	\$131.3	\$139.8	\$140.6
Operating income.....	37.0	35.1	34.6	38.4
Net income.....	15.6	13.9	17.4	18.4

</TABLE>

- (a) Includes the special charge recorded in the fourth quarter of 1992, see Note 14.

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

FINANCIAL STATEMENT SCHEDULES
SUBMITTED IN RESPONSE TO ITEM 14(a)

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

I N D E X

T O
FINANCIAL STATEMENT SCHEDULES
SUBMITTED IN RESPONSE TO ITEM 14(a)

Schedules for the three years ended December 31,
1993:

V-Property, plant and equipment.....	F-22
VI-Accumulated depreciation and amortization of property, plant and equipment.....	F-23
VII-Guarantees of securities of other issuers	F-24
VIII-Valuation and qualifying accounts.....	F-25

Pursuant to Rule 5.04 of General Rules of
Regulation S-X, all other schedules are omitted
because they are not required or because the
required information is set forth in the financial
statements or related notes thereto.

<TABLE> ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT
(\$ in millions)

<CAPTION>
Year Ended December 31, 1993

<S> <C> <C> <C> <C> <C>

Classification	Balance at Beginning Of Year	Additions At Cost	Retirement	Other Charges Debit (Credit) (1)	Balance At End Of Year
Road and structures, including land.....	\$ 909.5	\$ 50.3	\$ 11.9	\$ -	\$ 947.9
Equipment.....	62.4	12.5	4.5	1.4	71.7
Other, principally land..	40.6	-	0.2	-	40.4
Total.....	\$1,012.5	\$ 62.8	\$ 16.6	\$ 1.4	\$1,060.0

Year Ended December 31, 1992

Classification	Balance at Beginning Of Year	Additions At Cost	Retirement	Other Charges Debit (Credit) (2)	Balance At End Of Year
Road and structures, including land.....	\$ 864.9	\$ 46.4	\$ 8.0	\$ 6.2	\$ 909.5
Equipment.....	58.3	3.3	2.9	3.7	62.4
Other, principally land..	40.7	-	0.1	-	40.6
Total.....	\$ 963.9	\$ 49.7	\$ 11.0	\$ 9.9	\$1,012.5

Year Ended December 31, 1991

Classification	Balance at Beginning Of Year	Additions At Cost	Retirement	Other Charges Debit (Credit)	Balance At End Of Year
Road and structures, including land.....	\$ 846.9	\$ 36.3	\$ 18.3	\$ -	\$ 864.9
Equipment.....	57.8	1.9	1.4	-	58.3
Other, principally land..	40.9	-	0.2	-	40.7
Total.....	\$ 945.6	\$ 38.2	\$ 19.9	\$ -	\$ 963.9

</TABLE>

- (1) Reclassification of properties from "Other Assets."
- (2) Reclassification of properties from "Assets Held For Disposition."

<TABLE>

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

SCHEDULE VI -- ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
(\$ in millions)

<CAPTION>

Year Ended December 31, 1993

Classification	Balance at Beginning Of Year	Additions Charged To Cost And Expenses	Retirement	Other Charges Debit (Credit)	Balance At End Of Year
Road and structures, including land.....	\$ 10.0	\$ 18.9	\$ 16.5	\$ -	\$ 12.4
Equipment.....	5.1	3.2	1.4	-	6.9

Other, principally land..	-	-	-	-	-
	-----	-----	-----	-----	-----
Total.....	\$ 15.1	\$ 22.1	\$ 17.9	\$ -	\$ 19.3

Year Ended December 31, 1992

Classification	Balance at Beginning Of Year	Additions Charged To Cost And Expenses	Retirement	Other Charges Debit (Credit)	Balance At End Of Year
-----	-----	-----	-----	-----	-----
Road and structures, including land.....	\$ 3.7	\$ 18.2	\$ 11.9	\$ -	\$ 10.0
Equipment.....	3.5	2.6	1.0	-	5.1
Other, principally land..	-	-	-	-	-
	-----	-----	-----	-----	-----
Total.....	\$ 7.2	\$ 20.8	\$ 12.9	\$ -	\$ 15.1

Year Ended December 31, 1991

Classification	Balance at Beginning Of Year	Additions Charged To Cost And Expenses	Retirement	Other Charges Debit (Credit)	Balance At End Of Year
-----	-----	-----	-----	-----	-----
Road and structures, including land.....	\$ 4.2	\$ 17.5	\$ 18.0	\$ -	\$ 3.7
Equipment.....	1.8	2.4	0.7	-	3.5
Other, principally land..	-	-	-	-	-
	-----	-----	-----	-----	-----
Total.....	\$ 6.0	\$ 19.9	\$ 18.7	\$ -	\$ 7.2

</TABLE>

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

SCHEDULE VII--GUARANTEES OF SECURITIES OF OTHER ISSUERS

AS OF DECEMBER 31, 1993, 1992 AND 1991
(\$ IN MILLIONS)

Column A	Column B	Column C	Column D
-----	-----	-----	-----
Name of Issuer of Securities Guaranteed by Person for Which Statement is Filed	Title of Issue of Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Nature of Guarantee
Terminal	Refunding and		

Railroad Improvement Association Mortgage 4% of St. Louis	Bonds, Series "C", due 7/1/2019	\$7.8	Principal and annual interest
---	---------------------------------	-------	-------------------------------

<TABLE>

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS
(\$ in millions)

<CAPTION>

Year Ended December 31, 1993

<S>

Classification	Balance at Beginning Of Year	Additions Charged To Expense	Payments And (Charges)	Balance At End Of Year
Redundancy and guarantee reserve.....	\$ 51.6	\$ 1.8	\$ 9.8	\$ 43.6
Casualty and other reserves.....	67.4	18.8	23.9	62.3
Environmental.....	9.9	2.9	0.9	11.9
Bad debt reserve.....	2.6	2.0	1.5	3.1
Taxes.....	3.3	-	1.1	2.2
Total.....	\$134.8	\$ 25.5	\$ 37.2	\$ 123.1

Year Ended December 31, 1992

Classification	Balance at Beginning Of Year	Additions Charged To Expense	Payments And (Charges)	Balance At End Of Year
Redundancy and guarantee reserve.....	\$ 61.3	\$ 2.1	\$ 11.8	\$ 51.6
Casualty and other reserves.....	60.4	21.3	14.3	67.4
Environmental.....	10.1	2.3	2.5	9.9
Bad debt reserve.....	5.1	1.9	4.4	2.6
Taxes.....	-	3.7	0.4	3.3
Total.....	\$136.9	\$ 31.3	\$ 33.4	\$ 134.8

Year Ended December 31, 1991

Classification	Balance at Beginning Of Year	Additions Charged To Expense	Payments And (Charges)	Balance At End Of Year
Redundancy and guarantee reserve.....	\$ 84.0	\$ -	\$ 22.7	\$ 61.3
Casualty and other reserves.....	61.2	26.4	27.2	60.4
Environmental.....	3.1	10.6	3.6	10.1
Bad debt reserve.....	5.3	1.9	2.1	5.1
Total.....	\$153.6	\$ 38.9	\$ 55.6	\$ 136.9

</TABLE>

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit	Descriptions	Sequential
No.		Page No.
-----	-----	-----
3.1	Articles of Incorporation of Illinois Central Railroad, as amended. (Incorporated by reference to Exhibit 3.1 to the Registration Statement of Illinois Central Railroad on Form S-1. (SEC File No. 33-29269))	
3.2	By-Laws of Illinois Central Railroad, as amended. (Incorporated by reference to Exhibit 3.2 to the Registration Statement of Illinois Central Railroad on Form S-1. (SEC File No. 33-29269))	
4.1	Form of 14-1/8% Senior Subordinated Debenture Indenture dated as of September 15, 1989 (the "Senior Subordinated Debenture Indenture") between Illinois Central Railroad and United States Trust Railroad of New York, Trustee (including the form of 14-1/8% Senior Subordinated Debenture included as Exhibit A therein). (Incorporated by reference to Exhibit 4.1 to the Registration Statement of Illinois Central Railroad on Form S-1, as amended. (SEC File No. 33-29269))	
4.2	Form of the Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 22, 1989, and amended and restated as of July 23, 1991, among Illinois Central Railroad and the Banks named therein (including the Form of the Restated Revolving Credit Note, the Form of the Restated Term Note, the Form of the Intercreditor Agreement, the Form of the Security Agreement Amendment No. 1 dated as of February 28, 1992, to the Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 22, 1989, and amended and restated as of July 23, 1991, among Illinois Central Railroad and the Banks named therein. (Incorporated by	

reference to Exhibit 4.3 to the Annual Report on Form 10-K for the year ended December 31, 1991, for the Illinois Central Railroad filed March 12, 1992. (SEC File No. 1-7092))

4.4 Form of Guaranty dated as of September 22, 1989, and amended and restated as of July 23, 1991, among Illinois Central Railroad Company and the Banks named therein that are or may become parties to the Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 22, 1989, and amended and restated as of July 23, 1991, among the Illinois Central Railroad and the Banks named therein. (Incorporated by reference to Exhibit 4.3 to the Quarterly Report of Illinois Central Railroad Company on Form 10-Q for the three months ended September 30, 1991. (SEC File No. 1-10720))

* Used herein to identify management contracts or compensation plans or arrangements as required by Item 14 of Form 10-K.

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit No.	Descriptions	Sequential Page No.
4.5	Form of Pledge Agreement dated as of September 22, 1989, and amended and restated as of July 23, 1991, among Illinois Central Railroad Company and the Banks named therein that are or may become parties to the Amended and Restated Revolving Credit and Term Loan Agreement dated as of September 22, 1989, and amended and restated as of July 23, 1991, among the Illinois Central Railroad and the Banks named therein and the Senior Note Purchasers that are parties to the Note Purchase Agreement dated as of July 23, 1991.	

(Incorporated by reference to Exhibit 4.4 to the Quarterly Report of Illinois Central Railroad Company on Form 10-Q for the three months ended September 30, 1991. (SEC File No. 1-10720))

- 4.6 Form Supplemental Indenture dated July 23, 1991, between Illinois Central Railroad and Morgan Guaranty Trust Railroad of New York relating to First Mortgage Adjustable Rate Bonds, Series M. (Incorporated by reference to Exhibit 4.2 to the Quarterly Report of Illinois Central Railroad on Form 10-Q for the three months ended September 30, 1991. (SEC File No. 1-7092))
- 4.7 Form of Note Purchase Agreement dated as of July 23, 1991, among Illinois Central Railroad, as issuer, and Illinois Central Railroad Company, as guarantor, for 10.02% Guaranteed Senior Secured Series A Notes due 1999 and for 10.4% Guaranteed Senior Secured Series B Notes due 2001 (including the Form of Series A Note and Series B Note included as Exhibits A-1 and A-2, respectively, therein). (Incorporated by reference to Exhibit 4.3 to the Quarterly Report of the Illinois Central Railroad on Form 10-Q for the three months ended September 30, 1991. (SEC File No. 1-7092))
- 4.8 Form of the Revolving Credit Agreement dated as of October 27, 1993, among Illinois Central Railroad Company and the Banks named therein (including the Form of the Note, the Form of the Competitive Bid Request, Form of the Notice of Competitive Bid Request, Form of the Competitive Bid and Form of the Competitive Bid Accept/Reject Letter included as Exhibits A, B-1, B-2, B-3 and B-4, respectively, therein).
- 4.9 Form of the Amended and Restated Revolving Credit

Agreement dated as of October 27, 1993, among Illinois Central Railroad Company and the Banks named therein (including the Form of the Note, the Form of the Competitive Bid Request, Form of the Notice of Competitive Bid Request, Form of the Competitive Bid and Form of the Competitive Bid Accept/Reject Letter included as Exhibits A, B-1, B-2, B-3 and B-4, respectively, therein).

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit No. -----	Descriptions -----	Sequential Page No. -----
4.10	Form of Commercial Paper Dealer Agreement between Illinois Central Railroad Company and Lehman Commercial Paper, Inc. dated as of November 19, 1993.	
4.11	Form of Issuing and Paying Agency Agreement of the Illinois Central Railroad Company related to the Commercial Paper Program between Illinois Central Railroad Company and Bank America National Trust Company dated as of November 19, 1993, (including Exhibit A the Form of Certificated Commercial Paper Note included therein).	
10.1*	Form of supplemental retirement and savings plan. (Incorporated by reference to Exhibit 10C to the Registration Statement of Illinois Central Transportation Co. on Form 10 filed on October 7, 1988, as amended. (SEC File No. 1-10085))	
10.2 *	Form of management incentive compensation plan. (Incorporated by reference to Exhibit 10D to the Registration Statement of Illinois Central Transportation Co. on Form 10 filed on October 7, 1988, as	

amended. (SEC File No. 1-10085))

- 10.3 Consolidated Mortgage dated November 1, 1949 between Illinois Central Railroad and Guaranty Trust Railroad of New York, Trustee, as amended. (Incorporated by reference to Exhibit 10.8 to the Registration Statement of Illinois Central Railroad on Form S-1, as amended. (SEC File No. 33-29269))

ILLINOIS CENTRAL RAILROAD COMPANY
AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit No.	Descriptions	Sequential Page No.
10.4	Form of indemnification agreement dated as of January 29, 1991, between Illinois Central Railroad Company and certain officers and directors. (Incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K for the year ended December 31, 1990, for the Illinois Central Railroad Company filed on April 1, 1991. (SEC File No. 1-10720))	
10.5	Railroad Locomotive Lease Agreement between IC Leasing Corporation I and Illinois Central Railroad dated as of September 5, 1991. (Incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K for the year ended December 31, 1991 for the Illinois Central Railroad filed March 12, 1992. (SEC File No. 1-7092))	
10.6	Railroad Locomotive Lease Agreement between IC Leasing Corporation II and Illinois Central Railroad dated as of January 14, 1993. (Incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K for the year ended December 31, 1992, for the Illinois Central Railroad filed March 5, 1993.	

21 Subsidiaries of Registrant

(Included at E-5)

(A) Included herein but not reproduced.

EXHIBIT 21

Illinois Central Railroad Company
Subsidiaries of the Registrant
as of December 31, 1993

Name - - - - -	Place of Incorporation -----
-------------------	---------------------------------

Subsidiaries included in
the financial statements,
which are 100% owned:

Chicago Intermodal Railroad	Delaware
Kensington and Eastern Railroad	Illinois
Mississippi Valley Corporation	Delaware
Waterloo Railroad Company	Delaware

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

ILLINOIS CENTRAL RAILROAD COMPANY

As independent public accountants, we hereby consent to the incorporation of our report dated January 19, 1994 included in the Railroad's Form 10-K for the year ended December 31, 1993, into Illinois Central Railroad's previously filed Form S-8 Registration Statements File Nos. 33-41052 and 33-51924.

ARTHUR ANDERSEN & CO.

Chicago, Illinois
March 16, 1994

ILLINOIS CENTRAL RAILROAD COMPANY
455 North Cityfront Plaza Drive
Chicago, Illinois 60611-5504

COMMERCIAL PAPER DEALER AGREEMENT

November 19, 1993

LEHMAN COMMERCIAL PAPER, INC.
3 World Financial Center
New York, New York 10285

Dear Sirs:

ILLINOIS CENTRAL RAILROAD COMPANY, a Delaware corporation (the "Company") proposes to issue Notes (as defined below) from time to time and, in connection therewith, agrees as follows with you ("Lehman"):

1. Definitions.

(a) "Issuing and Paying Agency Agreement" shall mean the agreement, dated as of the date hereof, between the Company and BankAmerica National Trust Company, providing for the issuance and payment of the Notes; and "Issuing and Paying Agent" shall mean BankAmerica National Trust Company in its capacity as issuing and paying agent under the Issuing and Paying Agency Agreement.

(b) "Notes" shall mean promissory notes issued by the Company from time to time in denominations of at least \$100,000 and with maturities of 270 days or less in the form of (i) certificated notes substantially in the form of Exhibit A to the Issuing and Paying Agency Agreement or (ii) book-entry obligations evidenced by a master note payable to The Depository Trust Company or its nominee.

(c) "Offering Documents" shall mean the

Offering Memorandum, initially in the form of Exhibit A hereto, as the same may be revised from time to time with the agreement of the Company and Lehman, and any other materials which the Company may deliver to Lehman with written instructions to furnish the same to offerees of the Notes.

2. Issuance and Sale of Notes.

(a) While (i) the Company has and shall have no obligation to sell Notes to Lehman or to permit Lehman to arrange any sale of Notes for the account of the Company and (ii) Lehman has and shall have no obligation to purchase Notes from the Company or to arrange any sale of Notes for the account of the Company, the parties hereto agree that any Notes which Lehman purchases or the sale of which Lehman arranges will be purchased or sold by Lehman in reliance on the representations, warranties, covenants and agreements of the Company contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein. Lehman will offer and sell Notes only to institutional investors and other entities and individuals who normally purchase short-term commercial paper in the United States commercial paper market. The Notes will not be advertised or otherwise offered for sale, or sold, to the general public by Lehman.

(b) If the Company and Lehman shall agree on the terms of the purchase of any Note by Lehman (including agreement with respect to the date of issue, principal amount, purchase price, maturity and interest or discount), the Company shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement.

(c) Lehman shall cause the purchase price of Notes purchased by it as principal to be remitted to the Issuing and Paying Agency Agent in immediately available funds on the same day such Notes are issued provided that in the case of certificated Notes, such Notes shall have been duly delivered to Lehman in accordance with Lehman's instructions.

3. Representations and Warranties of the Company. The Company represents and warrants that:

(a) The Notes have been duly authorized and, when issued and delivered as provided in the Issuing and Paying Agency Agreement and paid for, will be duly and validly issued and delivered and will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power and authority to execute, deliver and perform its obligations under the Notes, this Agreement and the Issuing and Paying Agency Agreement.

(c) This Agreement and the Issuing and Paying Agency Agreement have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(d) There are no consents, authorizations or approvals of, or filings with, any Federal or state government authority required in connection with the issuance or sale by the Company of the Notes which have not been obtained or made, except as may be required by state securities laws.

(e) The execution, delivery and performance by the Company of this Agreement, the Notes and the Issuing and Paying Agency Agreement will not result in a breach or violation of, conflict with, or constitute a default under the charter or by-laws of the Company, any agreement or instrument binding on the Company that is material to the Company and its subsidiaries (taken as a whole) or as to which such a breach, violation, conflict or default would materially adversely affect the holders of the

Notes or any law, regulation, order or judgment to which the Company is a party or by which the Company or any material part of its property is bound.

(f) There is no litigation or governmental proceeding pending, or to the knowledge of the Company threatened, against or affecting the Company or any of its subsidiaries as to which there is a reasonable possibility of an adverse decision which would materially adversely affect the business, assets or financial condition of the Company or the ability of the Company to perform its obligations under this Agreement or the Notes.

(g) The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(h) Each delivery of Notes to Lehman shall be deemed a representation and warranty by the Company, as of the date thereof, that (i) the Notes issued on such date have been duly authorized, issued and delivered and, upon payment therefor, will constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), (ii) the representations and warranties of the Company set forth in paragraphs (b) through (g) of this Section 3 are true and correct as if made on such date and (iii) the Company has complied at all times with the provisions of Sections 4(a) and 4(b) hereof.

4. Covenants and Agreements of the Company.

The Company covenants and agrees that:

(a) The Company will use the proceeds of the sale of the Notes for "current transactions" within the meaning of Section 3(a)(3) of the Securities Act of 1933.

(b) The Company will not permit to become effective any amendment to or modification of the Issuing and Paying Agency Agreement which might adversely affect the interests of the holder of any Notes then outstanding. The Company will give

Lehman notice of any proposed amendment to or modification of the Issuing and Paying Agency Agreement at least 10 days prior to the effective date thereof (or such shorter time as Lehman may agree).

(c) The Company will not sell Notes to Lehman hereunder until Lehman shall have received (i) an opinion from Ronald Lane, Vice President and General Counsel of the Company, as to the matters set forth in paragraphs (a) through (g) of Section 3 hereof and (ii) an opinion from Davis Polk & Wardwell, special counsel to the Company, as to the exemption of the Notes from the registration requirements of the Securities Act of 1933 by virtue of Section 3(a)(3) thereof.

5. Indemnification.

The Company will indemnify and hold harmless Lehman against any loss, claim, damages, liability or expense (including reasonable costs of investigation and defense) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Documents (except to the extent the same relates to Lehman or its activities hereunder), or the omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except to the extent the same relates to Lehman or its activities hereunder). The obligations of the Company to Lehman under this Section 5 shall survive the termination of this Agreement.

6. General.

(a) All notices required under the terms and provisions hereof shall be in writing, given in person, by mail (postage prepaid), or by telex or telecopier, and any such notice shall be effective when received at the address specified for the intended recipient at the head of this Agreement (or at such other address as such recipient may designate from time to time by notice to the other party).

(b) The Company will promptly pay, or reimburse Lehman on demand for, all reasonable out-of-pocket costs and expenses (including reasonable fees and disbursements of counsel to Lehman) incurred by Lehman in connection with the

preparation and negotiation of this Agreement.

(c) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(d) The terms of this Agreement shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by each of the parties hereto.

(e) This Agreement may be terminated at any time by the Company or Lehman upon the giving of written notice of such termination to the other party hereto, but without prejudice to any rights, obligations or liabilities of either party hereto accrued or incurred prior to such termination.

If you agree with the foregoing, please indicate your acceptance below, whereupon this letter shall become a binding agreement between Lehman and the Company as of the day and year first above written.

Very truly yours,

ILLINOIS CENTRAL RAILROAD COMPANY

By

Accepted and agreed:

LEHMAN COMMERCIAL PAPER, INC.

By

ISSUING AND PAYING AGENCY AGREEMENT

BankAmerica National Trust Company
2 Rector Street, 14th Floor
New York, New York 10006

Attn: Corporate Trust Division

Re: Illinois Central Railroad Company
Commercial Paper Program

Ladies and Gentlemen:

This letter sets forth the understanding between you and Illinois Central Railroad Company, a Delaware corporation (the "Company"), whereby you have agreed to act as depository for the safekeeping of certain notes of the Company which may be issued and sold in the United States commercial paper market (the "Commercial Paper Notes"), as issuing agent on behalf of the Company in connection with the issuance of the Commercial Paper Notes and as paying agent to undertake certain obligations to make payments in respect of the Commercial Paper Notes. You have executed or will promptly hereafter execute a Letter of Representation (the "Letter of Representation", which term shall include the Procedures referred to therein) with the Company and The Depository Trust Company ("DTC") and a Certificate Agreement (the "Certificate Agreement") with DTC which establish or will establish, among other things, the procedures to be followed by you in connection with the issuance and custody of Commercial Paper Notes in book-entry form.

1. Appointment of Agent. The Company hereby appoints you and you hereby agree to act, on the terms and conditions specified herein and in the Letter of Representation and Certificate Agreement, as custodian and issuing and paying agent for the Commercial Paper Notes. The Commercial Paper Notes will, in the case of Commercial Paper Notes issued in certificated form ("Certificated Notes"), be substantially in the form attached hereto as Exhibit A and, in the case of Commercial Paper Notes issued in book-entry form ("Book-Entry Notes"), be substantially in the forms attached to the Letter of Representation. The

Commercial Paper Notes will be sold directly by the Company or through one or more such commercial paper dealers as the Company shall have notified you from time to time (each a "Dealer and, collectively, the "Dealers"). The Dealer currently is Lehman Commercial Paper, Inc.

2. Supply of Commercial Paper Notes. The Company will from time to time furnish you with an adequate supply of Commercial Paper Notes, which shall be Book-Entry Notes and/or Certificated Notes, as the Company in its sole and absolute discretion considers appropriate. Certificated Notes shall be serially numbered and shall have been executed by manual or facsimile signature of an Authorized Representative (as hereafter defined), with the note number, principal amount, payee, date of issue, maturity date, amount of interest (if an interest-bearing Commercial Paper Note) and maturity value left blank. Book-Entry Notes shall be represented by one or more master notes which shall be executed by manual or facsimile signature by an Authorized Representative in accordance with the Letter of Representation. Pending receipt of instructions pursuant to this Agreement, you will hold the Commercial Paper Notes in safekeeping for the account of the Company or DTC, as the case may be, in accordance with your customary practice and the requirements of the Certificate Agreement. The Certificated Notes shall be printed on a manifold that will produce one original and three non-negotiable copies.

3. Authorized Representatives. On or before December 1 of each year, the Company will furnish you with a certificate, substantially in the form attached hereto as Exhibit B, certifying the incumbency and specimen signatures of officers or agents of the Company authorized to execute Commercial Paper Notes on behalf of the Company by manual or facsimile signature and/or to take other action hereunder on behalf of the Company (each an "Authorized Representative"). Until you receive a subsequent incumbency certificate of the Company, you are entitled to rely on the last such certificate delivered to you for purposes of determining the Authorized Representatives. You shall not have any responsibility to the Company to determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Notes, or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signature(s) filed with you by a duly authorized officer of the Company. Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be binding on the Company after the authentication thereof by you notwithstanding that such person shall have died or shall

have otherwise ceased to hold his office on the date such Commercial Paper Note is countersigned or delivered to you.

4. Completion, Authentication and Delivery of Commercial Paper Notes. (a) Instructions for the issuance of Commercial Paper Notes will be given via an issuance system (the "system"), if available, or by telephone, promptly confirmed in writing (which may be by facsimile) either by an Authorized Representative, or by any officer or employee of a Dealer who has been designated by an Authorized Representative in writing to you as a person authorized to give such instructions hereunder (each an "Authorized Dealer Representative"), provided that instructions may be given in writing if the system is unavailable or is inoperative. Upon receipt of instructions as described in the preceding sentence, you will withdraw the necessary Commercial Paper Notes(s) from safekeeping and, in accordance with such instructions, shall (i) in the case of Book-Entry Notes, cause the issuance of such Book-Entry Notes in the manner set forth in, and take such other actions as are required by, the Letter of Representation and the Certificate Agreement or (ii) in the case of Certificated Notes:

(1) complete each Certificated Note as to note number, principal amount (which shall not be less than \$100,000), payee, date of issue, maturity date (which shall not be more than 270 days from the date of issue), amount of interest (if any) and maturity value; and

(2) manually countersign each Certificated Note by any one of your officers or employees duly authorized and designated for this purpose; and

(3) deliver the Certificated Note(s) to the appropriate Dealer or its agent within the Borough of Manhattan, City and State of New York, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such instructions.

If such instructions do not provide for such receipt, such Dealer shall nevertheless pay the purchase price for the Certificated Note in accordance with Paragraph 5 hereof. Of the three non-negotiable copies of each Commercial Paper Note, two shall be retained by you and one shall be sent promptly to the Company.

(b) Instructions given via the system must be entered by 12:30 p.m. for physical issuance and 2:00 p.m. for book-entry issuance, New York City time, and

instructions delivered by telephone or in writing must be received by you by 1:00 p.m., New York City time, if the Commercial Paper Note(s) are to be delivered the same day. Telephone instructions shall be confirmed in writing the same day.

(c) The Company understands that although you have been instructed to deliver Commercial Paper Notes against payment, delivery of Certificated Notes will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once you have delivered a Certificated Note to a Dealer or its agent as provided in Paragraph 4(a)(3) hereof, the Company shall bear the risk that a Dealer or its agent fails to remit payment for the Certificated Note to you. It is understood that each delivery of Commercial Paper Notes hereunder shall be subject to the rules of the New York Clearing House in effect at the time of such delivery.

(d) Except as may otherwise be provided in the Letter of Representation, if at any time the Company instructs you to cease issuing Certificated Notes and to issue only Book-Entry Notes, you agree that all Commercial Paper Notes will be issued as Book-Entry Notes and that no Certificated Notes shall be exchanged for Book-Entry Notes unless and until you have received written instructions from an Authorized Representative (any such instructions from an Authorized Dealer Representative shall not be sufficient for this purpose) to the contrary.

5. Proceeds of Sale of the Commercial Paper Notes. Contemporaneously with the execution and delivery of this Agreement, and for the purposes of this Agreement, you will establish an account designated as the Illinois Central Railroad Company Note Account in the Company's name (the "Note Account"). On each day on which a Dealer or its agent receives Commercial Paper Notes (whether through the facilities of DTC in the manner set forth in the Letter of Representation or by delivery in accordance with Paragraph 4(a)(3) hereof), the Dealer shall pay the purchase price for such Commercial Paper Notes in immediately available funds (such funds referred to herein as "Proceeds") for credit to the Note Account. From time to time upon telephonic or written instructions received by you from an Authorized Representative, (i) you agree to transfer Proceeds from the Note Account to any bank or trust company for the Company's account and (ii) you may, in your discretion, advance to the Company amounts equal to Proceeds which the Company has advised you will be made available on such date, but which Proceeds have not yet been received by you, to pay

Commercial Paper Notes presented for payment upon maturity. Any such advance shall be repaid from such Proceeds or by the Company in the event such Proceeds are not received by you. It is intended that such advance be for no longer than 24 hours. Interest on each such unpaid advance shall be at a rate negotiated between you and the Company and shall begin to accrue on the day of such advance.

6. Payment of Matured Commercial Paper Notes. By 1 p.m., New York City time, on the date that any Commercial Paper Notes are scheduled to mature, there shall have been transferred to you for deposit in the Note Account immediately available funds in an amount, together with the anticipated proceeds from the sale of Commercial Paper Notes, sufficient to pay all Commercial Paper Notes maturing on such date, to the extent that you have not made an advance to the Note Account for the purpose of such payment as contemplated by Paragraph 5 hereof. When any matured Commercial Paper Note is presented to you for payment by the holder thereof (which may, in the case of Book-Entry Notes held by you in custody pursuant to the Certificate Agreement, be DTC or a nominee of DTC), payment shall be made from and charged to the Note Account to the extent funds sufficient to effect such payment are available in said account or to the extent you have made an advance to the Note Account for the purpose of such payment as contemplated by Paragraph 5 hereof.

7. Reliance on Instructions. Except as otherwise set forth herein, you shall incur no liability to the Company in acting hereunder upon telephonic or other instructions contemplated hereby which the recipient thereof reasonably believed in good faith to have been given by an Authorized Representative or an Authorized Dealer Representative, as the case may be. In the event a discrepancy exists with respect to such instructions, the telephonic instructions as recorded by you will be deemed the controlling and proper instructions, unless such instructions are required by this Agreement to be in writing or have not been recorded by you as contemplated by the next sentence. It is understood that all telephonic instructions will be recorded by you and the Company hereby consents to such recording.

8. Cancellation of Commercial Paper Notes. You will in due course cancel Certificated Note(s) presented for payment and return them to the Company. After payment of any matured Book-Entry Note, you shall annotate your records to reflect the face amount of Book-Entry Notes outstanding in accordance with the Letter of Representation. Promptly upon the written request of the Company, you agree to cancel

and return to the Company all unissued Commercial Paper Notes in your possession at the time of such request.

9. Notices; Addresses. (a) All communications by or on behalf of the Company or a Dealer, by telephone or otherwise, relating to the completion, delivery or payment of the Commercial Paper Note(s) are to be directed to your Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or division which you shall specify in writing to the Company and the Dealers). The Company will send all Commercial Paper Notes to be completed and delivered by you to your Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or division as you shall specify in writing to the Company). You will advise the Company and the Dealers from time to time in writing of the individuals generally responsible for the administration of this Agreement and will from time to time certify incumbency and specimen signatures of officers or employees authorized to countersign Commercial Paper Notes.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing (which may be by facsimile), and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

If to the Company, at:

Illinois Central Railroad Company
455 North Cityfront Plaza Drive
Chicago, Illinois 60611
Attention: Treasurer
Telecopy No.: (312) 755-7917:

If to you:

(i) concerning the daily issuance of
Commercial Paper Notes:

BankAmerica National Trust Company
Two Rector Street, 2nd floor
New York, New York 10006
Attention: Corporate Trust Operations,
Walter Butler
Telecopy No.: (212) 978-2617
Telephone No: (212) 978-5140

(ii) concerning all other matters;

BankAmerica National Trust Company
Two Rector Street, 9th floor
New York, New York 10006
Attention: Corporate Trust Division,
Geovanni Barris
Telecopy No.: (212) 978-5060
Telephone No.: (212) 978-5015

Notices shall be deemed delivered when received at the address specified above. For purposes of this paragraph, "when received" shall mean actual receipt of (i) an electronic communication by a telex machine, telecopier or issuance system specified in or pursuant to this Agreement; (ii) an oral communication by any person answering the telephone at your office specified in Paragraph 9(a) hereof and otherwise at the office of the individual or department specified in or pursuant to this Agreement; or (iii) a written communication hand-delivered at the office specified in or pursuant to this Agreement.

10. Additional Information. Upon the request of the Company given at any time and from time to time, you shall promptly provide the Company with information with respect to the Commercial Paper Note(s) issued and paid hereunder. Such request shall be in written form and, to the extent known by the Company, shall include the note number, principal amount, date of issue, maturity date and amount of interest, if any, of each Commercial Paper Note which has been issued or paid by you and for which the request is being made.

11. Liability. Neither you nor your officers, employees or agents shall be liable for any act or omission hereunder, except in the case of negligence or willful misconduct. Your duties and obligations and those of your officers and employees shall be determined by the express provisions of this Agreement, the Letter of Representation and the Certificate Agreement (including the documents referred to therein), and they shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and therein, and no implied covenants shall be read into any such document against them. Neither you nor your officers or employees shall be required to ascertain whether any issuance or sale of Commercial Paper Note(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the Company is a party (whether or not you are a party to such other agreement).

12. Indemnification. The Company agrees to indemnify and hold you and your officers, employees and

agents harmless from and against all liabilities, claims, damages, costs and expenses (including reasonable legal fees and expenses) relating to or arising out of their actions or inactions in connection with this Agreement, except to the extent they are caused by your or their negligence or willful misconduct. This indemnity shall survive termination of this Agreement.

13. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, and no other person shall acquire or have any right under or by virtue hereof.

14. Termination. (a) This Agreement may be terminated at any time by either you or the Company by 15 days' prior written notice to the other, provided that you agree to continue acting as issuing and paying agent hereunder until such time as your successor has been selected and has entered into an agreement with the Company to that effect. Such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination.

(b) If no successor has been appointed within 15 days, then you have the right to petition a court of competent jurisdiction for the appointment of a successor issuing and paying agent. You shall incur no expense or liability in connection with any such appointment.

15. Governing Law. (a) This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York.

(b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the United States Federal courts located in the Borough of Manhattan and the courts of the State of New York located in the Borough of Manhattan.

16. Fees. You shall receive fees from the Company for acting as issuing and paying agent hereunder in such amounts as you and the Company shall agree from time to time in writing.

Please indicate your agreement with and acceptance of the foregoing terms and provisions by signing the counterpart of this letter enclosed herewith and returning it to the Company.

ILLINOIS CENTRAL RAILROAD COMPANY

By _____

Its _____

Agreed to and accepted
this day of , 93.

BANKAMERICA NATIONAL TRUST COMPANY
as Issuing and Paying Agent

By _____

Its _____

EXHIBIT A

FORM OF CERTIFICATED COMMERCIAL PAPER NOTE,
SERIES []

COMMERCIAL PAPER NOTE, SERIES []

\$ _____ No. _____
[Accrued Interest: \$]

New York, New York

_____, 19__

For value received, Illinois
Central Railroad Company (the "Issuer")
promises to pay to the order of [_____] the
sum of _____ Dollars [plus Accrued Interest
as shown above] _____ on _____, 19__, at the
office of BankAmerica National Trust Company
(the "Issuing and Paying Agent") at 2 Rector
Street, Corporate Trust Division, New York,
New York 10006.

This Note has been issued pursuant
to, and is subject to the terms of, the
Issuing and Paying Agency Agreement (as from

time to time amended, supplemented or otherwise modified, the "Issuing and Paying Agency Agreement"), dated as of November 19, 1993, between the Issuer and the Issuing and Paying Agent.

Reference is made to such Issuing and Paying Agency Agreement referred to above and the other related documents, which, as from time to time amended, are on file with the Issuing and Paying Agent at its aforesaid office. This Note shall be governed by, and construed in accordance with, the law of the State of New York.

By: ILLINOIS CENTRAL RAILROAD COMPANY

By: _____
Authorized Signature

Countersigned for authentication only by BankAmerica National Trust Company, as Issuing and Paying Agent

By: _____
Authorized Signature

This Note is not valid for any purpose unless countersigned by BankAmerica National Trust Company, as Issuing and Paying Agent.

EXHIBIT B
TO
AGREEMENT
ISSUING AND PAYING AGENCY

In accordance with Paragraph 2 of the Issuing and Paying Agency Agreement, dated as of November 19, 1993 (the "Agreement"), between the Illinois Central Railroad Company (the "Company") and BankAmerica National Trust Company (New York), the following officers and employees are authorized to execute Commercial Paper Notes (as defined in the Agreement) on behalf of the Company by manual or facsimile signature and to take any other action under the Agreement on behalf of the

Company.

Name and Title	Signature
Dale Phillips - - Chief Financial Officer	_____

Doug Koman - Treasurer	_____
------------------------	-------

Illinois Central Railroad Company

By:
Title: Secretary

REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT, dated as of October 27, 1993, among Illinois Central Railroad Company, a Delaware corporation (the "Borrower"), The First National Bank of Boston ("FNBB"), Bank of America National Trust and Savings Association ("BofA"), The Chase Manhattan Bank, N.A., The Toronto Dominion Bank, Cayman Islands Branch, Continental Bank N.A., Deposit Guaranty National Bank, Kleinwort Benson Limited, The Mitsubishi Trust and Banking Corporation, and such other lenders as may become parties to this Agreement from time to time in accordance with the provisions hereof (each, a "Bank", and collectively, the "Banks"), The First National Bank of Boston as administrative agent for the Banks (the "Administrative Agent") and as competitive bid agent for the Banks (the "Competitive Bid Agent") and Bank of America National Trust and Savings Association as co-agent for the Banks (the "Co-Agent").

WHEREAS, the Borrower has requested and the Banks have agreed, subject to the terms and conditions contained herein, to provide to the Borrower a committed revolving credit facility and a competitive bid revolving credit facility;

NOW, THEREFORE, the Borrower, the Banks, the Administrative Agent, the Competitive Bid Agent and the Co-Agent hereby agree as follows.

Section 1. DEFINITIONS. (a) The following terms shall have the meanings assigned to them below in this Section 1 or in the provisions of this Agreement referred to below:

"Administrative Agent" - see preamble.

"Affected Bank" - see Section 3.1(d).

"Affiliate" - in relation to any particular Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the power,

directly or indirectly, to (a) vote 10% or more of the outstanding stock having ordinary voting power for the election of directors of such Person, or (b) direct the management or policies of such Person, whether by contract or otherwise.

"Agent's Fee" - see Section 3.8.

"Agent's Fee Letter" - see Section 3.8.

"Agents" - The Administrative Agent and the Competitive Bid Agent.

"Agreement" - this Revolving Credit Agreement, with all Exhibits and Schedules hereto, as originally executed, or if this Revolving Credit Agreement is amended or supplemented from time to time, as so amended or supplemented.

"Applicable Margin" - With respect to any period commencing on an Interest Rate Adjustment Date and ending on the day prior to the next succeeding Interest Rate Adjustment Date, if the Rating (as defined below) in effect on the first day of such period is equal to:

(a) "BB" or less or "Ba2" or less (as applicable) or if no Rating is available, then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, .40% per annum, (ii) Eurodollar Standby Loans, 1.00% per annum, (iii) C/D Rate Loans, 1.125% per annum, and (iv) the Facility Fee, .375% per annum;

(b) "BB+" or "Ba1" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .875% per annum, (iii) C/D Rate Loans, 1.0% per annum, and (iv) the Facility Fee, .375% per annum;

(c) "BBB-" or "Baa3" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .50% per annum, (iii) C/D Rate Loans, .625% per annum, and (iv) the Facility Fee, .20% per annum;

(d) "BBB" or "Baa2" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii)

Eurodollar Standby Loans, .50% per annum, (iii) C/D Rate Loans, .625% per annum, and (iv) the Facility Fee, .15% per annum;

(e) "BBB+" or "Baa1" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .375% per annum, (iii) C/D Rate Loans, .50% per annum, and (iv) the Facility Fee, .125% per annum; or

(f) "A-" or "A3" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .375% per annum, (iii) C/D Rate Loans, .50% per annum, and (iv) the Facility Fee, .125% per annum; or

(g) "A" or higher or "A2" or higher (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, 0.25% per annum, (iii) C/D Rate Loans, 0.375% per annum, and (iv) the Facility Fee, .125% per annum.

For purposes of the foregoing, the "Rating" in effect from time to time shall be the lower of the rating by Moody's or by S&P of the Rated Debt, provided that (i) if either Moody's or S&P shall not have in effect a Rating for the Rated Debt (other than because such rating agency shall no longer be in the business of rating corporate debt obligations), the Rating shall be deemed to be the Rating of the other rating agency in respect of Rated Debt, (ii) if both Moody's and S&P shall not have in effect a Rating for the Rated Debt (other than because such rating agencies shall no longer be in the business of rating corporate debt obligations or because no Rated Debt shall be outstanding), then no Rating shall be deemed to be available for purposes of determining the Applicable Margin, (iii) if the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, or if no Rated Debt shall be outstanding, then the Borrower and the Banks shall negotiate in good faith to amend the references to specific ratings in this definition of Applicable Margin to reflect such changed rating system, the non-availability of ratings from such rating agency, or the repayment of all Rated Debt outstanding, as applicable, and (iv) to determine the lower of the rating of Rated Debt by Moody's and by S&P, the S&P

ratings set forth in the chart below shall be deemed to be equivalent to the Moody's rating set forth opposite such S&P rating:

S&P	Moody's
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2

"Assessment Rate" - for any Interest Period, the net annual assessment rate (rounded upwards, if necessary, to the next highest 1/100th of 1%) charged by the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring of time deposits made in dollars at offices of FNBB in the United States of America during the most recent period for which such rate has been determined prior to the commencement of such Interest Period.

"Assignment and Acceptance" - see Section 15.

"Balance Sheet Date" - December 31, 1992.

"Bank List" - see Section 15(c).

"Bank(s)" - see preamble.

"Banks' Special Counsel" - Bingham, Dana & Gould of Boston, Massachusetts, or such other counsel as may be approved by the Majority Banks.

"Base Rate" - for any day, a fluctuating rate per annum (rounded upwards, if necessary, to the next 1/8 of 1%) equal to the greater of (a) the rate of interest announced from time to time by the Administrative Agent at its Head Office as its "base rate", as in effect on such day, or (b) the sum of the Federal Funds Effective Rate in effect on such day plus 1/2%. In the event that at any time the rate determined as provided in clause (b) above exceeds the rate determined as provided in clause (a) above, on each such occasion, the rate set forth in clause (b) shall apply only to Base Rate Loans borrowed hereunder no more than five Business Days prior to the date such rate set forth in clause (b) exceeded the rate set forth in clause (a) above. For purposes of this

Agreement, any change in the Base Rate due to a change in the Administrative Agent's "base rate" or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Administrative Agent's "base rate" or the Federal Funds Effective Rate, as applicable. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including, without limitation, the inability or failure of the Administrative Agent to obtain sufficient bids or publications in accordance with the terms hereof, the Base Rate shall be the Administrative Agent's "base rate" as in effect at the applicable time until the circumstances giving rise to such inability no longer exist.

"Base Rate Borrowing" - a Borrowing comprised of Base Rate Loans.

"Base Rate Loan" - any Standby Loan bearing interest at a rate determined by reference to the Base Rate in accordance with the provisions of Section 2 hereof.

"BofA" - see preamble.

"Borrower" - see preamble.

"Borrowing" - a group of Loans of a single Type made by the Banks (or, in the case of a Competitive Borrowing, by the Bank or Banks whose Competitive Bids have been accepted by the Borrower pursuant to Section 2.5 hereof) on a single date and as to which a single Interest Period is in effect.

"Borrowing Notice" - see Section 2.6.

"Business Day" - any day (other than a Saturday or Sunday) on which commercial banks are open for the conduct of normal banking business in each of Boston, Massachusetts and New York, New York, provided that in the case of any transactions related to Eurodollar Loans, a Business Day also shall be a day on which dealings in dollar deposits in the Eurodollar interbank markets may be transacted.

"C/D Rate" - for any applicable Interest Period, the interest rate per annum determined by the Administrative Agent pursuant to the following formula:

C/D Rate = Domestic C/D Rate* +

*The components of the fraction to be rounded upwards, if necessary, to the next highest 1/8th of 1%.

The Administrative Agent shall give the Borrower and the Banks prompt notice (but in any event no later than one Business Day prior to the date of commencement of such Interest Period) of the C/D Rate determined for such Interest Period, and absent manifest error, each determination of the C/D Rate by the Administrative Agent shall be conclusive and binding for all purposes hereof.

"C/D Rate Borrowing" - a Borrowing comprised of C/D Rate Loans.

"C/D Rate Loans" - any Standby Loans bearing interest at a rate determined by reference to the C/D Rate in accordance with the provisions of Section 2 hereof.

"C/D Reserve Percentage" - for any day during an Interest Period with respect to a C/D Rate Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement, including, without limitation, any marginal, emergency, supplemental, special or other reserves, for a member bank of the Federal Reserve System in New York City with deposits exceeding \$1 billion in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the Interest Period for such C/D Rate Loan and in an amount of \$100,000 or more. The C/D Rate shall be adjusted automatically on and as of the effective date of any change in the C/D Reserve Percentage.

"CERCLA" - see Section 5.18(a)(i).

"Charter" - with respect to any Person other than an individual, such Person's articles of organization, certificate of incorporation, statute, constitution, joint venture or partnership agreement or other charter documents, in each case as amended and in effect from time to time.

"Closing Date" - see Section 4.

"Co-Agent" - see preamble.

"Code" - the Internal Revenue Code of 1986, as

amended and in effect from time to time.

"Commitment" - the agreement of each Bank, subject to the terms and conditions of this Agreement, to make Standby Loans to the Borrower hereunder.

"Competitive Bid" - an offer by a Bank to make a Competitive Loan pursuant to Section 2.5 hereof.

"Competitive Bid Accept/Reject Letter" - a notification made by the Borrower to the Competitive Bid Agent pursuant to Section 2.5(d) hereof in the form of Exhibit B-4 attached hereto.

"Competitive Bid Agent" - see preamble.

"Competitive Bid Rate" - as to any Competitive Bid made by a Bank pursuant to Section 2.5 hereof, (i) in the case of a Eurodollar Loan, the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Bank making such Competitive Bid.

"Competitive Bid Request" - a request made pursuant to Section 2.5(a) hereof in the form of Exhibit B-1 attached hereto.

"Competitive Borrowing" - a borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Bank or Banks whose Competitive Bids for such Borrowing have been accepted by the Borrower under the bidding procedure described in Section 2.5 hereof.

"Competitive Loan" - a loan from a Bank to the Borrower pursuant to the bidding procedure described in Section 2.5 hereof. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Compliance Certificate" - see Section 8.3(f).

"Consolidated" or "consolidated" - with reference to any term used in this Agreement, the relevant figures for a Person and its Subsidiaries on a consolidated basis determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Capital Expenditures" - for any fiscal period, (1) the aggregate expenditures of the Borrower and its Subsidiaries during such fiscal period for the acquisition (including acquisition by capitalized lease) or improvement of capital assets,

as determined in accordance with Generally Accepted Accounting Principles, less (2) any portion of the acquisition or improvement cost of any such capital assets satisfied by trade-in of capital assets or insurance proceeds (but only to the extent that such portion to be offset was included in such acquisition or improvement cost), as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Cash Flow" - for any fiscal quarter of the Borrower, an amount equal to the result (without duplication) of (a) Consolidated EBIT for such period, plus (b) the aggregate amount of depreciation and amortization charges made in calculating Consolidated Net Income for such period, plus (c) Consolidated Rental Expense for such period, plus (d) the aggregate amount of all extraordinary gains during such period, plus (e) the aggregate amount of the non-cash portion of all charges as extraordinary and/or nonrecurring items of expense made in calculating Consolidated Net Income for such period, plus (f) the aggregate amount of all cash receipts during such period on account of extraordinary and/or nonrecurring items of income booked during prior periods, plus (g) the net cash proceeds resulting from the sale of Relieved Track Materials, minus (h) federal and state income taxes paid in cash by the Borrower and its Subsidiaries during such period, minus (i) the aggregate amount of the non-cash portion of all income credited as extraordinary and/or nonrecurring items in calculating Consolidated Net Income for such period, minus (j) the aggregate amount of all cash payments made during such period on account of charges as extraordinary and/or nonrecurring items of expense made during prior periods.

"Consolidated EBIT" - for any fiscal period of the Borrower, the sum of (a) Consolidated Net Income of the Borrower and its Subsidiaries for such period before provisions for federal and state income taxes, minus (b) the aggregate amount of all extraordinary gains included in the calculation of Consolidated Net Income of the Borrower and its Subsidiaries for such period, plus (c) Consolidated Interest Charges of the Borrower and its Subsidiaries for such period, all as determined in accordance with Generally Accepted Accounting Principles. For purposes only of calculating Consolidated EBIT under Section 9.12 and 9.13 hereof, in the determination of Consolidated Net Income any extraordinary loss (net of taxes)

calculated in accordance with Generally Accepted Accounting Principles occurring as a result of the premium and charges incurred in connection with the repurchase of Subordinated Debentures shall be disregarded.

"Consolidated Financial Obligations" - for any fiscal quarter of the Borrower, an amount equal to the sum (without duplication) of (a) (i) all scheduled payments of principal on consolidated Indebtedness, which are due and payable at any time during such period; provided that maturities in respect of commercial paper or loans under any revolving credit facility (other than upon a termination of (x) the program pursuant to which such commercial paper was issued or (y) such revolving credit facility, unless such maturities are refinanced within 30 days with borrowings under a revolving credit facility or with commercial paper proceeds) shall not be included as Consolidated Financial Obligations, plus (ii) the aggregate amount of loans under any revolving credit facility required to be prepaid during such period in connection with a mandatory reduction of lenders' commitments to make loans under such revolving credit facility, less (b) any portion of such payments which has been mandatorily prepaid pursuant to Sections 8.13 or 8.14 of the Facility B Credit Agreement or refinanced through sources other than proceeds of Loans during such period in accordance with the provisions of Section 9.1(i) hereof, plus (c) Consolidated Rental Expense for such period, plus (d) Consolidated Interest Charges for such period, all as determined in accordance with Generally Accepted Accounting Principles. Demand obligations shall be deemed to be due and payable during any and all fiscal periods during which said obligations are outstanding.

"Consolidated Funded Debt" - as at any date of determination, an amount equal to the sum (without duplication) of (a) all consolidated Indebtedness of the Borrower and its Subsidiaries, plus (b) Consolidated Rental Obligations, in each case as such amounts are outstanding or would be calculated on the date as of which Consolidated Funded Debt is to be determined and determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Interest Charges" - for any fiscal period, the consolidated expenses of the Borrower and its Subsidiaries paid or accrued for such period for interest on Indebtedness (including the current

portion thereof) which are deducted in the calculation of Consolidated Net Income for such period, net of consolidated interest income, if any, all as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Net Income" - the consolidated net income of the Borrower and its Subsidiaries for any period as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Rental Expense" - for any fiscal period, the sum of all consolidated rental expense of the Borrower and its Subsidiaries during such period for the lease of real or personal property under lease agreements that do not constitute capitalized leases that were deducted from the calculation of Consolidated Net Income for such period, all as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Rental Obligations" - with respect to the Borrower and its Subsidiaries, an amount equal to the sum (without duplication) of (a) the net present value (calculated at a discount rate of 10%) of the minimum future consolidated rental payments due over the term of all of such Persons' operating leases of real or personal property which extend for a term of twelve or more months and may not be terminated prior to the stated maturity thereof, plus (b) the net present value (calculated at a discount rate of 10%) of the minimum cost to terminate (including rental payments until termination thereof) any such leases which may be terminated.

"Consolidated Tangible Net Worth" - with respect to the Borrower and its Subsidiaries, the result of (a) the capital accounts (including common stock, preferred stock and other paid in capital, but excluding treasury stock) of the Borrower and its Subsidiaries on a consolidated basis, plus (b) the earned surplus and capital surplus of the Borrower and its Subsidiaries, in each case as reflected in the Borrower's consolidated books of account as of the date Consolidated Tangible Net Worth is to be determined, minus (c) the net book value of all assets of the Borrower and its Subsidiaries which would be treated as intangibles under Generally Accepted Accounting Principles, including, without limitation, such items as goodwill, trademarks, trade names, service marks, brand names, copyrights, patents and

licenses, and rights with respect to the foregoing, minus (d) all amounts representing write-ups in the consolidated book value of any assets of the Borrower or its Subsidiaries resulting from a revaluation thereof subsequent to the Original Closing Date, in each case as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Total Assets" - all assets of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"Convert", "conversion" and "converted" - conversion of any Loan into a Loan of another Type pursuant to Section 2.8 hereof.

"Conversion Notice" - see Section 2.8.

"Debenture Indenture" - the Indenture, dated as of September 15, 1989, between the Borrower and United States Trust Company of New York, as Trustee, pursuant to which the Borrower issued the Subordinated Debentures, in the form thereof previously delivered to the Administrative Agent.

"Debt Service Coverage Ratio" - see Section 9.13.

"Default(s)" - any event which with notice or lapse of time or notice and lapse of time will become an Event of Default.

"Distribution" - the payment by any Person of any dividends, distributions or other payments to its shareholders as such, other than distributions or allocations of common stock of such Person; the declaration or payment of any dividend on or in respect of any shares of any class of capital stock of any Person, other than dividends payable solely in shares of common stock of such Person; or the purchase or other retirement of any shares of any class of capital stock of any Person, directly or indirectly, through a Subsidiary or otherwise, other than solely through the issuance of the capital stock of such Person; the return of capital by any Person to its shareholders as such; or any other distribution on or in respect of any shares of any class of capital stock of any Person.

"Distribution Amount" - see Section 9.4(a).

"Domestic C/D Rate" - with respect to any C/D Rate Loan for any Interest Period, the rate per annum determined by the Administrative Agent to be the arithmetic average (rounded upwards, if necessary, to the next highest 1/8th of 1%) of the prevailing rates per annum bid at 10:00 a.m. (Boston time) (or as soon thereafter as practicable) on the first day of any Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from each Reference Bank of its certificates of deposit in an amount comparable to the C/D Rate Loan to be made or converted by the Banks to which such Interest Period applies and having a maturity comparable to such Interest Period.

"Eligible Assignee" - any bank, insurance company or other financial institution that the Administrative Agent and the Borrower may approve, provided that neither the Borrower's approval nor the Administrative Agent's approval shall be unreasonably withheld.

"Employee Benefit Plan" - any employee benefit plan within the meaning of Section 3(3) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, other than a Multiemployer Plan.

"Environmental Laws" - see Section 5.18(a)(i).

"ERISA" - the Employee Retirement Income Security Act of 1974, any successor statute of similar import, and the rules and regulations thereunder, as amended from time to time.

"ERISA Affiliate" - any Person which is treated as a single employer with the Borrower under Section 414 of the Code.

"ERISA Reportable Event" - a reportable event with respect to a Guaranteed Pension Plan within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder as to which the requirement of notice has not been waived.

"Eurodollar Borrowing" - a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Borrowing" - a Competitive Borrowing comprised of Eurodollar Competitive Loans.

"Eurodollar Competitive Loan" - any Competitive Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with

the provisions of Section 2.5 hereof.

"Eurodollar Loan" - any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Offered Rate" - for any applicable Interest Period, the rate per annum determined by the Administrative Agent to be the arithmetic average (rounded upwards, if necessary to the next highest 1/8th of 1%) of the respective rates per annum at which deposits of dollars are offered to each Reference Bank by prime banks in the London interbank market at or about 10:00 a.m. local time in such interbank market, two Business Days prior to the first day of such Interest Period for a period equal to the duration of such Interest Period in an amount substantially equal to the Eurodollar Loan to be loaned by one or more Banks (in the case of a Eurodollar Competitive Loan) or to be loaned or converted by the Banks (in the case of a Eurodollar Standby Loan).

"Eurodollar Rate" - for any applicable Interest Period, the interest rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Offered Rate}^*}{1.00 - \text{Eurodollar Reserve Percentage}}$$

*The components of the fraction to be rounded upwards, if necessary, to the next highest 1/8th of 1%.

The Administrative Agent shall give the Borrower and the Banks (in the case of a Eurodollar Standby Loan) or the applicable Banks (in the case of a Eurodollar Competitive Loan) prompt notice (but in any event no later than one Business Day prior to the date of commencement of such Interest Period) of the Eurodollar Rate determined for such Interest Period, and absent manifest error, each determination of the Eurodollar Rate by the Administrative Agent shall be conclusive and binding for all purposes hereof.

"Eurodollar Reserve Percentage" - for any day during an Interest Period with respect to a Eurodollar Loan, that percentage (expressed as a decimal) which is in effect on such day under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulation relating to reserve requirements) for determining the maximum reserve requirement for a member bank of the Federal

Reserve System in New York City with deposits exceeding \$1 billion in respect of "Eurocurrency Liabilities" (as such term is used in Regulation D) outstanding from time to time, or in respect of any other category of liabilities which might be incurred by such member bank in any Eurodollar interbank market to fund Eurodollar Loans. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Standby Borrowing" - a Standby Borrowing comprised of Eurodollar Standby Loans.

"Eurodollar Standby Loan" - any Standby Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Section 2 hereof.

"Event(s) of Default" - see Section 10.

"Facility B Credit Agreement" - the Amended and Restated Revolving Credit Agreement, dated as of April 2, 1993 and amended and restated as of the date hereof, among the Borrower, the banks named therein, the banks that may become parties thereto from time to time, The First National Bank of Boston, as administrative agent and competitive bid agent for such banks, and BofA as co-agent thereunder, as such agreement may be amended, modified, extended, or restated and in effect from to time.

"Facility B Notes" - Collectively, the promissory notes issued by the Borrower pursuant to the Facility B Credit Agreement.

"Facility Fee" - see Section 3.7.

"Federal Funds Effective Rate" - for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fixed Rate Borrowing" - a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" - any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Bank making such Loan in its Competitive Bid.

"FNBB" - see preamble.

"Generally Accepted Accounting Principles" - generally accepted accounting principles which are (a) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, and (b) such that a certified public accountant would, insofar as the use of accounting principles is pertinent, be in a position to deliver an unqualified opinion as to financial statements in which such principles have been properly applied, provided that if any changes in generally accepted accounting principles with which the Borrower's independent certified public accountants concur result in a change in the method of calculation of any of the financial covenants, standards or terms contained in this Agreement, the Borrower and the Banks agree to amend such provisions to reflect such changes in generally accepted accounting principles so that the criteria for evaluating the consolidated financial condition of the Borrower and its Subsidiaries shall be the same after such changes as if such changes had not been made.

"Guaranteed Pension Plan" - any employee pension benefit plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

"Hazardous Substances" - see Section 5.18(a)(ii).

"HAZMAT" - see Section 5.18(a)(i).

"Head Office" - the head office of the Administrative Agent, which is presently located at 100 Federal Street, Boston, Massachusetts 02110.

"Indebtedness" - (a) all debt and similar monetary obligations, whether direct or indirect (including,

without limitation, obligations under capitalized leases); (b) all Indebtedness of others secured by any mortgage, pledge, security interest, lien, charge, or other encumbrance existing on property owned or acquired subject thereto, whether or not the Indebtedness secured thereby shall have been assumed; (c) all guarantees, endorsements and other contingent obligations, whether direct or indirect, in respect of Indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; and (d) the obligations to reimburse the issuer in respect of any letters of credit.

"Indemnified Party" - see Section 16.

"Independent Accountant(s)" - a firm of nationally recognized independent public accountants selected on behalf of the Borrower by its Board of Directors, which is "independent" as that term is defined in Rule 2-01 of Regulation S-X promulgated by the Securities and Exchange Commission.

"Initial 1989 Closing Date" - September 26, 1989.

"Interest Payment Date" - with respect to any Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months duration or a Fixed Rate Loan or a C/D Rate Loan with an Interest Period of more than 90 days duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months duration or 90 days duration, as the case may be, been applicable to such Loan and, in addition, the date of any conversion of a Standby Loan to a Standby Loan of a different Type.

"Interest Period" - (a) as to any Eurodollar Standby Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the

calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, (b) as to any Eurodollar Competitive Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is between 1 and 9 months (inclusive) thereafter, as the Borrower may elect and as specified in the Competitive Bids in which the offer to make the Eurodollar Competitive Loans comprising such Borrowing were extended, (c) as to any C/D Rate Borrowing, a period of 30, 60, 90 or 180 days duration, as the Borrower may elect, commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, (d) as to any Base Rate Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the next succeeding first Business Day of January, April, July or October or, if earlier, on the Revolving Credit Commitment Termination Date or the date of prepayment or conversion of such Borrowing and (e) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offer to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than 7 days after the date of such Borrowing or later than 180 days after the date of such Borrowing; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day or, in the case of Eurodollar Loans only, adjusted in accordance with the then prevailing practice in the London interbank market. Notwithstanding the provisions of clauses (a) and (c) above, with respect to one Eurodollar Standby Loan or one C/D Rate Loan during each calendar quarter, the Interest Period with respect thereto may, at the Borrower's request made in accordance with the terms hereof, end on any date which is not (A) with respect to such Eurodollar Standby Loan, the first, second, third or sixth monthly anniversary of the date on which such Interest Period began or (B) with respect to such C/D Rate Loan, 30, 60, 90 or 180 days after the date on which such Interest Period began, so long as such date occurs less than three months or 90 days, as applicable, after the date on which such Interest Period began (subject, in the case of Eurodollar

Standby Loans, to the availability of deposits in United States Dollars in the relevant amount for an Interest Period of such length in the Eurodollar interbank market and subject, in the case of C/D Rate Loans, to the availability of deposits in United States Dollars in the relevant amount for an Interest Period of such length in the applicable certificate of deposit market), provided, that, (i) the Borrower may only request such an Interest Period once during any calendar quarter and (ii) such Interest Period must end on the last day of such calendar quarter (or if such date is not a Business Day, the next succeeding Business Day unless, with respect to Eurodollar Standby Loans, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day). Interest shall accrue from and including the first day of any Interest Period to but excluding the last day of such Interest Period.

"Interest Period Termination Date" - the last day of any Interest Period, provided that if any Interest Period Termination Date falls on a day which is not a Business Day, such Interest Period shall be adjusted as provided herein.

"Interest Rate Adjustment Date" - the Closing Date and thereafter each date occurring 5 Business Days after the Administrative Agent receives evidence satisfactory to it that the Rating has changed.

"Intermodal Facilities" - those assets of the Borrower and its Subsidiaries as are more particularly described on Schedule 1.2 hereto.

"Investments" - the aggregate of all expenditures made for the acquisition of stock (except redemptions or repurchases by a corporation of any shares of its capital stock) or Indebtedness of any Person, all loans, advances, capital contributions to any Person and all guarantees (or other commitments as described under Indebtedness) of obligations of, any Person, except accounts receivable arising in the ordinary course of business. In determining the aggregate amount of Investments outstanding at any particular time, (a) the amount of any Investment represented by a guarantee shall be taken at not less than the aggregate amount of the obligations guaranteed and still outstanding, (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and

until such interest is paid, (c) there shall be deducted in respect of each such Investment any amount received as a return of capital, (d) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid, and (e) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.

"Lien" - any mortgage, lien, charge, security interest or other encumbrance of any kind upon any property or assets of any character, or upon the income or profits therefrom, any conditional sale or other title retention agreement, device or arrangement (including capitalized leases), or any sale, assignment, pledge or other transfer for security of any accounts, general intangibles or chattel paper, with or without recourse.

"Loan" - any Competitive Loan or Standby Loan.

"Loan Documents" - collectively, this Agreement, the Notes and the Agent's Fee Letter, in each case as amended and in effect from time to time.

"Majority Banks" - as of any date, (i) those Banks having Revolving Credit Commitments on such date (or, if the Revolving Credit Commitments shall have terminated pursuant to Section 10 hereof or otherwise, holding Loans outstanding on such date) representing at least 66-2/3% of the Revolving Credit Commitment Amount on such date, or, if the Revolving Credit Commitments shall have terminated pursuant to Section 10 hereof or otherwise, of the aggregate principal amount of the Loans outstanding on such date or (ii) for purposes of acceleration of the Loans and all other amounts owing under this Agreement and the other Loan Documents pursuant to Section 10 hereof, those Banks whose Loans outstanding on such date add up to at least 66-2/3% of the sum of the aggregate principal amount of Loans outstanding on such date.

"Margin" - as to any Eurodollar Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the Eurodollar Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Material Subsidiary" - each of Chicago Intermodal Company, Waterloo Railway Company, and, from and after the Closing Date, any other Subsidiary of the Borrower (a) with total assets having a fair market value, as at any date of determination, in excess of \$5,000,000, or (b) which is material to the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

"Moody's" - Moody's Investors Service, Inc.

"Multiemployer Plan" - any multiemployer plan within the meaning Section 3(37) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate.

"non-Affected Bank(s)" - as at any date of determination, those Banks which are not Affected Banks.

"Nonessential Property" - Relieved Track Materials, Intermodal Facilities and any other property of the Borrower, which is not used or which the Borrower reasonably believes will not be used, in the current or planned operation of the Borrower's rail lines.

"Note(s)" - see Section 2.2(a).

"1991 Note Purchase Agreement" - that certain Note Purchase Agreement, dated as of July 23, 1991, as amended by that certain Amendment and Consent, dated as of April 1, 1993, among the Borrower, the Parent and the purchasers of the 1991 Senior Notes, as in effect from time to time.

"Obligations" - all indebtedness, payment obligations and liabilities of the Borrower to the Banks, whether existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement, the Notes, the Agent's Fee Letter, in respect of Loans made or otherwise, or under other instruments at any time evidencing any thereof.

"Officer's Certificate" - a certificate signed by any one of the President, Treasurer or Chief Financial Officer (or comparable officer) of the Person on whose

behalf the certificate is executed.

"Original Closing Date" - The Closing Date as defined in that certain Revolving Credit Agreement, dated as of April 2, 1993, among the Borrower, the lenders named therein and The First National Bank of Boston as administrative agent.

"Parent" - Illinois Central Corporation, a Delaware corporation which is the owner of all of the issued and outstanding capital stock of the Borrower.

"PBGC" - the Pension Benefit Guaranty Corporation created by Section 4002 of ERISA and any successor entity or entities having similar responsibilities.

"Person" - any individual, corporation, partnership, trust, unincorporated association, joint stock company or other legal entity or organization, and any government or agency or political subdivision thereof.

"Rated Debt" - the 1993 Senior Notes.

"RCRA" - see Section 5.18(a)(i).

"Reemployment Period" - see Section 3.2(a).

"Reference Bank(s)" - collectively, all of FNBB, BofA and The Chase Manhattan Bank, N.A., and individually, any of such Persons.

"Relieved Track Materials" - the Borrower's surplus track materials resulting from the conversion from double track to single track main line.

"Revolving Credit Commitment" - with respect to each Bank, the commitment of such Bank hereunder as set forth on Schedule 1.1 attached hereto, as such Bank's Revolving Credit Commitment may be permanently terminated or reduced from time to time pursuant to the terms of this Agreement. The Revolving Credit Commitments shall automatically terminate on the Revolving Credit Commitment Termination Date.

"Revolving Credit Commitment Amount" - the aggregate amount of Revolving Credit Commitments, as in effect from time to time.

"Revolving Credit Commitment Percentage" - with

respect to each Bank, the percentage set forth opposite its name on Schedule 1.1 attached hereto with respect to Standby Loans (as such percentage on such schedule is adjusted by the Administrative Agent from time to time to reflect assignments and reallocations made pursuant to Sections 3.1(d), 3.5(c) and 15 hereof).

"Revolving Credit Commitment Termination Date" - that date upon which the Revolving Credit Commitments terminate, which shall be the earlier to occur of the following dates: (a) October 26, 1994, or such other date as the Borrower, the Agents and the Banks may agree in writing pursuant to Section 2.12 hereof, or (b) such other date on which the Revolving Credit Commitments terminate or are terminated pursuant to the terms of this Agreement.

"SARA" - see Section 5.18(a)(i).

"S&P" - Standard & Poors Corporation.

"Senior Debt Agreements" - collectively, the 1991 Note Purchase Agreement and the Senior Debt Indenture.

"Senior Debt Indenture" - The Indenture, dated as of May 1, 1993, between the Borrower and FNBB, as Trustee, together with all the exhibits and schedules attached thereto, in the form thereof delivered to the Administrative Agent prior to the Closing Date, as in effect from time to time.

"Senior Notes" - collectively, the 1991 Senior Notes and the 1993 Senior Notes.

"1991 Senior Notes" - the promissory notes in the original aggregate principal amount of \$160,000,000 issued by the Borrower pursuant to the 1991 Note Purchase Agreement.

"1993 Senior Notes" - the promissory notes in the aggregate principal amount of \$100,000,000 issued by the Borrower pursuant to the Senior Debt Indenture.

"Standby Borrowing" - a borrowing consisting of simultaneous Standby Loans from each of the Banks.

"Standby Loans" - the revolving credit loans made by the Banks to the Borrower pursuant to Section 2.1 hereof. Each Standby Loan shall be a Eurodollar Standby Loan, a C/D Rate Loan or a Base Rate Loan.

"Start Date" - see Section 9.4.

"Subordinated Debentures" - the Borrower's senior subordinated debentures due 2001 in the original aggregate principal amount of \$145,000,000 issued by the Borrower pursuant to the Debenture Indenture, in the form thereof previously delivered to the Administrative Agent.

"Subordinated Debt" - Indebtedness of the Borrower in an aggregate principal amount not to exceed \$72,500,000 from and after the Closing Date evidenced by the Subordinated Debentures.

"Subsidiary" - in relation to any particular Person, any corporation, association or other business entity, a majority (by number of votes) of the outstanding voting stock of which is at the time owned or controlled by such Person, or by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person and which properly would be included in such Person's consolidated balance sheet.

"Total Capitalization" - as at any date of determination, an amount equal to the sum of (a) Consolidated Funded Debt plus (b) Consolidated Tangible Net Worth, in each case determined in accordance with Generally Accepted Accounting Principles.

"Type" - when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate, the C/D Rate, the Base Rate and the Fixed Rate.

(b) All terms of an accounting character not specifically defined herein shall have the meanings assigned thereto by Generally Accepted Accounting Principles. All terms not specifically defined herein which are defined in the Uniform Commercial Code as in effect in the State of New York shall have the same meanings herein as therein. Each reference herein to a particular Person (including, without limitation, the Administrative Agent and each Bank) shall include a reference to such Person's successors and permitted assigns. The words "herein", "hereof", "hereunder" and words of like import shall refer to this Agreement as a whole and not to any particular Section or

subdivision of this Agreement.

Section 2. THE LOANS.

Section 2.1. Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank agrees, severally and not jointly, to make Standby Loans to the Borrower, at any time and from time to time on and after the date hereof and until the Revolving Credit Commitment Termination Date, in an aggregate principal amount at any time outstanding not to exceed such Bank's Revolving Credit Commitment minus the amount by which the Competitive Loans outstanding at such time shall be deemed to have used such Revolving Credit Commitment pursuant to Section 2.11 hereof, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Standby Loans made by all Banks plus (y) the outstanding aggregate principal amount of all Competitive Loans made by all Banks exceed (B) the Revolving Credit Commitment Amount and (ii) at all times the outstanding aggregate principal amount of all Standby Loans made by each Bank shall equal such Bank's Revolving Credit Commitment Percentage of the outstanding aggregate principal amount of all Standby Loans made pursuant to Section 2.6 hereof. The Revolving Credit Commitment Amount may be terminated or reduced from time to time pursuant to this Section 2.1. Within the foregoing limits, the Borrower may borrow, pay or prepay and reborrow hereunder, on and after the Closing Date and prior to the Revolving Credit Commitment Termination Date, subject to the terms, conditions and limitations set forth herein.

(b) The Borrower may at any time prior to the Revolving Credit Commitment Termination Date, (i) terminate the Revolving Credit Commitments in full by giving three Business Days' prior written notice thereof to the Administrative Agent and repaying in full the Notes, or (ii) reduce the Revolving Credit Commitment Amount in part by \$5,000,000 or a larger integral multiple of \$1,000,000 by giving three Business Days' prior written notice thereof to the Administrative Agent, repaying the amount, if any, by which the sum of the aggregate unpaid principal amount of the Loans exceeds the then reduced Revolving Credit Commitment Amount, together with all interest accrued on principal amounts repaid, provided that in no event shall the Revolving Credit Commitment Amount be reduced to an amount less than \$15,000,000 unless it

is terminated pursuant to this Section 2.1(b) and, provided further that no such reduction shall be made which would reduce the Revolving Credit Commitment Amount to an amount less than the aggregate principal amount of the Competitive Loans outstanding. The Administrative Agent shall promptly notify each Bank of the contents of each notice concerning the Revolving Credit Commitments. Upon the effective date of any such reduction, the amount of each Bank's Revolving Credit Commitment shall be reduced pro rata. Subject to the provisions of Section 3.2 hereof, any termination or reduction may be effected by the Borrower without penalty. No termination of the Revolving Credit Commitments or reduction of the Revolving Credit Commitment Amount shall be subject to reinstatement.

(c) The aggregate principal amount of all Loans outstanding on the Revolving Credit Commitment Termination Date, plus all accrued and unpaid interest thereon, shall be due and payable in full on such date.

Section 2.2. Notes; Repayment of Loans. (a) The obligation of the Borrower to repay the Loans made pursuant to this Agreement and to pay interest thereon, as set forth in this Agreement, shall be evidenced by separate promissory notes of the Borrower substantially in the form of Exhibit A attached hereto with appropriate insertions (each, singly, a "Note", and collectively, the "Notes"), dated as of the Closing Date or the date the applicable payee Bank becomes a party to this Agreement, as the case may be, and payable to the order of such payee Bank in a principal amount stated to be the lesser of (i) the Revolving Credit Commitment Amount, or (ii) the aggregate principal amount of Loans at any time advanced by such payee Bank and outstanding hereunder.

(b) The Borrower agrees to pay the outstanding principal balance of each Standby Loan on the Revolving Credit Commitment Termination Date. The Borrower agrees to pay the outstanding balance of each Competitive Loan on the last day of the Interest Period applicable to such Competitive Loan and on the Revolving Credit Commitment Termination Date. Each Loan shall bear interest from the date of the Borrowing of which such Loan is a part on the outstanding principal balance thereof as set forth in Section 2.9 hereof.

(c) Each Bank shall, and is hereby authorized by the Borrower to, maintain, in accordance with its usual practice, records evidencing the indebtedness of the Borrower to such Bank hereunder from time to time, including the amounts and Types of and the Interest Periods applicable to the Loans made by such Bank from time to time and the amounts of principal and interest paid to such Bank from time to time in respect of such Loans.

(d) The entries made in the records maintained pursuant to paragraph (c) of this Section 2.2 and in the Bank List maintained by the Administrative Agent pursuant to Section 15(c) hereof shall be prima facie evidence of the existence and amounts of the obligations of the Borrower to which such entries relate; provided, however, that the failure of any Bank or the Administrative Agent to maintain or to make any entry in such records or the Bank List, as applicable, or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

Section 2.3. Prepayments. (a) The Borrower shall have the right at any time prior to the Revolving Credit Commitment Termination Date to prepay any Standby Borrowing, without premium or penalty (except as provided in clause (B) below), in whole or in part, together with accrued interest to the date of prepayment on the principal amount prepaid, upon not less than three Business Days' written, telegraphic or telephonic notice to the Administrative Agent, provided that (A) each partial prepayment shall be in the aggregate principal amount of (i) \$3,000,000 or a larger integral multiple of \$1,000,000 in the case of Base Rate Loans, and (ii) subject to clause (B) below, \$5,000,000 or a larger integral multiple of \$1,000,000 in the case of Eurodollar Standby Loans and C/D Rate Loans, and (B) if any prepayment or any repayment of any Eurodollar Standby Loan or C/D Rate Loan shall be made on any day other than the applicable Interest Period Termination Date, the Borrower shall indemnify the Banks against any loss, cost or expense incurred as a result of such prepayment or repayment in accordance with the provisions of Section 3.2 hereof. The Administrative Agent shall promptly notify each Bank of the contents of each prepayment notice. Subject to the borrowing limitations set forth in Section 2.1(a) hereof, amounts prepaid prior to the Revolving Credit Commitment Termination Date may be reborrowed. The Borrower

shall not have any right to prepay any Competitive Borrowing.

(b) If at any time prior to the Revolving Credit Commitment Termination Date the sum of the aggregate principal amount of all Loans outstanding exceeds the Revolving Credit Commitment Amount, the Borrower shall immediately make such payments of principal of the Loans (for application first to Standby Loans, then to Competitive Loans) to the Administrative Agent for the accounts of the Banks in the amount of such excess, together with all interest accrued on such principal amounts repaid. In addition to all other payments required by this Section 2.3(b), in the event of any reduction of the Revolving Credit Commitment Amount pursuant to Section 2.1(b) hereof, the Borrower shall pay to the Administrative Agent, for the accounts of the Banks, the Facility Fee accrued to the effective date of each such reduction on the amount of such reduction, as well as the full indemnity required, in the case of a prepayment of Eurodollar Loans and C/D Rate Loans, by the provisions of Section 3.2 hereof.

(c) Each partial prepayment of Standby Loans made pursuant to this Section 2.3 shall be allocated among all of the Banks in proportion (as nearly as practicable) to the respective unpaid principal amount of each Bank's Standby Loans, with adjustments to the extent practical to equalize any prior payments not exactly in proportion.

Section 2.4. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Banks ratably in accordance with their Revolving Credit Commitments. Each Standby Loan shall be made in accordance with the procedures set forth in Section 2.6 hereof and each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.5 hereof. The Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000, (ii) in the case of Base Rate Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$3,000,000 and (iii) in the case of Eurodollar Standby Loans and C/D Rate Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000.

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate

Loans and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans, C/D Rate Loans or Base Rate Loans, as the Borrower may request pursuant to Section 2.5 or Section 2.6 hereof, as applicable. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than five separate Eurodollar Standby Loans and C/D Rate Loans of any Bank being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.7 hereof, each Bank shall make each Loan to be made by it hereunder on the proposed date of Borrowing thereof by wire transfer of immediately available funds to the Administrative Agent at its Head Office, not later than 1:00 p.m., Boston time, and upon satisfaction of the applicable conditions set forth in this Agreement and upon receipt from the Banks of the amount to be advanced by such Banks, on the date of the proposed Borrowing, the Administrative Agent shall credit the amounts so received in immediately available funds to the Borrower's account maintained with the Administrative Agent at the Head Office. Competitive Loans shall be made by the Bank or Banks whose Competitive Bids therefor are accepted pursuant to Section 2.5 hereof, in the amounts so accepted and Standby Loans shall be made by the Banks pro rata in accordance with Section 2.11 hereof. Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's portion of such Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the

case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Commitment Termination Date.

Section 2.5. Competitive Bid Procedure. (a) In order to request Competitive Bids, the Borrower shall hand deliver or telecopy (or communicate by telephone with prompt confirmation in writing) to the Competitive Bid Agent (with a copy to the Administrative Agent if different than the Competitive Bid Agent) a duly completed Competitive Bid Request in the form of Exhibit B-1 attached hereto, to be received by the Competitive Bid Agent (and the Administrative Agent if different than the Competitive Bid Agent) (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., Boston time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., Boston time, one Business Day before a proposed Competitive Borrowing. No C/D Rate Loan or Base Rate Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit B-1 attached hereto may be rejected in the Competitive Bid Agent's sole discretion, and the Competitive Bid Agent shall promptly notify the Borrower of such rejection by telecopier (or by telephone with prompt confirmation in writing). Such request shall in each case refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day), (y) the aggregate principal amount thereof which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$1,000,000, and (z) the Interest Period with respect thereto (which may not end after the Revolving Credit Commitment Termination Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Competitive Bid Agent shall invite by telecopier (in the form set forth in Exhibit

B-2 attached hereto) the Banks to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(b) Each Bank may, in its sole discretion, make one or more Competitive Bids to the Borrower responsive to a Competitive Bid Request. Each Competitive Bid by a Bank must be received by the Competitive Bid Agent via telecopier, in the form of Exhibit B-3 attached hereto, (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., Boston time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Competitive Bid Agent. Competitive Bids that do not conform substantially to the format of Exhibit B-3 may be rejected by the Competitive Bid Agent, and the Competitive Bid Agent shall notify the Bank making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement, give the identity of the Bank making the bid, and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal, but not exceed, the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Bank is willing to make to the Borrower, (y) the Competitive Bid Rate or Rates at which the Bank is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Bank shall elect not to make a Competitive Bid, such Bank shall so notify the Competitive Bid Agent by telecopier (i) in the case of Eurodollar Competitive Loans, not later than 10:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 10:00 a.m., Boston time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Bank to give such notice shall not cause such Bank to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Bank pursuant to this paragraph (b) shall be irrevocable. Each Competitive Bid may be greater than the Revolving Credit Commitment of the Bank giving the bid but may not exceed the Revolving Credit Commitment Amount less all outstanding Loans.

(c) The Competitive Bid Agent shall promptly notify the Borrower by telecopier (or by telephone promptly confirmed in writing by telecopier) of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Bank that made each Competitive Bid. The Competitive Bid Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.5.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Competitive Bid Agent by telephone, confirmed by telecopier in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the Competitive Bids referred to in paragraph (c) above, (x) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing, and (y) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., Boston time, on the day of the proposed Competitive Borrowing; provided, however, that (i) the failure by the Borrower to give such notice shall be deemed to be a rejection of all the Competitive Bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower has decided to reject a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by the Borrower to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive

Bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$10,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$10,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the Borrower. A notice given by the Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Competitive Bid Agent shall promptly notify each bidding Bank whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy sent by the Competitive Bid Agent, and each successful bidding Bank will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted. The Competitive Bid Agent shall also promptly notify the Administrative Agent (if different than the Competitive Bid Agent) of the Competitive Bids that have been accepted, the amounts thereof and the Competitive Bid Rates applicable thereto.

(f) If the Competitive Bid Agent shall elect to submit a Competitive Bid in its capacity as a Bank, it shall submit such bid directly to the Borrower one quarter of an hour earlier than the latest time at which the other Banks are required to submit their bids to the Competitive Bid Agent pursuant to paragraph (b) above. The Competitive Bid Agent will in no event disclose the terms of any Bank's Competitive Bid to any other Bank; provided that following the acceptance or rejection of Competitive Bids submitted in response to any Competitive Bid Request, the Competitive Bid Agent may at the request of any Bank disclose information as to the range of the Competitive Bid Rates at which Competitive Bids were submitted or accepted.

(g) All notices required by this Section 2.5 shall be given in accordance with Section 18 hereof.

Section 2.6. Standby Borrowing Procedures. In order to request a Standby Borrowing, the Borrower shall hand deliver or telecopy (or communicate by telephone with prompt confirmation in writing) to the Administrative Agent a duly completed notice of a Standby Borrowing (a "Borrowing Notice") (a) in the case of a Eurodollar Standby Borrowing or a C/D Rate Borrowing, not later than 11:00 a.m., Boston time, three Business Days before a proposed Borrowing, and (b) in the case of a Base Rate Borrowing, not later than 10:00 a.m., Boston time, on the day of a proposed Borrowing. Each Borrowing Notice shall be irrevocable and shall in each case specify (i) whether the Standby Borrowing then being requested is to be a Eurodollar Standby Borrowing, a C/D Rate Borrowing or a Base Rate Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof, which shall be in a minimum principal amount of \$3,000,000 and in an integral multiple of \$1,000,000 in the case of Base Rate Borrowings and in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000 in the case of Eurodollar Standby Borrowings and C/D Rate Borrowings; and (iii) if such Borrowing is to be a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such Borrowing Notice, then the requested Borrowing shall be a Base Rate Borrowing. If no Interest Period with respect to any Eurodollar Standby Borrowing or C/D Rate Borrowing is specified in any such Borrowing Notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Standby Borrowing, or 30 days' duration, in the case of a C/D Rate Borrowing. The Administrative Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.6 and of each Bank's portion of the requested Borrowing.

Section 2.7. Method of Certain Prepayments and Repayments. The Borrower may prepay any Standby Loan in accordance with Section 2.3(a) hereof with the proceeds of a Competitive Borrowing or repay any Competitive Loan in accordance with Section 2.2(b) hereof with the proceeds of a Standby Borrowing; provided, however, that (i) if the principal amount extended by a Bank in such Borrowing is greater than the principal amount extended by such Bank in the Borrowing being prepaid, in the case of Standby Loans, or repaid in the case of Competitive Loans, then such Bank shall pay such

difference to the Administrative Agent for distribution to the Banks described in (ii) below, (ii) if the principal amount extended by a Bank in the Borrowing being prepaid, in the case of Standby Loans, or repaid, in the case of Competitive Loans, is greater than the principal amount being extended by such Bank in such Borrowing, the Administrative Agent shall return the difference to such Bank out of amounts received pursuant to (i) above, and (iii) to the extent any Bank fails to pay the Administrative Agent amounts due from it pursuant to (i) above, any Loan or portion thereof being prepaid, in the case of Standby Loans, or repaid, in the case of Competitive Loans, with such amounts shall not be deemed so prepaid or repaid, as applicable, in accordance with Section 2.3(a) or Section 2.2(b) hereof, as applicable, and in each case, shall be payable by the Borrower at the applicable time provided for in this Agreement.

Section 2.8. Conversion and Continuation of Standby Borrowings. The Borrower shall have the right at any time upon prior irrevocable notice (a "Conversion Notice") to the Administrative Agent (i) not later than 10:00 a.m., Boston time, on the Business Day of the proposed conversion, to convert any Eurodollar Standby Borrowing or C/D Rate Borrowing into a Base Rate Borrowing, and (ii) not later than 11:00 a.m., Boston time, three Business Days prior to conversion or continuation, to convert any Base Rate Borrowing or Eurodollar Standby Borrowing into a C/D Rate Borrowing or to convert any Base Rate Borrowing or C/D Rate Borrowing into a Eurodollar Standby Borrowing or to continue any C/D Rate Borrowing as a C/D Rate Borrowing or any Eurodollar Standby Borrowing as a Eurodollar Standby Borrowing for an additional or different permissible Interest Period, subject in each case to the following:

(a) each conversion or continuation shall be made pro rata among the Banks in accordance with the respective principal amounts of the Standby Loans comprising the converted or continued Standby Borrowing;

(b) if less than all the outstanding principal amount of any Standby Borrowing shall be converted or continued, the aggregate principal amount of any such Eurodollar Standby Borrowing or C/D Rate Borrowing converted or continued shall be an integral multiple of \$1,000,000 and not less than \$5,000,000 and the aggregate principal amount of any such Base Rate Borrowing converted or continued

shall be in an integral multiple of \$1,000,000 and not less than \$3,00,000;

(c) if any Eurodollar Standby Borrowing or C/D Rate Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Banks pursuant to Section 3.2 hereof; and

(d) no Interest Period may be selected for any Standby Borrowing that would end after the Revolving Credit Commitment Termination Date.

Each notice pursuant to this Section 2.8 shall be by hand delivery or telecopier (or by telephone with prompt confirmation in writing), shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing that the Borrower requests be converted or continued, (ii) whether such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Borrowing, a C/D Rate Borrowing or a Base Rate Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Standby Borrowing, or 30 days duration, in the case of a C/D Rate Borrowing. The Administrative Agent shall advise the other Banks of any notice given pursuant to this Section 2.8 and of each Bank's portion of any converted or continued Standby Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.8 to continue any Standby Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.8 to convert such Standby Borrowing), such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as a Base Rate Borrowing.

Section 2.9. Interest on Loans. (a) Subject to the provisions of Section 2.10 hereof, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to

time in effect and (ii) in the case of each Eurodollar Competitive Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Bank making such Loan and accepted by the Borrower pursuant to Section 2.5 hereof.

(b) Subject to the provisions of Section 2.10 hereof, the Loans comprising each C/D Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the C/D Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect.

(c) Subject to the provisions of Section 2.10 hereof, the Loans comprising each Base Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days) at a rate per annum equal to the Base Rate in effect for such Borrowing plus the Applicable Margin from time to time in effect.

(d) Subject to the provisions of Section 2.10 hereof, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Bank making such Loan and accepted by the Borrower pursuant to Section 2.5 hereof.

(e) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable Eurodollar Rate, C/D Rate or Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall promptly advise the Borrower and each Bank, as appropriate, of such determination.

Section 2.10. Interest on Overdue Amounts. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder, whether Facility Fee, Agent's Fee or otherwise, shall bear interest compounded monthly and payable on demand at a rate per annum equal to 2% above the rate otherwise applicable to Base Rate Loans, as such rate is in effect from time to time, until such amounts shall be paid in full

(to the extent permitted by law, after as well as before judgment).

Section 2.11. Pro Rata Treatment. Except as required under Section 3.3 hereof, each Standby Borrowing, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fee, each reduction of the Revolving Credit Commitments and each refinancing of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Banks in accordance with their respective Revolving Credit Commitments (or, if such Revolving Credit Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Banks participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Banks participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Revolving Credit Commitments of the Banks at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Revolving Credit Commitments of the Banks (including those Banks which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Revolving Credit Commitments. Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Bank's percentage of such Borrowing to the next higher or lower whole dollar amount.

Section 2.12. Extension of Revolving Credit Commitment Termination Date. Upon the written request of the Borrower delivered to the Agents and each of the Banks no earlier than 60 days prior to the Revolving Credit Commitment Termination Date otherwise then in effect under this Agreement, and upon the prior written agreement of each of the Banks and the Agents, in each of the Banks' and the Agents' sole and absolute discretion, the Revolving Credit Commitment Termination Date may be extended hereunder (on one or more occasions) for a period, not to exceed 364 days after such extension becomes effective, to a later

date so agreed upon by all of the parties in writing.

Section 3. CERTAIN GENERAL PROVISIONS AND FEES.

Section 3.1. Additional Costs and Expenses. (a) Anything herein to the contrary notwithstanding and without duplication of any other amounts payable hereunder, if, after (x) the Closing Date, in the case of any Standby Loan or any obligation to make Standby Loans or (y) the date of the related Competitive Bid, in the case of any Competitive Loan, any change in any present law or any future applicable law (which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any of the Banks or the Administrative Agent by any central bank or other fiscal, monetary or other authority, whether or not having the force of law) shall:

(i) subject any Bank to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to such Bank's commitment to lend Eurodollar Standby Loans or C/D Rate Loans or such Bank's portion of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (except for changes in the rate of tax on the overall net income of such Bank imposed by the jurisdiction in which such Bank's principal executive office is located); or

(ii) materially change the basis of taxation of payments to any Bank of the principal of, interest on or any other amounts payable in respect of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (except for changes in the rate of tax on the overall net income of such Bank imposed by the jurisdiction in which such Bank's principal executive office is located); or

(iii) impose or increase or render applicable any special deposit or reserve or similar requirement (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans and commitments to lend Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans hereunder by an office of any Bank; or

(iv) impose on any Bank any other condition or requirement with respect to this Agreement, such Bank's commitment or such Bank's portion of the Eurodollar Loans

or C/D Rate Loans or Fixed Rate Loans or any class of loans of which any of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans form a part, and the result of any of the foregoing is

(A) to increase the cost to any Bank attributable to the making, funding or maintaining of Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans; or

(B) to reduce the amount of principal, interest or other amount with respect to Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans payable to any Bank hereunder;

then, and in each such case, to the extent such cost or reduction is not reflected in determining the interest rate applicable to Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans, the Borrower will, within 30 days after demand made by such Bank at any time and from time to time as often as the occasion therefor may arise, pay to such Bank such additional amounts as will be sufficient, in the good faith opinion of such Bank, to compensate such Bank for such additional cost or reduction.

(b) If, after (x) the Closing Date, in the case of any Standby Loan or any obligation to make Standby Loans or (y) the date of the related Competitive Bid, in the case of any Competitive Loan, any change in any present law or governmental rule, regulation, policy, guideline (including, without limitation, any change in the risk-based capital guidelines set forth in the Federal Register, Vol. 4, No. 17, dated January 27, 1989) or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction, or any future law or governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction, imposes or increases or renders applicable any requirement regarding capital adequacy (whether or not having the force of law), or otherwise affects the amount of capital required to be maintained by any Bank or any corporation controlling any Bank (or the amount of capital that a court or governmental authority with appropriate jurisdiction expects any such Bank or corporation to maintain) and such Bank in good faith determines that the amount of such capital required is increased by or based upon the existence of the credit facilities or commitments established hereunder or any Loans made pursuant

hereto or upon agreements or loans of the type contemplated hereby, then such Bank may notify the Borrower of such fact. To the extent that the costs of such increased capital requirements are not reflected in the Base Rate, Eurodollar Rate, C/D Rate, or Fixed Rate, as applicable, the Borrower and such Bank shall thereafter attempt to negotiate in good faith an adjustment to the compensation payable hereunder which will adequately compensate such Bank in light of these circumstances. If the Borrower and such Bank are unable to agree to such adjustment within 30 days of the day on which the Borrower receives such notice, then commencing on the effective date of any such change, the fees payable hereunder shall increase by an amount certified to the Borrower pursuant to Section 3.4 hereof which will, in such Bank's reasonable determination, provide adequate compensation, provided that the Borrower shall not be liable (pursuant to either Section 3.1(a) or Section 3.1(b) hereof) to any Bank for any costs incurred more than 90 days prior to receipt by the Borrower of the notice from such Bank referred to in such sections.

(c) If any Bank has demanded compensation under Section 3.1(a), the Borrower may, by giving at least five Business Days' prior notice to such Bank through the Administrative Agent, elect to convert all C/D Rate Loans or Eurodollar Loans or Fixed Rate Loans, as the case may be, lent by such Bank into Base Rate Loans or into Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (whichever Type is not affected by the circumstances giving rise to such demand for compensation) having an Interest Period equal to that of the Eurodollar Loan or C/D Rate Loan or Fixed Rate Loan then outstanding and affected by such election, unless and until such Bank notifies the Borrower that such circumstances no longer apply.

(d) Within 30 days after (i) any Bank has demanded compensation from the Borrower pursuant to either Section 3.1(a) or Section 3.1(b) hereof, or (ii) the Borrower is required to make a deduction or withholding for the account of any Bank pursuant to Section 3.5(c) hereof, or (iii) there shall have occurred a change in law with respect to any Bank as a consequence of which it shall have become unlawful for such Bank to make a Loan on the date of any applicable Borrowing, as described in Sections 6.4, and 7.3 hereof (any such Bank described in the foregoing clauses (i), (ii) or (iii) is hereinafter referred to as an "Affected Bank"), the Borrower may request that the Non-Affected Banks acquire all, but

not less than all, of the Affected Bank's outstanding Loans and assume all, but not less than all, of the Affected Bank's Commitment. If the Borrower so requests, the Non-Affected Banks may elect to acquire all or any portion of the Affected Bank's outstanding Loans and to assume all or any portion of the Affected Bank's Commitment. If the Non-Affected Banks do not elect to acquire and assume all of the Affected Bank's outstanding Loans and Commitment, the Borrower may designate a replacement bank or banks, which must be satisfactory to the Administrative Agent, to acquire and assume that portion of the outstanding Loans and Commitment of the Affected Bank not being acquired and assumed by the Non-Affected Banks. The provisions of Section 15 hereof shall apply to all reallocations pursuant to this Section 3.1(d), and the Affected Bank and any Non-Affected Banks and/or replacement banks which are to acquire the Loans and Commitment of the Affected Bank shall execute and deliver to the Administrative Agent, in accordance with the provisions of Section 15 hereof, such Assignments and Acceptances and other instruments, including, without limitation, Notes, as are required pursuant to Section 15 to give effect to such reallocations. Any Non-Affected Banks and/or replacement banks which are to acquire the Loans and Commitment of the Affected Bank shall be deemed to be Eligible Assignees for all purposes of Section 15. On the effective date of the applicable Assignments and Acceptances, the Borrower shall pay to the Affected Bank all interest accrued on its Loans up to but excluding such date, along with any fees payable to such Affected Bank hereunder up to but excluding such date.

Section 3.2. Indemnification. If the Borrower shall at any time (a) repay or prepay or convert any principal of any Fixed Rate Loan, Eurodollar Loan or C/D Rate Loan on a date other than the Interest Period Termination Date with respect thereto (as a consequence of acceleration pursuant to Section 10 hereof, a mandatory repayment or prepayment required hereunder, an optional prepayment, a conversion pursuant to Section 3.1(c) or otherwise), or (b) for any reason fail to borrow, convert or continue a Fixed Rate Loan, Eurodollar Loan or C/D Rate Loan on the date specified therefor in a Borrowing Notice or a Conversion Notice delivered by the Borrower to the Administrative Agent (whether as a result of a failure to satisfy any condition precedent set forth in Section 6 or Section 7 hereof, or otherwise), the Borrower shall indemnify the applicable payee Banks, on demand made by such Banks

at any time and as often as the occasion therefor may arise, against all losses, costs or expenses which such Banks may at any time or from time to time incur as a consequence of such repayment, prepayment or failure to borrow. The amount of such losses, costs or expenses shall be an amount equal to the remainder, if any, of:

(i) the total amount of interest which would otherwise have accrued hereunder on the principal so paid, not borrowed or converted at a rate equal to the interest rate which otherwise would have been applicable to such principal less the Applicable Margin during the period (the "Reemployment Period") (A) in the case of any such repayment or prepayment, beginning on the date of such payment and ending on the applicable Interest Period Termination Date of the Loan so paid, or (B) in the case of any such failure to borrow or convert, beginning on the date for the Borrowing or conversion that shall have been requested in the Borrowing Notice or the Conversion Notice relating thereto and ending on the date that would have been the applicable Interest Period Termination Date of such Loan had such Borrowing or conversion been made; minus

(ii) an amount equal to the aggregate interest to be earned by the applicable payee Banks by reinvesting the amount prepaid, repaid or not borrowed or converted for the Reemployment Period at the yield to maturity on a United States Treasury security selected by the Administrative Agent equal in amount to the amount prepaid, repaid or not borrowed or converted and having a maturity approximately equal to the Reemployment Period.

Section 3.3. Illegality or Impossibility. Notwithstanding any other provision of this Agreement, if (a) the introduction of, any change in, or any change in the interpretation of, any law or regulation applicable to any Bank shall make it unlawful, or any central bank or other governmental authority having jurisdiction thereof shall assert that it is unlawful for such Bank to perform its obligations in respect of Eurodollar Loans, or (b) if the Administrative Agent shall reasonably determine with respect to C/D Rate Loans or Eurodollar Rate Loans, that (i) by reason of circumstances affecting the Eurodollar interbank market, adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate which would otherwise be applicable during any Interest Period, or (ii) by reason of circumstances affecting the United

States market in certificates of deposit, adequate and reasonable methods do not exist for ascertaining the C/D Rate which would otherwise be applicable during any Interest Period, or (iii) deposits of United States Dollars in the relevant amount for the relevant Interest Period are not available to one or more of the Reference Banks in the Eurodollar interbank market, or (iv) certificates of deposit of the relevant amount and for the relevant Interest Period are not available to one or more of the Reference Banks in the United States market for certificates of deposits, or (v) the Eurodollar Rate does not or will not accurately reflect the cost to one or more of the Reference Banks of obtaining or maintaining the applicable Eurodollar Loan during any Interest Period, or (vi) the C/D Rate does not or will not accurately reflect the cost to any one or more of the Reference Banks of obtaining or maintaining the applicable C/D Rate Loan during any Interest Period, then the Administrative Agent shall promptly give telephonic, telex or cable notice of such determination to the Borrower and the Banks (which notice shall be conclusive and binding upon the Borrower and the Banks). Before giving any notice to the Administrative Agent pursuant to this section, a Reference Bank shall designate a different lending office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. Upon such notification by the Administrative Agent, the obligation of such affected Reference Bank and any other similarly affected Banks to make or maintain Eurodollar Loans and/or C/D Rate Loans, as applicable, shall be suspended until the Administrative Agent determines that such circumstances no longer exist, and such Bank's or Banks' outstanding Eurodollar Loans and/or C/D Rate Loans shall continue to bear interest at the applicable interest rate until the next Interest Period Termination Date if lawful (or, if such continued status is not lawful, until the date of receipt of such notification by the Borrower), and thereafter shall be deemed converted to Base Rate Loans in equal principal amounts. In such event, all payments and prepayments of principal which otherwise would have been applied to repay such converted Loans of such Bank shall instead be applied to repay the Base Rate Loans resulting from such conversion.

Section 3.4. Bank Certificates. A certificate signed by an officer of any Bank or the Administrative Agent, setting forth any additional amount required to be

paid by the Borrower to such Bank or to the Administrative Agent for the accounts of the Banks under Sections 3.1 or 3.2 hereof and the basis therefor, shall be delivered by such Bank or the Administrative Agent to the Borrower in connection with each demand made at any time by such Bank or the Administrative Agent upon the Borrower under any of such sections, and each such certificate shall constitute conclusive evidence, in the absence of manifest error, of the additional amount required to be paid by the Borrower to such Bank or the Administrative Agent. Each such certificate shall set forth in reasonable detail any reasonable averaging or attribution methods used by such Bank in connection with the calculation of such additional amount. A claim by any Bank or the Administrative Agent for all or any part of any additional amount required to be paid by the Borrower under Sections 3.1 or 3.2 hereof may be made at any time and from time to time as often as the occasion therefor may arise.

Section 3.5. Payments to be Free of Deductions. (a) All payments by the Borrower under this Agreement shall be made without set-off or counterclaim, and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any country or any political subdivision thereof or taxing or other authority therein unless the Borrower is compelled by law to make such deduction or withholding. If any such obligation is imposed upon the Borrower with respect to any amount payable by it to or for the account of any Bank hereunder, the Borrower will pay to the Administrative Agent for the account of such Bank on the date on which such amount becomes due and payable hereunder and in United States dollars, such additional amount as shall be necessary to enable such Bank to receive the same net amount which it would have received on such due date had no such obligation been imposed upon the Borrower, provided that the Borrower shall not be obligated to make such payment for the account of any Bank if (i) such Bank has failed to comply with Section 3.5(b) hereof, or (ii) such Bank is not entitled to exemption from deduction or withholding of United States Federal income tax for any reason other than a change in United States law or regulations or any applicable tax treaty. If the Borrower shall be required by law to make such deduction or withholding, the Borrower will deliver to the Administrative Agent tax receipts or other appropriate evidence of payment.

(b) Each Bank that is not incorporated under the laws of the United States or a state thereof agrees that (to the extent it has not already done so prior to the Closing Date) it will deliver to the Borrower on the Closing Date two duly completed and accurate originals of a valid United States Internal Revenue Service Form 4224 or Form 1001 or any successor form thereto indicating that such Bank is entitled to receive payments under this Agreement, including fees, without deduction or withholding of any United States federal income taxes. Subject to any change in applicable laws or regulations, such Bank undertakes to deliver to the Borrower, upon request, two duly completed and accurate originals of Form 1001 or Form 4224, or successor form, on or before the date that any such form expires or becomes obsolete, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes.

(c) Within 30 days after the date on which the Borrower is required to make a deduction or withholding for the account of a Bank pursuant to Section 3.5(a) hereof, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof.

Section 3.6. Interest Limitation. Notwithstanding any other term of this Agreement or the Notes or any other document referred to herein or therein, the maximum amount of interest which may be charged to or collected from any Person liable hereunder or under any Note shall be absolutely limited to, and shall in no event exceed, the maximum amount of interest which could lawfully be charged or collected under applicable law (including, to the extent applicable, the provisions of Section 5197 of the Revised Statutes of the United States of America, as amended, 12 U.S.C. Section 85, as amended), so that the maximum of all amounts constituting interest under applicable law, howsoever computed, shall never exceed as to any Person liable therefor such lawful maximum, and any term of this Agreement or the Notes or any other document referred to herein or therein which could be construed as providing for interest in excess of such lawful maximum shall be and hereby is made expressly subject to and modified by the provisions of this section.

Section 3.7. Facility Fee. For the period commencing on the Closing Date and ending on the Revolving Credit

Commitment Termination Date, the Borrower promises to pay to the Administrative Agent, for the accounts of the Banks in accordance with their Revolving Credit Commitment Percentages, a facility fee at a rate per annum equal to the Applicable Margin in effect from time to time during each calendar quarter on the daily average amount during each calendar quarter or portion thereof of the Revolving Credit Commitment Amount, whether used or unused (and whether or not the conditions set forth in Section 7 hereof shall have been satisfied) (the "Facility Fee"). The Facility Fee shall be payable quarterly in arrears on the first day of each January, April, July and October of each year for the immediately preceding calendar quarter or portion thereof then ended, commencing on January 1, 1994, with a final payment on the Revolving Credit Commitment Termination Date.

Section 3.8. Agent's Fee. The Borrower promises to pay to the Administrative Agent for its own account an agent's fee (the "Agent's Fee") in the amounts and at the times provided in that certain letter agreement, dated as of the date hereof, between the Borrower and the Administrative Agent (the "Agent's Fee Letter").

Section 4. CLOSING; PAYMENTS AND COMPUTATIONS.

Section 4.1. Closing. The closing of the transactions contemplated by this Agreement shall occur on the date (the "Closing Date") of November 12, 1993, or such other date (which in no event shall be later than November 30, 1993) agreed upon by the Borrower and the Administrative Agent.

Section 4.2. Use of Proceeds. The Borrower covenants and agrees that the proceeds of the Loans shall be used for working capital and general corporate purposes, including, without limitation, back-up liquidity for the Borrower's commercial paper program.

Section 4.3. Payments. All payments hereunder (whether of principal, interest, Facility Fee, Agent's Fee, or otherwise) shall be made by the Borrower in United States dollars to the Administrative Agent in immediately available funds at the Head Office no later than 11:00 a.m. (Boston time) on the date due. Upon receipt by the Administrative Agent of any such payment of principal, interest or fees (other than fees or expenses to be retained by the Administrative Agent for its own account pursuant to the terms of

this Agreement), the Administrative Agent shall remit promptly (and in any event on the same day) to each Bank its pro rata (or otherwise applicable) share of such payment, as provided in Section 2.11 hereof.

Section 4.4. Computations. All computations of interest in respect of Base Rate Loans, overdue interest and fees payable hereunder (including the Facility Fee) shall be based on a 365/366-day year and the actual number of days elapsed. All computations of interest payable hereunder in respect of Fixed Rate Loans, C/D Rate Loans and Eurodollar Loans shall be based on a 360-day year and the actual number of days elapsed. Whenever a payment hereunder or under the Notes becomes due on a day which is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day and interest and all applicable fees shall accrue during each such extension.

Section 4.5. Banks' Obligations. The failure or refusal of any of the Banks at any time to make available to the Administrative Agent the amount of the Standby Loans to be made by such Bank at such time shall not relieve any other Bank from its obligations hereunder to make Standby Loans in the amount of its Revolving Credit Commitment Percentage of the Standby Loans requested, but no Bank shall be responsible for the failure of any other Bank to make the Standby Loans to be made by such other Bank. The Banks' obligations hereunder shall be several and not joint.

Section 4.6. Reference Banks. Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent as contemplated hereby. If any Reference Bank does not furnish a timely quotation for any reason other than those set forth in Section 3.3 hereof, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Reference Banks. If any Reference Bank does not furnish a timely quotation for any of the reasons set forth in Section 3.3, the provisions of Section 3.3 shall apply.

Section 5. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Banks that, after giving effect to the satisfaction of each of the conditions precedent set forth in Section 6 hereof (other than Section 6.2 hereof):

Section 5.1. Existence and Good Standing, Etc.

(a) Each of the Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has adequate corporate power and authority to own its property and to conduct its business as presently conducted.

(b) Each of the Borrower and its Subsidiaries is qualified to do business and in good standing in each jurisdiction in which the nature of such Person's business and property owned or held under lease make such qualification necessary, except for jurisdictions in which the failure to qualify will have no material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or on the Borrower's ability to perform its obligations under the Loan Documents.

Section 5.2. Power; Consents; Absence of Conflict with Other Agreements, Laws, Etc. (a) The Borrower has adequate corporate power and authority to enter into each of the Loan Documents, to perform, observe and comply with all of its agreements and obligations under each of such documents, and to make the borrowings contemplated by this Agreement.

(b) The execution and delivery by the Borrower of the Loan Documents, the performance by the Borrower of all of its agreements and obligations under each of such documents and the making by the Borrower of the borrowings contemplated by this Agreement have been duly authorized by all necessary corporate action by the Borrower, and do not and will not (i) violate any provision of its Charter or bylaws (each as in effect from time to time), (ii) conflict with, result in a breach of any term, condition or provision of, constitute a default under, or result in the creation of any Lien upon any of its property under, any agreement, trust deed, indenture, mortgage or other instrument to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries or any of their property is bound or affected, (iii) violate or contravene any provision of any law, regulation, order, ruling or interpretation thereunder (including, without limitation, Regulations G, T, U or X of the Board of Governors of the Federal Reserve System) or any decree, order or judgment of any court or governmental or regulatory authority, bureau, agency or official

(all as in effect from time to time and applicable to it), (iv) require any waivers, consents or approvals by any of its creditors which have not been obtained, (v) require any consents or approvals by any of its shareholders (except such as will be duly obtained on or prior to the Closing Date and will be in full force and effect on and as of such date), or (vi) require any approval, consent, order, authorization or license by, or giving notice to, or taking any other action with respect to, any governmental or regulatory authority or agency under any provision of any applicable law, except those approvals, consents, orders, authorizations and actions which are listed and described on Schedule 5.2 attached hereto, each of which has been obtained or taken or will be obtained or taken prior to the Closing Date.

Section 5.3. Binding Effect of Documents. The Borrower has duly executed and delivered each of the Loan Documents, and, assuming that each of the Administrative Agent and the Banks has duly executed and delivered this Agreement, each of the Loan Documents is in full force and effect. The agreements and obligations of the Borrower contained in each of the Loan Documents constitute its legal, valid and binding obligations, enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, and except to the extent that enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.4. Financial Statements; Solvency. (a) The consolidated balance sheet of the Borrower and its Subsidiaries as at the Balance Sheet Date, and the related statements of income, retained earnings and cash flows, certified by the Borrower's Independent Accountants, have been prepared in conformity with Generally Accepted Accounting Principles applied on a basis consistent with prior periods (except as disclosed therein) and fairly and accurately present the financial condition, assets and liabilities of the Borrower and its Subsidiaries as at the date hereof for the period then ended. There are no material liabilities, contingent or otherwise, of the Borrower or any of its Subsidiaries as of such date which are not disclosed on said balance sheet and the related notes thereto.

(b) The Borrower (both before and after giving effect to the transactions contemplated hereby) is solvent, has assets having a fair value in excess of the amount required to pay its probable liabilities or its existing debts as they become absolute and matured, and has, and will have access to, adequate capital for the conduct of its business and the ability to pay its debts from time to time incurred in connection therewith as such debts mature.

Section 5.5. Title to Properties. The Borrower and its Subsidiaries own all of the assets reflected in the consolidated balance sheet of the Borrower and its Subsidiaries as at the Balance Sheet Date or acquired since that date (except assets sold or otherwise disposed of in the ordinary course of business since that date, and except those assets listed and described on Schedule 9.1 attached hereto), subject in each case to no Liens except those permitted by Section 9.2 hereof.

Section 5.6. No Adverse Changes. Since the Balance Sheet Date, there has not been any materially adverse change in the business, assets, financial condition or results of operations of the Borrower and its Subsidiaries, taken as a whole.

Section 5.7. Litigation. Except as disclosed in the Parent's Form 10-K for the year ended December 31, 1992, there is no restraining order, injunction, claim, action, suit, proceeding or investigation of any kind pending or, to the best knowledge of the Borrower, threatened against or, as of the Closing Date, affecting, the Borrower or any of the Borrower's Subsidiaries before any court, tribunal, governmental or regulatory authority, commission, administrative agency or board in which there is a significant possibility of an adverse decision which would, either by itself or taken together with other such matters, materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole or which questions the validity or enforceability of this Agreement or any of the other Loan Documents. As of the Closing Date, the actions, suits or proceedings described in the Parent's Form 10-K referred to above, either individually or in the aggregate, are not expected to materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries or question the validity or enforceability of this Agreement or the other Loan

Section 5.8. No Adverse Provisions. Neither the Borrower nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Borrower's officers has or is expected in the future to have a materially adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or on the Borrower's ability to perform its obligations under the Loan Documents. Neither the Borrower nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Borrower's officers has or is expected to have a materially adverse effect on the Borrower's ability to perform its obligations under the Loan Documents.

Section 5.9. Compliance with Other Instruments, Laws, Etc. Neither the Borrower nor any of its Subsidiaries is violating any provision of its Charter or by-laws, any agreement, contract or instrument by which it or any of its properties is bound, or any decree, order, judgment, statute, license, rule or regulation applicable to it, in a manner which could result in the imposition of substantial penalties or materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

Section 5.10. Tax Status. Each of the Borrower and the Borrower's Subsidiaries has (a) made or filed all material federal and state tax returns, reports and declarations required by any jurisdiction to which it is subject, (b) paid all taxes and other governmental assessments and charges, as shown or determined to be due on such tax returns, reports and declarations, except for taxes the amount, applicability or validity of which is currently being contested by it in good faith by appropriate proceedings and with respect to which it has set aside on its books reserves reasonably deemed by it to be adequate therefor, and (c) set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction.

Section 5.11. Location of Office. The Borrower's chief executive office and the location where its books and

records are kept is 455 North Cityfront Plaza Drive, Chicago, Illinois 60611-5504.

Section 5.12. Disclosure. The representations and warranties made by the Borrower in this Agreement or by the Borrower or the Parent in any agreement, instrument, document, certificate, statement or letter furnished to the Banks on behalf of the Borrower in connection with any of the transactions contemplated by the Loan Documents did not, taken as a whole, together with all other information provided by or on behalf of the Borrower in connection with the transactions contemplated herein contain, when made, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Except as previously disclosed in writing to the Banks, there is no fact known to the Borrower (excluding general economic and political conditions affecting business generally) which materially adversely affects, or which is reasonably likely in the future to materially adversely affect, the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

Section 5.13. Employee Benefit Plans.

(a) In General. Each Employee Benefit Plan has been maintained and operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions. The Borrower has heretofore delivered to the Agent the most recently completed annual report, Form 5500, with all required attachments, and actuarial statement required to be submitted under Section 103(d) of ERISA, with respect to each Guaranteed Pension Plan.

(b) Guaranteed Pension Plans. The Borrower and its ERISA Affiliates have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Guaranteed Pension Plan, and neither the Borrower nor any ERISA Affiliate has failed to make any contribution to any Guaranteed Pension Plan which has resulted or could reasonably be expected to result in the imposition of a Lien under Section 302(f) of ERISA. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. No liability to the PBGC

(other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan, and there has not been any ERISA Reportable Event (other than an Event as to which the requirement of 30 days notice has been waived), or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation) and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of Section 4001 of ERISA did not exceed the aggregate value of the assets of all such Plans by more than \$5,000,000, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities.

(c) Multiemployer Plans. Neither the Borrower nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under Section 4201 of ERISA or as a result of a sale of assets described in Section 4204 of ERISA. Neither the Borrower nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or insolvent under and within the meaning of Section 4241 or Section 4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA.

Section 5.14. Business. Each of the Borrower and its Subsidiaries enjoys peaceful and undisturbed possession under all leases which are material to the Borrower and its Subsidiaries, taken as a whole, of real or personal property of which any Person is lessee, subject to the rights of sublessees and other parties lawfully in possession in the ordinary course of business, none of which contains any unusual or burdensome provision which would be reasonably likely materially adversely to affect or to impair the operations of the Borrower and its Subsidiaries, taken as a whole, and all such leases which are material to the operations of the Borrower and its Subsidiaries, taken as a whole, are valid and subsisting and in full force and effect. Each of the Borrower and its Subsidiaries has rights with respect to all of the

material patents, trademarks, permits, service marks, trade names, copyrights, licenses and franchises, and shall have obtained assignments of all other rights of whatever nature, necessary for the present and planned future conduct of its business, without any known conflict with the rights of others which might result in a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole. Each of the Borrower and its Subsidiaries owns, leases or has the right to use all properties, franchises, rights and licenses, and employs employees, in an amount and manner sufficient to conduct railroad operations as now conducted and as proposed to be conducted, without any conflict with the rights of others.

Section 5.15. Capitalization. (a) The Parent is the record and beneficial owner, free and clear of all Liens, of all of the issued and outstanding capital stock of the Borrower. All shares of such capital stock have been validly issued and are fully paid and nonassessable, and no rights to subscribe to additional shares have been granted or exist.

(b) Schedule 5.15 attached hereto sets forth a true, accurate and complete list as of the Closing Date of all of the Subsidiaries of the Borrower and other Persons in which the Borrower has an equity investment, the jurisdiction of organization of such Subsidiaries, the organizational form of such Subsidiaries, the percentage equity interest of the Borrower (or its Subsidiaries) in such Subsidiaries, and the amount and nature of the investment by the Borrower (or its Subsidiaries) in such Subsidiaries.

Section 5.16. Holding Company and Investment Company Acts. Neither the Borrower nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935; nor is any of such Persons a "registered investment company" or an "affiliated company" or a "principal underwriter" of a "registered investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.17. Certain Transactions. None of the officers or directors of the Borrower or its Subsidiaries is presently a party to any transaction with the Borrower or its Subsidiaries or any other

Person which is directly or indirectly controlled (as defined in the definition of Affiliate in Section 1(a) hereof) by the Parent (other than for services as employees, officers and directors), including, without limitation, any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Borrower, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

Section 5.18. Environmental Compliance. (a) The Borrower has taken all appropriate steps to investigate the past and present condition and usage of its and its Subsidiaries' properties and the operations conducted thereon and, based upon such diligent investigation, has determined that:

(i) except as set forth on Schedule 5.18 attached hereto, none of the Borrower, its Subsidiaries or, to the best of the Borrower's knowledge, any lessee of its properties is in violation, or alleged violation, of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without limitation those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act ("HAZMAT"), or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment (hereinafter "Environmental Laws"), which violation would have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole;

(ii) except as set forth in Schedule 5.18 attached hereto, none of the Borrower or its Subsidiaries has received written notice from any third party including without limitation any federal, state or local governmental authority, (A) that any one of them has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to a site

listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986); (B) that any hazardous waste as defined by 42 U.S.C. Section 6903(5), any hazardous substances as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant as defined by 42 U.S.C. Section 9601(33) and any toxic substance, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") which any one of them has generated, transported or disposed of has been found at any site at which a federal, state or local agency or other third party has conducted or has ordered that the Borrower or any of its Subsidiaries conduct a remedial investigation, removal or other response action pursuant to any Environmental Law; or (C) that it is or shall be a named party to any claim, action, cause of action, complaint (contingent or otherwise), legal or administrative proceeding arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Substances which, in the case of each of (A) or (B), the effect of which, or in the case of (C) above, if adversely determined to the Borrower, would have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole;

(iii) except as set forth on Schedule 5.18 attached hereto and to the best knowledge of the Borrower: (A) no portion of the property of the Borrower or its Subsidiaries has been used for the handling, manufacturing, processing, storage or disposal of Hazardous Substances except in accordance with applicable Environmental Laws or where non-compliance with applicable Environmental Laws would not have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole; and no underground tank or other underground storage receptacle for Hazardous Substances is located on such properties; (B) in the course of any activities conducted by the Borrower, its Subsidiaries or lessees of its properties, no Hazardous Substances have been generated or are being used on such properties except in accordance with applicable Environmental Laws or where non-compliance with applicable Environmental Laws would not have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole; (C) there have been no releases (i.e. any past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping) or threatened releases of Hazardous Substances on, upon, into or from the

properties of the Borrower or its Subsidiaries, which releases would have a material adverse effect on the financial condition of the Borrower and its Subsidiaries, taken as a whole; and (D) in addition, any Hazardous Substances that have been generated on the properties of the Borrower or any of its Subsidiaries have been transported or disposed of in accordance with applicable laws and regulations by transporters and to disposal facilities, which, to the best knowledge of the Borrower (without independent inquiry), are operating in compliance in all material respects with applicable permits and laws;

(iv) none of the properties of the Borrower or any of its Subsidiaries are or shall be subject to any applicable environmental cleanup responsibility law or environmental restrictive transfer law or regulation by virtue of the transactions set forth herein and contemplated hereby; and

(v) each of the Borrower and its Subsidiaries is in material compliance with HAZMAT and the regulations thereunder (49 C.F.R. Parts 100 to 199).

Section 5.19. Liens. (a) No valid mortgages, chattel mortgages, assignments, statements of assignment, security agreements or deeds of trust have been filed by any person or persons with respect to any part of the property or assets of the Borrower or any of the Borrower's Subsidiaries except for mortgages and security agreements which are otherwise permitted by the provisions of Section 9.2 hereof.

(b) No valid financing statement which names the Borrower or any of the Borrower's Subsidiaries as a debtor, or encumbers or attempts to encumber any of the material assets or a material portion of the assets of any of such Persons, has been filed in any jurisdiction in the United States or any State thereof pursuant to Article 9 of the Uniform Commercial Code of any State, and none of the Borrower or any of the Borrower's Subsidiaries has signed any financing statement or any security agreement authorizing any secured party thereunder to file any such financing statement in any such jurisdiction, other than financing statements with respect to Liens (including, without limitation, capitalized leases) permitted by Section 9.2 hereof and financing statements filed for protective purposes only by lessors under operating leases with respect to which the Borrower is lessee.

Section 5.20. Fiscal Year. Each of the Borrower and its Material Subsidiaries has a fiscal year which is the twelve months ending on December 31 of each calendar year.

Section 5.21. No Default. No Default or Event of Default exists at the delivery of this Agreement.

Section 5.22. Insurance. Schedule 5.22 attached hereto lists the policies and types and amounts of coverage (including all deductibles) of theft, fire, liability, life, property and casualty and other insurance owned or held by the Borrower and its Subsidiaries on the date hereof. Such policies of insurance are maintained with financially sound and reputable insurance companies, funds or underwriters and are of the kinds and cover such risks and are in such amounts and with such deductibles and exclusions as are consistent with the prudent business practice of similarly structured and similarly capitalized companies of similar size in the Borrower's industry. All such policies (or substitute policies complying with Section 8.10 hereof) are in full force and effect; are sufficient for compliance by the Borrower and its Subsidiaries with all requirements of law and of all agreements to which such Persons are parties; are valid, outstanding and enforceable policies and provide that they will remain in full force and effect through the respective dates set forth in such schedule; and coverage thereunder will not be reduced by, or terminate or lapse by reason of, the transactions contemplated by or referred to in this Agreement.

Section 5.23. Regulation U. No proceeds of the Loans shall be used for the purpose of purchasing or carrying any "margin security" or "margin stock", as such terms are used in Regulations G, T, U and X of the Board of Governors of the Federal Reserve System.

Section 6. CLOSING CONDITIONS. The effectiveness of this Agreement and the obligations of the Banks to make the initial Loans hereunder is subject to the satisfaction, no later than the date specified as the latest permitted closing date under Section 4.1 hereof, of the following conditions precedent:

Section 6.1. Delivery of Documents. (a) This Agreement shall have been duly and properly authorized, executed and delivered by the Borrower, the Administrative Agent, the Competitive Bid Agent

and the Banks.

(b) Each of the Notes shall have been duly and properly authorized, executed and delivered by the Borrower and shall be in full force and effect.

(c) Executed original counterparts of each of the Loan Documents shall have been furnished to the Administrative Agent.

Section 6.2. Representations and Warranties. The representations and warranties contained herein shall have been correct as of the date on which made and shall also be correct at and as of the Closing Date except to the extent that the facts upon which such representations and warranties are based may have changed as a result of transactions permitted or contemplated hereby.

Section 6.3. No Default. On the Closing Date there shall exist no Default or Event of Default, and no Default or Event of Default shall result from consummation of the transactions on the Closing Date.

Section 6.4. Legality. No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for any Bank to make a Loan on such occasion, provided that those Banks to whom such change in law is not applicable shall continue to be obligated to make Loans hereunder, notwithstanding the fact that one or more other Banks are affected by such change in law. Within 30 days after any Bank fails to make a Loan as a result of this section, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof.

Section 6.5. Proceedings and Documents. All corporate, governmental and other proceedings in connection with the transactions contemplated by the Loan Documents and all instruments and documents incident thereto shall be reasonably satisfactory in substance and in form to the Banks and to the Banks' Special Counsel, and the Banks and such counsel shall have received all information and such counterpart originals or certified or other copies of such documents as the Banks or such counsel may reasonably request.

Section 6.6. Legal Opinions. The Banks shall have received written opinions addressed to the Banks from

counsel to the Borrower in the form of Exhibits C-1 and C-2 attached hereto. The Banks shall have received a favorable written opinion of Steptoe & Johnson, special counsel to the Borrower, which is satisfactory to the Banks in all respects, with respect to Interstate Commerce Commission matters. The Borrower hereby instructs all such counsel to deliver such opinions to the Banks.

Section 6.7. Financial Condition. The Banks shall have received the financial statements referred to in Section 5.4 hereof.

Section 6.8. Delivery of Charter and Other Documents. The Administrative Agent shall have received from the Borrower copies, certified by a duly authorized officer of the Borrower to be true and complete as of the Closing Date of each of (a) the Charter of the Borrower as in effect on such date, (b) the bylaws of the Borrower in effect on such date, (c) the resolutions of the Board of Directors of the Borrower authorizing the execution and delivery by the Borrower of each of the Loan Documents and its performance of all of its agreements and obligations under each of such documents and the borrowings and other transactions contemplated by this Agreement, and (d) an incumbency certificate giving the name, title, and bearing a specimen signature of each individual who shall be authorized to sign, in its name and on its behalf, each of the Loan Documents, and to make application for the Loans, and to give notices and to take other action on its behalf under the Loan Documents.

Section 6.9. Closing Certificate. (a) The Borrower shall have delivered a closing certificate substantially in the form of Exhibit D attached hereto, and such closing certificate shall be in full force and effect.

(b) The Administrative Agent shall have executed this Agreement signifying to the Borrower and the Banks (i) that it has received satisfactory evidence that the closing conditions set forth in this Section 6 have been satisfied and (ii) that the Closing Date shall have occurred.

Section 6.10. Facility B Credit Agreement. The Borrower, the banks named therein and FNBB, as administrative agent and competitive bid agent, shall have executed and delivered the Facility B Credit

Agreement and such agreement shall be in full force and effect.

Section 6.11. ICC Filings. The Borrower shall have filed or caused to be filed with the Interstate Commerce Commission a notice of exemption under 49 C.F.R. 1175 which complies with the provisions of such regulations and which seeks an exemption from the requirements of 49 U.S.C. 11301 for implementation of the provisions of this Agreement and such exemption shall have become effective.

Section 7. CONDITIONS OF BORROWING. The obligation of the Banks to make any Loans is subject to the satisfaction of the following conditions precedent:

Section 7.1. Representations and Warranties. The representations and warranties contained in this Agreement shall have been correct as of the date on which made and shall also be correct at and as of the date of the applicable Borrowing with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may have changed as a result of transactions permitted or contemplated hereby.

Section 7.2 No Default. At the time of the applicable Borrowing, there shall exist no Default or Event of Default, and no Default or Event of Default shall result from consummation of the applicable Borrowing.

Section 7.3. Legality. No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for the applicable Banks to make such a Loan on such occasion, provided that those Banks to whom such change in law is not applicable shall continue to be obligated to make Loans hereunder, notwithstanding the fact that one or more other Banks are affected by such change in law; within 30 days after any Bank fails to make a Loan as a result of this section, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof.

Section 7.4. Borrowing Notice; Competitive Bid Request. The Borrower shall have delivered a Competitive Bid Request in accordance with the provisions of Section 2.5 hereof or a Borrowing Notice in accordance with the provisions of Section 2.6 hereof. The Borrowing Notice or Competitive Bid Request, as the case may be, shall constitute a certification by the

Borrower that the conditions set forth in this Section 7.4 will be satisfied as of the date of the applicable Borrowing.

Section 8. AFFIRMATIVE COVENANTS. The Borrower hereby covenants and agrees that, so long as the Loans or the Notes are outstanding, any amounts are owing pursuant to this Agreement, or the Banks have any Commitment to make Loans hereunder:

Section 8.1. Punctual Payment. The Borrower will duly and punctually pay or cause to be paid the principal of and interest on the Loans, the Facility Fee, the Agent's Fee, and all other amounts from time to time owing hereunder or under the other Loan Documents, all in accordance with the terms of this Agreement and the other Loan Documents.

Section 8.2. Records and Accounts. The Borrower will and will cause each of its Subsidiaries to keep true records and books of account in which proper entries will be made in accordance with Generally Accepted Accounting Principles and to maintain adequate accounts and reserves for all taxes (including income taxes), all depreciation, depletion, obsolescence and amortization of its properties, all contingencies and all other reserves in accordance with Generally Accepted Accounting Principles.

Section 8.3. Financial Statements, Certificates and Information. The Borrower will furnish to the Banks:

(a) As soon as practicable and, in any event, within 90 days after the end of each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year, consolidated statements of income and consolidated statements of retained earnings and cash flow of the Borrower and its Subsidiaries for the fiscal year then ended, each setting forth in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles, accompanied by a report and unqualified opinion of the Borrower's Independent Accountants (who shall be reasonably satisfactory to the Banks), which report and opinion shall have been prepared in accordance with generally accepted auditing standards. In addition, the Borrower will obtain from such Independent Accountants and deliver to the Banks

within said period of 90 days the certified statement of such Independent Accountants that they have read a copy of this Agreement and that, in making the examination necessary for said certification, performing activities within the normal scope of their audit and without further inquiry, they have obtained no knowledge of any Default or Event of Default then existing, or, if such accountants shall have obtained knowledge of any then existing Default or Event of Default, they shall disclose in such statement any such Default or Event of Default.

(b) As soon as practicable and, in any event, within 45 days after the end of each fiscal quarter in each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and consolidated statements of income and consolidated statements of retained earnings and cash flow of the Borrower and its Subsidiaries for the portion of the fiscal year then ended, each in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles applied on a basis consistent with prior periods except as otherwise specified, subject to year-end audit adjustment, and certified on behalf of the Borrower by an Officer's Certificate.

(c) As soon as practicable and, in any event, within 45 days after the end of each fiscal quarter in each fiscal year of the Borrower, financial and operating statistics of the Borrower and its Subsidiaries as at the end of such fiscal quarter, in reasonable detail and in such form as shall be satisfactory to the Administrative Agent, which, to the extent such statistics are in the form of financial statements, have been prepared in accordance with Generally Accepted Accounting Principles applied on a basis consistent with prior periods except as otherwise disclosed therein, along with an analysis, in reasonable detail, of the variances, if any, of such financial and operating statistics from the projections for such fiscal quarter previously furnished to the Banks, in each case certified on behalf of the Borrower by an Officer's Certificate.

(d) Promptly upon receipt thereof, copies of all management letters which are submitted to the Borrower by its Independent Accountants in connection with any annual or interim audit of the books of the Borrower made by such accountants.

(e) As soon as practicable but, in any event, within 15 Business Days after the issuance thereof, copies of such other financial statements, reports and notices as the Borrower shall send to its bondholders, noteholders or other lenders and copies of all reports filed by the Borrower with the Securities and Exchange Commission and the Interstate Commerce Commission or any similar or corresponding governmental commission, department or agency substituted for either of the foregoing, federal or state.

(f) Within the time periods provided in paragraphs (a) and (b) above a certificate substantially in the form of Exhibit E attached hereto (a "Compliance Certificate").

(g) No later than 30 days after the end of each fiscal year of the Borrower, projections of the financial and operating performance of the Borrower and its Subsidiaries on a monthly basis for the next succeeding fiscal year, as well as forecasts of the Borrower and its Subsidiaries' projected compliance with the covenants contained in Section 9 hereof on a quarterly basis for such next fiscal year, and projections of such performance on an annual basis for each of the four following fiscal years. The Borrower agrees that it will cause such projections and forecasts to be amended from time to time as necessary in light of events affecting operations.

(h) With reasonable promptness, such other data as any Bank may reasonably request.

All confidential information and documents concerning the Borrower and its Subsidiaries supplied by the Borrower to the Banks shall be held in confidence by the Banks and the Banks shall not disclose such information and documents, except the Borrower hereby authorizes the Banks to disclose any information obtained pursuant to this Agreement or the other Loan Documents to participants and potential participants as provided in Section 15(e) hereof, to legal counsel for the Banks, to consultants of the Banks who have agreed to be bound by the confidentiality provisions of this Agreement, to employees of and agents for the Banks in their ongoing business, and to any independent auditors of the Banks and to all appropriate governmental regulatory authorities or courts to the extent requested or subpoenaed, but only to the extent permitted by applicable laws and regulations, including those applying to classified material. Upon

receipt of a request to disclose any information to governmental authorities or courts other than governmental bank examiners and independent auditors of the Banks, the Banks will notify the Borrower, to the extent permitted by applicable law and regulations, of such request and, to the extent practicable, permit the Borrower to seek a protective order with respect thereto.

Section 8.4. Business and Legal Existence. The Borrower will and will cause each of its Material Subsidiaries to keep in full force and effect its legal existence (except as permitted by Section 9.5 hereof) and good standing under the laws of its jurisdiction of incorporation, maintain its qualification to do business in each state in which the failure to qualify would have a material adverse effect on the business, assets or financial condition of such Person and maintain all rights, licenses, leases and franchises reasonably necessary and material to the conduct of its business.

Section 8.5. Payment of Taxes. The Borrower will and will cause each of its Subsidiaries promptly to pay and discharge all lawful state and federal taxes, assessments and governmental charges or levies imposed upon it or upon its income or profit or upon any property belonging to it, unless such tax, assessment, charge or levy shall not at the time be due and payable or can be paid thereafter without penalty, or if the validity thereof shall currently be contested in good faith by appropriate proceedings and adequate reserves with respect to such tax, assessment, charge or levy shall have been established in accordance with Generally Accepted Accounting Principles.

Section 8.6. Inspection of Properties and Books. The Borrower will and will cause each of its Subsidiaries to permit the Banks and any designated representatives to visit and inspect any of the properties of the Borrower and its Subsidiaries to examine the books of account (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries with, and to be advised as to the same by, their officers, all at such reasonable times as the Majority Banks may reasonably request.

Section 8.7. Notice of Litigation. The Borrower will and will cause each of its Subsidiaries promptly to notify the Banks of the issuance of any restraining

order or injunction or the commencement of any claim, action, suit, proceeding or investigation of any kind against any of the Borrower or any of its Subsidiaries in which there is a reasonable likelihood of an adverse decision which would either by itself or taken together with other such matters, materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or which question the validity or enforceability of this Agreement or the other Loan Documents.

Section 8.8. Notice of Default. If the Borrower or any of its Subsidiaries shall at any time obtain knowledge of the existence of any Default or Event of Default, the Borrower shall, within two Business Days of the occurrence of such Default or Event of Default, deliver to the Banks a certificate entitled "notice of default", specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

Section 8.9. Compliance with Law, Etc. The Borrower will and will cause each of its Subsidiaries to (a) comply with all provisions of its Charter and by-laws and all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it is or becomes subject and noncompliance with which would have a material adverse effect on the business, assets, financial condition or operations of the Borrower and its Subsidiaries, taken as a whole, or on the ability of the Borrower to fulfill its obligations under this Agreement or the other Loan Documents; and (b) promptly obtain, maintain, apply for renewal, and not allow to lapse, any authorization, consent, approval, license or order for, and accomplish any filing or registration with, any court or judicial, administrative or governmental authority or any other Person which is or becomes necessary in order that it perform in all material respects all of its obligations under this Agreement, the other Loan Documents and in order that the same are valid and binding and effective in accordance with their terms.

Section 8.10. Insurance. The Borrower will and will cause each of its Subsidiaries to maintain at all times insurance with substantially similar coverage and conditions as the insurance listed on Schedule 5.22 attached hereto. Each of such insurance policies shall provide that such policy may not be terminated, cancelled or materially modified without 30 days' prior written notice to the Administrative

Agent. The Borrower will not and will not permit any of its Subsidiaries to reduce the levels of insurance coverage below those in effect on the Closing Date, as reflected on such schedule, without the prior written consent of the Majority Banks unless such coverage is not available on commercially reasonable terms to the Borrower or such Subsidiary and to other similarly sized companies in the Borrower's industry.

Section 8.11. Employee Benefit Plans. Neither the Borrower nor any ERISA Affiliate will:

(a) engage in any "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code which could result in a material liability for the Borrower; or

(b) permit any Guaranteed Pension Plan to incur an "accumulated funding deficiency", as such term is defined in Section 302 of ERISA, whether or not such deficiency is or may be waived; or

(c) fail to contribute to any Guaranteed Pension Plan to an extent which, or terminate any Guaranteed Pension Plan in a manner which, could result in the imposition of a lien or encumbrance on the assets of the Borrower pursuant to Section 302(f) or Section 4068 of ERISA; or

(d) permit or take any action which would result in the aggregate benefit liabilities (with the meaning of Section 4001 of ERISA) of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Plans, disregarding for this purpose the benefit liabilities and assets of any such Plan with assets in excess of benefit liabilities, by more than \$10,000,000.

The Borrower will (i) promptly upon the request of the Administrative Agent, furnish to the Administrative Agent a copy of the most recent actuarial statement required to be submitted under Section 103(d) of ERISA and Annual Report, Form 5500, with all required attachments, in respect of each Guaranteed Pension Plan and (ii) promptly upon receipt or dispatch, furnish to the Administrative Agent any notice, report or demand sent or received in respect of a Guaranteed Pension Plan under Sections 302, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under Sections 4041A, 4202,

Section 8.12. Environmental Compliance. The Borrower will and will cause each of its Subsidiaries to comply with all Environmental Laws, including, without limitation, those concerning the establishment and maintenance of underground tanks and other underground storage receptacles or the transportation of hazardous materials, except where noncompliance with such Environmental Laws would not have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, and will, upon receipt of any notice of material non-compliance or knowledge of material non-compliance, promptly send copies of such notice or communicate its knowledge of such non-compliance to the Administrative Agent.

Section 8.13. Maintenance of Property. The Borrower will and will cause each of its Subsidiaries to maintain and keep the real and personal properties used or deemed by it to be useful in its business in good repair, working order or condition for its intended use, and make or cause to be made all needful and proper repairs thereto and replacements thereof. The Borrower will and will cause each of its Subsidiaries to maintain the operation of its rail lines in a manner sufficient to conduct railroad operations at a level of performance which is in all material respects equivalent or superior to the operation of such lines prior to the Closing Date and in a manner consistent with good railroad operating procedures.

Section 8.14. Further Assurances. The Borrower will cooperate with the Banks and execute such further instruments and documents as the Banks shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

Section 9. NEGATIVE COVENANTS. The Borrower covenants and agrees that, so long as the Loans or the Notes are outstanding, or any amounts are owing pursuant to this Agreement, or the Banks have any Commitment to make Loans hereunder:

Section 9.1. Indebtedness. The Borrower will not and will not permit any of its Subsidiaries to create, incur, assume, guarantee, agree to purchase or repurchase, provide funds in respect of, or otherwise

become or be or remain liable with respect to, any Indebtedness of any type whatsoever owed to any Person, other than:

(a) Indebtedness evidenced by the Notes and any other Indebtedness incurred pursuant to this Agreement;

(b) Indebtedness evidenced by the Facility B Notes and any other Indebtedness incurred pursuant to the Facility B Credit Agreement;

(c) Indebtedness evidenced by the Senior Notes or otherwise incurred pursuant to the Senior Debt Agreements;

(d) Subordinated Debt;

(e) Indebtedness incurred in the ordinary course of business and not incurred through the borrowing of money or the obtaining of credit or the leasing of property, except that unsecured credit on an open account basis customarily extended in connection with purchases of goods or services in the ordinary course of business shall be permitted;

(f) Indebtedness in respect of taxes, including withholding and payroll taxes, assessments, governmental charges, and claims for labor, materials or supplies and liabilities under employee benefit plans, including pension plans, to the extent that payment thereof is not yet due or to the extent that the amount, applicability or validity of such Indebtedness is being contested by the applicable Person in good faith by appropriate proceedings diligently pursued and adequate reserves therefor are being maintained in accordance with Generally Accepted Accounting Principles;

(g) Indebtedness in respect of attachments or similar proceedings, judgments or awards which have been in force for less than the applicable period for taking an appeal so long as execution is not levied thereunder, or in respect of which the applicable Person shall at the time in good faith be prosecuting an appeal or proceedings for review and in respect of which a stay of execution shall have been obtained pending such appeal or review;

(h) purchase money Indebtedness for real or personal property purchased by the Borrower or any

Subsidiary of the Borrower for use in the ordinary course of such Person's business, but only to the extent that such Indebtedness does not exceed 100% of the fair market value of the property so purchased as at the date of purchase, and Indebtedness in respect of capitalized leases and operating leases to the extent that such Indebtedness is permitted by the other covenants contained herein;

(i) Indebtedness existing on the Closing Date, as listed and described on Schedule 9.1 attached hereto, and any renewals, extensions or refinancings of such Indebtedness, provided that such renewals, extensions or refinancings shall not increase (i) the amount of collateral securing such Indebtedness, (ii) the aggregate amount of such Indebtedness, or (iii) if such Indebtedness is renewed, extended or refinanced prior to the maturity thereof, the aggregate annual debt service requirement during the period prior to the original maturity thereof with respect thereto;

(j) Indebtedness of the Borrower arising under an accounts receivable financing facility entered into by the Borrower on terms and conditions, and pursuant to documentation, in form and substance satisfactory to the Majority Banks if, at the time the Borrower enters into such facility, the Revolving Credit Commitment Amount (as defined in the Facility B Credit Agreement) then and thereafter in effect is permanently reduced by an amount equal to the aggregate credit available under such accounts receivable financing facility and, if the aggregate credit available under such accounts receivable financing facility exceeds such Revolving Credit Commitment Amount, the Revolving Credit Commitment Amount hereunder is permanently reduced by an amount equal to such excess; and

(k) unsecured Indebtedness in addition to the Indebtedness permitted by clauses (a) through (i) above, provided that after giving effect thereto, the Borrower is not in violation of Section 9.11 hereof.

Section 9.2. Liens. The Borrower will not and will not permit any of its Subsidiaries to create, incur, assume or permit to exist any Lien on any property or asset of any of such Persons, other than:

(a) Liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with Section 8.5 hereof;

(b) Liens in respect of property or assets of the Borrower or any of its Subsidiaries (i) under workers' compensation, unemployment or other insurance, old age pensions or other Social Security benefits or other similar laws or similar legislation, (ii) in connection with surety, appeal and similar bonds incidental to the conduct of litigation, and (iii) in connection with bid, performance or similar bonds which do not exceed in the aggregate \$5,000,000; mechanics', laborers', materialmen's and similar liens not then delinquent or which are being contested in good faith by appropriate proceedings; and Liens incidental to the conduct of the Borrower's business which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, all of which Liens permitted by this paragraph (b) do not in the aggregate materially detract from the value of the Borrower's property or materially impair the use thereof in the operation of the business of the Borrower and its Subsidiaries;

(c) Liens in respect of judgments or awards the Indebtedness with respect to which shall be permitted pursuant to Section 9.1(g) hereof;

(d) encumbrances and liens consisting of easements, rights of way, general real estate taxes not yet due and payable, municipal and zoning restrictions, restrictions on the use of real property and defects and irregularities in the title thereto, landlord's or lessor's liens under leases to which the Borrower or any of its Subsidiaries is a party, and other minor liens or encumbrances none of which interferes materially with the use of the property so encumbered in the ordinary conduct of the business of the Borrower and its Subsidiaries and which do not individually or in the aggregate have a material adverse effect on the business of the Borrower and its Subsidiaries, taken as a whole;

(e) Liens securing the purchase price of purchase money Indebtedness permitted by Section 9.1(h) hereof, provided that such Liens are limited solely to the property so purchased and Liens in respect of capitalized leases, the Indebtedness with respect to which is permitted by Section 9.1(h) hereof, provided that such Liens are limited solely to the property subject to such capitalized leases;

(f) Liens on certain property of the Borrower which are existing on the Closing Date, as listed and described on Schedule 9.1 attached hereto and Liens on the same property securing renewals, extensions and refinancings of the Indebtedness described in Section 9.1(i) thereof subject to all the provisos contained therein;

(g) Liens on accounts receivable of the Borrower that are the subject of, and that secure, the accounts receivable financing facility referred to in Section 9.1(j) hereof;

provided, that, in any event, the aggregate amount of Indebtedness and other obligations secured by Liens permitted under this Section 9.2 (other than Liens provided for in clauses (a), (b), and (d) of this Section 9.2) shall not at any time exceed 20% of Consolidated Total Assets.

Section 9.3. Investments. The Borrower will not and will not permit any of its Subsidiaries to make, or permit to exist, directly or indirectly, any Investments in any Person, other than:

(a) trade or customer accounts or notes receivable for inventory sold or services rendered in the ordinary course of business;

(b) obligations issued or guaranteed as to principal and interest by the United States of America and having a maturity of not more than one year from the date of acquisition;

(c) deposits with or certificates of deposit issued by any Bank, or any other bank whose commercial paper is rated not less than prime-one or A-1 or their equivalents by Moody's or S&P or their successors and having capital and unimpaired surplus of at least \$500,000,000, and written agreements under which any Bank or any other bank described in this Section 9.3(c) sells and agrees to repurchase marketable direct obligations of the United States of America;

(d) commercial paper or finance company paper which is rated not less than prime-one or A-1 or their equivalents by Moody's or S&P or their successors;

(e) Investments in Subsidiaries of the Borrower and other Persons, as such Investments are in existence on the Closing Date and as reflected in Schedule 5.15 attached hereto, plus additional cash

investments in an aggregate amount not to exceed \$1,500,000 in any calendar year during the term of this Agreement in such Subsidiaries and other Persons; and

(f) Investments not otherwise contemplated in this Section 9.3, provided that the aggregate amount of all Investments made pursuant to this Section 9.3(f) shall not exceed \$2,500,000 at any time.

Section 9.4. Distributions. The Borrower will not, directly or indirectly, make any Distribution except as set forth below. The Borrower will not permit any of its wholly-owned Subsidiaries, directly or indirectly, to make any Distribution other than Distributions to the Borrower, nor will the Borrower permit any of its Subsidiaries which are less than wholly owned to make, directly or indirectly, any Distribution other than Distributions in which the Borrower receives it pro rata share thereof. Notwithstanding the foregoing, the Borrower may pay cash dividends to the Parent subject to the following restrictions: (a) the aggregate amount of cash dividends declared or paid from and after July 23, 1991 (the "Start Date") shall not exceed the sum of (i) \$25,000,000 plus (ii) 50% of the Consolidated Net Income of the Borrower for each fiscal quarter of the Borrower ending after the Start Date in which the Borrower had a positive Consolidated Net Income minus (iii) 100% of the amount of the Borrower's consolidated net loss for each fiscal quarter of the Borrower ending after the Start Date in which the Borrower had a consolidated net loss plus (iv) 100% of the proceeds of each issuance of the Borrower's capital stock occurring after the Start Date and, without duplication, the proceeds from any equity capital contribution made by the Parent to the Borrower after the Start Date (the sum of (i), (ii), (iii) and (iv) shall be hereinafter referred to as the "Distribution Amount"), (b) the Borrower shall have delivered evidence satisfactory to the Administrative Agent showing compliance with the provisions of clause (a) above, and (c) no Default or Event of Default shall have occurred and be continuing at the time such cash dividend is to be paid and no Default or Event of Default shall result from the payment of such cash dividend. For purposes only of calculating the Consolidated Net Income of the Borrower under this Section 9.4, any extraordinary loss (net of taxes) calculated in accordance with Generally Accepted Accounting Principles occurring as a result of the

premium and charges incurred in connection with the repurchase of Subordinated Debentures shall be disregarded.

Section 9.5. Merger, Consolidation and Sale of Assets. The Borrower will not and will not permit its Subsidiaries to become a party to any merger or consolidation other than mergers or consolidations of any Subsidiary of the Borrower into the Borrower (so long as the Borrower is the surviving corporation) or of any Subsidiary of the Borrower into any other Subsidiary of the Borrower, or otherwise take any action looking to the dissolution or liquidation of any such Person (other than the Borrower's Subsidiaries which are not Material Subsidiaries). The Borrower will not and will not permit its Subsidiaries to sell, lease or otherwise dispose of any assets (including without limitation, any capital stock of Subsidiaries) of any such Person which do not constitute Nonessential Property except for (a) assets routinely sold in the ordinary course of business for fair and reasonable value in a manner consistent with past practice, both as to type of property sold and aggregate amount sold, and (b) other assets to the extent that the aggregate book value (at the time of disposition thereof) of all assets (including shares of capital stock) disposed of by the Borrower and its Subsidiaries subsequent to the Start Date under this clause (b) plus the aggregate book value of all assets (including shares of capital stock) then proposed to be disposed of pursuant to this clause (b) does not exceed 10% of Consolidated Tangible Net Worth as of the end of the most recently completed fiscal year of the Borrower. Notwithstanding any other provision of this Agreement, however, the Borrower will not and will not permit its Subsidiaries to consummate any line sales in excess of \$1,000,000 per sale or \$2,000,000 in the aggregate per year without the prior written consent of the Majority Banks. The Borrower shall cause all proceeds of sales of Nonessential Property to be applied as set forth in Section 8.14 of the Facility B Credit Agreement.

Section 9.6. [Intentionally omitted.]

Section 9.7. Sale-Leasebacks. The Borrower will not and will not permit any of its Subsidiaries to enter into any sale-leaseback transactions as seller-lessee without the prior written consent of the Majority Banks which consent shall not be unreasonably withheld.

Section 9.8. Business. The Borrower will not and will not permit its Subsidiaries to engage in any line of business not substantially similar to the businesses such Persons were conducting on the Initial 1989 Closing Date.

Section 9.9. Fiscal Year. The Borrower will not change its fiscal year without the prior written consent of the Majority Banks.

Section 9.10. Consolidated Tangible Net Worth. The Borrower will not permit Consolidated Tangible Net Worth at any time to be less than the sum of (a) \$241,000,000, plus (b) 50% of cumulative positive Consolidated Net Income for each fiscal quarter of the Borrower in which the Borrower had a positive Consolidated Net Income beginning with the quarter commencing on January 1, 1993 and ending on the date as of which the calculation is made, with no deductions for any fiscal quarter of the Borrower in which the Borrower had a consolidated net loss, plus (c) 100% of the proceeds of each issuance of the Borrower's capital stock after the Original Closing Date and 100% of proceeds from each equity capital contribution made by the Parent to the Borrower.

Section 9.11. Debt to Capitalization Ratio. The Borrower will not permit the ratio of (a) Consolidated Funded Debt to (b) Total Capitalization to exceed at any time during the periods set forth in the following chart the ratio set forth opposite the applicable period:

Period	Ratio
Original Closing Date - 12/30/93	0.65 to 1
12/31/93 - 12/31/94	0.60 to 1
1/1/95 and thereafter	0.55 to 1

Section 9.12. Consolidated EBIT Coverage. As at the end of any fiscal quarter, the Borrower will not permit the ratio of Consolidated EBIT (as determined in accordance with the provisions set forth below) as at the end of such fiscal quarter (for such fiscal quarter and the three preceding fiscal quarters, taken as a single period) to Consolidated Interest Charges for the same period to be less than the ratio set forth for the applicable period in the chart below:

Four Fiscal Quarter Period Ending On:	Ratio
--	-------

3/31/93	2.75 to 1
6/30/93	2.75 to 1
9/30/93	2.75 to 1
12/31/93	3.00 to 1
3/31/94	3.00 to 1
6/30/94	3.00 to 1
9/30/94	3.00 to 1
12/31/94 and thereafter	3.35 to 1

Section 9.13. Debt Service Coverage. As at the end of any fiscal quarter, the Borrower will not permit the ratio (the "Debt Service Coverage Ratio") of (a) Consolidated Cash Flow as at the end of such fiscal quarter of the Borrower (for such fiscal quarter and the three preceding fiscal quarters, taken as a single period) less Consolidated Capital Expenditures (for such four fiscal quarters, taken as a single period) to (b) Consolidated Financial Obligations (for such four fiscal quarters, taken as a single period) to be less than the ratio set forth in the chart below opposite the applicable period:

Four Fiscal Quarter Period Ending On:	Ratio
3/31/93	1.08 to 1
6/30/93	1.08 to 1
9/30/93	1.08 to 1
12/31/93 and thereafter	1.15 to 1

Section 9.14. Depreciation. The Borrower will not change the depreciation method pursuant to which it depreciates its assets from that set forth on Schedule 1.3 attached hereto without the prior written consent of the Majority Banks.

Section 9.15. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any transaction with an Affiliate of the Borrower or any of its Subsidiaries (other than the Borrower or any of its Subsidiaries) on terms less favorable to the Borrower or such Subsidiary (as the case may be) than would have been obtainable in an arms-length transaction.

Section 10. EVENTS OF DEFAULT; ACCELERATION. If any of the following events ("Events of Default") shall occur:

(a) if the Borrower shall default in the payment of any principal under the Notes when the same shall

become due and payable, whether at maturity or at any date fixed for payment or prepayment or by declaration or otherwise; or

(b) if the Borrower shall default in the payment of any interest, fee or other charge hereunder or under the Notes within three Business Days of the date when the same shall become due and payable, whether at maturity or at any date fixed for payment or prepayment or by declaration or otherwise; or

(c) if the Borrower shall default in the performance of or compliance with any of the covenants contained in Sections 8 or 9 hereof (other than Sections 8.3, 8.6, 8.12, or 8.13);

(d) if the Borrower shall default in the performance of or compliance with any material term, covenant or agreement contained herein or in the other Loan Documents (other than those specified in clauses (a), (b) and (c) above, but including those listed in the parenthetical in clause (c) above), and such default shall not have been remedied within 30 days after written notice of such default shall have been given to the Borrower by the Administrative Agent (which notice shall be given on the direction of the Majority Banks);

(e) if any representation or warranty herein, or in any certificate or other writing at any time delivered to the Banks pursuant hereto or in connection herewith, shall prove to have been false or incorrect in any material respect on the date as of which made;

(f) if the Borrower or any of its Material Subsidiaries shall (i) fail to pay at maturity, or within any applicable period of grace, Indebtedness in an aggregate principal amount in excess of \$1,000,000, or (ii) fail to observe or perform any term, covenant or agreement contained in any agreement by which it is bound evidencing or securing Indebtedness in an aggregate principal amount in excess of \$10,000,000 for such period of time as would permit the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(g) if the Borrower or any of its Material Subsidiaries shall fail generally to pay its debts or make a general assignment for the benefit of creditors, or if any order for relief is entered in

respect of any such Person under any bankruptcy, reorganization, arrangements, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect; or

(h) if any order is entered in any proceeding by or against the Borrower or any of its Material Subsidiaries decreeing or permitting the dissolution or split-up of such Person or the winding up of its affairs; or

(i) if any petition or application for the appointment of a liquidator or receiver or custodian (or similar official) of the Borrower or any of its Material Subsidiaries or of any substantial part of the assets of any such Person is filed by any such Person; or any such petition or application is filed against any such Person and such Person approves thereof, consents thereto or acquiesces therein, or if any proceeding or case relating to any such Person under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction is commenced by any such Person; or if any such proceeding or case is commenced against any such Person and such proceeding or case remains undismissed for a period of forty-five days; or

(j) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty consecutive days, any final judgment against the Borrower or any of its Subsidiaries which, together with such other outstanding final judgments against such Persons, exceeds in the aggregate \$3,000,000; or

(k) if any judicial lien or attachment on the property of the Borrower or any of its Subsidiaries in an amount of \$5,000,000 or greater shall not be released, discharged, bonded or provided for to the satisfaction of the Banks within thirty days after such lien or attachment shall have come into existence; or

(l) if any Loan Document shall be cancelled, terminated, revoked or rescinded otherwise than in accordance with the express prior written agreement, consent or approval of the Majority Banks, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any Loan Document shall be commenced by or on behalf of the Borrower; or any court or any other governmental or

regulatory authority or agency of competent jurisdiction shall make a determination that, or shall issue a judgment, order, decree or ruling to the effect that any one or more of the Loan Documents or any one or more of the obligations of the Borrower or any Subsidiary of the Borrower under any one or more of the Loan Documents are illegal, invalid or unenforceable in accordance with the terms thereof;

(m) with respect to any Guaranteed Pension Plan, an ERISA Reportable Event shall have occurred and such event reasonably could be expected to result in liability of the Borrower to the PBGC or the Plan in an aggregate amount exceeding \$10,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan; or a trustee shall have been appointed by the United States District Court to administer such Plan; or the PBGC shall have instituted proceedings to terminate such Plan; or

(n) if the Parent shall at any time cease to own all of the outstanding capital stock of the Borrower or shall at any time create, incur, or permit to exist any Lien on any shares of capital stock of the Borrower;

then (A) if such event is an Event of Default specified in clauses (g), (h) or (i) of this Section 10 with respect to the Borrower, automatically the Revolving Credit Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents shall immediately become due and payable, and (B) if such event is any other Event of Default, then at the direction of the Majority Banks, the Administrative Agent shall terminate the Revolving Credit Commitments and by written notice to the Borrower, declare all amounts owing with respect to this Agreement and the other Loan Documents to be due and payable, whereupon the same shall forthwith mature and become immediately due and payable, together with interest thereon and all other amounts then owing thereunder and under this Agreement, without presentment, demand, protest or notice, all of which are hereby waived.

Section 11. NOTICE AND WAIVERS OF DEFAULT.

Section 11.1. Notice of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or the Notes, or under any other note, evidence of indebtedness, indenture or other obligation for borrowed money in an aggregate principal amount exceeding \$1,000,000 as to which the Borrower or any of its Subsidiaries is an obligor, whether as principal or surety, the Borrower shall forthwith, after obtaining knowledge thereof, give written notice thereof to the Banks, describing the notice or action and the nature of the claimed default.

Section 11.2. Waivers of Default. Except as otherwise specified in Section 21 hereof, any Default or Event of Default specified in Section 10 hereof may be waived only upon the written consent of the Majority Banks. Any Default or Event of Default waived pursuant hereto shall be deemed to have been cured and not to be continuing during the period for which such waiver is applicable; but no such waiver shall extend to or affect any subsequent like default or impair any rights arising therefrom.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Rights of Banks. In case any one or more of the Events of Default specified in Section 10 shall have occurred and be continuing, and whether or not all amounts owing with respect to the Notes have been declared due and payable pursuant to Section 10, each Bank, if owed any amount with respect to its Note, may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or its Note, or in aid of any right granted pursuant hereto or thereto subject to any requirement herein that the Majority Banks or the Administrative Agent concur therewith, and, if such amount shall have become due, by declaration or otherwise, each Bank may proceed to enforce the payment thereof or any other legal or equitable right of such Bank.

Section 12.2. Set-off. Subject to the provisions of this Section 12, regardless of the adequacy of any collateral, during the continuance of an Event of Default, any deposits or other sums credited by or due from any Bank to the Borrower may be set off against any and all liabilities then due, of the Borrower to such Bank

hereunder. Each Bank agrees with the other Banks that if an amount to be set off is to be applied to any Indebtedness of the Borrower to such Bank, whether Indebtedness evidenced by any of the Notes or due under this Agreement or otherwise arising, such amount shall be applied ratably to all such Indebtedness (except to the extent not permitted by the terms of any agreement or instrument evidencing the same). Each Bank further agrees with the other Banks that if such Bank shall both (i) receive from the Borrower or from any other source whatsoever, whether by voluntary payment, exercise of the right of set-off, counterclaim, cross action, or enforcement of any claim evidenced by the Notes or this Agreement, or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, and (ii) retain and apply to the payment of the amounts owing with respect to the Notes or of any amounts due to such Bank under this Agreement, any amount which is in excess of its ratable portion of the payments received by all of the Banks, then such Bank will make such disposition and arrangements with the other Banks with respect to such excess, either by way of distribution until the amount of such excess has been exhausted, assignment of claims, subrogation or otherwise, as shall result in each such Bank receiving in respect of its Notes and the amounts due such Bank under this Agreement its ratable share of all such payments as provided in Section 2.11. Each Bank will give written notice to the Borrower promptly after any exercise of its rights under this Section 12.2.

Section 13. THE AGENTS.

Section 13.1. Appointment; Co-Agent. Each Bank hereby irrevocably designates and appoints FNBB as the Administrative Agent and the Competitive Bid Agent of such Bank under this Agreement and each Bank hereby irrevocably authorizes FNBB as the Administrative Agent and the Competitive Bid Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent and the Competitive Bid Agent by the terms hereof, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents shall not have any duties or responsibilities, except those expressly set forth herein or therein, or any fiduciary relationship with any Bank, and no implied covenants, functions,

responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agents. Only each of the Agents shall have any rights, duties or responsibilities as agent for the Banks under this Agreement and the other Loan Documents. The Co-Agent shall have no such rights, duties or responsibilities. Any reference to an agent for the Banks in, or in connection with, any Loan Document shall be a reference to the Administrative Agent or the Competitive Bid Agent, as applicable.

Section 13.2. Delegation of Duties. Each of the Agents may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither of the Agents shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 13.3. Exculpatory Provisions. Neither of the Agents nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by such Agent under or in connection with, this Agreement or any other Loan Document, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. Neither of the Agents shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document or to inspect the properties, books or records of the Borrower.

Section 13.4. Reliance by Agents. Each of the Agents shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or

teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by such Agent. Each of Agents may deem and treat the named payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been delivered to the such Agent. Each of the Agents shall be fully justified in failing or refusing to take action under this Agreement and the Notes unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each of the Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Majority Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

Section 13.5. Notice of Default. Neither of the Agents shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the such Agent has received notice from a Bank or the Borrower or, in the case of the Competitive Bid Agent, from the Administrative Agent, referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks and consult with the Banks with respect to the action to be taken. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by such of the Banks, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

Section 13.6. Non-Reliance on Agents and Other Banks.

Each Bank expressly acknowledges that neither of the Agents nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by either of the Agents hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by such Agent to any Bank. Each Bank represents to each of the Agents that it has, independently and without reliance upon such Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and credit-worthiness of the Borrower, and made its own decision to make its loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon either of the Agents or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and credit-worthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or credit-worthiness of the Borrower which may come into the possession of either of the Agents or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 13.7. Indemnification. The Banks agree to indemnify each of the Agents in its capacity as such (to the extent not reimbursed by the Borrower, and without limiting the obligation of the Borrower to do so), pro rata based on the amount of the Obligations outstanding hereunder at the time the event giving rise to the indemnification obligation occurs, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of

this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the such Agent under or in connection with any of the foregoing, provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Notes and all other amounts payable hereunder.

Section 13.8. Individual Capacity. Each of the Agents and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though such Agent were not an Agent hereunder. With respect to the Loans made or renewed by it and any Note issued to it, each of the Agents shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not an Agent, and the terms "Bank" and "Banks" shall include each of the Agents in its individual capacity.

Section 13.9. Successor. Either of the Agents may resign as an Agent upon ten days' notice to the Banks and the Borrower, and either of the Agents may be removed by the Majority Banks upon ten days' notice to the Banks, the Administrative Agent, the Competitive Bid Agent and the Borrower. Upon such resignation or removal, the Majority Banks shall appoint from among the Banks a successor agent in the applicable capacity for the Banks, which successor agent shall consent to serve as the administrative agent or competitive bid agent, as applicable, hereunder and shall be approved by the Borrower (such approval not to be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent or Competitive Bid Agent, as applicable, and the term "Administrative Agent" or "Competitive Bid Agent," as applicable, shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as an Agent shall be terminated, without any other or further act or deed on the part of the former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Section 13 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under

this Agreement.

Section 14. PARTIES IN INTEREST. All the terms of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto and thereto, provided that the Borrower shall not assign or transfer its rights hereunder.

Section 15. ASSIGNMENTS; PARTICIPATIONS. (a) Except as provided herein, any Bank may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment Percentage and its Commitment to make Standby Loans hereunder, if any, and/or all or any portion of any Loans at the time owing to it and the Notes held by it); provided, however, that (i) the Administrative Agent shall have given its prior written consent, which consent shall not be unreasonably withheld or delayed, (ii) the Borrower shall have given its prior written consent, which consent shall not be unreasonably withheld or delayed, (iii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations with respect to its Revolving Credit Commitment Percentage and its Commitment hereunder or with respect to the Loans owing to it and the Notes held by it, as the case may be, (iv) the amount of the assigning Bank's portion of the Revolving Credit Commitment Amount subject to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000, or if the assigning Bank's entire Commitment is less than \$10,000,000, such Bank's entire Commitment, provided that the assignee is an existing Bank, (v) the assignee, if it shall not already be a Bank, shall deliver to the Administrative Agent and the Competitive Bid Agent an administrative questionnaire in the form of Exhibit F attached hereto, and (vi) the parties to such assignment shall execute and deliver to the Administrative Agent, for notation in the Bank List, an Assignment and Acceptance, substantially in the form of Exhibit G hereto (the "Assignment and Acceptance"), together with any Note or Notes subject to such assignment, and together with payment by the Eligible Assignee to the Administrative Agent for its own account of an assignment administration fee in the amount of \$2,500.

Upon such execution, delivery, acceptance and notation, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof or such earlier date as the Administrative Agent, the assigning Bank and the assignee bank may choose, (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank hereby, provided that such assignee shall have no greater rights than the assigning Bank under Section 3.1, and (y) the assigning Bank shall, to the extent provided in such assignment, be released from its obligations under this Agreement, other than confidentiality requirements.

(b) By executing and delivering an Assignment and Acceptance, the parties to such assignment thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Bank makes no representation or warranty and assumes and shall have no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) the assigning Bank makes no representation or warranty and assumes and shall have no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 5.4 and the most recent financial statements delivered pursuant to Section 8.4 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Bank, either of the Agents or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee;

(vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; (vii) such assignee appoints and authorizes the Competitive Bid Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Competitive Bid Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (viii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Administrative Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a bank list or similar list for the notation of the names and addresses of the Banks and the Revolving Credit Commitment Percentage of, and principal amount of the Loans owing to, the Banks from time to time (the "Bank List"). The entries in the Bank List shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Banks may treat each person whose name is noted in the Bank List as a Bank hereunder for all purposes of this Agreement. The Bank List shall be available for inspection by the Borrower or the Banks at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by the parties to such assignment, together with any Note or Notes subject to such assignment and the written consent of the Borrower to such assignment, the administrative questionnaire referred to above, and the \$2,500 fee referred to above, the Administrative Agent shall (i) note the information contained therein in the Bank List, and (ii) give prompt notice thereof to the Borrower and the Banks. Within five Business Days after receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note or Notes, a new Note or Notes to the order of such Eligible Assignee(s) in an amount equal to the amount assumed by such Eligible Assignee(s) pursuant to such Assignment and Acceptance and, if the assigning Bank has retained some portion of its obligations hereunder, a new Note or Notes to

the order of the assigning Bank in an amount equal to the amount retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in the form of the assigned Notes. The surrendered Note or Notes shall be cancelled and returned to the Borrower.

(e) Each Bank may without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment hereunder and the Loans owing to it and the Note held by it); provided, however, that the only rights granted to the participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of the Loan Documents shall be the rights to approve waivers, amendments, or modifications which require the consent of all of the Banks as provided in Section 21 hereof. The Borrower further agrees that a Bank may disclose information obtained by such Bank pursuant to this Agreement to participants or potential participants in the Loans, provided that such participants agree to be bound by the confidentiality requirements hereunder.

(f) Anything contained in this Section 15 to the contrary notwithstanding, any Bank may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Note) to any of the twelve Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

Section 16. EXPENSES; INDEMNITY. (a) Whether or not the transaction contemplated hereby shall be consummated, the Borrower will pay (1) the out-of-pocket costs of the Administrative Agent of (i) preparing, copying and distributing this Agreement and the other Loan Documents, (ii) syndicating the credit facility provided herein, including, without limitation, the out-of-pocket costs of preparing, copying and distributing all necessary documentation with respect thereto, (iii) any transfer taxes, documentary taxes, assessments or charges made by any governmental

authority by reason of the execution and delivery of the Loan Documents (the Borrower hereby agreeing to indemnify the Banks with respect thereto); (2) the reasonable fees, expenses and disbursements of the Banks' Special Counsel and the reasonable allocated costs of staff counsel for the Administrative Agent incurred in connection with the preparation of this Agreement and the other Loan Documents or in connection with amendments, modifications, approvals, consents or waivers hereto or thereto; (3) all reasonable costs and expenses (including reasonable attorneys' fees and costs and the reasonable allocated costs of staff counsel) incurred or sustained by the Administrative Agent, the Competitive Bid Agent and the Banks in connection with the exercise, protection or enforcement of any of the Administrative Agent's, the Competitive Bid Agent's or the Banks' rights, remedies, powers or privileges under this Agreement and the other Loan Documents or the administration thereof after the occurrence and during the continuance of an Event of Default; and (4) all reasonable costs and expenses (including reasonable attorney's fees and costs) incurred or sustained by the Agents and the Banks and their respective shareholders, directors, agents, officers, Subsidiaries and affiliates (each an "Indemnified Party") in connection with any litigation, proceeding or dispute, whether arising hereunder or otherwise, in any way related to the Agents' and the Banks' relationship with the Borrower or any of its Subsidiaries hereunder, other than as directly caused by the gross negligence or willful misconduct of any Indemnified Party. In any investigation, proceeding or litigation, or the preparation therefor, the Agents and the Banks shall be entitled to select their own counsel (which counsel shall be reasonably satisfactory to the Borrower) and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable fees and expenses of one such counsel except to the extent that such fees and expenses are the result of the gross negligence or willful misconduct of either of the Agents or the Banks. The Borrower will not, without the prior written consent of the Agents and the Banks, settle or compromise any such investigation, proceeding or litigation if such settlement or compromise requires an admission of either of the Agents' or the Banks' wrongdoing and neither the Agents nor the Banks nor any other Indemnified Party will settle or compromise any such investigation, proceeding or litigation without the prior written consent of the Borrower if

the Borrower is required to indemnify the Agents or the Banks or such other Indemnified Party therefor. The covenants of this Section 16 shall survive payment or satisfaction of payment of amounts owing with respect to this Agreement or the Notes.

(b) The Borrower covenants and agrees to indemnify and hold harmless each Indemnified Party and each Indemnified Party's successors and assigns, from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions, causes of action, costs and expenses (including without limitation the fees and disbursements of counsel and environmental consultants) incurred, suffered, sustained or required to be paid by an Indemnified Party and arising under any Environmental Law, or otherwise related to environmental or Hazardous Substance matters in connection with the transactions contemplated by this Agreement, except any of the foregoing which result from the gross negligence or willful misconduct of the Indemnified Party. The Agents and the Banks shall have the right to employ separate counsel and to participate in the defense and investigation of any claim, action or proceeding, and the Borrower shall bear the expense of such counsel. The covenant of this Section 16(b) shall survive payment or satisfaction of payment of amounts owing with respect to the Notes or any other Loan Document.

Section 17. SURVIVAL OF COVENANTS, ETC. All covenants, agreements, representations and warranties made herein and in any certificates or other papers delivered by or on behalf of the Borrower pursuant hereto shall survive any investigation made by the Banks and the making by the Banks of the Loans, as herein contemplated, and shall continue in full force and effect so long as the Loans or other amounts due under this Agreement or the Notes remains outstanding and unpaid. All representations and warranties contained in any certificate or other document delivered to the Banks at any time by or on behalf of the Borrower pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder.

Section 18. NOTICES. Except as otherwise specified herein, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be either delivered by hand or

mailed by United States first-class mail, postage prepaid, or sent by telex or telecopy confirmed by letter, addressed as follows:

(a) if to the Borrower, at 455 North Cityfront Plaza Drive, Chicago, Illinois 60611-5504, Attn: Chief Financial Officer, or such other address for notice as the Borrower shall last have furnished in writing to the Person giving the notice;

(b) if to FNBB, or the Administrative Agent or the Competitive Bid Agent, at 100 Federal Street, Boston, Massachusetts 02110, Attn: Transportation Division, 01-08-01, or such other address for notice as such Bank or the Administrative Agent shall last have furnished in writing to the Person giving the notice;

(c) if to any Bank other than FNBB, at the address for notice for such Bank set forth on the signature pages hereto or at such other address as such Bank shall last have furnished in writing to the Person giving the notice.

Except for Notices of Borrowing, any notice so addressed shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand to an officer of the party to which it is directed, at the time of the receipt thereof by such officer, (ii) if sent by first-class mail, postage prepaid, on the earlier of (A) the fifth Business Day following the mailing thereof, or (B) the date of its receipt, if a Business Day, or if not a Business Day, the next succeeding Business Day, or (iii) if sent by telex or telecopy, at the time of dispatch thereof, if in normal business hours in the state or country where received or otherwise at the opening of business on the next succeeding Business Day.

Section 19. MISCELLANEOUS. This Agreement shall for all purposes be construed in accordance with and governed by the laws of the State of New York. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Banks would otherwise have. Any instruments required by any of the provisions hereof to be in the form annexed hereto as an exhibit shall be substantially in such form with such changes therefrom, if any, as may be approved by the Majority Banks and the Borrower. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Agreement or any amendment may be executed in

separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 20. ENTIRE AGREEMENT, ETC. This Agreement and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally or in writing, except as provided in Section 21 hereof.

Section 21. CONSENTS, AMENDMENTS, WAIVERS, ETC. Except as otherwise expressly provided in this Section 21, any action to be taken or any consent or approval required or permitted by this Agreement or any other Loan Document to be given by the Banks may be given, and any term of this Agreement or any other Loan Document may be amended and the performance or observance by the Borrower or any other person of any of the terms thereof and any Default or Event of Default (as defined in any of the above-referenced documents or instruments) may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Banks; provided, however, that no such consent or amendment which affects the rights, duties or liabilities of the Administrative Agent shall be effective without the written consent of the Administrative Agent and no such consent or amendment which affects the rights, duties or liabilities of the Competitive Bid Agent shall be effective without the written consent of the Competitive Bid Agent. Notwithstanding the foregoing, no amendment, waiver or consent shall do any of the following: (a) increase the principal amount of any Loans (or subject any Bank to any additional obligations), or reduce the principal of or interest on any Loan or any fees payable hereunder, or extend or postpone any date fixed for any payment in respect of principal of, or interest on, the Loans, or any fees payable hereunder, without the prior written consent of each Bank affected thereby, or (b) change the definition of "Majority Banks" or aggregate Revolving Credit Commitment Percentage or number of Banks which shall be required for the Banks or any of them to take any action under the Loan Documents, or amend Section 16 or this Section 21, or change the Revolving Credit Commitment Percentage of any Bank (except pursuant to Section 15 hereof)

or extend or postpone any date fixed for the reduction of the Revolving Credit Commitment Amount, without the prior written consent of all of the Banks. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Banks in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

Signed and delivered, as of the date set forth at the beginning of this Agreement by the Borrower, the Banks, the Administrative Agent and the Competitive Bid Agent.

ILLINOIS CENTRAL RAILROAD COMPANY

By:

Title: Vice President and
Chief Financial Officer

THE FIRST NATIONAL BANK OF BOSTON,
as Administrative Agent and
Competitive Bid Agent

By:

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Co-Agent

By:

Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By:

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By:

Title: Vice President

Address: Bank of America National
Trust and Savings Association
Atlanta Corporate Office
1230 Peachtree Street N.E.
- - Suite 3600
Atlanta, Georgia 30303
Attention: Dennis M.
Kaiser, Vice President
Glenn F. Edwards, Vice President

THE CHASE MANHATTAN BANK, N.A.

By:

Title: Vice President

Address: The Chase Manhattan Bank N.A.
One Chase Manhattan Plaza - 5th Floor
New York, New York 10081
Attention: Francis M. Cox, III,
Vice President

THE TORONTO DOMINION BANK, CAYMAN
ISLANDS BRANCH

By:

Title:

Address: The Toronto Dominion Bank
Transportation Division
31 West 52nd Street - 22nd Floor
New York, New York 10019
Attention: William

Hoffman, Director
Richard E. Donner, Director

CONTINENTAL BANK N.A.

By:

Title: Vice President

Address: Continental Bank N.A.
231 South LaSalle Street -
4th Floor
Chicago, Illinois 60697
Attention: Timothy J. Pepowski,
Vice President

DEPOSIT GUARANTY NATIONAL BANK

By:

Title: Senior Vice President

Address: Deposit Guaranty
National Bank
One Deposit Guaranty Plaza
11th Floor
Jackson, Mississippi 39205
Attention: Anthony Thomas,
Senior Vice President

KLEINWORT BENSON LIMITED

By:

Title: Senior Vice President

Address: Kleinwort Benson Limited
Three First National Plaza
- - Suite 1390
Chicago, Illinois 60602
Attention: Kenneth Hamilton,
Senior Vice President

THE MITSUBISHI TRUST AND BANKING CORPORATION

By:

Title: Deputy General Manager

Address: The Mitsubishi Trust and
Banking Corporation
801 South Figueroa
Suite 2400
Los Angeles, California 90017
Attention: Rex A. Olson,
Assistant Vice President,
Finance and Investment

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

This AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT, dated as of April 2, 1993 and amended and restated as of October 27, 1993, among Illinois Central Railroad Company, a Delaware corporation (the "Borrower"), The First National Bank of Boston ("FNBB"), Bank of America National Trust and Savings Association ("BoFA"), The Chase Manhattan Bank, N.A., The Toronto Dominion Bank, Cayman Islands Branch, Continental Bank N.A., Deposit Guaranty National Bank, Kleinwort Benson Limited, The Mitsubishi Trust and Banking Corporation, and such other lenders as may become parties to this Agreement from time to time in accordance with the provisions hereof (each, a "Bank", and collectively, the "Banks"), The First National Bank of Boston as administrative agent for the Banks (the "Administrative Agent") and as competitive bid agent for the Banks (the "Competitive Bid Agent") and Bank of America National Trust and Savings Association as co-agent for the Banks (the "Co-Agent").

WHEREAS, pursuant to that certain Revolving Credit Agreement, dated as of April 2, 1993 (the "Original Credit Agreement"), the Banks made a revolving credit facility available to the Borrower for the purposes described therein; and

WHEREAS, the Borrower has requested and the Banks have agreed, subject to the terms and conditions contained herein, to amend and restate the Original Credit Agreement to add a competitive bid revolving credit facility to the existing revolving credit facility and to make certain other changes to the Original Credit Agreement;

NOW, THEREFORE, the Borrower, the Banks, the Administrative Agent, the Competitive Bid Agent and the Co-Agent hereby agree as follows.

Section 1. DEFINITIONS. (a) The following terms shall have the meanings assigned to them below in this Section 1 or in the provisions of this Agreement referred to below:

"Administrative Agent" - see preamble.

"Affected Bank" - see Section 3.1(d).

"Affiliate" - in relation to any particular Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the power, directly or indirectly, to (a) vote 10% or more of the outstanding stock having ordinary voting power for the election of directors of such Person, or (b) direct the management or policies of such Person, whether by contract or otherwise.

"Agent's Fee" - see Section 3.8.

"Agent's Fee Letter" - see Section 3.8.

"Agents" - The Administrative Agent and the Competitive Bid Agent.

"Agreement" - this Amended and Restated Revolving Credit Agreement, with all Exhibits and Schedules hereto, as originally executed, or if this Amended and Restated Revolving Credit Agreement is amended or supplemented from time to time, as so amended or supplemented.

"Amendment Fee" - See Section 3.10.

"Applicable Margin" - With respect to any period commencing on an Interest Rate Adjustment Date and ending on the day prior to the next succeeding Interest Rate Adjustment Date, if the Rating (as defined below) in effect on the first day of such period is equal to:

(a) "BB" or less or "Ba2" or less (as applicable) or if no Rating is available, then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, .40% per annum, (ii) Eurodollar Standby Loans, 1.00% per annum, (iii) C/D Rate Loans, 1.125% per annum, and (iv) the Facility Fee, .50% per annum;

(b) "BB+" or "Ba1" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .875% per annum, (iii) C/D

Rate Loans, 1.0% per annum, and (iv) the Facility Fee, .375% per annum;

(c) "BBB-" or "Baa3" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .50% per annum, (iii) C/D Rate Loans, .625% per annum, and (iv) the Facility Fee, .375% per annum;

(d) "BBB" or "Baa2" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .50% per annum, (iii) C/D Rate Loans, .625% per annum, and (iv) the Facility Fee, .30% per annum;

(e) "BBB+" or "Baa1" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .375% per annum, (iii) C/D Rate Loans, .50% per annum, and (iv) the Facility Fee, .25% per annum; or

(f) "A-" or "A3" (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, .375% per annum,, (iii) C/D Rate Loans, .50% per annum, and (iv) the Facility Fee, .25% per annum; or

(g) "A" or higher or "A2" or higher (as applicable), then during such period the Applicable Margin shall be, with respect to (i) Base Rate Loans, 0% per annum, (ii) Eurodollar Standby Loans, 0.25% per annum, (iii) C/D Rate Loans, 0.375% per annum, and (iv) the Facility Fee, 0.25% per annum.

For purposes of the foregoing, the "Rating" in effect from time to time shall be the lower of the rating by Moody's or by S&P of the Rated Debt, provided that (i) if either Moody's or S&P shall not have in effect a Rating for the Rated Debt (other than because such rating agency shall no longer be in the business of rating corporate debt obligations), the Rating shall be deemed to be the Rating of the other rating agency in respect of Rated Debt, (ii) if both Moody's and S&P shall not have in effect a Rating for the Rated Debt (other than because such rating agencies shall no longer be in the business of rating corporate debt obligations or because no Rated Debt shall be outstanding), then no Rating shall be deemed

to be available for purposes of determining the Applicable Margin, (iii) if the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, or if no Rated Debt shall be outstanding, then the Borrower and the Banks shall negotiate in good faith to amend the references to specific ratings in this definition of Applicable Margin to reflect such changed rating system, the non-availability of ratings from such rating agency, or the repayment of all Rated Debt outstanding, as applicable, and (iv) to determine the lower of the rating of Rated Debt by Moody's and by S&P, the S&P ratings set forth in the chart below shall be deemed to be equivalent to the Moody's rating set forth opposite such S&P rating:

S&P	Moody's
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2

"Assessment Rate" - for any Interest Period, the net annual assessment rate (rounded upwards, if necessary, to the next highest 1/100th of 1%) charged by the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring of time deposits made in dollars at offices of FNBB in the United States of America during the most recent period for which such rate has been determined prior to the commencement of such Interest Period.

"Assignment and Acceptance" - see Section 15.

"Available Proceeds" - see Section 8.14.

"Balance Sheet Date" - December 31, 1992.

"Bank List" - see Section 15(c).

"Bank(s)" - see preamble.

"Banks' Special Counsel" - Bingham, Dana & Gould of Boston, Massachusetts, or such other counsel as may be approved by the Majority Banks.

"Base Rate" - for any day, a fluctuating rate per annum (rounded upwards, if necessary, to the next 1/8 of 1%) equal to the greater of (a) the rate of interest announced from time to time by the Administrative Agent at its Head Office as its "base rate", as in effect on such day, or (b) the sum of the Federal Funds Effective Rate in effect on such day plus 1/2%. In the event that at any time the rate determined as provided in clause (b) above exceeds the rate determined as provided in clause (a) above, on each such occasion, the rate set forth in clause (b) shall apply only to Base Rate Loans borrowed hereunder no more than five Business Days prior to the date such rate set forth in clause (b) exceeded the rate set forth in clause (a) above. For purposes of this Agreement, any change in the Base Rate due to a change in the Administrative Agent's "base rate" or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Administrative Agent's "base rate" or the Federal Funds Effective Rate, as applicable. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including, without limitation, the inability or failure of the Administrative Agent to obtain sufficient bids or publications in accordance with the terms hereof, the Base Rate shall be the Administrative Agent's "base rate" as in effect at the applicable time until the circumstances giving rise to such inability no longer exist.

"Base Rate Borrowing" - a Borrowing comprised of Base Rate Loans.

"Base Rate Loan" - any Standby Loan bearing interest at a rate determined by reference to the Base Rate in accordance with the provisions of Section 2 hereof.

"BofA" - see preamble.

"Borrower" - see preamble.

"Borrowing" - a group of Loans of a single Type made by the Banks (or, in the case of a Competitive Borrowing, by the Bank or Banks whose Competitive Bids have been accepted by the Borrower pursuant to Section 2.5 hereof) on a single date and as to which a single Interest Period is in effect, or a borrowing hereunder consisting of Letter(s) of Credit issued by the Letter

of Credit Bank.

"Borrowing Notice" - see Section 2.6.

"Business Day" - any day (other than a Saturday or Sunday) on which commercial banks are open for the conduct of normal banking business in each of Boston, Massachusetts and New York, New York, provided that in the case of any transactions related to Eurodollar Loans, a Business Day also shall be a day on which dealings in dollar deposits in the Eurodollar interbank markets may be transacted.

"Cash Flow Recapture Amount" - see Section 8.13.

"C/D Rate" - for any applicable Interest Period, the interest rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{C/D Rate} = \frac{\text{Domestic C/D Rate}^* + \text{Assessment}}{1.00 - \text{C/D Reserve Percentage Rate}}$$

*The components of the fraction to be rounded upwards, if necessary, to the next highest 1/8th of 1%.

The Administrative Agent shall give the Borrower and the Banks prompt notice (but in any event no later than one Business Day prior to the date of commencement of such Interest Period) of the C/D Rate determined for such Interest Period, and absent manifest error, each determination of the C/D Rate by the Administrative Agent shall be conclusive and binding for all purposes hereof.

"C/D Rate Borrowing" - a Borrowing comprised of C/D Rate Loans.

"C/D Rate Loans" - any Standby Loans bearing interest at a rate determined by reference to the C/D Rate in accordance with the provisions of Section 2 hereof.

"C/D Reserve Percentage" - for any day during an Interest Period with respect to a C/D Rate Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement, including, without limitation, any marginal, emergency, supplemental, special or other reserves, for a member bank of the Federal Reserve System in New York City with deposits exceeding \$1 billion in respect of new non-personal time deposits in dollars

in New York City having a maturity comparable to the Interest Period for such C/D Rate Loan and in an amount of \$100,000 or more. The C/D Rate shall be adjusted automatically on and as of the effective date of any change in the C/D Reserve Percentage.

"CERCLA" - see Section 5.18(a)(i).

"Charter" - with respect to any Person other than an individual, such Person's articles of organization, certificate of incorporation, statute, constitution, joint venture or partnership agreement or other charter documents, in each case as amended and in effect from time to time.

"Co-Agent" - see preamble.

"Code" - the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Commitment" - the agreement of each Bank, subject to the terms and conditions of this Agreement, to make Standby Loans to the Borrower hereunder and to participate in Letters of Credit.

"Competitive Bid" - an offer by a Bank to make a Competitive Loan pursuant to Section 2.5 hereof.

"Competitive Bid Accept/Reject Letter" - a notification made by the Borrower to the Competitive Bid Agent pursuant to Section 2.5(d) hereof in the form of Exhibit B-4 attached hereto.

"Competitive Bid Agent" - see preamble.

"Competitive Bid Rate" - as to any Competitive Bid made by a Bank pursuant to Section 2.5 hereof, (i) in the case of a Eurodollar Loan, the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Bank making such Competitive Bid.

"Competitive Bid Request" - a request made pursuant to Section 2.5(a) hereof in the form of Exhibit B-1 attached hereto.

"Competitive Borrowing" - a borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Bank or Banks whose Competitive Bids for such Borrowing have been accepted by the Borrower under the bidding procedure described in Section 2.5 hereof.

"Competitive Loan" - a loan from a Bank to the Borrower pursuant to the bidding procedure described in Section 2.5 hereof. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Compliance Certificate" - see Section 8.3(f).

"Consolidated" or "consolidated" - with reference to any term used in this Agreement, the relevant figures for a Person and its Subsidiaries on a consolidated basis determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Capital Expenditures" - for any fiscal period, (1) the aggregate expenditures of the Borrower and its Subsidiaries during such fiscal period for the acquisition (including acquisition by capitalized lease) or improvement of capital assets, as determined in accordance with Generally Accepted Accounting Principles, less (2) any portion of the acquisition or improvement cost of any such capital assets satisfied by trade-in of capital assets or insurance proceeds (but only to the extent that such portion to be offset was included in such acquisition or improvement cost), as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Cash Flow" - for any fiscal quarter of the Borrower, an amount equal to the result (without duplication) of (a) Consolidated EBIT for such period, plus (b) the aggregate amount of depreciation and amortization charges made in calculating Consolidated Net Income for such period, plus (c) Consolidated Rental Expense for such period, plus (d) the aggregate amount of all extraordinary gains during such period, plus (e) the aggregate amount of the non-cash portion of all charges as extraordinary and/or nonrecurring items of expense made in calculating Consolidated Net Income for such period, plus (f) the aggregate amount of all cash receipts during such period on account of extraordinary and/or nonrecurring items of income booked during prior periods, plus (g) the net cash proceeds resulting from the sale of Relieved Track Materials, minus (h) federal and state income taxes paid in cash by the Borrower and its Subsidiaries during such period, minus (i) the aggregate amount of the non-cash portion of all income credited as extraordinary and/or nonrecurring items in calculating Consolidated Net Income for such period, minus (j) the

aggregate amount of all cash payments made during such period on account of charges as extraordinary and/or nonrecurring items of expense made during prior periods.

"Consolidated EBIT" - for any fiscal period of the Borrower, the sum of (a) Consolidated Net Income of the Borrower and its Subsidiaries for such period before provisions for federal and state income taxes, minus (b) the aggregate amount of all extraordinary gains included in the calculation of Consolidated Net Income of the Borrower and its Subsidiaries for such period, plus (c) Consolidated Interest Charges of the Borrower and its Subsidiaries for such period, all as determined in accordance with Generally Accepted Accounting Principles. For purposes only of calculating Consolidated EBIT under Section 9.12 and 9.13 hereof, in the determination of Consolidated Net Income any extraordinary loss (net of taxes) calculated in accordance with Generally Accepted Accounting Principles occurring as a result of the premium and charges incurred in connection with the repurchase of Subordinated Debentures shall be disregarded.

"Consolidated Financial Obligations" - for any fiscal quarter of the Borrower, an amount equal to the sum (without duplication) of (a) (i) all scheduled payments of principal on consolidated Indebtedness, which are due and payable at any time during such period; provided that maturities in respect of commercial paper or loans under any revolving credit facility (other than upon a termination of (x) the program pursuant to which such commercial paper was issued or (y) such revolving credit facility, unless such maturities are refinanced within 30 days with borrowings under a revolving credit facility or with commercial paper proceeds) shall not be included as Consolidated Financial Obligations, plus (ii) the aggregate amount of loans under any revolving credit facility required to be prepaid during such period in connection with a mandatory reduction of lenders' commitments to make loans under such revolving credit facility, less (b) any portion of such payments of principal which has been mandatorily prepaid pursuant to Section 8.13 or 8.14 hereof or refinanced through sources other than proceeds of Loans during such period in accordance with the provisions of Section 9.1(i) hereof, plus (c) Consolidated Rental Expense for such period, plus (d) Consolidated Interest Charges for such period, all as determined in accordance with Generally Accepted

Accounting Principles. Demand obligations shall be deemed to be due and payable during any and all fiscal periods during which said obligations are outstanding.

"Consolidated Funded Debt" - as at any date of determination, an amount equal to the sum (without duplication) of (a) all consolidated Indebtedness of the Borrower and its Subsidiaries, plus (b) Consolidated Rental Obligations, in each case as such amounts are outstanding or would be calculated on the date as of which Consolidated Funded Debt is to be determined and determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Interest Charges" - for any fiscal period, the consolidated expenses of the Borrower and its Subsidiaries paid or accrued for such period for interest on Indebtedness (including the current portion thereof) which are deducted in the calculation of Consolidated Net Income for such period, net of consolidated interest income, if any, all as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Net Income" - the consolidated net income of the Borrower and its Subsidiaries for any period as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Rental Expense" - for any fiscal period, the sum of all consolidated rental expense of the Borrower and its Subsidiaries during such period for the lease of real or personal property under lease agreements that do not constitute capitalized leases that were deducted from the calculation of Consolidated Net Income for such period, all as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Rental Obligations" - with respect to the Borrower and its Subsidiaries, an amount equal to the sum (without duplication) of (a) the net present value (calculated at a discount rate of 10%) of the minimum future consolidated rental payments due over the term of all of such Persons' operating leases of real or personal property which extend for a term of twelve or more months and may not be terminated prior to the stated maturity thereof, plus (b) the net present value (calculated at a discount rate of 10%) of the minimum cost to terminate (including rental

payments until termination thereof) any such leases which may be terminated.

"Consolidated Tangible Net Worth" - with respect to the Borrower and its Subsidiaries, the result of (a) the capital accounts (including common stock, preferred stock and other paid in capital, but excluding treasury stock) of the Borrower and its Subsidiaries on a consolidated basis, plus (b) the earned surplus and capital surplus of the Borrower and its Subsidiaries, in each case as reflected in the Borrower's consolidated books of account as of the date Consolidated Tangible Net Worth is to be determined, minus (c) the net book value of all assets of the Borrower and its Subsidiaries which would be treated as intangibles under Generally Accepted Accounting Principles, including, without limitation, such items as goodwill, trademarks, trade names, service marks, brand names, copyrights, patents and licenses, and rights with respect to the foregoing, minus (d) all amounts representing write-ups in the consolidated book value of any assets of the Borrower or its Subsidiaries resulting from a revaluation thereof subsequent to the Original Closing Date, in each case as determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Total Assets" - all assets of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"Convert", "conversion" and "converted" - conversion of any Loan into a Loan of another Type pursuant to Section 2.8 hereof.

"Conversion Notice" - see Section 2.8.

"Debenture Indenture" - the Indenture, dated as of September 15, 1989, between the Borrower and United States Trust Company of New York, as Trustee, pursuant to which the Borrower issued the Subordinated Debentures, in the form thereof previously delivered to the Administrative Agent.

"Debt Service Coverage Ratio" - see Section 9.13.

"Default(s)" - any event which with notice or lapse of time or notice and lapse of time will become an Event of Default.

"Distribution" - the payment by any Person of any dividends, distributions or other payments to its shareholders as such, other than distributions or allocations of common stock of such Person; the declaration or payment of any dividend on or in respect of any shares of any class of capital stock of any Person, other than dividends payable solely in shares of common stock of such Person; or the purchase or other retirement of any shares of any class of capital stock of any Person, directly or indirectly, through a Subsidiary or otherwise, other than solely through the issuance of the capital stock of such Person; the return of capital by any Person to its shareholders as such; or any other distribution on or in respect of any shares of any class of capital stock of any Person.

"Distribution Amount" - see Section 9.4(a).

"Domestic C/D Rate" - with respect to any C/D Rate Loan for any Interest Period, the rate per annum determined by the Administrative Agent to be the arithmetic average (rounded upwards, if necessary, to the next highest 1/8th of 1%) of the prevailing rates per annum bid at 10:00 a.m. (Boston time) (or as soon thereafter as practicable) on the first day of any Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from each Reference Bank of its certificates of deposit in an amount comparable to the C/D Rate Loan to be made or converted by the Banks to which such Interest Period applies and having a maturity comparable to such Interest Period.

"Effective Date" - See Section 6.

"Eligible Assignee" - any bank, insurance company or other financial institution that the Administrative Agent and the Borrower may approve, provided that neither the Borrower's approval nor the Administrative Agent's approval shall be unreasonably withheld.

"Employee Benefit Plan" - any employee benefit plan within the meaning of Section 3(3) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, other than a Multiemployer Plan.

"Environmental Laws" - see Section 5.18(a)(i).

"ERISA" - the Employee Retirement Income Security Act of 1974, any successor statute of similar import, and the rules and regulations thereunder, as amended

from time to time.

"ERISA Affiliate" - any Person which is treated as a single employer with the Borrower under Section 414 of the Code.

"ERISA Reportable Event" - a reportable event with respect to a Guaranteed Pension Plan within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder as to which the requirement of notice has not been waived.

"Eurodollar Borrowing" - a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Borrowing" - a Competitive Borrowing comprised of Eurodollar Competitive Loans.

"Eurodollar Competitive Loan" - any Competitive Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Section 2.5 hereof.

"Eurodollar Loan" - any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Offered Rate" - for any applicable Interest Period, the rate per annum determined by the Administrative Agent to be the arithmetic average (rounded upwards, if necessary to the next highest 1/8th of 1%) of the respective rates per annum at which deposits of dollars are offered to each Reference Bank by prime banks in the London interbank market at or about 10:00 a.m. local time in such interbank market, two Business Days prior to the first day of such Interest Period for a period equal to the duration of such Interest Period in an amount substantially equal to the Eurodollar Loan to be loaned by one or more Banks (in the case of a Eurodollar Competitive Loan) or to be loaned or converted by the Banks (in the case of a Eurodollar Standby Loan).

"Eurodollar Rate" - for any applicable Interest Period, the interest rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Offered Rate}^*}{1.00 - \text{Eurodollar Reserve Percentage}}$$

*The components of the fraction to be rounded upwards, if necessary, to the next highest 1/8th of 1%.

The Administrative Agent shall give the Borrower and the Banks (in the case of a Eurodollar Standby Loan) or the applicable Banks (in the case of a Eurodollar Competitive Loan) prompt notice (but in any event no later than one Business Day prior to the date of commencement of such Interest Period) of the Eurodollar Rate determined for such Interest Period, and absent manifest error, each determination of the Eurodollar Rate by the Administrative Agent shall be conclusive and binding for all purposes hereof.

"Eurodollar Reserve Percentage" - for any day during an Interest Period with respect to a Eurodollar Loan, that percentage (expressed as a decimal) which is in effect on such day under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulation relating to reserve requirements) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding \$1 billion in respect of "Eurocurrency Liabilities" (as such term is used in Regulation D) outstanding from time to time, or in respect of any other category of liabilities which might be incurred by such member bank in any Eurodollar interbank market to fund Eurodollar Loans. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Standby Borrowing" - a Standby Borrowing comprised of Eurodollar Standby Loans.

"Eurodollar Standby Loan" - any Standby Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Section 2 hereof.

"Event(s) of Default" - see Section 10.

"Excess Cash Flow" - for any calendar year, that amount, if any, by which Consolidated Cash Flow for such year exceeded the result of (a) Consolidated Financial Obligations for such year, plus (b) the aggregate amount of all optional prepayments of the Senior Notes made during such year, plus (c) to the extent not included in the calculation of Consolidated Financial Obligations, the aggregate amount of Loans prepaid pursuant to Section 2.3(b) hereof in connection with any reduction of the Revolving Credit Commitment

Amount pursuant to Section 2.1(b) hereof, plus (d) Consolidated Capital Expenditures made during such year, minus (e) the aggregate amount of Consolidated Funded Debt incurred in connection with the acquisition of the capital assets to which the foregoing Consolidated Capital Expenditures relate, plus (f) cash payments made during such year for back pay or workforce reductions to the extent not already included in Consolidated Cash Flow for such year, plus (g) the net cash proceeds from the sale of Relieved Track Materials.

"Facility A Credit Agreement" - the Revolving Credit Agreement, dated as of the date hereof, among the Borrower, the banks named therein, the banks that may become parties thereto from time to time, The First National Bank of Boston, as administrative agent and competitive bid agent for such banks, and BofA as co-agent thereunder, as such agreement may be amended, modified, extended, or restated and in effect from time to time.

"Facility A Notes" - Collectively, the promissory notes issued by the Borrower pursuant to the Facility A Credit Agreement.

"Facility Fee" - see Section 3.7.

"Federal Funds Effective Rate" - for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fixed Rate Borrowing" - a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" - any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Bank making such Loan in its Competitive Bid.

"FNBB" - see preamble.

"Generally Accepted Accounting Principles" - generally accepted accounting principles which are (a) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, and (b) such that a certified public accountant would, insofar as the use of accounting principles is pertinent, be in a position to deliver an unqualified opinion as to financial statements in which such principles have been properly applied, provided that if any changes in generally accepted accounting principles with which the Borrower's independent certified public accountants concur result in a change in the method of calculation of any of the financial covenants, standards or terms contained in this Agreement, the Borrower and the Banks agree to amend such provisions to reflect such changes in generally accepted accounting principles so that the criteria for evaluating the consolidated financial condition of the Borrower and its Subsidiaries shall be the same after such changes as if such changes had not been made.

"Guaranteed Pension Plan" - any employee pension benefit plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

"Hazardous Substances" - see Section 5.18(a)(ii).

"HAZMAT" - see Section 5.18(a)(i).

"Head Office" - the head office of the Administrative Agent, which is presently located at 100 Federal Street, Boston, Massachusetts 02110.

"Indebtedness" - (a) all debt and similar monetary obligations, whether direct or indirect (including, without limitation, obligations under capitalized leases); (b) all Indebtedness of others secured by any mortgage, pledge, security interest, lien, charge, or other encumbrance existing on property owned or acquired subject thereto, whether or not the Indebtedness secured thereby shall have been assumed; (c) all guarantees, endorsements and other contingent obligations, whether direct or indirect, in respect of Indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase

Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; and (d) the obligations to reimburse the issuer in respect of any letters of credit.

"Indemnified Party" - see Section 16.

"Independent Accountant(s)" - a firm of nationally recognized independent public accountants selected on behalf of the Borrower by its Board of Directors, which is "independent" as that term is defined in Rule 2-01 of Regulation S-X promulgated by the Securities and Exchange Commission.

"Initial 1989 Closing Date" - September 26, 1989.

"Interest Payment Date" - with respect to any Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months duration or a Fixed Rate Loan or a C/D Rate Loan with an Interest Period of more than 90 days duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months duration or 90 days duration, as the case may be, been applicable to such Loan and, in addition, the date of any conversion of a Standby Loan to a Standby Loan of a different Type.

"Interest Period" - (a) as to any Eurodollar Standby Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, (b) as to any Eurodollar Competitive Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is between 1 and 9 months (inclusive) thereafter, as the Borrower may elect and as specified in the Competitive Bids in which the offer to make the Eurodollar Competitive Loans comprising such Borrowing were extended, (c) as to any C/D Rate Borrowing, a period of 30, 60, 90 or 180 days duration, as the

Borrower may elect, commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, (d) as to any Base Rate Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the next succeeding first Business Day of January, April, July or October or, if earlier, on the Revolving Credit Commitment Termination Date or the date of prepayment or conversion of such Borrowing and (e) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offer to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than 7 days after the date of such Borrowing or later than 180 days after the date of such Borrowing; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day or, in the case of Eurodollar Loans only, adjusted in accordance with the then prevailing practice in the London interbank market. Notwithstanding the provisions of clauses (a) and (c) above, with respect to one Eurodollar Standby Loan or one C/D Rate Loan during each calendar quarter, the Interest Period with respect thereto may, at the Borrower's request made in accordance with the terms hereof, end on any date which is not (A) with respect to such Eurodollar Standby Loan, the first, second, third or sixth monthly anniversary of the date on which such Interest Period began or (B) with respect to such C/D Rate Loan, 30, 60, 90 or 180 days after the date on which such Interest Period began, so long as such date occurs less than three months or 90 days, as applicable, after the date on which such Interest Period began (subject, in the case of Eurodollar Standby Loans, to the availability of deposits in United States Dollars in the relevant amount for an Interest Period of such length in the Eurodollar interbank market and subject, in the case of C/D Rate Loans, to the availability of deposits in United States Dollars in the relevant amount for an Interest Period of such length in the applicable certificate of deposit market), provided, that, (i) the Borrower may only request such an Interest Period once during any calendar quarter and (ii) such Interest Period must end on the last day of such calendar quarter (or if such date is not a Business Day, the next succeeding

Business Day unless, with respect to Eurodollar Standby Loans, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day). Interest shall accrue from and including the first day of any Interest Period to but excluding the last day of such Interest Period.

"Interest Period Termination Date" - the last day of any Interest Period, provided that if any Interest Period Termination Date falls on a day which is not a Business Day, such Interest Period shall be adjusted as provided herein.

"Interest Rate Adjustment Date" - the Effective Date and thereafter each date occurring 5 Business Days after the Administrative Agent receives evidence satisfactory to it that the Rating has changed.

"Intermodal Facilities" - those assets of the Borrower and its Subsidiaries as are more particularly described on Schedule 1.2 hereto.

"Investments" - the aggregate of all expenditures made for the acquisition of stock (except redemptions or repurchases by a corporation of any shares of its capital stock) or Indebtedness of any Person, all loans, advances, capital contributions to any Person and all guarantees (or other commitments as described under Indebtedness) of obligations of, any Person, except accounts receivable arising in the ordinary course of business. In determining the aggregate amount of Investments outstanding at any particular time, (a) the amount of any Investment represented by a guarantee shall be taken at not less than the aggregate amount of the obligations guaranteed and still outstanding, (b) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid, (c) there shall be deducted in respect of each such Investment any amount received as a return of capital, (d) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (b) may be deducted when paid, and (e) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.

"Letter(s) of Credit" - any standby letter(s) of

credit issued from time to time pursuant to the terms hereof by the Letter of Credit Bank for the account of the Borrower.

"Letter of Credit Bank" - with respect to any Letter of Credit issued hereunder, either FNBB or BofA, as the Borrower may select, in such Person's capacity as issuer of such Letter of Credit.

"Letter of Credit Fee" - see Section 3.9.

"Lien" - any mortgage, lien, charge, security interest or other encumbrance of any kind upon any property or assets of any character, or upon the income or profits therefrom, any conditional sale or other title retention agreement, device or arrangement (including capitalized leases), or any sale, assignment, pledge or other transfer for security of any accounts, general intangibles or chattel paper, with or without recourse.

"Loan" - any Competitive Loan or Standby Loan.

"Loan Documents" - collectively, this Agreement, the Notes and the Agent's Fee Letter, in each case as amended and in effect from time to time.

"Majority Banks" - as of any date, (i) those Banks having Revolving Credit Commitments on such date (or, if the Revolving Credit Commitments shall have terminated pursuant to Section 10 hereof or otherwise, holding Loans outstanding on such date and shares of the Maximum Drawing Amount of Letters of Credit as of such date) representing at least 66-2/3% of the Revolving Credit Commitment Amount on such date, or, if the Revolving Credit Commitments shall have terminated pursuant to Section 10 hereof or otherwise, of the sum of (A) the aggregate principal amount of the Loans outstanding on such date plus (B) the aggregate Maximum Drawing Amount of all Letters of Credit as of such date or, (ii) for purposes of acceleration of the Loans and all other amounts owing under this Agreement and the other Loan Documents pursuant to Section 10 hereof, those Banks whose Loans outstanding on such date plus whose share of the aggregate Maximum Drawing Amount of all Letters of Credit as of such date add up to at least 66-2/3% of the sum of the aggregate principal amount of Loans outstanding on such date plus the aggregate Maximum Drawing Amount of all Letters of Credit on such date.

"Margin" - as to any Eurodollar Competitive Loan, the margin (expressed as a percentage rate per annum in the form

of a decimal to no more than four decimal places) to be added to or subtracted from the Eurodollar Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Material Subsidiary" - each of Chicago Intermodal Company, Waterloo Railway Company, and, from and after the Effective Date, any other Subsidiary of the Borrower (a) with total assets having a fair market value, as at any date of determination, in excess of \$5,000,000, or (b) which is material to the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

"Maximum Drawing Amount" - as at any date of determination, with respect to any Letter of Credit, the maximum amount which the beneficiary thereof may draw under such Letter of Credit as at such date pursuant to the terms of such Letter of Credit, plus any amounts previously drawn thereunder and not yet reimbursed by the Borrower, whether from the proceeds of Loans or otherwise.

"Moody's" - Moody's Investors Service, Inc.

"Multiemployer Plan" - any multiemployer plan within the meaning Section 3(37) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate.

"non-Affected Bank(s)" - as at any date of determination, those Banks which are not Affected Banks.

"Nonessential Property" - Relieved Track Materials, Intermodal Facilities and any other property of the Borrower, which is not used or which the Borrower reasonably believes will not be used, in the current or planned operation of the Borrower's rail lines.

"Note(s)" - see Section 2.2(a).

"1991 Note Purchase Agreement" - that certain Note Purchase Agreement, dated as of July 23, 1991, as amended by that certain Amendment and Consent, dated as of April 1, 1993, among the Borrower, the Parent and the purchasers of the 1991 Senior Notes, as in effect from time to time.

"Obligations" - all indebtedness, payment obligations and liabilities of the Borrower to the

Banks, whether existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement, the Notes, the Agent's Fee Letter, in respect of Loans made or otherwise, or under other instruments at any time evidencing any thereof.

"Officer's Certificate" - a certificate signed by any one of the President, Treasurer or Chief Financial Officer (or comparable officer) of the Person on whose behalf the certificate is executed.

"Original Closing Date" - the Closing Date as defined in the Original Credit Agreement.

"Original Credit Agreement" - see preamble.

"Parent" - Illinois Central Corporation, a Delaware corporation which is the owner of all of the issued and outstanding capital stock of the Borrower.

"PBGC" - the Pension Benefit Guaranty Corporation created by Section 4002 of ERISA and any successor entity or entities having similar responsibilities.

"Person" - any individual, corporation, partnership, trust, unincorporated association, joint stock company or other legal entity or organization, and any government or agency or political subdivision thereof.

"Rated Debt" - the 1993 Senior Notes.

"RCRA" - see Section 5.18(a)(i).

"Reemployment Period" - see Section 3.2(a).

"Reference Bank(s)" - collectively, all of FNBB, BofA and The Chase Manhattan Bank, N.A., and individually, any of such Persons.

"Relieved Track Materials" - the Borrower's surplus track materials resulting from the conversion from double track to single track main line.

"Revolving Credit Commitment" - with respect to each Bank, the commitment of such Bank hereunder as set forth on Schedule 1.1 attached hereto, as such

Bank's Revolving Credit Commitment may be permanently terminated or reduced from time to time pursuant to the terms of this Agreement. The Revolving Credit Commitments shall automatically terminate on the Revolving Credit Commitment Termination Date.

"Revolving Credit Commitment Amount" - the aggregate amount of Revolving Credit Commitments, as in effect from time to time.

"Revolving Credit Commitment Percentage" - with respect to each Bank, the percentage set forth opposite its name on Schedule 1.1 attached hereto with respect to Standby Loans and Letters of Credit (as such percentage on such schedule is adjusted by the Administrative Agent from time to time to reflect assignments and reallocations made pursuant to Section 3.1(d), 3.5(c) and 15 hereof).

"Revolving Credit Commitment Termination Date" - that date upon which the Revolving Credit Commitments terminate, which shall be the earlier to occur of the following dates: (a) December 31, 1996, or (b) such other date on which the Revolving Credit Commitments terminate or are terminated pursuant to the terms of this Agreement.

"SARA" - see Section 5.18(a)(i).

"S&P" - Standard & Poors Corporation.

"Senior Debt Agreements" - collectively, the 1991 Note Purchase Agreement and the Senior Debt Indenture.

"Senior Debt Indenture" - The Indenture, dated as of May 1, 1993, between the Borrower and FNBB, as Trustee, together with all the exhibits and schedules attached thereto, in the form thereof delivered to the Administrative Agent prior to the Effective Date, as in effect from time to time.

"Senior Notes" - collectively, the 1991 Senior Notes and the 1993 Senior Notes.

"1991 Senior Notes" - the promissory notes in the original aggregate principal amount of \$160,000,000 issued by the Borrower pursuant to the 1991 Note Purchase Agreement.

"1993 Senior Notes" - the promissory notes in the aggregate principal amount of \$100,000,000 issued by

the Borrower pursuant to the Senior Debt Indenture.

"Standby Borrowing" - a borrowing consisting of simultaneous Standby Loans from each of the Banks.

"Standby Loans" - the revolving credit loans made by the Banks to the Borrower pursuant to Section 2.1 hereof. Each Standby Loan shall be a Eurodollar Standby Loan, a C/D Rate Loan or a Base Rate Loan.

"Start Date" - see Section 9.4.

"Subordinated Debentures" - the Borrower's senior subordinated debentures due 2001 in the original aggregate principal amount of \$145,000,000 issued by the Borrower pursuant to the Debenture Indenture, in the form thereof previously delivered to the Administrative Agent.

"Subordinated Debt" - Indebtedness of the Borrower in an aggregate principal amount not to exceed \$72,500,000 from and after the Effective Date evidenced by the Subordinated Debentures.

"Subsidiary" - in relation to any particular Person, any corporation, association or other business entity, a majority (by number of votes) of the outstanding voting stock of which is at the time owned or controlled by such Person, or by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person and which properly would be included in such Person's consolidated balance sheet.

"Total Capitalization" - as at any date of determination, an amount equal to the sum of (a) Consolidated Funded Debt plus (b) Consolidated Tangible Net Worth, in each case determined in accordance with Generally Accepted Accounting Principles.

"Type" - when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate, the C/D Rate, the Base Rate and the Fixed Rate.

(b) All terms of an accounting character not specifically defined herein shall have the meanings

assigned thereto by Generally Accepted Accounting Principles. All terms not specifically defined herein which are defined in the Uniform Commercial Code as in effect in the State of New York shall have the same meanings herein as therein. Each reference herein to a particular Person (including, without limitation, the Administrative Agent and each Bank) shall include a reference to such Person's successors and permitted assigns. The words "herein", "hereof", "hereunder" and words of like import shall refer to this Agreement as a whole and not to any particular Section or subdivision of this Agreement.

Section 2. THE LOANS AND LETTERS OF CREDIT.

Section 2.1. Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank agrees, severally and not jointly, to make Standby Loans to the Borrower, at any time and from time to time on and after the date hereof and until the Revolving Credit Commitment Termination Date, in an aggregate principal amount at any time outstanding not to exceed such Bank's Revolving Credit Commitment minus the amount by which the Competitive Loans outstanding at such time shall be deemed to have used such Revolving Credit Commitment pursuant to Section 2.16 hereof, minus such Bank's pro rata participation in Letters of Credit outstanding, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Standby Loans made by all Banks plus (y) the outstanding aggregate principal amount of all Competitive Loans made by all Banks plus (z) the aggregate Maximum Drawing Amount of all Letters of Credit outstanding exceed (B) the Revolving Credit Commitment Amount and (ii) at all times the outstanding aggregate principal amount of all Standby Loans made by each Bank shall equal such Bank's Revolving Credit Commitment Percentage of the outstanding aggregate principal amount of all Standby Loans made pursuant to Section 2.6 hereof. The Revolving Credit Commitment Amount may be terminated or reduced from time to time pursuant to this Section 2.1. Within the foregoing limits, the Borrower may borrow, pay or prepay and reborrow hereunder, on and after the Effective Date and prior to the Revolving Credit Commitment Termination Date, subject to the terms, conditions and limitations set forth herein.

(b) The Borrower may at any time prior to the Revolving Credit Commitment Termination Date, (i) terminate the Revolving Credit Commitments in full by giving three Business Days' prior written notice thereof to the Administrative Agent, repaying in full the Notes, and depositing with the Administrative Agent in pledge, as provided in Section 10 hereof, cash or other readily marketable securities acceptable to the Administrative Agent in an amount equal to the aggregate Maximum Drawing Amount of all Letters of Credit then outstanding pursuant to pledge agreements in form and substance satisfactory to the Administrative Agent, as collateral security for the Borrower's Obligations hereunder (which agreements shall provide that upon the expiration, undrawn, of each Letter of Credit, cash in an amount equal to the undrawn portion of the Maximum Drawing Amount of such Letter of Credit shall be returned to the Borrower), or (ii) reduce the Revolving Credit Commitment Amount in part by \$5,000,000 or a larger integral multiple of \$1,000,000 by giving three Business Days' prior written notice thereof to the Administrative Agent, repaying the amount, if any, by which the sum of the aggregate unpaid principal amount of the Loans plus the aggregate Maximum Drawing Amount of all Letters of Credit outstanding exceeds the then reduced Revolving Credit Commitment Amount, together with all interest accrued on principal amounts repaid, and, as necessary, depositing with the Administrative Agent, as described above, collateral in the amount, if any, by which the aggregate Maximum Drawing Amount of all Letters of Credit then outstanding exceeds the then reduced Revolving Credit Commitment Amount, provided that in no event shall the Revolving Credit Commitment Amount be reduced to an amount less than \$15,000,000 unless it is terminated pursuant to this Section 2.1(b) and, provided further that no such reduction shall be made which would reduce the Revolving Credit Commitment Amount to an amount less than the aggregate principal amount of the Competitive Loans outstanding. The Administrative Agent shall promptly notify each Bank of the contents of each notice concerning the Revolving Credit Commitments. Upon the effective date of any such reduction, the amount of each Bank's Revolving Credit Commitment shall be reduced pro rata. Subject to the provisions of Section 3.2 hereof, any termination or reduction may be effected by the Borrower without penalty. No termination of the Revolving Credit Commitments or reduction of the Revolving Credit Commitment Amount shall be subject to

reinstatement.

(c) The Revolving Credit Commitment Amount shall be reduced from time to time in accordance with the provisions of Section 8.13 and 8.14 hereof.

(d) The aggregate principal amount of all Loans outstanding on the Revolving Credit Commitment Termination Date, plus all accrued and unpaid interest thereon, shall be due and payable in full on such date.

Section 2.2. Notes; Repayment of Loans. (a) The obligation of the Borrower to repay the Loans made pursuant to this Agreement and to pay interest thereon, as set forth in this Agreement, shall be evidenced by separate restated promissory notes of the Borrower substantially in the form of Exhibit A attached hereto with appropriate insertions (each, singly, a "Note", and collectively, the "Notes"), dated as of May 13, 1993 and restated as of the Effective Date or the date the applicable payee Bank becomes a party to this Agreement, as the case may be, and payable to the order of such payee Bank in a principal amount stated to be the lesser of (i) the Revolving Credit Commitment Amount, or (ii) the aggregate principal amount of Loans at any time advanced by such payee Bank and outstanding hereunder. On or promptly after the occurrence of the Effective Date, each of the Banks shall return to the Borrower the Note issued by the Borrower under the Original Credit Agreement for cancellation.

(b) The Borrower agrees to pay the outstanding principal balance of each Standby Loan on the Revolving Credit Commitment Termination Date. The Borrower agrees to pay the outstanding balance of each Competitive Loan on the last day of the Interest Period applicable to such Competitive Loan and on the Revolving Credit Commitment Termination Date. Each Loan shall bear interest from the date of the Borrowing of which such Loan is a part on the outstanding principal balance thereof as set forth in Section 2.9 hereof.

(c) Each Bank shall, and is hereby authorized by the Borrower to, maintain, in accordance with its usual practice, records evidencing the indebtedness of the Borrower to such Bank hereunder from time to time, including the amounts and Types of and the Interest Periods applicable to the Loans made by such Bank from

time to time and the amounts of principal and interest paid to such Bank from time to time in respect of such Loans.

(d) The entries made in the records maintained pursuant to paragraph (c) of this Section 2.2 and in the Bank List maintained by the Administrative Agent pursuant to Section 15(c) hereof shall be prima facie evidence of the existence and amounts of the obligations of the Borrower to which such entries relate; provided, however, that the failure of any Bank or the Administrative Agent to maintain or to make any entry in such records or the Bank List, as applicable, or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

Section 2.3. Prepayments. (a) The Borrower shall have the right at any time prior to the Revolving Credit Commitment Termination Date to prepay any Standby Borrowing, without premium or penalty (except as provided in clause (B) below), in whole or in part, together with accrued interest to the date of prepayment on the principal amount prepaid, upon not less than three Business Days' written, telegraphic or telephonic notice to the Administrative Agent, provided that (A) each partial prepayment shall be in the aggregate principal amount of (i) \$3,000,000 or a larger integral multiple of \$1,000,000 in the case of Base Rate Loans, and (ii) subject to clause (B) below, \$5,000,000 or a larger integral multiple of \$1,000,000 in the case of Eurodollar Standby Loans and C/D Rate Loans, and (B) if any prepayment or any repayment of any Eurodollar Standby Loan or C/D Rate Loan shall be made on any day other than the applicable Interest Period Termination Date, the Borrower shall indemnify the Banks against any loss, cost or expense incurred as a result of such prepayment or repayment in accordance with the provisions of Section 3.2 hereof. The Administrative Agent shall promptly notify each Bank of the contents of each prepayment notice. Subject to the borrowing limitations set forth in Section 2.1(a) hereof, amounts prepaid prior to the Revolving Credit Commitment Termination Date may be reborrowed. The Borrower shall not have any right to prepay any Competitive Borrowing.

(b) If at any time prior to the Revolving Credit Commitment Termination Date the sum of the aggregate principal amount of all Loans outstanding plus the

aggregate Maximum Drawing Amount of all Letters of Credit outstanding exceeds the Revolving Credit Commitment Amount, the Borrower shall immediately make such payments of principal of the Loans (for application first to Standby Loans, then to Competitive Loans) to the Administrative Agent for the accounts of the Banks in the amount of such excess, together with all interest accrued on such principal amounts repaid; and, if after giving effect to such repayments of the Loans the aggregate Maximum Drawing Amount of Letters of Credit outstanding then exceeds the Revolving Credit Commitment Amount, the Borrower then shall immediately deposit with the Administrative Agent, as collateral security for the Obligations pursuant to pledge agreements satisfactory in form and substance to the Administrative Agent, cash in the amount of such excess portion (if any) of such Maximum Drawing Amount. In addition to all other payments required by this Section 2.3(b), in the event of any reduction of the Revolving Credit Commitment Amount pursuant to Section 2.1(b) hereof, the Borrower shall pay to the Administrative Agent, for the accounts of the Banks, the Facility Fee accrued to the effective date of each such reduction on the amount of such reduction, as well as the full indemnity required, in the case of a prepayment of Eurodollar Loans and C/D Rate Loans, by the provisions of Section 3.2 hereof.

(c) Each partial prepayment of Standby Loans made pursuant to this Section 2.3 shall be allocated among all of the Banks in proportion (as nearly as practicable) to the respective unpaid principal amount of each Bank's Standby Loans, with adjustments to the extent practical to equalize any prior payments not exactly in proportion.

Section 2.4. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Banks ratably in accordance with their Revolving Credit Commitments. Each Standby Loan shall be made in accordance with the procedures set forth in Section 2.6 hereof and each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.5 hereof. The Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000, (ii) in the case of Base Rate Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$3,000,000 and (iii) in the case of Eurodollar Standby Loans and C/D Rate Loans, in an

aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000.

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans, C/D Rate Loans or Base Rate Loans, as the Borrower may request pursuant to Section 2.5 or Section 2.6 hereof, as applicable. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than five separate Eurodollar Standby Loans and C/D Rate Loans of any Bank being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.7 hereof, each Bank shall make each Loan to be made by it hereunder on the proposed date of Borrowing thereof by wire transfer of immediately available funds to the Administrative Agent at its Head Office, not later than 1:00 p.m., Boston time, and upon satisfaction of the applicable conditions set forth in this Agreement and upon receipt from the Banks of the amount to be advanced by such Banks, on the date of the proposed Borrowing, the Administrative Agent shall credit the amounts so received in immediately available funds to the Borrower's account maintained with the Administrative Agent at the Head Office. Competitive Loans shall be made by the Bank or Banks whose Competitive Bids therefor are accepted pursuant to Section 2.5 hereof, in the amounts so accepted and Standby Loans shall be made by the Banks pro rata in accordance with Section 2.16 hereof. Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's portion of such Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the

Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Commitment Termination Date.

Section 2.5. Competitive Bid Procedure. (a) In order to request Competitive Bids, the Borrower shall hand deliver or telecopy (or communicate by telephone with prompt confirmation in writing) to the Competitive Bid Agent (with a copy to the Administrative Agent if different than the Competitive Bid Agent) a duly completed Competitive Bid Request in the form of Exhibit B-1 attached hereto, to be received by the Competitive Bid Agent (and the Administrative Agent if different than the Competitive Bid Agent) (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., Boston time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., Boston time, one Business Day before a proposed Competitive Borrowing. No C/D Rate Loan or Base Rate Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit B-1 attached hereto may be rejected in the Competitive Bid Agent's sole discretion, and the Competitive Bid Agent shall promptly notify the Borrower of such rejection by telecopier (or by telephone with prompt confirmation in writing). Such request shall in each case refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day), (y) the aggregate principal amount thereof which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$1,000,000, and (z) the Interest Period with respect

thereto (which may not end after the Revolving Credit Commitment Termination Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Competitive Bid Agent shall invite by telecopier (in the form set forth in Exhibit B-2 attached hereto) the Banks to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(b) Each Bank may, in its sole discretion, make one or more Competitive Bids to the Borrower responsive to a Competitive Bid Request. Each Competitive Bid by a Bank must be received by the Competitive Bid Agent via telecopier, in the form of Exhibit B-3 attached hereto, (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., Boston time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Competitive Bid Agent. Competitive Bids that do not conform substantially to the format of Exhibit B-3 may be rejected by the Competitive Bid Agent, and the Competitive Bid Agent shall notify the Bank making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement, give the identity of the Bank making the bid, and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal, but not exceed, the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Bank is willing to make to the Borrower, (y) the Competitive Bid Rate or Rates at which the Bank is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Bank shall elect not to make a Competitive Bid, such Bank shall so notify the Competitive Bid Agent by telecopier (i) in the case of Eurodollar Competitive Loans, not later than 10:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 10:00 a.m., Boston time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Bank to give such notice shall not cause such Bank to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Bank pursuant to this paragraph (b) shall be irrevocable. Each Competitive Bid may be

greater than the Revolving Credit Commitment of the Bank giving the bid but may not exceed the Revolving Credit Commitment Amount less (i) all outstanding Loans and (ii) the aggregate Maximum Drawing Amount of all Letters of Credit outstanding.

(c) The Competitive Bid Agent shall promptly notify the Borrower by telecopier (or by telephone promptly confirmed in writing by telecopier) of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Bank that made each Competitive Bid. The Competitive Bid Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.5.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Competitive Bid Agent by telephone, confirmed by telecopier in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the Competitive Bids referred to in paragraph (c) above, (x) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., Boston time, three Business Days before a proposed Competitive Borrowing, and (y) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., Boston time, on the day of the proposed Competitive Borrowing; provided, however, that (i) the failure by the Borrower to give such notice shall be deemed to be a rejection of all the Competitive Bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower has decided to reject a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by the Borrower to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount

specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$10,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$10,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the Borrower. A notice given by the Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Competitive Bid Agent shall promptly notify each bidding Bank whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy sent by the Competitive Bid Agent, and each successful bidding Bank will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted. The Competitive Bid Agent shall also promptly notify the Administrative Agent (if different than the Competitive Bid Agent) of the Competitive Bids that have been accepted, the amounts thereof and the Competitive Bid Rates applicable thereto.

(f) If the Competitive Bid Agent shall elect to submit a Competitive Bid in its capacity as a Bank, it shall submit such bid directly to the Borrower one quarter of an hour earlier than the latest time at which the other Banks are required to submit their bids to the Competitive Bid Agent pursuant to paragraph (b) above. The Competitive Bid Agent will in no event disclose the terms of any Bank's Competitive Bid to any other Bank; provided that following the acceptance or rejection of Competitive Bids submitted in response to any Competitive Bid Request, the Competitive Bid Agent may at the request

of any Bank disclose information as to the range of the Competitive Bid Rates at which Competitive Bids were submitted or accepted.

(g) All notices required by this Section 2.5 shall be given in accordance with Section 18 hereof.

Section 2.6. Standby Borrowing Procedures. In order to request a Standby Borrowing, the Borrower shall hand deliver or telecopy (or communicate by telephone with prompt confirmation in writing) to the Administrative Agent a duly completed notice of a Standby Borrowing (a "Borrowing Notice") (a) in the case of a Eurodollar Standby Borrowing or a C/D Rate Borrowing, not later than 11:00 a.m., Boston time, three Business Days before a proposed Borrowing, and (b) in the case of a Base Rate Borrowing, not later than 10:00 a.m., Boston time, on the day of a proposed Borrowing. Each Borrowing Notice shall be irrevocable and shall in each case specify (i) whether the Standby Borrowing then being requested is to be a Eurodollar Standby Borrowing, a C/D Rate Borrowing or a Base Rate Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof, which shall be in a minimum principal amount of \$3,000,000 and in an integral multiple of \$1,000,000 in the case of Base Rate Borrowings and in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000 in the case of Eurodollar Standby Borrowings and C/D Rate Borrowings; and (iii) if such Borrowing is to be a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such Borrowing Notice, then the requested Borrowing shall be a Base Rate Borrowing. If no Interest Period with respect to any Eurodollar Standby Borrowing or C/D Rate Borrowing is specified in any such Borrowing Notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Standby Borrowing, or 30 days' duration, in the case of a C/D Rate Borrowing. The Administrative Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.6 and of each Bank's portion of the requested Borrowing.

Section 2.7. Method of Certain Prepayments and Repayments. The Borrower may prepay any Standby Loan in accordance with Section 2.3(a) hereof with the proceeds of a Competitive Borrowing or repay any Competitive Loan in accordance with Section 2.2(b) hereof with the proceeds of

a Standby Borrowing; provided, however, that (i) if the principal amount extended by a Bank in such Borrowing is greater than the principal amount extended by such Bank in the Borrowing being prepaid, in the case of Standby Loans, or repaid, in the case of Competitive Loans, then such Bank shall pay such difference to the Administrative Agent for distribution to the Banks described in (ii) below, (ii) if the principal amount extended by a Bank in the Borrowing being prepaid, in the case of Standby Loans, or repaid, in the case of Competitive Loans, is greater than the principal amount being extended by such Bank in such Borrowing, the Administrative Agent shall return the difference to such Bank out of amounts received pursuant to (i) above, and (iii) to the extent any Bank fails to pay the Administrative Agent amounts due from it pursuant to (i) above, any Loan or portion thereof being prepaid, in the case of Standby Loans, or repaid, in the case of Competitive Loans with such amounts shall not be deemed so prepaid or repaid, as applicable, in accordance with Section 2.3(a) or Section 2.2(b) hereof, as applicable, and, in each case, shall be payable by the Borrower at the applicable time provided for in this Agreement.

Section 2.8. Conversion and Continuation of Standby Borrowings. The Borrower shall have the right at any time upon prior irrevocable notice (a "Conversion Notice") to the Administrative Agent (i) not later than 10:00 a.m., Boston time, on the Business Day of the proposed conversion, to convert any Eurodollar Standby Borrowing or C/D Rate Borrowing into a Base Rate Borrowing, and (ii) not later than 11:00 a.m., Boston time, three Business Days prior to conversion or continuation, to convert any Base Rate Borrowing or Eurodollar Standby Borrowing into a C/D Rate Borrowing or to convert any Base Rate Borrowing or C/D Rate Borrowing into a Eurodollar Standby Borrowing or to continue any C/D Rate Borrowing as a C/D Rate Borrowing or any Eurodollar Standby Borrowing as a Eurodollar Standby Borrowing for an additional or different permissible Interest Period, subject in each case to the following:

(a) each conversion or continuation shall be made pro rata among the Banks in accordance with the respective principal amounts of the Standby Loans comprising the converted or continued Standby Borrowing;

(b) if less than all the outstanding principal amount

of any Standby Borrowing shall be converted or continued, the aggregate principal amount of any such Eurodollar Standby Borrowing or C/D Rate Borrowing converted or continued shall be an integral multiple of \$1,000,000 and not less than \$5,000,000 and the aggregate principal amount of any such Base Rate Borrowing converted or continued shall be in an integral multiple of \$1,000,000 and not less than \$3,00,000;

(c) if any Eurodollar Standby Borrowing or C/D Rate Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Banks pursuant to Section 3.2 hereof; and

(d) no Interest Period may be selected for any Standby Borrowing that would end after the Revolving Credit Commitment Termination Date.

Each notice pursuant to this Section 2.8 shall be by hand delivery or telecopier (or by telephone with prompt confirmation in writing), shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing that the Borrower requests be converted or continued, (ii) whether such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Borrowing, a C/D Rate Borrowing or a Base Rate Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Standby Borrowing or a C/D Rate Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Standby Borrowing, or 30 days duration, in the case of a C/D Rate Borrowing. The Administrative Agent shall advise the other Banks of any notice given pursuant to this Section 2.8 and of each Bank's portion of any converted or continued Standby Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.8 to continue any Standby Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.8 to convert such Standby Borrowing), such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as a Base Rate Borrowing.

Section 2.9. Interest on Loans. (a) Subject to the provisions of Section 2.10 hereof, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on

the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect and (ii) in the case of each Eurodollar Competitive Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Bank making such Loan and accepted by the Borrower pursuant to Section 2.5 hereof.

(b) Subject to the provisions of Section 2.10 hereof, the Loans comprising each C/D Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the C/D Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect.

(c) Subject to the provisions of Section 2.10 hereof, the Loans comprising each Base Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days) at a rate per annum equal to the Base Rate in effect for such Borrowing plus the Applicable Margin from time to time in effect.

(d) Subject to the provisions of Section 2.10 hereof, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Bank making such Loan and accepted by the Borrower pursuant to Section 2.5 hereof.

(e) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable Eurodollar Rate, C/D Rate or Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall promptly advise the Borrower and each Bank, as appropriate, of such determination.

Section 2.10. Interest on Overdue Amounts. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder, whether Facility Fee,

Agent's Fee or otherwise, shall bear interest compounded monthly and payable on demand at a rate per annum equal to 2% above the rate otherwise applicable to Base Rate Loans, as such rate is in effect from time to time, until such amounts shall be paid in full (to the extent permitted by law, after as well as before judgment).

Section 2.11. Letters of Credit. Subject to the terms and conditions set forth in this Agreement, upon written request of the Borrower to the Administrative Agent with a copy to the Letter of Credit Bank in accordance with this Section 2.11, the Letter of Credit Bank, at its option, may issue, with pro rata participation by all of the Banks, at any time prior to the Revolving Credit Commitment Termination Date, and subject to the satisfaction of the conditions precedent set forth in Section 7 hereof, Letters of Credit in such form as the Borrower and the Letter of Credit Bank may agree for the account of the Borrower, provided that at no time shall the aggregate Maximum Drawing Amount of all Letters of Credit outstanding exceed \$30,000,000, and provided further that at no time shall the sum of the aggregate principal amount of all Loans outstanding plus the aggregate Maximum Drawing Amount of all Letters of Credit outstanding exceed the Revolving Credit Commitment Amount. Each such request shall be in writing and shall be received by the Administrative Agent at least five Business Days prior to the proposed date of issuance. The Administrative Agent shall promptly notify each Bank of the contents of each such request. In addition, the Administrative Agent shall give written confirmation by telecopy to the Letter of Credit Bank no later than two Business Days prior to the requested date of issuance of each Letter of Credit as to the availability under the Letter of Credit facility herein to issue such Letter of Credit and shall enclose with such confirmation a copy of the Borrowing Notice received pursuant to Section 7.4 hereof. The expiry dates, amounts and beneficiaries of the Letters of Credit will be as agreed by the Borrower and the Letter of Credit Bank. The Letter of Credit Bank shall send to the Administrative Agent for distribution to the Banks copies of all Letters of Credit issued hereunder as soon as reasonably practicable after the issuance thereof. The Borrower may request, and the Letter of Credit Bank, upon terms and conditions approved by the Borrower, shall issue, with pro rata participation by all of the Banks, substitute Letters of Credit for the Letters of Credit

to reflect reductions in the amount of the Borrower's obligations supported by such Letters of Credit. Each Letter of Credit issued by the Letter of Credit Bank hereunder shall identify: (i) the dates of issuance and expiry of such Letter of Credit, (ii) the amount of such Letter of Credit (which shall be a sum certain), (iii) the beneficiary and account party of such Letter of Credit, and (iv) the drafts and other documents necessary to be presented to the Letter of Credit Bank upon drawing thereunder. No Letter of Credit issued hereunder shall expire after the earlier of (A) the first anniversary of its date of issuance, or (B) the Revolving Credit Commitment Termination Date.

Section 2.12. Effects of Drawings. The Borrower hereby promises to pay the Administrative Agent for the account of the Letter of Credit Bank in immediately available funds no later than the second Business Day after each drawing the amount of such drawing under Letters of Credit, plus interest thereon at an annual rate equal to the Base Rate plus the Applicable Margin with respect to Base Rate Loans. Each Bank agrees that on the third Business Day after any such drawing, such Bank will immediately make available to the Administrative Agent for the account of the Letter of Credit Bank at the Administrative Agent's Head Office, in Federal or other immediately available funds, its ratable share of any such drawing, plus any interest which shall have accrued thereon, provided that each Bank's obligation shall be reduced by its pro rata share of any reimbursement by the Borrower in respect of such drawing pursuant to this Section 2.12. The obligation of the Borrower under this Agreement to reimburse the Letter of Credit Bank in respect of drawings under Letters of Credit shall be Obligations of the Borrower hereunder which shall be due and payable simultaneously with all other Obligations hereunder. Section 2.13 hereof shall govern the Borrower's obligations with respect to drawings under Letters of Credit.

Section 2.13. Letter of Credit Loan Obligations Absolute. (a) The obligation of the Borrower to reimburse the Letter of Credit Bank as provided hereunder in respect of drawings under Letters of Credit shall rank pari passu with the obligation of the Borrower to repay the Loans hereunder, and shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, the Borrower's obligation to reimburse the

Letter of Credit Bank in respect of drawings under Letters of Credit shall not be subject to any defense based on the non-application or misapplication by the beneficiary of the proceeds of any such payment or the legality, validity, regularity or enforceability of the Letters of Credit or any other document whatsoever. The Letter of Credit Bank may accept or pay any draft presented to it under any Letter of Credit regardless of when drawn or made and whether or not negotiated, if such draft, accompanying certificate or documents and any transmittal advice are presented on or before the expiry date of the Letter of Credit, or any renewal or extension thereof then in effect. Furthermore, neither the Letter of Credit Bank nor any of its correspondents shall be responsible, as to any document presented under a Letter of Credit which appears to be regular on its face, and appears on its face to conform to the terms of the Letter of Credit, for the validity or sufficiency of any signature or endorsement, for delay in giving any notice or failure of any instrument to bear adequate reference to the Letter of Credit, or for failure of any person to note the amount of any draft on the reverse of the Letter of Credit.

(b) Any action, inaction or omission on the part of the Letter of Credit Bank or any of its correspondents under or in connection with any Letter of Credit or the related instruments, documents or property, if in good faith and in conformity with such laws, regulations or customs as are applicable, shall be binding upon the Borrower and shall not place the Letter of Credit Bank or any of its correspondents under any liability to the Borrower, in the absence of (i) gross negligence or willful misconduct by the Letter of Credit Bank or its correspondents or (ii) the failure by the Letter of Credit Bank to pay under a Letter of Credit after presentation of a draft and documents strictly complying with such Letter of Credit. The Letter of Credit Bank's rights, powers, privileges and immunities specified in or arising under this Agreement are in addition to any heretofore or at any time hereafter otherwise created or arising, whether by statute or rule of law or contract. All Letters of Credit issued hereunder will, except to the extent otherwise expressly provided, be governed by the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication No. 400, and any subsequent revisions thereof.

Section 2.14. Banks' Obligations in Respect of Letters of Credit. Each Bank agrees with the Letter of Credit Bank and the other Banks that its obligation to participate in Letters of Credit and to reimburse the Letter of Credit Bank for its ratable share of all drawings under Letters of Credit as provided in Section 2.12 hereof shall not be affected in any way by any circumstances (other than the gross negligence or willful misconduct of the Letter of Credit Bank), including, without limitation:

(a) any modification or amendment of, or any consent, waiver, release or forbearance with respect to, any of the terms of this Agreement or any other instrument or document referred to herein;

(b) the existence of any Default or Event of Default, or the termination of the Revolving Credit Commitments pursuant to Section 10 in connection with any Event of Default; or

(c) any change of any kind whatsoever in the financial position or creditworthiness of the Borrower.

Section 2.15. Existing Letters of Credit. The Borrower agrees that with respect to each letter of credit listed and described on Schedule 2.15 attached hereto, for the period commencing on the Effective Date and ending on the first to occur of the expiration, undrawn, of such letter of credit or the date all reimbursement obligations with respect to such letter of credit have been satisfied in full, such letter of credit shall be a Letter of Credit for all purposes of this Agreement, and the Borrower hereby affirms its liability with respect to the reimbursement obligations thereunder as provided herein. The Banks affirm their pro rata participation in such Letters of Credit.

Section 2.16. Pro Rata Treatment. Except as required under Section 3.3 hereof, each Standby Borrowing, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fee, each reduction of the Revolving Credit Commitments and each refinancing of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Banks in accordance with their respective Revolving Credit Commitments (or, if such Revolving Credit Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their

outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Banks participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Banks participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Revolving Credit Commitments of the Banks at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Revolving Credit Commitments of the Banks (including those Banks which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Revolving Credit Commitments. Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Bank's percentage of such Borrowing to the next higher or lower whole dollar amount.

Section 2.17. Existing Loans. On and as of the Effective Date (i) all Loans outstanding under (and as defined in) the Original Credit Agreement shall constitute Loans outstanding under this Agreement, (ii) each Base Rate Amount outstanding under (and as defined in) the Original Credit Agreement shall constitute a Base Rate Loan outstanding hereunder, shall bear interest from and after the Effective Date at the rate of interest for Loans comprising each Base Rate Borrowing as set forth in Section 2.9(c) hereof and all interest accrued with respect to such Base Rate Amount, including all interest accrued prior to the Effective Date, shall be payable by the Borrower on the next Interest Payment Date for such Base Rate Borrowing hereunder, (iii) each C/D Rate Amount outstanding under (and as defined in) the Original Credit Agreement shall constitute a C/D Rate Loan outstanding hereunder with the same Interest Period as was applicable to such C/D Rate Amount, shall bear interest from and after the Effective Date at the rate of interest for Loans comprising each C/D Rate Borrowing as set forth in Section 2.9(b) hereof and all interest accrued with respect to such C/D Rate Amount, including all interest accrued prior to the Effective Date, shall be payable by the Borrower on the next Interest Payment Date for such C/D Rate Borrowing hereunder, and (iv) each Eurodollar Rate Amount outstanding under (and as

defined in) the Original Credit Agreement shall constitute a Eurodollar Standby Loan outstanding hereunder with the same Interest Period as was applicable to such Eurodollar Rate Amount, shall bear interest from and after the Effective Date at the rate of interest for Loans comprising each Eurodollar Borrowing as set forth in Section 2.9(a) hereof and all interest accrued with respect to such Eurodollar Rate Amount, including all interest accrued prior to the Effective Date, shall be payable by the Borrower on the next Interest Payment Date for such Eurodollar Rate Borrowing hereunder. The obligations of the Borrower with respect to all such Loans shall be subject to and governed by the applicable terms and provisions of this Agreement and the other Loan Documents. The Borrower hereby promises to pay to the Administrative Agent on the Effective Date, for the accounts of the Banks, all Commitment Fees (as defined in the Original Credit Agreement) accrued to the Effective Date.

Section 3. CERTAIN GENERAL PROVISIONS AND FEES.

Section 3.1. Additional Costs and Expenses. (a) Anything herein to the contrary notwithstanding and without duplication of any other amounts payable hereunder, if, after (x) the Effective Date, in the case of any Standby Loan or any obligation to make Standby Loans or (y) the date of the related Competitive Bid, in the case of any Competitive Loan, any change in any present law or any future applicable law (which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any of the Banks or the Administrative Agent by any central bank or other fiscal, monetary or other authority, whether or not having the force of law) shall:

(i) subject any Bank to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to such Bank's commitment to lend Eurodollar Standby Loans or C/D Rate Loans or such Bank's portion of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (except for changes in the rate of tax on the overall net income of such Bank imposed by the jurisdiction in which such Bank's principal executive office is located); or

(ii) materially change the basis of taxation of payments to any Bank of the principal of, interest on or any other amounts payable in respect of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (except for changes in the rate of tax on the overall net income of such Bank imposed by the jurisdiction in which such Bank's principal executive office is located); or

(iii) impose or increase or render applicable any special deposit or reserve or similar requirement (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans and commitments to lend Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans hereunder by an office of any Bank; or

(iv) impose on any Bank any other condition or requirement with respect to this Agreement, such Bank's commitment or such Bank's portion of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans or any class of loans of which any of the Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans form a part, and the result of any of the foregoing is

(A) to increase the cost to any Bank attributable to the making, funding or maintaining of Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans; or

(B) to reduce the amount of principal, interest or other amount with respect to Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans payable to any Bank hereunder; then, and in each such case, to the extent such cost or reduction is not reflected in determining the interest rate applicable to Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans, the Borrower will, within 30 days after demand made by such Bank at any time and from time to time as often as the occasion therefor may arise, pay to such Bank such additional amounts as will be sufficient, in the good faith opinion of such Bank, to compensate such Bank for such additional cost or reduction.

(b) If, after (x) the Effective Date, in the case of any Standby Loan or any obligation to make Standby Loans or (y) the date of the related Competitive Bid, in the case of any Competitive Loan, any change in any present law or governmental rule, regulation, policy, guideline (including, without limitation, any change in the risk-based capital guidelines set forth in the Federal Register, Vol. 4, No. 17, dated January 27, 1989) or directive (whether or not having the force of law) or the interpretation thereof by a

court or governmental authority with appropriate jurisdiction, or any future law or governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction, imposes or increases or renders applicable any requirement regarding capital adequacy (whether or not having the force of law), or otherwise affects the amount of capital required to be maintained by any Bank or any corporation controlling any Bank (or the amount of capital that a court or governmental authority with appropriate jurisdiction expects any such Bank or corporation to maintain) and such Bank in good faith determines that the amount of such capital required is increased by or based upon the existence of the credit facilities or commitments established hereunder or any Loans made pursuant hereto or upon agreements or loans of the type contemplated hereby, then such Bank may notify the Borrower of such fact. To the extent that the costs of such increased capital requirements are not reflected in the Base Rate, Eurodollar Rate, C/D Rate, or Fixed Rate, as applicable, the Borrower and such Bank shall thereafter attempt to negotiate in good faith an adjustment to the compensation payable hereunder which will adequately compensate such Bank in light of these circumstances. If the Borrower and such Bank are unable to agree to such adjustment within 30 days of the day on which the Borrower receives such notice, then commencing on the effective date of any such change, the fees payable hereunder shall increase by an amount certified to the Borrower pursuant to Section 3.4 hereof which will, in such Bank's reasonable determination, provide adequate compensation, provided that the Borrower shall not be liable (pursuant to either Section 3.1(a) or Section 3.1(b) hereof) to any Bank for any costs incurred more than 90 days prior to receipt by the Borrower of the notice from such Bank referred to in such sections.

(c) If any Bank has demanded compensation under Section 3.1(a), the Borrower may, by giving at least five Business Days' prior notice to such Bank through the Administrative Agent, elect to convert all C/D Rate Loans or Eurodollar Loans or Fixed Rate Loans, as the case may be, lent by such Bank into Base Rate Loans or into Eurodollar Loans or C/D Rate Loans or Fixed Rate Loans (whichever Type is not affected by the circumstances giving rise to such demand for compensation) having an Interest Period equal to that of the Eurodollar Loan or C/D Rate Loan or Fixed Rate

Loan then outstanding and affected by such election, unless and until such Bank notifies the Borrower that such circumstances no longer apply.

(d) Within 30 days after (i) any Bank has demanded compensation from the Borrower pursuant to either Section 3.1(a) or Section 3.1(b) hereof, or (ii) the Borrower is required to make a deduction or withholding for the account of any Bank pursuant to Section 3.5(c) hereof, or (iii) there shall have occurred a change in law with respect to any Bank as a consequence of which it shall have become unlawful for such Bank to make a Loan on the date of any applicable Borrowing, as described in Section 6.4, and 7.3 hereof (any such Bank described in the foregoing clauses (i), (ii) or (iii) is hereinafter referred to as an "Affected Bank"), the Borrower may request that the Non-Affected Banks acquire all, but not less than all, of the Affected Bank's outstanding Loans and assume all, but not less than all, of the Affected Bank's Commitment. If the Borrower so requests, the Non-Affected Banks may elect to acquire all or any portion of the Affected Bank's outstanding Loans and to assume all or any portion of the Affected Bank's Commitment. If the Non-Affected Banks do not elect to acquire and assume all of the Affected Bank's outstanding Loans and Commitment, the Borrower may designate a replacement bank or banks, which must be satisfactory to the Administrative Agent, to acquire and assume that portion of the outstanding Loans and Commitment of the Affected Bank not being acquired and assumed by the Non-Affected Banks. The provisions of Section 15 hereof shall apply to all reallocations pursuant to this Section 3.1(d), and the Affected Bank and any Non-Affected Banks and/or replacement banks which are to acquire the Loans and Commitment of the Affected Bank shall execute and deliver to the Administrative Agent, in accordance with the provisions of Section 15 hereof, such Assignments and Acceptances and other instruments, including, without limitation, Notes, as are required pursuant to Section 15 to give effect to such reallocations. Any Non-Affected Banks and/or replacement banks which are to acquire the Loans and Commitment of the Affected Bank shall be deemed to be Eligible Assignees for all purposes of Section 15. On the effective date of the applicable Assignments and Acceptances, the Borrower shall pay to the Affected Bank all interest accrued on its Loans up to but excluding such date, along with any fees payable to such Affected Bank hereunder up to but excluding such date.

(e) The provisions of Section 3.1(b) hereof concerning increased capital requirements shall apply to Letters of Credit issued hereunder.

Section 3.2. Indemnification. If the Borrower shall at any time (a) repay or prepay or convert any principal of any Fixed Rate Loan, Eurodollar Loan or C/D Rate Loan on a date other than the Interest Period Termination Date with respect thereto (as a consequence of acceleration pursuant to Section 10 hereof, a mandatory repayment or prepayment required hereunder, an optional prepayment, a conversion pursuant to Section 3.1(c) or otherwise), or (b) for any reason fail to borrow, convert or continue a Fixed Rate Loan, Eurodollar Loan or C/D Rate Loan on the date specified therefor in a Borrowing Notice or a Conversion Notice delivered by the Borrower to the Administrative Agent (whether as a result of a failure to satisfy any condition precedent set forth in Section 6 or Section 7 hereof, or otherwise), the Borrower shall indemnify the applicable payee Banks, on demand made by such Banks at any time and as often as the occasion therefor may arise, against all losses, costs or expenses which such Banks may at any time or from time to time incur as a consequence of such repayment, prepayment or failure to borrow. The amount of such losses, costs or expenses shall be an amount equal to the remainder, if any, of:

(i) the total amount of interest which would otherwise have accrued hereunder on the principal so paid, not borrowed or converted at a rate equal to the interest rate which otherwise would have been applicable to such principal less the Applicable Margin during the period (the "Reemployment Period") (A) in the case of any such repayment or prepayment, beginning on the date of such payment and ending on the applicable Interest Period Termination Date of the Loan so paid, or (B) in the case of any such failure to borrow or convert, beginning on the date for the Borrowing or conversion that shall have been requested in the Borrowing Notice or the Conversion Notice relating thereto and ending on the date that would have been the applicable Interest Period Termination Date of such Loan had such Borrowing or conversion been made; minus

(ii) an amount equal to the aggregate interest to be earned by the applicable payee Banks by reinvesting the amount prepaid, repaid or not borrowed or converted for the Reemployment Period at the yield to maturity on a United

States Treasury security selected by the Administrative Agent equal in amount to the amount prepaid, repaid or not borrowed or converted and having a maturity approximately equal to the Reemployment Period.

Section 3.3. Illegality or Impossibility. Notwithstanding any other provision of this Agreement, if (a) the introduction of, any change in, or any change in the interpretation of, any law or regulation applicable to any Bank shall make it unlawful, or any central bank or other governmental authority having jurisdiction thereof shall assert that it is unlawful for such Bank to perform its obligations in respect of Eurodollar Loans, or (b) if the Administrative Agent shall reasonably determine with respect to C/D Rate Loans or Eurodollar Rate Loans, that (i) by reason of circumstances affecting the Eurodollar interbank market, adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate which would otherwise be applicable during any Interest Period, or (ii) by reason of circumstances affecting the United States market in certificates of deposit, adequate and reasonable methods do not exist for ascertaining the C/D Rate which would otherwise be applicable during any Interest Period, or (iii) deposits of United States Dollars in the relevant amount for the relevant Interest Period are not available to one or more of the Reference Banks in the Eurodollar interbank market, or (iv) certificates of deposit of the relevant amount and for the relevant Interest Period are not available to one or more of the Reference Banks in the United States market for certificates of deposits, or (v) the Eurodollar Rate does not or will not accurately reflect the cost to one or more of the Reference Banks of obtaining or maintaining the applicable Eurodollar Loan during any Interest Period, or (vi) the C/D Rate does not or will not accurately reflect the cost to any one or more of the Reference Banks of obtaining or maintaining the applicable C/D Rate Loan during any Interest Period, then the Administrative Agent shall promptly give telephonic, telex or cable notice of such determination to the Borrower and the Banks (which notice shall be conclusive and binding upon the Borrower and the Banks). Before giving any notice to the Administrative Agent pursuant to this section, a Reference Bank shall designate a different lending office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. Upon such notification by the Administrative Agent,

the obligation of such affected Reference Bank and any other similarly affected Banks to make or maintain Eurodollar Loans and/or C/D Rate Loans, as applicable, shall be suspended until the Administrative Agent determines that such circumstances no longer exist, and such Bank's or Banks' outstanding Eurodollar Loans and/or C/D Rate Loans shall continue to bear interest at the applicable interest rate until the next Interest Period Termination Date if lawful (or, if such continued status is not lawful, until the date of receipt of such notification by the Borrower), and thereafter shall be deemed converted to Base Rate Loans in equal principal amounts. In such event, all payments and prepayments of principal which otherwise would have been applied to repay such converted Loans of such Bank shall instead be applied to repay the Base Rate Loans resulting from such conversion.

Section 3.4. Bank Certificates. A certificate signed by an officer of any Bank or the Administrative Agent, setting forth any additional amount required to be paid by the Borrower to such Bank or to the Administrative Agent for the accounts of the Banks under Section 3.1 or 3.2 hereof and the basis therefor, shall be delivered by such Bank or the Administrative Agent to the Borrower in connection with each demand made at any time by such Bank or the Administrative Agent upon the Borrower under any of such sections, and each such certificate shall constitute conclusive evidence, in the absence of manifest error, of the additional amount required to be paid by the Borrower to such Bank or the Administrative Agent. Each such certificate shall set forth in reasonable detail any reasonable averaging or attribution methods used by such Bank in connection with the calculation of such additional amount. A claim by any Bank or the Administrative Agent for all or any part of any additional amount required to be paid by the Borrower under Section 3.1 or 3.2 hereof may be made at any time and from time to time as often as the occasion therefor may arise.

Section 3.5. Payments to be Free of Deductions. (a) All payments by the Borrower under this Agreement shall be made without set-off or counterclaim, and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any country or any political subdivision thereof or taxing or other authority therein unless the Borrower is compelled by law to make such

deduction or withholding. If any such obligation is imposed upon the Borrower with respect to any amount payable by it to or for the account of any Bank hereunder, the Borrower will pay to the Administrative Agent for the account of such Bank on the date on which such amount becomes due and payable hereunder and in United States dollars, such additional amount as shall be necessary to enable such Bank to receive the same net amount which it would have received on such due date had no such obligation been imposed upon the Borrower, provided that the Borrower shall not be obligated to make such payment for the account of any Bank if (i) such Bank has failed to comply with Section 3.5(b) hereof, or (ii) such Bank is not entitled to exemption from deduction or withholding of United States Federal income tax for any reason other than a change in United States law or regulations or any applicable tax treaty. If the Borrower shall be required by law to make such deduction or withholding, the Borrower will deliver to the Administrative Agent tax receipts or other appropriate evidence of payment.

(b) Each Bank that is not incorporated under the laws of the United States or a state thereof agrees that (to the extent it has not already done so prior to the Effective Date) it will deliver to the Borrower on the Effective Date two duly completed and accurate originals of a valid United States Internal Revenue Service Form 4224 or Form 1001 or any successor form thereto indicating that such Bank is entitled to receive payments under this Agreement, including fees, without deduction or withholding of any United States federal income taxes. Subject to any change in applicable laws or regulations, such Bank undertakes to deliver to the Borrower, upon request, two duly completed and accurate originals of Form 1001 or Form 4224, or successor form, on or before the date that any such form expires or becomes obsolete, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes.

(c) Within 30 days after the date on which the Borrower is required to make a deduction or withholding for the account of a Bank pursuant to Section 3.5(a) hereof, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof.

Section 3.6. Interest Limitation. Notwithstanding any other term of this Agreement or the Notes or any other document referred to herein or therein, the maximum

amount of interest which may be charged to or collected from any Person liable hereunder or under any Note shall be absolutely limited to, and shall in no event exceed, the maximum amount of interest which could lawfully be charged or collected under applicable law (including, to the extent applicable, the provisions of Section 5197 of the Revised Statutes of the United States of America, as amended, 12 U.S.C. Section 85, as amended), so that the maximum of all amounts constituting interest under applicable law, howsoever computed, shall never exceed as to any Person liable therefor such lawful maximum, and any term of this Agreement or the Notes or any other document referred to herein or therein which could be construed as providing for interest in excess of such lawful maximum shall be and hereby is made expressly subject to and modified by the provisions of this section.

Section 3.7. Facility Fee. For the period commencing on the Effective Date and ending on the Revolving Credit Commitment Termination Date, the Borrower promises to pay to the Administrative Agent, for the accounts of the Banks in accordance with their Revolving Credit Commitment Percentages, a facility fee at a rate per annum equal to the Applicable Margin in effect from time to time during each calendar quarter on the daily average amount during each calendar quarter or portion thereof of the Revolving Credit Commitment Amount, whether used or unused (and whether or not the conditions set forth in Section 7 hereof shall have been satisfied) (the "Facility Fee"). The Facility Fee shall be payable quarterly in arrears on the first day of each January, April, July and October of each year for the immediately preceding calendar quarter or portion thereof then ended, commencing on January 1, 1994, with a final payment on the Revolving Credit Commitment Termination Date.

Section 3.8. Agent's Fee. The Borrower promises to pay to the Administrative Agent for its own account an agent's fee (the "Agent's Fee") in the amounts and at the times provided in that certain letter agreement, dated as of the date hereof, between the Borrower and the Administrative Agent (the "Agent's Fee Letter").

Section 3.9. Letter of Credit Fee. The Borrower shall pay to the Administrative Agent for the account of the Letter of Credit Bank a fee in respect of each Letter of Credit issued by it pursuant to Section 2.11 hereof

calculated at the rate of 1/4% per annum on the daily average Maximum Drawing Amount of each such Letter of Credit, payable quarterly in arrears during the term of such Letter of Credit, commencing upon the last day of the quarter in which such Letter of Credit was issued, and upon the Revolving Credit Commitment Termination Date. The Borrower shall also pay to the Administrative Agent for the accounts of the Banks (including FNBB if the Letter of Credit Bank is FNBB and BofA if the Letter of Credit Bank is BofA) in accordance with their Revolving Credit Commitment Percentages a fee in respect of each such Letter of Credit calculated at the rate per annum equal to the Applicable Margin in effect from time to time during such quarter with respect to Eurodollar Standby Loans on the daily average Maximum Drawing Amount thereof, payable quarterly in arrears during the term of such Letter of Credit, commencing upon the last day of the quarter in which such Letter of Credit was issued, and upon the Revolving Credit Commitment Termination Date (the foregoing fees are referred to collectively as the "Letter of Credit Fee"). In addition (but without duplication), the Borrower shall pay to the Administrative Agent for the account of the Letter of Credit Bank (upon presentation by the Letter of Credit Bank to the Administrative Agent, and in turn by the Administrative Agent to the Borrower, of an invoice documenting such fees) the Letter of Credit Bank's standard processing, negotiating, amendment and administrative fees, as determined in accordance with the Letter of Credit Bank's customary fees and charges for similar facilities.

Section 3.10. Amendment Fee. In consideration of the Banks' agreement, subject to the terms and conditions set forth herein, to make Standby Loans to the Borrower and to participate in Letters of Credit issued for the account of the Borrower, pursuant to this amendment and restatement of the Original Credit Agreement, the Borrower hereby agrees to pay to the Administrative Agent, on the Effective Date, for the accounts of the Banks in accordance with their Revolving Credit Commitment Percentages, an amendment fee (the "Amendment Fee") in the amount of \$100,000.

Section 4. CLOSING; PAYMENTS AND COMPUTATIONS.

Section 4.1. Closing. The closing of the transactions contemplated by this Agreement shall occur on November 12, 1993, or such other date (which in no event shall be later than November 30, 1993) agreed upon by the

Borrower and the Administrative Agent.

Section 4.2. Use of Proceeds. The Borrower covenants and agrees that the proceeds of the Loans shall be used for working capital and general corporate purposes, including, without limitation, back-up liquidity for the Borrower's commercial paper program.

Section 4.3. Payments. All payments hereunder (whether of principal, interest, Facility Fee, Agent's Fee, Amendment Fee, Letter of Credit Fee or otherwise) shall be made by the Borrower in United States dollars to the Administrative Agent in immediately available funds at the Head Office no later than 11:00 a.m. (Boston time) on the date due. Upon receipt by the Administrative Agent of any such payment of principal, interest or fees (other than fees or expenses to be retained by the Administrative Agent for its own account pursuant to the terms of this Agreement or fees to be retained by FNBB in its capacity as Letter of Credit Bank for its own account), the Administrative Agent shall remit promptly (and in any event on the same day) to each Bank its pro rata (or otherwise applicable) share of such payment, as provided in Section 2.16 hereof.

Section 4.4. Computations. All computations of interest in respect of Base Rate Loans, overdue interest and fees payable hereunder (including the Facility Fee) shall be based on a 365/366-day year and the actual number of days elapsed. All computations of interest payable hereunder in respect of Fixed Rate Loans, C/D Rate Loans and Eurodollar Loans shall be based on a 360-day year and the actual number of days elapsed. Whenever a payment hereunder or under the Notes becomes due on a day which is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day and interest and all applicable fees shall accrue during each such extension.

Section 4.5. Banks' Obligations. The failure or refusal of any of the Banks at any time to make available to the Administrative Agent the amount of the Standby Loans to be made by such Bank at such time shall not relieve any other Bank from its obligations hereunder to make Standby Loans in the amount of its Revolving Credit Commitment Percentage of the Standby Loans requested, but no Bank shall be responsible for the failure of any other Bank to make the Standby Loans to be made by such other Bank. The Banks'

obligations hereunder shall be several and not joint.

Section 4.6. Reference Banks. Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent as contemplated hereby. If any Reference Bank does not furnish a timely quotation for any reason other than those set forth in Section 3.3 hereof, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Reference Banks. If any Reference Bank does not furnish a timely quotation for any of the reasons set forth in Section 3.3, the provisions of Section 3.3 shall apply.

Section 5. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to the Banks that, after giving effect to the satisfaction of each of the conditions precedent set forth in Section 6 hereof (other than Section 6.2 hereof):

Section 5.1. Existence and Good Standing, Etc.

(a) Each of the Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has adequate corporate power and authority to own its property and to conduct its business as presently conducted.

(b) Each of the Borrower and its Subsidiaries is qualified to do business and in good standing in each jurisdiction in which the nature of such Person's business and property owned or held under lease make such qualification necessary, except for jurisdictions in which the failure to qualify will have no material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or on the Borrower's ability to perform its obligations under the Loan Documents.

Section 5.2. Power; Consents; Absence of Conflict with Other Agreements, Laws, Etc. (a) The Borrower has adequate corporate power and authority to enter into each of the Loan Documents, to perform, observe and comply with all of its agreements and obligations under each of such documents, and to make the borrowings contemplated by this Agreement.

(b) The execution and delivery by the Borrower of the Loan Documents, the performance by the Borrower of all of its agreements and obligations under each of

such documents and the making by the Borrower of the borrowings contemplated by this Agreement have been duly authorized by all necessary corporate action by the Borrower, and do not and will not (i) violate any provision of its Charter or bylaws (each as in effect from time to time), (ii) conflict with, result in a breach of any term, condition or provision of, constitute a default under, or result in the creation of any Lien upon any of its property under, any agreement, trust deed, indenture, mortgage or other instrument to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries or any of their property is bound or affected, (iii) violate or contravene any provision of any law, regulation, order, ruling or interpretation thereunder (including, without limitation, Regulations G, T, U or X of the Board of Governors of the Federal Reserve System) or any decree, order or judgment of any court or governmental or regulatory authority, bureau, agency or official (all as in effect from time to time and applicable to it), (iv) require any waivers, consents or approvals by any of its creditors which have not been obtained, (v) require any consents or approvals by any of its shareholders (except such as will be duly obtained on or prior to the Effective Date and will be in full force and effect on and as of such date), or (vi) require any approval, consent, order, authorization or license by, or giving notice to, or taking any other action with respect to, any governmental or regulatory authority or agency under any provision of any applicable law, except those approvals, consents, orders, authorizations and actions which are listed and described on Schedule 5.2 attached hereto, each of which has been obtained or taken or will be obtained or taken prior to the Effective Date.

Section 5.3. Binding Effect of Documents. The Borrower has duly executed and delivered each of the Loan Documents, and, assuming that each of the Administrative Agent and the Banks has duly executed and delivered this Agreement, each of the Loan Documents is in full force and effect. The agreements and obligations of the Borrower contained in each of the Loan Documents constitute its legal, valid and binding obligations, enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, and

except to the extent that enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.4. Financial Statements; Solvency. (a) The consolidated balance sheet of the Borrower and its Subsidiaries as at the Balance Sheet Date, and the related statements of income, retained earnings and cash flows, certified by the Borrower's Independent Accountants, have been prepared in conformity with Generally Accepted Accounting Principles applied on a basis consistent with prior periods (except as disclosed therein) and fairly and accurately present the financial condition, assets and liabilities of the Borrower and its Subsidiaries as at the date hereof for the period then ended. There are no material liabilities, contingent or otherwise, of the Borrower or any of its Subsidiaries as of such date which are not disclosed on said balance sheet and the related notes thereto.

(b) The Borrower (both before and after giving effect to the transactions contemplated hereby) is solvent, has assets having a fair value in excess of the amount required to pay its probable liabilities or its existing debts as they become absolute and matured, and has, and will have access to, adequate capital for the conduct of its business and the ability to pay its debts from time to time incurred in connection therewith as such debts mature.

Section 5.5. Title to Properties. The Borrower and its Subsidiaries own all of the assets reflected in the consolidated balance sheet of the Borrower and its Subsidiaries as at the Balance Sheet Date or acquired since that date (except assets sold or otherwise disposed of in the ordinary course of business since that date, and except those assets listed and described on Schedule 9.1 attached hereto), subject in each case to no Liens except those permitted by Section 9.2 hereof.

Section 5.6. No Adverse Changes. Since the Balance Sheet Date, there has not been any materially adverse change in the business, assets, financial condition or results of operations of the Borrower and its Subsidiaries, taken as a whole.

Section 5.7. Litigation. Except as disclosed in the Parent's Form 10-K for the year ended December 31,

1992, there is no restraining order, injunction, claim, action, suit, proceeding or investigation of any kind pending or, to the best knowledge of the Borrower, threatened against or, as of the Effective Date, affecting, the Borrower or any of the Borrower's Subsidiaries before any court, tribunal, governmental or regulatory authority, commission, administrative agency or board in which there is a significant possibility of an adverse decision which would, either by itself or taken together with other such matters, materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole or which questions the validity or enforceability of this Agreement or any of the other Loan Documents. As of the Effective Date, the actions, suits or proceedings described in the Parent's Form 10-K referred to above, either individually or in the aggregate, are not expected to materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries or question the validity or enforceability of this Agreement or the other Loan Documents.

Section 5.8. No Adverse Provisions. Neither the Borrower nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Borrower's officers has or is expected in the future to have a materially adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or on the Borrower's ability to perform its obligations under the Loan Documents. Neither the Borrower nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Borrower's officers has or is expected to have a materially adverse effect on the Borrower's ability to perform its obligations under the Loan Documents.

Section 5.9. Compliance with Other Instruments, Laws, Etc. Neither the Borrower nor any of its Subsidiaries is violating any provision of its Charter or by-laws, any agreement, contract or instrument by which it or any of its properties is bound, or any decree, order, judgment, statute, license, rule or regulation applicable to it, in a manner which could result in the imposition of substantial penalties or materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

Section 5.10. Tax Status. Each of the Borrower and the Borrower's Subsidiaries has (a) made or filed all material federal and state tax returns, reports and declarations required by any jurisdiction to which it is subject, (b) paid all taxes and other governmental assessments and charges, as shown or determined to be due on such tax returns, reports and declarations, except for taxes the amount, applicability or validity of which is currently being contested by it in good faith by appropriate proceedings and with respect to which it has set aside on its books reserves reasonably deemed by it to be adequate therefor, and (c) set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction.

Section 5.11. Location of Office. The Borrower's chief executive office and the location where its books and records are kept is 455 North Cityfront Plaza Drive, Chicago, Illinois 60611-5504.

Section 5.12. Disclosure. The representations and warranties made by the Borrower in this Agreement or by the Borrower or the Parent in any agreement, instrument, document, certificate, statement or letter furnished to the Banks on behalf of the Borrower in connection with any of the transactions contemplated by the Loan Documents did not, taken as a whole, together with all other information provided by or on behalf of the Borrower in connection with the transactions contemplated herein contain, when made, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Except as previously disclosed in writing to the Banks, there is no fact known to the Borrower (excluding general economic and political conditions affecting business generally) which materially adversely affects, or which is reasonably likely in the future to materially adversely affect, the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole.

Section 5.13. Employee Benefit Plans.

(a) In General. Each Employee Benefit Plan has been maintained and operated in compliance in all

material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions. The Borrower has heretofore delivered to the Agent the most recently completed annual report, Form 5500, with all required attachments, and actuarial statement required to be submitted under Section 103(d) of ERISA, with respect to each Guaranteed Pension Plan.

(b) Guaranteed Pension Plans. The Borrower and its ERISA Affiliates have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Guaranteed Pension Plan, and neither the Borrower nor any ERISA Affiliate has failed to make any contribution to any Guaranteed Pension Plan which has resulted or could reasonably be expected to result in the imposition of a Lien under Section 302(f) of ERISA. No waiver of an accumulated funding deficiency or extension of amortization periods has been received with respect to any Guaranteed Pension Plan. No liability to the PBGC (other than required insurance premiums, all of which have been paid) has been incurred by the Borrower or any ERISA Affiliate with respect to any Guaranteed Pension Plan, and there has not been any ERISA Reportable Event (other than an Event as to which the requirement of 30 days notice has been waived), or any other event or condition which presents a material risk of termination of any Guaranteed Pension Plan by the PBGC. Based on the latest valuation of each Guaranteed Pension Plan (which in each case occurred within twelve months of the date of this representation) and on the actuarial methods and assumptions employed for that valuation, the aggregate benefit liabilities of all such Guaranteed Pension Plans within the meaning of Section 4001 of ERISA did not exceed the aggregate value of the assets of all such Plans by more than \$5,000,000, disregarding for this purpose the benefit liabilities and assets of any Guaranteed Pension Plan with assets in excess of benefit liabilities.

(c) Multiemployer Plans. Neither the Borrower nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under Section 4201 of ERISA or as a result of a sale of assets described in Section 4204 of ERISA. Neither the Borrower nor any ERISA Affiliate has been notified that any

Multiemployer Plan is in reorganization or insolvent under and within the meaning of Section 4241 or Section 4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA.

Section 5.14. Business. Each of the Borrower and its Subsidiaries enjoys peaceful and undisturbed possession under all leases which are material to the Borrower and its Subsidiaries, taken as a whole, of real or personal property of which any Person is lessee, subject to the rights of sublessees and other parties lawfully in possession in the ordinary course of business, none of which contains any unusual or burdensome provision which would be reasonably likely materially adversely to affect or to impair the operations of the Borrower and its Subsidiaries, taken as a whole, and all such leases which are material to the operations of the Borrower and its Subsidiaries, taken as a whole, are valid and subsisting and in full force and effect. Each of the Borrower and its Subsidiaries has rights with respect to all of the material patents, trademarks, permits, service marks, trade names, copyrights, licenses and franchises, and shall have obtained assignments of all other rights of whatever nature, necessary for the present and planned future conduct of its business, without any known conflict with the rights of others which might result in a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole. Each of the Borrower and its Subsidiaries owns, leases or has the right to use all properties, franchises, rights and licenses, and employs employees, in an amount and manner sufficient to conduct railroad operations as now conducted and as proposed to be conducted, without any conflict with the rights of others.

Section 5.15. Capitalization. (a) The Parent is the record and beneficial owner, free and clear of all Liens, of all of the issued and outstanding capital stock of the Borrower. All shares of such capital stock have been validly issued and are fully paid and nonassessable, and no rights to subscribe to additional shares have been granted or exist.

(b) Schedule 5.15 attached hereto sets forth a true, accurate and complete list as of the Effective Date of all of the Subsidiaries of the Borrower and other Persons in which the Borrower has an equity investment, the jurisdiction of organization of such Subsidiaries, the organizational form of such

Subsidiaries, the percentage equity interest of the Borrower (or its Subsidiaries) in such Subsidiaries, and the amount and nature of the investment by the Borrower (or its Subsidiaries) in such Subsidiaries.

Section 5.16. Holding Company and Investment Company Acts. Neither the Borrower nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935; nor is any of such Persons a "registered investment company" or an "affiliated company" or a "principal underwriter" of a "registered investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.17. Certain Transactions. None of the officers or directors of the Borrower or its Subsidiaries is presently a party to any transaction with the Borrower or its Subsidiaries or any other Person which is directly or indirectly controlled (as defined in the definition of Affiliate in Section 1(a) hereof) by the Parent (other than for services as employees, officers and directors), including, without limitation, any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Borrower, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

Section 5.18. Environmental Compliance. (a) The Borrower has taken all appropriate steps to investigate the past and present condition and usage of its and its Subsidiaries' properties and the operations conducted thereon and, based upon such diligent investigation, has determined that:

(i) except as set forth on Schedule 5.18 attached hereto, none of the Borrower, its Subsidiaries or, to the best of the Borrower's knowledge, any lessee of its properties is in violation, or alleged violation, of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without limitation those arising under the Resource Conservation and Recovery Act ("RCRA"), the

Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act ("HAZMAT"), or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment (hereinafter "Environmental Laws"), which violation would have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole;

(ii) except as set forth in Schedule 5.18 attached hereto, none of the Borrower or its Subsidiaries has received written notice from any third party including without limitation any federal, state or local governmental authority, (A) that any one of them has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986); (B) that any hazardous waste as defined by 42 U.S.C. Section 6903(5), any hazardous substances as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant as defined by 42 U.S.C. Section 9601(33) and any toxic substance, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") which any one of them has generated, transported or disposed of has been found at any site at which a federal, state or local agency or other third party has conducted or has ordered that the Borrower or any of its Subsidiaries conduct a remedial investigation, removal or other response action pursuant to any Environmental Law; or (C) that it is or shall be a named party to any claim, action, cause of action, complaint (contingent or otherwise), legal or administrative proceeding arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Substances which, in the case of each of (A) or (B), the effect of which, or in the case of (C) above, if adversely determined to the Borrower, would have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole;

(iii) except as set forth on Schedule 5.18 attached hereto and to the best knowledge of the Borrower: (A) no portion of the property of the Borrower or its Subsidiaries has been used for the

handling, manufacturing, processing, storage or disposal of Hazardous Substances except in accordance with applicable Environmental Laws or where non-compliance with applicable Environmental Laws would not have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole; and no underground tank or other underground storage receptacle for Hazardous Substances is located on such properties;

(B) in the course of any activities conducted by the Borrower, its Subsidiaries or lessees of its properties, no Hazardous Substances have been generated or are being used on such properties except in accordance with applicable Environmental Laws or where non-compliance with applicable Environmental Laws would not have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole;

(C) there have been no releases (i.e. any past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping) or threatened releases of Hazardous Substances on, upon, into or from the properties of the Borrower or its Subsidiaries, which releases would have a material adverse effect on the financial condition of the Borrower and its Subsidiaries, taken as a whole; and (D) in addition, any Hazardous Substances that have been generated on the properties of the Borrower or any of its Subsidiaries have been transported or disposed of in accordance with applicable laws and regulations by transporters and to disposal facilities, which, to the best knowledge of the Borrower (without independent inquiry), are operating in compliance in all material respects with applicable permits and laws;

(iv) none of the properties of the Borrower or any of its Subsidiaries are or shall be subject to any applicable environmental cleanup responsibility law or environmental restrictive transfer law or regulation by virtue of the transactions set forth herein and contemplated hereby; and

(v) each of the Borrower and its Subsidiaries is in material compliance with HAZMAT and the regulations thereunder (49 C.F.R. Parts 100 to 199).

Section 5.19. Liens. (a) No valid mortgages, chattel mortgages, assignments, statements of assignment, security agreements or deeds of trust have been filed by any person or persons with respect to any part of the property or assets of the Borrower or any of the Borrower's Subsidiaries except for mortgages and

security agreements which are otherwise permitted by the provisions of Section 9.2 hereof.

(b) No valid financing statement which names the Borrower or any of the Borrower's Subsidiaries as a debtor, or encumbers or attempts to encumber any of the material assets or a material portion of the assets of any of such Persons, has been filed in any jurisdiction in the United States or any State thereof pursuant to Article 9 of the Uniform Commercial Code of any State, and none of the Borrower or any of the Borrower's Subsidiaries has signed any financing statement or any security agreement authorizing any secured party thereunder to file any such financing statement in any such jurisdiction, other than financing statements with respect to Liens (including, without limitation, capitalized leases) permitted by Section 9.2 hereof and financing statements filed for protective purposes only by lessors under operating leases with respect to which the Borrower is lessee.

Section 5.20. Administrative Agent as Senior Debt Agent. The Administrative Agent is the "Senior Debt Agent" under the Debenture Indenture.

Section 5.21. Fiscal Year. Each of the Borrower and its Material Subsidiaries has a fiscal year which is the twelve months ending on December 31 of each calendar year.

Section 5.22. No Default. No Default or Event of Default exists at the delivery of this Agreement.

Section 5.23. Insurance. Schedule 5.23 attached hereto lists the policies and types and amounts of coverage (including all deductibles) of theft, fire, liability, life, property and casualty and other insurance owned or held by the Borrower and its Subsidiaries on the date hereof. Such policies of insurance are maintained with financially sound and reputable insurance companies, funds or underwriters and are of the kinds and cover such risks and are in such amounts and with such deductibles and exclusions as are consistent with the prudent business practice of similarly structured and similarly capitalized companies of similar size in the Borrower's industry. All such policies (or substitute policies complying with Section 8.10 hereof) are in full force and effect; are sufficient for compliance by the Borrower and its Subsidiaries with all requirements of law and of all agreements to which such Persons are parties; are valid, outstanding and enforceable policies and

provide that they will remain in full force and effect through the respective dates set forth in such schedule; and coverage thereunder will not be reduced by, or terminate or lapse by reason of, the transactions contemplated by or referred to in this Agreement.

Section 5.24. Regulation U. No proceeds of the Loans shall be used for the purpose of purchasing or carrying any "margin security" or "margin stock", as such terms are used in Regulations G, T, U and X of the Board of Governors of the Federal Reserve System.

Section 6. EFFECTIVE DATE; CONDITIONS TO EFFECTIVENESS. This Agreement shall not become effective and the Original Credit Agreement shall remain in full force and effect unless and until the date (the "Effective Date"), which must be no later than the date specified as the latest permitted closing date under Section 4.1 hereof, that each of the conditions precedent specified in this Section 6 is satisfied.

Section 6.1. Delivery of Documents. (a) This Agreement shall have been duly and properly authorized, executed and delivered by the Borrower, the Administrative Agent, the Competitive Bid Agent and the Banks.

(b) Each of the Notes shall have been duly and properly authorized, executed and delivered by the Borrower and shall be in full force and effect.

(c) Executed original counterparts of each of the Loan Documents shall have been furnished to the Administrative Agent.

Section 6.2. Representations and Warranties. The representations and warranties contained herein shall have been correct as of the date on which made and shall also be correct at and as of the Effective Date except to the extent that the facts upon which such representations and warranties are based may have changed as a result of transactions permitted or contemplated hereby.

Section 6.3. No Default. On the Effective Date there shall exist no Default or Event of Default, and no Default or Event of Default shall result from consummation of the transactions on the Effective Date.

Section 6.4. Legality. No change in applicable law

shall have occurred as a consequence of which it shall have become and continue to be unlawful for any Bank to make a Loan on such occasion, provided that those Banks to whom such change in law is not applicable shall continue to be obligated to make Loans hereunder, notwithstanding the fact that one or more other Banks are affected by such change in law. Within 30 days after any Bank fails to make a Loan as a result of this section, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof.

Section 6.5. Proceedings and Documents. All corporate, governmental and other proceedings in connection with the transactions contemplated by the Loan Documents and all instruments and documents incident thereto shall be reasonably satisfactory in substance and in form to the Banks and to the Banks' Special Counsel, and the Banks and such counsel shall have received all information and such counterpart originals or certified or other copies of such documents as the Banks or such counsel may reasonably request.

Section 6.6. Legal Opinions. The Banks shall have received written opinions addressed to the Banks from counsel to the Borrower in the form of Exhibits C-1 and C-2 attached hereto. The Banks shall have received a favorable written opinion of Steptoe & Johnson, special counsel to the Borrower, which is satisfactory to the Banks in all respects, with respect to Interstate Commerce Commission matters. The Borrower hereby instructs all such counsel to deliver such opinions to the Banks.

Section 6.7. Financial Condition. The Banks shall have received the financial statements referred to in Section 5.4 hereof.

Section 6.8. Delivery of Charter and Other Documents. The Administrative Agent shall have received from the Borrower copies, certified by a duly authorized officer of the Borrower to be true and complete as of the Effective Date of each of (a) the Charter of the Borrower as in effect on such date, (b) the bylaws of the Borrower in effect on such date, (c) the resolutions of the Board of Directors of the Borrower authorizing the execution and delivery by the Borrower of each of the Loan Documents and its performance of all of its agreements and obligations under each of such documents and the borrowings and other transactions contemplated by this Agreement, and (d)

an incumbency certificate giving the name, title, and bearing a specimen signature of each individual who shall be authorized to sign, in its name and on its behalf, each of the Loan Documents, and to make application for the Loans, and to give notices and to take other action on its behalf under the Loan Documents.

Section 6.9. Amendment Fee. The Administrative Agent shall have received the Amendment Fee as provided in Section 3.10.

Section 6.10. Closing Certificate. (a) The Borrower shall have delivered a closing certificate substantially in the form of Exhibit D attached hereto, and such closing certificate shall be in full force and effect.

(b) The Administrative Agent shall have executed this Agreement signifying to the Borrower and the Banks (i) that it has received satisfactory evidence that the closing conditions set forth in this Section 6 have been satisfied and (ii) that the Effective Date shall have occurred.

Section 6.11. Original Credit Agreement. All fees, including the Commitment Fee (as defined in the Original Credit Agreement), expenses and other amounts payable pursuant to the Original Credit Agreement, excluding all outstanding Loans (as defined in the Original Credit Agreement) and accrued interest thereon, shall have been paid in full.

Section 6.12. ICC Filings. The Borrower shall have filed or caused to be filed with the Interstate Commerce Commission a notice of exemption under 49 C.F.R. 1175 which complies with the provisions of such regulations and which seeks an exemption from the requirements of 49 U.S.C. 11301 for implementation of the provisions of this Agreement and such exemption shall have become effective.

Section 6.13. Facility A Credit Agreement. The Borrower, the banks named therein and FNBB, as administrative agent and competitive bid agent, shall have executed and delivered the Facility A Credit Agreement and such agreement shall be in full force and effect.

Section 7. CONDITIONS OF BORROWING. The obligation of the Banks to make any Loans, and the obligation of the Letter of Credit Bank, with the pro rata participation of the Banks, to issue any Letters of Credit, is

subject to the satisfaction of the following conditions precedent:

Section 7.1. Representations and Warranties. The representations and warranties contained in this Agreement shall have been correct as of the date on which made and shall also be correct at and as of the date of the applicable Borrowing with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may have changed as a result of transactions permitted or contemplated hereby.

Section 7.2 No Default. At the time of the applicable Borrowing, there shall exist no Default or Event of Default, and no Default or Event of Default shall result from consummation of the applicable Borrowing.

Section 7.3. Legality. (i) In the case of the obligation to make any Loans, no change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for the applicable Banks to make such a Loan on such occasion, provided that those Banks to whom such change in law is not applicable shall continue to be obligated to make Loans hereunder, notwithstanding the fact that one or more other Banks are affected by such change in law; within 30 days after any Bank fails to make a Loan as a result of this section, the Borrower may replace such Bank in accordance with the terms of Section 3.1(d) hereof; and (ii) in the case of the obligation to issue a Letter of Credit, no change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for the Letter of Credit Bank to issue a Letter of Credit.

Section 7.4. Borrowing Notice; Competitive Bid Request. The Borrower shall have delivered a Competitive Bid Request in accordance with the provisions of Section 2.5 hereof, or a Borrowing Notice in accordance with the provisions of Section 2.6 hereof, or, if the Borrower is requesting the issuance of a Letter of Credit, a request for such issuance in accordance with the provisions of Section 2.11 hereof. The Borrowing Notice, Competitive Bid Request or request for the issuance of a Letter of Credit, as the case may be, shall constitute a certification by the Borrower that the conditions set forth in this Section 7.4 will be satisfied as of the date of the applicable Borrowing.

Section 8. AFFIRMATIVE COVENANTS. The Borrower hereby covenants and agrees that, so long as the Loans or the Notes are outstanding, any amounts are owing pursuant to this Agreement, or the Banks have any Commitment to make Loans hereunder:

Section 8.1. Punctual Payment. The Borrower will duly and punctually pay or cause to be paid the principal of and interest on the Loans, the Facility Fee, the Agent's Fee, the Letter of Credit Fee and all other amounts from time to time owing hereunder or under the other Loan Documents, all in accordance with the terms of this Agreement and the other Loan Documents.

Section 8.2. Records and Accounts. The Borrower will and will cause each of its Subsidiaries to keep true records and books of account in which proper entries will be made in accordance with Generally Accepted Accounting Principles and to maintain adequate accounts and reserves for all taxes (including income taxes), all depreciation, depletion, obsolescence and amortization of its properties, all contingencies and all other reserves in accordance with Generally Accepted Accounting Principles.

Section 8.3. Financial Statements, Certificates and Information. The Borrower will furnish to the Banks:

(a) As soon as practicable and, in any event, within 90 days after the end of each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year, consolidated statements of income and consolidated statements of retained earnings and cash flow of the Borrower and its Subsidiaries for the fiscal year then ended, each setting forth in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles, accompanied by a report and unqualified opinion of the Borrower's Independent Accountants (who shall be reasonably satisfactory to the Banks), which report and opinion shall have been prepared in accordance with generally accepted auditing standards. In addition, the Borrower will obtain from such Independent Accountants and deliver to the Banks within said period of 90 days the certified statement of such Independent Accountants that they have read a copy of this Agreement and that, in making the examination necessary for said certification,

performing activities within the normal scope of their audit and without further inquiry, they have obtained no knowledge of any Default or Event of Default then existing, or, if such accountants shall have obtained knowledge of any then existing Default or Event of Default, they shall disclose in such statement any such Default or Event of Default.

(b) As soon as practicable and, in any event, within 45 days after the end of each fiscal quarter in each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and consolidated statements of income and consolidated statements of retained earnings and cash flow of the Borrower and its Subsidiaries for the portion of the fiscal year then ended, each in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles applied on a basis consistent with prior periods except as otherwise specified, subject to year-end audit adjustment, and certified on behalf of the Borrower by an Officer's Certificate.

(c) As soon as practicable and, in any event, within 45 days after the end of each fiscal quarter in each fiscal year of the Borrower, financial and operating statistics of the Borrower and its Subsidiaries as at the end of such fiscal quarter, in reasonable detail and in such form as shall be satisfactory to the Administrative Agent, which, to the extent such statistics are in the form of financial statements, have been prepared in accordance with Generally Accepted Accounting Principles applied on a basis consistent with prior periods except as otherwise disclosed therein, along with an analysis, in reasonable detail, of the variances, if any, of such financial and operating statistics from the projections for such fiscal quarter previously furnished to the Banks, in each case certified on behalf of the Borrower by an Officer's Certificate.

(d) Promptly upon receipt thereof, copies of all management letters which are submitted to the Borrower by its Independent Accountants in connection with any annual or interim audit of the books of the Borrower made by such accountants.

(e) As soon as practicable but, in any event, within 15 Business Days after the issuance thereof, copies of such other financial statements, reports and notices as the Borrower shall send to its bondholders,

noteholders or other lenders and copies of all reports filed by the Borrower with the Securities and Exchange Commission and the Interstate Commerce Commission or any similar or corresponding governmental commission, department or agency substituted for either of the foregoing, federal or state.

(f) Within the time periods provided in paragraphs (a) and (b) above a certificate substantially in the form of Exhibit E attached hereto (a "Compliance Certificate").

(g) No later than 30 days after the end of each fiscal year of the Borrower, projections of the financial and operating performance of the Borrower and its Subsidiaries on a monthly basis for the next succeeding fiscal year, as well as forecasts of the Borrower and its Subsidiaries' projected compliance with the covenants contained in Section 9 hereof on a quarterly basis for such next fiscal year, and projections of such performance on an annual basis for each of the four following fiscal years. The Borrower agrees that it will cause such projections and forecasts to be amended from time to time as necessary in light of events affecting operations.

(h) With reasonable promptness, such other data as any Bank may reasonably request.

All confidential information and documents concerning the Borrower and its Subsidiaries supplied by the Borrower to the Banks shall be held in confidence by the Banks and the Banks shall not disclose such information and documents, except the Borrower hereby authorizes the Banks to disclose any information obtained pursuant to this Agreement or the other Loan Documents to participants and potential participants as provided in Section 15(e) hereof, to legal counsel for the Banks, to consultants of the Banks who have agreed to be bound by the confidentiality provisions of this Agreement, to employees of and agents for the Banks in their ongoing business, and to any independent auditors of the Banks and to all appropriate governmental regulatory authorities or courts to the extent requested or subpoenaed, but only to the extent permitted by applicable laws and regulations, including those applying to classified material. Upon receipt of a request to disclose any information to governmental authorities or courts other than governmental bank examiners and independent auditors of the Banks, the Banks will notify the Borrower, to

the extent permitted by applicable law and regulations, of such request and, to the extent practicable, permit the Borrower to seek a protective order with respect thereto.

Section 8.4. Business and Legal Existence. The Borrower will and will cause each of its Material Subsidiaries to keep in full force and effect its legal existence (except as permitted by Section 9.5 hereof) and good standing under the laws of its jurisdiction of incorporation, maintain its qualification to do business in each state in which the failure to qualify would have a material adverse effect on the business, assets or financial condition of such Person and maintain all rights, licenses, leases and franchises reasonably necessary and material to the conduct of its business.

Section 8.5. Payment of Taxes. The Borrower will and will cause each of its Subsidiaries promptly to pay and discharge all lawful state and federal taxes, assessments and governmental charges or levies imposed upon it or upon its income or profit or upon any property belonging to it, unless such tax, assessment, charge or levy shall not at the time be due and payable or can be paid thereafter without penalty, or if the validity thereof shall currently be contested in good faith by appropriate proceedings and adequate reserves with respect to such tax, assessment, charge or levy shall have been established in accordance with Generally Accepted Accounting Principles.

Section 8.6. Inspection of Properties and Books. The Borrower will and will cause each of its Subsidiaries to permit the Banks and any designated representatives to visit and inspect any of the properties of the Borrower and its Subsidiaries to examine the books of account (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries with, and to be advised as to the same by, their officers, all at such reasonable times as the Majority Banks may reasonably request.

Section 8.7. Notice of Litigation. The Borrower will and will cause each of its Subsidiaries promptly to notify the Banks of the issuance of any restraining order or injunction or the commencement of any claim, action, suit, proceeding or investigation of any kind against any of the Borrower or any of its Subsidiaries in which there is a reasonable likelihood of an

adverse decision which would either by itself or taken together with other such matters, materially adversely affect the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole,

or which question the validity or enforceability of this Agreement or the other Loan Documents.

Section 8.8. Notice of Default. If the Borrower or any of its Subsidiaries shall at any time obtain knowledge of the existence of any Default or Event of Default, the Borrower shall, within two Business Days of the occurrence of such Default or Event of Default, deliver to the Banks a certificate entitled "notice of default", specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

Section 8.9. Compliance with Law, Etc. The Borrower will and will cause each of its Subsidiaries to (a) comply with all provisions of its Charter and by-laws and all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it is or becomes subject and noncompliance with which would have a material adverse effect on the business, assets, financial condition or operations of the Borrower and its Subsidiaries, taken as a whole, or on the ability of the Borrower to fulfill its obligations under this Agreement or the other Loan Documents; and (b) promptly obtain, maintain, apply for renewal, and not allow to lapse, any authorization, consent, approval, license or order for, and accomplish any filing or registration with, any court or judicial, administrative or governmental authority or any other Person which is or becomes necessary in order that it perform in all material respects all of its obligations under this Agreement, the other Loan Documents and in order that the same are valid and binding and effective in accordance with their terms.

Section 8.10. Insurance. The Borrower will and will cause each of its Subsidiaries to maintain at all times insurance with substantially similar coverage and conditions as the insurance listed on Schedule 5.23 attached hereto. Each of such insurance policies shall provide that such policy may not be terminated, cancelled or materially modified without 30 days' prior written notice to the Administrative Agent. The Borrower will not and will not permit any of its Subsidiaries to reduce the levels of insurance coverage below those in effect on the Effective Date,

as reflected on such schedule, without the prior written consent of the Majority Banks unless such coverage is not available on commercially reasonable terms to the Borrower or such Subsidiary and to other similarly sized companies in the Borrower's industry.

Section 8.11. Employee Benefit Plans. Neither the Borrower nor any ERISA Affiliate will:

(a) engage in any "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code which could result in a material liability for the Borrower; or

(b) permit any Guaranteed Pension Plan to incur an "accumulated funding deficiency", as such term is defined in Section 302 of ERISA, whether or not such deficiency is or may be waived; or

(c) fail to contribute to any Guaranteed Pension Plan to an extent which, or terminate any Guaranteed Pension Plan in a manner which, could result in the imposition of a lien or encumbrance on the assets of the Borrower pursuant to Section 302(f) or Section 4068 of ERISA; or

(d) permit or take any action which would result in the aggregate benefit liabilities (with the meaning of Section 4001 of ERISA) of all Guaranteed Pension Plans exceeding the value of the aggregate assets of such Plans, disregarding for this purpose the benefit liabilities and assets of any such Plan with assets in excess of benefit liabilities, by more than \$10,000,000.

The Borrower will (i) promptly upon the request of the Administrative Agent, furnish to the Administrative Agent a copy of the most recent actuarial statement required to be submitted under Section 103(d) of ERISA and Annual Report, Form 5500, with all required attachments, in respect of each Guaranteed Pension Plan and (ii) promptly upon receipt or dispatch, furnish to the Administrative Agent any notice, report or demand sent or received in respect of a Guaranteed Pension Plan under Section 302, 4041, 4042, 4043, 4063, 4065, 4066 and 4068 of ERISA, or in respect of a Multiemployer Plan, under Section 4041A, 4202, 4219, 4242, or 4245 of ERISA.

Section 8.12. Environmental Compliance. The Borrower will and will cause each of its Subsidiaries to comply with all Environmental Laws, including, without limitation, those concerning the establishment and maintenance of underground tanks and other underground storage receptacles or the transportation of hazardous materials, except where noncompliance with such Environmental Laws would not have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, and will, upon receipt of any notice of material non-compliance or knowledge of material non-compliance, promptly send copies of such notice or communicate its knowledge of such non-compliance to the Administrative Agent.

Section 8.13. Cash Flow Recapture. (a) With respect to each calendar year during the term of this Agreement if any Default or Event of Default shall have occurred at any time during such year, the Borrower will, on the date 90 days after the end of each such calendar year, commencing with the year ending December 31, 1993, if applicable, permanently reduce the Revolving Credit Commitment Amount by and apply to the 1991 Senior Notes as a prepayment thereof, in accordance with the provisions of clause (b) hereof, an amount (a "Cash Flow Recapture Amount") equal to 50% of Excess Cash Flow for such calendar year.

(b) With respect to each calendar year during the term of this Agreement during which any Default or Event of Default shall have occurred at any time during such year and with respect to each Cash Flow Recapture Amount from Excess Cash Flow determined pursuant to clause (a) above, the Borrower shall offer to pay to the holders of the 1991 Senior Notes in accordance with Section 5.3 of the 1991 Note Purchase Agreement an amount equal to the 1991 Senior Notes' proportionate share of such Cash Flow Recapture Amount (based on the Revolving Credit Commitment Amount and the 1991 Senior Notes outstanding as at the date of such offer); and the Revolving Credit Commitment Amount shall be permanently reduced by the balance of such Cash Flow Recapture Amount (including at time of such reduction any amounts rejected by the holders of the 1991 Senior Notes). To the extent applicable, the Borrower shall, at the time of such reduction, make any payments then required by Section 2.3(b) hereof.

Section 8.14. Proceeds of Sales of Assets. (a) The Borrower shall be entitled to retain for its own use

all of the proceeds of any individual sale of any asset which is Nonessential Property (except Relieved Track Materials) if the net after-tax proceeds of such sale are less than \$2,500,000. In addition, the Borrower shall be entitled to retain for its own use all of the proceeds of any sale of a group of such assets in a single transaction if the net after-tax proceeds of such sale are less than \$2,500,000. The Borrower shall also be entitled to retain for its own use all of the proceeds from the sale of Relieved Track Materials in any calendar year where the Borrower receives less than \$2,500,000 in net after-tax proceeds from the sale of Relieved Track Materials. All proceeds from the sale of Nonessential Property which the Borrower is not entitled to retain pursuant to the foregoing three sentences (the "Available Proceeds") shall be applied as mandatory prepayments of the 1991 Senior Notes in the manner (and to the extent) set forth in paragraphs (b) and (c) below, and, if any Default or Event of Default has occurred and is continuing on any of the occasions referred to in paragraph (b)(i) below or has occurred during any of the calendar years referred to in paragraph (b)(ii) below, the Revolving Credit Commitment Amount shall be reduced in the manner (and to the extent) set forth in paragraphs (b) and (c) below. To the extent applicable, the Borrower shall, at the time of such reduction, make any payments then required by Section 2.3(b) hereof. The Borrower may retain for its own use the remainder (if any) of such proceeds of the sale of Nonessential Property which the Borrower is not so required to apply to prepayment of the 1991 Senior Notes or to the making of any payments required under Section 2.3(b) hereof.

(b) (i) Upon each occasion that the Borrower shall have received cumulative net after-tax proceeds from any sale of Nonessential Property which is not Relieved Track Materials which proceeds the Borrower is not entitled to retain pursuant to the first three sentences of paragraph (a) above, or

(ii) if during any calendar year, the Borrower shall have received cumulative after-tax proceeds from sales of Relieved Track Materials in an aggregate amount in excess of \$2,500,000, then, (A) with respect to clause (i), on the fifteenth day after the receipt of such Available Proceeds, if on the date on which the Borrower receives such applicable Available Proceeds a Default or Event of Default has occurred and is continuing and, with

respect to clause (ii), on the fifteenth day after the end of such applicable calendar year, if a Default or Event of Default shall have occurred during such applicable calendar year, then the Revolving Credit Commitment Amount shall then automatically be reduced by an amount equal to the Banks' proportionate share of such Available Proceeds (based on the Revolving Credit Commitment Amount and the 1991 Senior Notes outstanding on the date of the Borrower's related offer to pre-pay the 1991 Senior Notes in accordance with Section 5.3 of the 1991 Note Purchase Agreement), and (B) the Borrower will cause an amount equal to the 1991 Senior Notes' proportionate share of such applicable Available Proceeds (based on the Revolving Credit Commitment Amount and the 1991 Senior Notes outstanding on the date of the Borrower's related offer to prepay the 1991 Senior Notes in accordance with Section 5.3 of the 1991 Note Purchase Agreement) to be applied as prepayments of the 1991 Senior Notes in accordance with the provisions of Section 8.14(c) below. In addition, the Borrower agrees that if the Borrower shall have received insurance proceeds as a result of the diminution of its capital assets and within 90 days of the receipt thereof shall not have applied such proceeds to the purchase of capital assets similar to those diminished, the Borrower shall treat such proceeds as though they were proceeds of sales of Nonessential Property to be retained or paid over and applied as contemplated by this Section 8.14(b).

(c) With respect to any Available Proceeds arising out of the operation of paragraph (b) above, the Borrower shall offer to pay, in accordance with Section 5.3 of the 1991 Note Purchase Agreement, an amount equal to the 1991 Senior Notes' proportionate share of the applicable Available Proceeds (based on the Revolving Credit Commitment Amount and the 1991 Senior Notes outstanding as at the date of such offer) to the holders of the 1991 Senior Notes. If, pursuant to the provisions of paragraph (b) of this Section 8.14, an automatic reduction of the Revolving Credit Commitment Amount shall have occurred with respect to any such applicable Available Proceeds, and any amount thereof which is offered by the Borrower to the holders of the 1991 Senior Notes as a prepayment thereof as aforesaid shall be rejected by said holders, then, in addition to such automatic reduction of the Revolving Credit Commitment Amount referred to in paragraph (b) above, the Revolving Credit Commitment Amount in effect on the date which has been specified in such offer as the proposed date of prepayment of the 1991 Senior Notes

shall, on such date, automatically be reduced by an amount equal to the amount of such offered Available Proceeds so rejected by the holders of the 1991 Senior Notes.

(d) Notwithstanding paragraphs (b) and (c) above, if the Borrower receives, (i) at any time, net after-tax proceeds of the type described in clause (i) of paragraph (b) above in any single transaction in an aggregate amount less than \$25,000,000 or (ii) in any calendar year, cumulative net after-tax proceeds from sales of Relieved Track Materials in an aggregate amount less than \$25,000,000, then the Majority Banks, may, notwithstanding the voting provisions of Section 21 hereof, elect, on behalf of all of the Banks, not to give effect to any reduction in the Revolving Credit Commitment Amount which would otherwise be required pursuant to this Section 8.14.

Section 8.15. Maintenance of Property. The Borrower will and will cause each of its Subsidiaries to maintain and keep the real and personal properties used or deemed by it to be useful in its business in good repair, working order or condition for its intended use, and make or cause to be made all needful and proper repairs thereto and replacements thereof. The Borrower will and will cause each of its Subsidiaries to maintain the operation of its rail lines in a manner sufficient to conduct railroad operations at a level of performance which is in all material respects equivalent or superior to the operation of such lines prior to the Effective Date and in a manner consistent with good railroad operating procedures.

Section 8.16. Further Assurances. The Borrower will cooperate with the Banks and execute such further instruments and documents as the Banks shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

Section 9. NEGATIVE COVENANTS. The Borrower covenants and agrees that, so long as the Loans or the Notes are outstanding, or any amounts are owing pursuant to this Agreement, or the Banks have any Commitment to make Loans hereunder:

Section 9.1. Indebtedness. The Borrower will not and will not permit any of its Subsidiaries to create, incur, assume, guarantee, agree to purchase or

repurchase, provide funds in respect of, or otherwise become or be or remain liable with respect to, any Indebtedness of any type whatsoever owed to any Person, other than:

(a) Indebtedness evidenced by the Notes and any other Indebtedness incurred pursuant to this Agreement;

(b) Indebtedness evidenced by the Facility A Notes and any other Indebtedness incurred pursuant to the Facility A Credit Agreement;

(c) Indebtedness evidenced by the Senior Notes or otherwise incurred pursuant to the Senior Debt Agreements;

(d) Subordinated Debt;

(e) Indebtedness incurred in the ordinary course of business and not incurred through the borrowing of money or the obtaining of credit or the leasing of property, except that unsecured credit on an open account basis customarily extended in connection with purchases of goods or services in the ordinary course of business shall be permitted;

(f) Indebtedness in respect of taxes, including withholding and payroll taxes, assessments, governmental charges, and claims for labor, materials or supplies and liabilities under employee benefit plans, including pension plans, to the extent that payment thereof is not yet due or to the extent that the amount, applicability or validity of such Indebtedness is being contested by the applicable Person in good faith by appropriate proceedings diligently pursued and adequate reserves therefor are being maintained in accordance with Generally Accepted Accounting Principles;

(g) Indebtedness in respect of attachments or similar proceedings, judgments or awards which have been in force for less than the applicable period for taking an appeal so long as execution is not levied thereunder, or in respect of which the applicable Person shall at the time in good faith be prosecuting an appeal or proceedings for review and in respect of which a stay of execution shall have been obtained pending such appeal or review;

(h) purchase money Indebtedness for real or

personal property purchased by the Borrower or any Subsidiary of the Borrower for use in the ordinary course of such Person's business, but only to the extent that such Indebtedness does not exceed 100% of the fair market value of the property so purchased as at the date of purchase, and Indebtedness in respect of capitalized leases and operating leases to the extent that such Indebtedness is permitted by the other covenants contained herein;

(i) Indebtedness existing on the Effective Date, as listed and described on Schedule 9.1 attached hereto, and any renewals, extensions or refinancings of such Indebtedness, provided that such renewals, extensions or refinancings shall not increase (i) the amount of collateral securing such Indebtedness, (ii) the aggregate amount of such Indebtedness, or (iii) if such Indebtedness is renewed, extended or refinanced prior to the maturity thereof, the aggregate annual debt service requirement during the period prior to the original maturity thereof with respect thereto;

(j) Indebtedness of the Borrower arising under an accounts receivable financing facility entered into by the Borrower on terms and conditions, and pursuant to documentation, in form and substance satisfactory to the Majority Banks if, at the time the Borrower enters into such facility, the Revolving Credit Commitment Amount then and thereafter in effect is permanently reduced by an amount equal to the aggregate credit available under such accounts receivable financing facility; and

(k) unsecured Indebtedness in addition to the Indebtedness permitted by clauses (a) through (i) above, provided that after giving effect thereto, the Borrower is not in violation of Section 9.11 hereof.

Section 9.2. Liens. The Borrower will not and will not permit any of its Subsidiaries to create, incur, assume or permit to exist any Lien on any property or asset of any of such Persons, other than:

(a) Liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with Section 8.5 hereof;

(b) Liens in respect of property or assets of the Borrower or any of its Subsidiaries (i) under workers' compensation, unemployment or other insurance, old age pensions or other Social Security benefits or other

similar laws or similar legislation, (ii) in connection with surety, appeal and similar bonds incidental to the conduct of litigation, and (iii) in connection with bid, performance or similar bonds which do not exceed in the aggregate \$5,000,000; mechanics', laborers', materialmen's and similar liens not then delinquent or which are being contested in good faith by appropriate proceedings; and Liens incidental to the conduct of the Borrower' business which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, all of which Liens permitted by this paragraph (b) do not in the aggregate materially detract from the value of the Borrower's property or materially impair the use thereof in the operation of the business of the Borrower and its Subsidiaries;

(c) Liens in respect of judgments or awards the Indebtedness with respect to which shall be permitted pursuant to Section 9.1(g) hereof;

(d) encumbrances and liens consisting of easements, rights of way, general real estate taxes not yet due and payable, municipal and zoning restrictions, restrictions on the use of real property and defects and irregularities in the title thereto, landlord's or lessor's liens under leases to which the Borrower or any of its Subsidiaries is a party, and other minor liens or encumbrances none of which interferes materially with the use of the property so encumbered in the ordinary conduct of the business of the Borrower and its Subsidiaries and which do not individually or in the aggregate have a material adverse effect on the business of the Borrower and its Subsidiaries, taken as a whole;

(e) Liens securing the purchase price of purchase money Indebtedness permitted by Section 9.1(h) hereof, provided that such Liens are limited solely to the property so purchased and Liens in respect of capitalized leases, the Indebtedness with respect to which is permitted by Section 9.1(h) hereof, provided that such Liens are limited solely to the property subject to such capitalized leases;

(f) Liens on certain property of the Borrower which are existing on the Effective Date, as listed and described on Schedule 9.1 attached hereto and Liens on the same property securing renewals, extensions and refinancings of the Indebtedness described in Section 9.1(i) thereof subject to all the

provisos contained therein; and

(g) Liens on accounts receivable of the Borrower that are the subject of, and that secure, the accounts receivable financing facility referred to in Section 9.1(j) hereof; provided, that, in any event, the aggregate amount of Indebtedness and other obligations secured by Liens permitted under this Section 9.2 (other than Liens provided for in clauses (a), (b), and (d) of this Section 9.2) shall not at any time exceed 20% of Consolidated Total Assets.

Section 9.3. Investments. The Borrower will not and will not permit any of its Subsidiaries to make, or permit to exist, directly or indirectly, any Investments in any Person, other than:

(a) trade or customer accounts or notes receivable for inventory sold or services rendered in the ordinary course of business;

(b) obligations issued or guaranteed as to principal and interest by the United States of America and having a maturity of not more than one year from the date of acquisition;

(c) deposits with or certificates of deposit issued by any Bank, or any other bank whose commercial paper is rated not less than prime-one or A-1 or their equivalents by Moody's or S&P or their successors and having capital and unimpaired surplus of at least \$500,000,000, and written agreements under which any Bank or any other bank described in this Section 9.3(c) sells and agrees to repurchase marketable direct obligations of the United States of America;

(d) commercial paper or finance company paper which is rated not less than prime-one or A-1 or their equivalents by Moody's or S&P or their successors;

(e) Investments in Subsidiaries of the Borrower and other Persons, as such Investments are in existence on the Effective Date and as reflected in Schedule 5.15 attached hereto, plus additional cash investments in an aggregate amount not to exceed \$1,500,000 in any calendar year during the term of this Agreement in such Subsidiaries and other Persons; and

(f) Investments not otherwise contemplated in this Section 9.3, provided that the aggregate amount of all

Investments made pursuant to this Section 9.3(f) shall not exceed \$2,500,000 at any time.

Section 9.4. Distributions. The Borrower will not, directly or indirectly, make any Distribution except as set forth below. The Borrower will not permit any of its wholly-owned Subsidiaries, directly or indirectly, to make any Distribution other than Distributions to the Borrower, nor will the Borrower permit any of its Subsidiaries which are less than wholly owned to make, directly or indirectly, any Distribution other than Distributions in which the Borrower receives it pro rata share thereof. Notwithstanding the foregoing, the Borrower may pay cash dividends to the Parent subject to the following restrictions: (a) the aggregate amount of cash dividends declared or paid from and after July 23, 1991 (the "Start Date") shall not exceed the sum of (i) \$25,000,000 plus (ii) 50% of the Consolidated Net Income of the Borrower for each fiscal quarter of the Borrower ending after the Start Date in which the Borrower had a positive Consolidated Net Income minus (iii) 100% of the amount of the Borrower's consolidated net loss for each fiscal quarter of the Borrower ending after the Start Date in which the Borrower had a consolidated net loss plus (iv) 100% of the proceeds of each issuance of the Borrower's capital stock occurring after the Start Date and, without duplication, the proceeds from any equity capital contribution made by the Parent to the Borrower after the Start Date (the sum of (i), (ii), (iii) and (iv) shall be hereinafter referred to as the "Distribution Amount"), (b) the Borrower shall have delivered evidence satisfactory to the Administrative Agent showing compliance with the provisions of clause (a) above, and (c) no Default or Event of Default shall have occurred and be continuing at the time such cash dividend is to be paid and no Default or Event of Default shall result from the payment of such cash dividend. For purposes only of calculating the Consolidated Net Income of the Borrower under this Section 9.4, any extraordinary loss (net of taxes) calculated in accordance with Generally Accepted Accounting Principles occurring as a result of the premium and charges incurred in connection with the repurchase of Subordinated Debentures shall be disregarded.

Section 9.5. Merger, Consolidation and Sale of Assets. The Borrower will not and will not permit its Subsidiaries to become a party to any merger or

consolidation other than mergers or consolidations of any Subsidiary of the Borrower into the Borrower (so long as the Borrower is the surviving corporation) or of any Subsidiary of the Borrower into any other Subsidiary of the Borrower, or otherwise take any action looking to the dissolution or liquidation of any such Person (other than the Borrower's Subsidiaries which are not Material Subsidiaries). The Borrower will not and will not permit its Subsidiaries to sell, lease or otherwise dispose of any assets (including without limitation, any capital stock of Subsidiaries) of any such Person which do not constitute Nonessential Property except for (a) assets routinely sold in the ordinary course of business for fair and reasonable value in a manner consistent with past practice, both as to type of property sold and aggregate amount sold, and (b) other assets to the extent that the aggregate book value (at the time of disposition thereof) of all assets (including shares of capital stock) disposed of by the Borrower and its Subsidiaries subsequent to the Start Date under this clause (b) plus the aggregate book value of all assets (including shares of capital stock) then proposed to be disposed of pursuant to this clause (b) does not exceed 10% of Consolidated Tangible Net Worth as of the end of the most recently completed fiscal year of the Borrower. Notwithstanding any other provision of this Agreement, however, the Borrower will not and will not permit its Subsidiaries to consummate any line sales in excess of \$1,000,000 per sale or \$2,000,000 in the aggregate per year without the prior written consent of the Majority Banks. The Borrower shall cause all proceeds of sales of Nonessential Property to be applied as provided in Section 8.14 hereof.

Section 9.6. Other Debt Agreements. The Borrower will not and will not permit its Subsidiaries to effect or permit any change in or amendment to the 1991 Note Purchase Agreement, the 1991 Senior Notes, or any document or instrument pertaining thereto, if the effect of such amendment or modification would be to commence payment or repayment of the 1991 Senior Notes prior to the first scheduled principal payment date therefor (as in effect on the Original Closing Date) or shorten the time or schedule of repayment of the 1991 Senior Notes, or change in a manner adverse to the Borrower or any of its Subsidiaries the rate, computation, amount, or time of payment of, interest, prepayment premiums, penalties, charges, fees, or other amounts payable under any of such documents. In addition, the Borrower will not and will not permit

its Subsidiaries to effect or permit any change in or amendment to the 1991 Note Purchase Agreement, the 1991 Senior Notes or any document or instrument pertaining thereto, which would change, amend, or otherwise affect the defaults, events of default, any mandatory prepayment provisions, financial covenants or other affirmative or negative covenants in any such document if the effect of any such amendment or modification is to subject the Borrower or any of its Subsidiaries to any more onerous or restrictive provisions or to impose any additional covenants on the Borrower or any of its Subsidiaries. Notwithstanding the foregoing, the 1991 Note Purchase Agreement may be amended to conform the covenants therein to any amendments of the covenants contained in Section 8 and 9 of this Agreement after the Original Closing Date.

Section 9.7. Sale-Leasebacks. The Borrower will not and will not permit any of its Subsidiaries to enter into any sale-leaseback transactions as seller-lessee without the prior written consent of the Majority Banks which consent shall not be unreasonably withheld.

Section 9.8. Business. The Borrower will not and will not permit its Subsidiaries to engage in any line of business not substantially similar to the businesses such Persons were conducting on the Initial 1989 Closing Date.

Section 9.9. Fiscal Year. The Borrower will not change its fiscal year without the prior written consent of the Majority Banks.

Section 9.10. Consolidated Tangible Net Worth. The Borrower will not permit Consolidated Tangible Net Worth at any time to be less than the sum of (a) \$241,000,000, plus (b) 50% of cumulative positive Consolidated Net Income for each fiscal quarter of the Borrower in which the Borrower had a positive Consolidated Net Income beginning with the quarter commencing on January 1, 1993 and ending on the date as of which the calculation is made, with no deductions for any fiscal quarter of the Borrower in which the Borrower had a consolidated net loss, plus (c) 100% of the proceeds of each issuance of the Borrower's capital stock after the Original Closing Date and 100% of proceeds from each equity capital contribution made by the Parent to the Borrower.

Section 9.11. Debt to Capitalization Ratio. The Borrower will not permit the ratio of (a) Consolidated Funded Debt to (b) Total Capitalization to exceed at any time during the periods set forth in the following chart the ratio set forth opposite the applicable period:

Period	Ratio
Original Closing Date - 12/30/93	0.65 to 1
12/31/93 - 12/31/94	0.60 to 1
1/1/95 and thereafter	0.55 to 1

Section 9.12. Consolidated EBIT Coverage. As at the end of any fiscal quarter, the Borrower will not permit the ratio of Consolidated EBIT (as determined in accordance with the provisions set forth below) as at the end of such fiscal quarter (for such fiscal quarter and the three preceding fiscal quarters, taken as a single period) to Consolidated Interest Charges for the same period to be less than the ratio set forth for the applicable period in the chart below:

Four Fiscal Quarter Period Ending On:	Ratio
3/31/93	2.75 to 1
6/30/93	2.75 to 1
9/30/93	2.75 to 1
12/31/93	3.00 to 1
3/31/94	3.00 to 1
6/30/94	3.00 to 1
9/30/94	3.00 to 1
12/31/94 and thereafter	3.35 to 1

Section 9.13. Debt Service Coverage. As at the end of any fiscal quarter, the Borrower will not permit the ratio (the "Debt Service Coverage Ratio") of (a) Consolidated Cash Flow as at the end of such fiscal quarter of the Borrower (for such fiscal quarter and the three preceding fiscal quarters, taken as a single period) less Consolidated Capital Expenditures (for such four fiscal quarters, taken as a single period) to (b) Consolidated Financial Obligations (for such four fiscal quarters, taken as a single period) to be less than the ratio set forth in the chart below opposite the applicable period:

Four Fiscal Quarter Period Ending On:	Ratio
--	-------

3/31/93	1.08 to 1
6/30/93	1.08 to 1
9/30/93	1.08 to 1
12/31/93 and thereafter	1.15 to 1

Section 9.14. Depreciation. The Borrower will not change the depreciation method pursuant to which it depreciates its assets from that set forth on Schedule 1.3 attached hereto without the prior written consent of the Majority Banks.

Section 9.15. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any transaction with an Affiliate of the Borrower or any of its Subsidiaries (other than the Borrower or any of its Subsidiaries) on terms less favorable to the Borrower or such Subsidiary (as the case may be) than would have been obtainable in an arms-length transaction.

Section 10. EVENTS OF DEFAULT; ACCELERATION. If any of the following events ("Events of Default") shall occur:

(a) if the Borrower shall default in the payment of any principal under the Notes when the same shall become due and payable, whether at maturity or at any date fixed for payment or prepayment or by declaration or otherwise, or if the Borrower shall fail to reimburse the Letter of Credit Bank by the second Business Day after any drawing under a Letter of Credit; or

(b) if the Borrower shall default in the payment of any interest, fee or other charge hereunder or under the Notes within three Business Days of the date when the same shall become due and payable, whether at maturity or at any date fixed for payment or prepayment or by declaration or otherwise; or

(c) if the Borrower shall default in the performance of or compliance with any of the covenants contained in Section 8 or 9 hereof (other than Section 8.3, 8.6, 8.12, or 8.15);

(d) if the Borrower shall default in the performance of or compliance with any material term, covenant or agreement contained herein or in the other Loan Documents (other than those specified in clauses (a), (b) and (c) above, but including those listed in the parenthetical in clause (c) above), and such

default shall not have been remedied within 30 days after written notice of such default shall have been given to the Borrower by the Administrative Agent (which notice shall be given on the direction of the Majority Banks);

(e) if any representation or warranty herein, or in any certificate or other writing at any time delivered to the Banks pursuant hereto or in connection herewith, shall prove to have been false or incorrect in any material respect on the date as of which made;

(f) if the Borrower or any of its Material Subsidiaries shall (i) fail to pay at maturity, or within any applicable period of grace, Indebtedness in an aggregate principal amount in excess of \$1,000,000, or (ii) fail to observe or perform any term, covenant or agreement contained in any agreement by which it is bound evidencing or securing Indebtedness in an aggregate principal amount in excess of \$10,000,000 for such period of time as would permit the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(g) if the Borrower or any of its Material Subsidiaries shall fail generally to pay its debts or make a general assignment for the benefit of creditors, or if any order for relief is entered in respect of any such Person under any bankruptcy, reorganization, arrangements, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect; or

(h) if any order is entered in any proceeding by or against the Borrower or any of its Material Subsidiaries decreeing or permitting the dissolution or split-up of such Person or the winding up of its affairs; or

(i) if any petition or application for the appointment of a liquidator or receiver or custodian (or similar official) of the Borrower or any of its Material Subsidiaries or of any substantial part of the assets of any such Person is filed by any such Person; or any such petition or application is filed against any such Person and such Person approves thereof, consents thereto or acquiesces therein, or if any proceeding or case relating to any such Person under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or

liquidation or similar law of any jurisdiction is commenced by any such Person; or if any such proceeding or case is commenced against any such Person and such proceeding or case remains undismissed for a period of forty-five days; or

(j) if there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty consecutive days, any final judgment against the Borrower or any of its Subsidiaries which, together with such other outstanding final judgments against such Persons, exceeds in the aggregate \$3,000,000; or

(k) if any judicial lien or attachment on the property of the Borrower or any of its Subsidiaries in an amount of \$5,000,000 or greater shall not be released, discharged, bonded or provided for to the satisfaction of the Banks within thirty days after such lien or attachment shall have come into existence; or

(l) if any Loan Document shall be cancelled, terminated, revoked or rescinded otherwise than in accordance with the express prior written agreement, consent or approval of the Majority Banks, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any Loan Document shall be commenced by or on behalf of the Borrower; or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or shall issue a judgment, order, decree or ruling to the effect that any one or more of the Loan Documents or any one or more of the obligations of the Borrower or any Subsidiary of the Borrower under any one or more of the Loan Documents are illegal, invalid or unenforceable in accordance with the terms thereof;

(m) with respect to any Guaranteed Pension Plan, an ERISA Reportable Event shall have occurred and such event reasonably could be expected to result in liability of the Borrower to the PBGC or the Plan in an aggregate amount exceeding \$10,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan; or a trustee shall have been appointed by the United States District Court to administer such Plan; or the PBGC shall have instituted proceedings to terminate such Plan; or

(n) if the Parent shall at any time cease to own all of the outstanding capital stock of the Borrower or shall at any time create, incur, or permit to exist any Lien on any shares of capital stock of the Borrower;

then (A) if such event is an Event of Default specified in clauses (g), (h) or (i) of this Section 10 with respect to the Borrower, automatically the Revolving Credit Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents shall immediately become due and payable, and (B) if such event is any other Event of Default, then at the direction of the Majority Banks, the Administrative Agent shall terminate the Revolving Credit Commitments and by written notice to the Borrower, declare all amounts owing with respect to this Agreement and the other Loan Documents to be due and payable, whereupon the same shall forthwith mature and become immediately due and payable, together with interest thereon and all other amounts then owing thereunder and under this Agreement, without presentment, demand, protest or notice, all of which are hereby waived. If any Letters of Credit are outstanding upon the occurrence of an Event of Default, the Administrative Agent may demand that cash or other readily marketable securities acceptable to it in an amount equal to the Maximum Drawing Amount of all then outstanding Letters of Credit be deposited with the Administrative Agent in pledge pursuant to pledge agreements in form and substance satisfactory to the Administrative Agent, as collateral security for the Borrower's Obligations hereunder (which agreements shall provide that upon the expiration, undrawn, of each Letter of Credit, cash in an amount equal to the undrawn portion of the Maximum Drawing Amount of such Letter of Credit shall be returned to the Borrower). The Borrower agrees to make such deposit with the Administrative Agent immediately upon such demand.

Section 11. NOTICE AND WAIVERS OF DEFAULT.

Section 11.1. Notice of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or the Notes, or under any other note, evidence of indebtedness, indenture or other obligation for borrowed money in an

aggregate principal amount exceeding \$1,000,000 as to which the Borrower or any of its Subsidiaries is an obligor, whether as principal or surety, the Borrower shall forthwith, after obtaining knowledge thereof, give written notice thereof to the Banks, describing the notice or action and the nature of the claimed default.

Section 11.2. Waivers of Default. Except as otherwise specified in Section 21 hereof, any Default or Event of Default specified in Section 10 hereof may be waived only upon the written consent of the Majority Banks. Any Default or Event of Default waived pursuant hereto shall be deemed to have been cured and not to be continuing during the period for which such waiver is applicable; but no such waiver shall extend to or affect any subsequent like default or impair any rights arising therefrom.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Rights of Banks. In case any one or more of the Events of Default specified in Section 10 shall have occurred and be continuing, and whether or not all amounts owing with respect to the Notes have been declared due and payable pursuant to Section 10, each Bank, if owed any amount with respect to its Note, may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or its Note, or in aid of any right granted pursuant hereto or thereto subject to any requirement herein that the Majority Banks or the Administrative Agent concur therewith, and, if such amount shall have become due, by declaration or otherwise, each Bank may proceed to enforce the payment thereof or any other legal or equitable right of such Bank.

Section 12.2. Set-off. Subject to the provisions of this Section 12, regardless of the adequacy of any collateral, during the continuance of an Event of Default, any deposits or other sums credited by or due from any Bank to the Borrower may be set off against any and all liabilities then due, of the Borrower to such Bank hereunder. Each Bank agrees with the other Banks that if an amount to be set off is to be applied to any Indebtedness of the Borrower to such Bank, whether Indebtedness evidenced by any of the Notes or due under this Agreement or otherwise arising, such amount shall be applied ratably to all such Indebtedness

(except to the extent not permitted by the terms of any agreement or instrument evidencing the same). Each Bank further agrees with the other Banks that if such Bank shall both (i) receive from the Borrower or from any other source whatsoever, whether by voluntary payment, exercise of the right of set-off, counterclaim, cross action, or enforcement of any claim evidenced by the Notes or this Agreement, or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, and (ii) retain and apply to the payment of the amounts owing with respect to the Notes or of any amounts due to such Bank under this Agreement, any amount which is in excess of its ratable portion of the payments received by all of the Banks, then such Bank will make such disposition and arrangements with the other Banks with respect to such excess, either by way of distribution until the amount of such excess has been exhausted, assignment of claims, subrogation or otherwise, as shall result in each such Bank receiving in respect of its Notes and the amounts due such Bank under this Agreement its ratable share of all such payments as provided in Section 2.16. Each Bank will give written notice to the Borrower promptly after any exercise of its rights under this Section 12.2.

Section 13. THE AGENTS.

Section 13.1. Appointment; Co-Agent. Each Bank hereby irrevocably designates and appoints FNBB as the Administrative Agent and the Competitive Bid Agent of such Bank under this Agreement and each Bank hereby irrevocably authorizes FNBB as the Administrative Agent and the Competitive Bid Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent and the Competitive Bid Agent by the terms hereof, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents shall not have any duties or responsibilities, except those expressly set forth herein or therein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agents. Only each of the Agents shall have any rights, duties or responsibilities as agent for the Banks under this Agreement and the other Loan Documents. The Co-Agent shall have no such rights,

duties or responsibilities. Any reference to an agent for the Banks in, or in connection with, any Loan Document shall be a reference to the Administrative Agent or the Competitive Bid Agent, as applicable.

Section 13.2. Delegation of Duties. Each of the Agents may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither of the Agents shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 13.3. Exculpatory Provisions. Neither of the Agents nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by such Agent under or in connection with, this Agreement or any other Loan Document, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. Neither of the Agents shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document or to inspect the properties, books or records of the Borrower.

Section 13.4. Reliance by Agents. Each of the Agents shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent

accountants and other experts selected by such Agent. Each of Agents may deem and treat the named payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been delivered to the such Agent. Each of the Agents shall be fully justified in failing or refusing to take action under this Agreement and the Notes unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each of the Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Majority Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

Section 13.5. Notice of Default. Neither of the Agents shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the such Agent has received notice from a Bank or the Borrower or, in the case of the Competitive Bid Agent, from the Administrative Agent, referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks and consult with the Banks with respect to the action to be taken. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by such of the Banks, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

Section 13.6. Non-Reliance on Agents and Other Banks. Each Bank expressly acknowledges that neither of the Agents nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by either of the Agents hereinafter taken, including any review of the affairs of the Borrower, shall be deemed

to constitute any representation or warranty by such Agent to any Bank. Each Bank represents to each of the Agents that it has, independently and without reliance upon such Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and credit-worthiness of the Borrower, and made its own decision to make its loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon either of the Agents or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and credit-worthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or credit-worthiness of the Borrower which may come into the possession of either of the Agents or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 13.7. Indemnification. The Banks agree to indemnify each of the Agents in its capacity as such (to the extent not reimbursed by the Borrower, and without limiting the obligation of the Borrower to do so), pro rata based on the amount of the Obligations outstanding hereunder at the time the event giving rise to the indemnification obligation occurs, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the such Agent under or in connection with any of the foregoing, provided that no Bank shall be liable for the payment of any portion of such liabilities,

obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Notes and all other amounts payable hereunder.

Section 13.8. Individual Capacity. Each of the Agents and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though such Agent were not an Agent hereunder. With respect to the Loans made or renewed by it and any Note issued to it, each of the Agents shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not an Agent, and the terms "Bank" and "Banks" shall include each of the Agents in its individual capacity.

Section 13.9. Successor. Either of the Agents may resign as an Agent upon ten days' notice to the Banks and the Borrower, and either of the Agents may be removed by the Majority Banks upon ten days' notice to the Banks, the Administrative Agent, the Competitive Bid Agent and the Borrower. Upon such resignation or removal, the Majority Banks shall appoint from among the Banks a successor agent in the applicable capacity for the Banks, which successor agent shall consent to serve as the administrative agent or competitive bid agent, as applicable, hereunder and shall be approved by the Borrower (such approval not to be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent or Competitive Bid Agent, as applicable, and the term "Administrative Agent" or "Competitive Bid Agent," as applicable, shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as an Agent shall be terminated, without any other or further act or deed on the part of the former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Section 13 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement.

Section 14. PARTIES IN INTEREST. All the terms of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns

of the parties hereto and thereto, provided that the Borrower shall not assign or transfer its rights hereunder.

Section 15. ASSIGNMENTS; PARTICIPATIONS. (a) Except as provided herein, any Bank may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment Percentage and its Commitment to make Standby Loans and to participate in Letters of Credit hereunder, if any, and/or all or any portion of any Loans at the time owing to it and the Notes held by it); provided, however, that (i) the Administrative Agent shall have given its prior written consent, which consent shall not be unreasonably withheld or delayed, (ii) the Borrower shall have given its prior written consent, which consent shall not be unreasonably withheld or delayed, (iii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations with respect to its Revolving Credit Commitment Percentage and its Commitment hereunder or with respect to the Loans owing to it and the Notes held by it, as the case may be, (iv) the amount of the assigning Bank's portion of the Revolving Credit Commitment Amount subject to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000, or if the assigning Bank's entire Commitment is less than \$10,000,000, such Bank's entire Commitment, provided that the assignee is an existing Bank, (v) the assignee, if it shall not already be a Bank, shall deliver to the Administrative Agent and the Competitive Bid Agent an administrative questionnaire in the form of Exhibit F attached hereto, and (vi) the parties to such assignment shall execute and deliver to the Administrative Agent, for notation in the Bank List, an Assignment and Acceptance, substantially in the form of Exhibit G hereto (the "Assignment and Acceptance"), together with any Note or Notes subject to such assignment, and together with payment by the Eligible Assignee to the Administrative Agent for its own account of an assignment administration fee in the amount of \$2,500. Upon such execution, delivery, acceptance and notation, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof or such earlier date as the Administrative Agent, the assigning Bank and the

assignee bank may choose, (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank hereby, provided that such assignee shall have no greater rights than the assigning Bank under Section 3.1, and (y) the assigning Bank shall, to the extent provided in such assignment, be released from its obligations under this Agreement, other than confidentiality requirements.

(b) By executing and delivering an Assignment and Acceptance, the parties to such assignment thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Bank makes no representation or warranty and assumes and shall have no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) the assigning Bank makes no representation or warranty and assumes and shall have no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 5.4 and the most recent financial statements delivered pursuant to Section 8.4 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Bank, either of the Agents or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; (vii) such assignee

appoints and authorizes the Competitive Bid Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Competitive Bid Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (viii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Administrative Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a bank list or similar list for the notation of the names and addresses of the Banks and the Revolving Credit Commitment Percentage of, and principal amount of the Loans owing to, the Banks from time to time (the "Bank List"). The entries in the Bank List shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Banks may treat each person whose name is noted in the Bank List as a Bank hereunder for all purposes of this Agreement. The Bank List shall be available for inspection by the Borrower or the Banks at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by the parties to such assignment, together with any Note or Notes subject to such assignment and the written consent of the Borrower to such assignment, the administrative questionnaire referred to above, and the \$2,500 fee referred to above, the Administrative Agent shall (i) note the information contained therein in the Bank List, and (ii) give prompt notice thereof to the Borrower and the Banks. Within five Business Days after receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note or Notes, a new Note or Notes to the order of such Eligible Assignee(s) in an amount equal to the amount assumed by such Eligible Assignee(s) pursuant to such Assignment and Acceptance and, if the assigning Bank has retained some portion of its obligations hereunder, a new Note or Notes to the order of the assigning Bank in an amount equal to the amount retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be

in the form of the assigned Notes. The surrendered Note or Notes shall be cancelled and returned to the Borrower.

(e) Each Bank may without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment hereunder and the Loans owing to it and the Note held by it); provided, however, that the only rights granted to the participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of the Loan Documents shall be the rights to approve waivers, amendments, or modifications which require the consent of all of the Banks as provided in Section 21 hereof. The Borrower further agrees that a Bank may disclose information obtained by such Bank pursuant to this Agreement to participants or potential participants in the Loans, provided that such participants agree to be bound by the confidentiality requirements hereunder.

(f) Anything contained in this Section 15 to the contrary notwithstanding, any Bank may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Note) to any of the twelve Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

Section 16. EXPENSES; INDEMNITY. (a) Whether or not the transaction contemplated hereby shall be consummated, the Borrower will pay (1) the out-of-pocket costs of the Administrative Agent of (i) preparing, copying and distributing this Agreement and the other Loan Documents, (ii) syndicating the credit facility provided herein, including, without limitation, the out-of-pocket costs of preparing, copying and distributing all necessary documentation with respect thereto, (iii) any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of the Loan Documents (the Borrower hereby agreeing to indemnify the Banks with respect thereto); (2) the reasonable fees, expenses and disbursements of the Banks' Special Counsel and the reasonable allocated costs of staff counsel for the Administrative Agent,

incurred in connection with the preparation of this Agreement and the other Loan Documents or in connection with amendments, modifications, approvals, consents or waivers hereto or thereto; (3) all reasonable costs and expenses (including reasonable attorneys' fees and costs and the reasonable allocated costs of staff counsel) incurred or sustained by the Administrative Agent, the Competitive Bid Agent and the Banks in connection with the exercise, protection or enforcement of any of the Administrative Agent's, Competitive Bid Agent's or the Banks' rights, remedies, powers or privileges under this Agreement and the other Loan Documents or the administration thereof after the occurrence and during the continuance of an Event of Default; and (4) all reasonable costs and expenses (including reasonable attorney's fees and costs) incurred or sustained by the Agents and the Banks and their respective shareholders, directors, agents, officers, Subsidiaries and affiliates (each an "Indemnified Party") in connection with any litigation, proceeding or dispute, whether arising hereunder or otherwise, in any way related to the Agents' and the Banks' relationship with the Borrower or any of its Subsidiaries hereunder, other than as directly caused by the gross negligence or willful misconduct of any Indemnified Party. In any investigation, proceeding or litigation, or the preparation therefor, the Agents and the Banks shall be entitled to select their own counsel (which counsel shall be reasonably satisfactory to the Borrower) and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable fees and expenses of one such counsel except to the extent that such fees and expenses are the result of the gross negligence or willful misconduct of either of the Agents or the Banks. The Borrower will not, without the prior written consent of the Agents and the Banks, settle or compromise any such investigation, proceeding or litigation if such settlement or compromise requires an admission of either of the Agents' or the Banks' wrongdoing and neither the Agents nor the Banks nor any other Indemnified Party will settle or compromise any such investigation, proceeding or litigation without the prior written consent of the Borrower if the Borrower is required to indemnify the Agents or the Banks or such other Indemnified Party therefor. The covenants of this Section 16 shall survive payment or satisfaction of payment of amounts owing with respect to this Agreement or the Notes.

(b) The Borrower covenants and agrees to indemnify and hold harmless each Indemnified Party and each Indemnified Party's successors and assigns, from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, assessments, citations, directives, demands, judgments, actions, causes of action, costs and expenses (including without limitation the fees and disbursements of counsel and environmental consultants) incurred, suffered, sustained or required to be paid by an Indemnified Party and arising under any Environmental Law, or otherwise related to environmental or Hazardous Substance matters in connection with the transactions contemplated by this Agreement, except any of the foregoing which result from the gross negligence or willful misconduct of the Indemnified Party. The Agents and the Banks shall have the right to employ separate counsel and to participate in the defense and investigation of any claim, action or proceeding, and the Borrower shall bear the expense of such counsel. The covenant of this Section 16(b) shall survive payment or satisfaction of payment of amounts owing with respect to the Notes or any other Loan Document.

Section 17. SURVIVAL OF COVENANTS, ETC. All covenants, agreements, representations and warranties made herein and in any certificates or other papers delivered by or on behalf of the Borrower pursuant hereto shall survive any investigation made by the Banks and the making by the Banks of the Loans, as herein contemplated, and shall continue in full force and effect so long as the Loans or other amounts due under this Agreement or the Notes remains outstanding and unpaid. All representations and warranties contained in any certificate or other document delivered to the Banks at any time by or on behalf of the Borrower pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder.

Section 18. NOTICES. Except as otherwise specified herein, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be either delivered by hand or mailed by United States first-class mail, postage prepaid, or sent by telex or telecopy confirmed by letter, addressed as follows:

(a) if to the Borrower, at 455 North Cityfront Plaza Drive, Chicago, Illinois 60611-5504, Attn: Chief

Financial Officer, or such other address for notice as the Borrower shall last have furnished in writing to the Person giving the notice;

(b) if to FNBB, or the Administrative Agent or the Competitive Bid Agent, at 100 Federal Street, Boston, Massachusetts 02110, Attn: Transportation Division, 01-08-01, or such other address for notice as such Bank or the Administrative Agent shall last have furnished in writing to the Person giving the notice;

(c) if to any Bank other than FNBB, at the address for notice for such Bank set forth on the signature pages hereto or at such other address as such Bank shall last have furnished in writing to the Person giving the notice.

Except for Notices of Borrowing, any notice so addressed shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand to an officer of the party to which it is directed, at the time of the receipt thereof by such officer, (ii) if sent by first-class mail, postage prepaid, on the earlier of (A) the fifth Business Day following the mailing thereof, or (B) the date of its receipt, if a Business Day, or if not a Business Day, the next succeeding Business Day, or (iii) if sent by telex or telecopy, at the time of dispatch thereof, if in normal business hours in the state or country where received or otherwise at the opening of business on the next succeeding Business Day.

Section 19. MISCELLANEOUS. This Agreement shall for all purposes be construed in accordance with and governed by the laws of the State of New York. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which the Banks would otherwise have. Any instruments required by any of the provisions hereof to be in the form annexed hereto as an exhibit shall be substantially in such form with such changes therefrom, if any, as may be approved by the Majority Banks and the Borrower. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Agreement or any amendment may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 20. ENTIRE AGREEMENT, ETC. This Agreement and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally or in writing, except as provided in Section 21 hereof.

Section 21. CONSENTS, AMENDMENTS, WAIVERS, ETC. Except as otherwise expressly provided in this Section 21, any action to be taken or any consent or approval required or permitted by this Agreement or any other Loan Document to be given by the Banks may be given, and any term of this Agreement or any other Loan Document may be amended and the performance or observance by the Borrower or any other person of any of the terms thereof and any Default or Event of Default (as defined in any of the above-referenced documents or instruments) may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Banks; provided, however, that no such consent or amendment which affects the rights, duties or liabilities of the Administrative Agent shall be effective without the written consent of the Administrative Agent and no such consent or amendment which affects the rights, duties or liabilities of the Competitive Bid Agent shall be effective without the written consent of the Competitive Bid Agent. Notwithstanding the foregoing, no amendment, waiver or consent shall do any of the following: (a) increase the principal amount of any Loans (or subject any Bank to any additional obligations), or reduce the principal of or interest on any Loan or any fees payable hereunder, or extend or postpone any date fixed for any payment in respect of principal of, or interest on, the Loans, or any fees payable hereunder, subject to the provisions of Section 8.14(d) hereof, without the prior written consent of each Bank affected thereby, or (b) change the definition of "Majority Banks" or aggregate Revolving Credit Commitment Percentage or number of Banks which shall be required for the Banks or any of them to take any action under the Loan Documents, or amend Section 16 or this Section 21, or change the Revolving Credit Commitment Percentage of any Bank (except pursuant to Section 15 hereof) or extend or postpone any date fixed for the reduction of the Revolving Credit Commitment Amount, subject to Section 8.14(d) hereof, without the prior written consent of all of the Banks. No waiver shall extend to or affect any obligation not

expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Banks in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

Signed and delivered, as of the date set forth at the beginning of this Agreement by the Borrower, the Banks, the Administrative Agent and the Competitive Bid Agent.

ILLINOIS CENTRAL RAILROAD COMPANY

By:

Title: Vice President and
Chief Financial Officer

THE FIRST NATIONAL BANK OF BOSTON,
as Administrative Agent and
Competitive Bid Agent

By:

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Co-Agent

By:

Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By:

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By:

Title: Vice President

Address: Bank of America National
Trust and Savings Association
Atlanta Corporate Office
1230 Peachtree Street N.E.
- Suite 3600
Atlanta, Georgia 30303
Attention: Dennis M. Kaiser,
Vice President
Glenn F. Edwards,
Vice President

THE CHASE MANHATTAN BANK, N.A.

By:

Title: Vice President

Address: The Chase Manhattan Bank N.A.
One Chase Manhattan Plaza -
5th Floor
New York, New York 10081
Attention: Francis M. Cox, III,
Vice President

THE TORONTO DOMINION BANK,
CAYMAN ISLANDS BRANCH

By:

Title:

Address: The Toronto Dominion Bank
Transportation Division
31 West 52nd Street - 22nd Floor
New York, New York 10019
Attention: William Hoffman, Director
Richard E. Donner, Director

CONTINENTAL BANK N.A.

By:

Title: Vice President
Address: Continental Bank N.A.
231 South LaSalle Street -
4th Floor
Chicago, Illinois 60697
Attention: Timothy J. Pepowski,
Vice President

DEPOSIT GUARANTY NATIONAL BANK

By:

Title: Senior Vice President
Address: Deposit Guaranty National Bank
One Deposit Guaranty Plaza
11th Floor
Jackson, Mississippi 39205
Attention: Anthony Thomas,
Senior Vice President

KLEINWORT BENSON LIMITED

By:

Title: Senior Vice President
Address: Kleinwort Benson Limited
Three First National Plaza
- Suite 1390
Chicago, Illinois 60602
Attention: Kenneth Hamilton,
Senior Vice President

THE MITSUBISHI TRUST AND BANKING
CORPORATION

By:

Title: Deputy General Manager

Address: The Mitsubishi Trust and Banking
Corporation
801 South Figueroa - Suite 2400
Los Angeles, California 90017
Attention: Rex A. Olson,
Assistant Vice President,
Finance and Investment