



SEABOARD COAST LINE RAILROAD COMPANY

ROBERT E. NORTHUP
VICE PRESIDENT AND SECRETARY

J. L. WILLIAMS
ASSISTANT VICE PRESIDENT
AND ASSISTANT SECRETARY

No. **7-241A106**

Date **AUG 29 1977**

Fee \$ **50**

3600 West Broad Street
Richmond, Virginia 23230

August 24 1977

ICC Washington, D. C.

8954

RECORDATION NO. Filed & Recorded

AUG 29 1977 - 2 45

INTERSTATE COMMERCE COMMISSION

RECEIVED
AUG 29 2 37 PM '77
I. C. OPERATIONS
FEB. OPERATIONS

Mr. H. G. Homme, Jr.
Acting Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Sir:

I am enclosing for filing and recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, executed counterparts Nos. 1 through 8 of a Conditional Sale Agreement and Agreement and Assignment thereof, both dated as of July 15, 1977, described in detail below. Such document provides by its terms that each counterpart shall be deemed an original and, accordingly, counterpart No. 2 may be treated as an original and the others as counterparts thereof.

1. Names and addresses of the parties to the Conditional Sale Agreement and Agreement and Assignment thereof

(a) Builders-Assignors - ACF Industries, Incorporated,
750 Third Avenue, New York, New York 10017

General Motors Corporation (Electro-Motive Division),
La Grange, Illinois 60525

(b) Purchaser - Seaboard Coast Line Railroad Company,
3600 West Broad Street, Richmond, Virginia 23230

(c) Agent-Assignee - Mercantile-Safe Deposit and
Trust Company, P. O. Box 2258, Baltimore, Md. 21203

C. Cantelero
H. V. Brazley

August 24, 1977

2. Description of equipment covered by Conditional Sale Agreement

Identifying marks

"Ownership Subject to a Security Interest
Filed under the Interstate Commerce Act,
Section 20c"

<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R.Mech. Design.</u>	<u>Number</u>	<u>SCL Road Numbers</u>
Box cars	100-ton high roof single door	XL	100	99350- 99449, inc.
Box cars	100-ton single door	XL	200	95350- 95549, inc.
Diesel electric locomotives	MP-15AC	B-B	20	4000- 4019, inc.

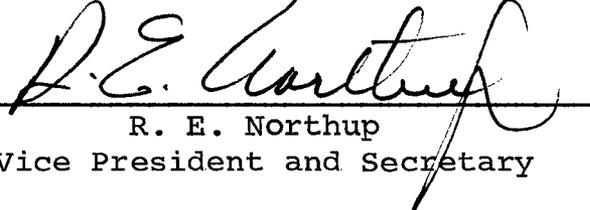
3. Counterparts Nos. 2 through 8 of the above mentioned document should be returned to Mr. E. J. Zoll, Jr., 1000 Connecticut Avenue, N. W., Washington, D. C. 20036, acting on my behalf.

I am enclosing this company's voucher for \$50.00 covering the recordation fee for the above mentioned document.

Yours very truly,

SEABOARD COAST LINE RAILROAD COMPANY

By


R. E. Northup

Vice President and Secretary

Interstate Commerce Commission
Washington, D.C. 20423

8/29/77

OFFICE OF THE SECRETARY

R.E. Northup
Vice Pres. & Sec.
Seaboard Coast Line RR.Co.
3600 West Broad Street
Richmond, Virginia 23230

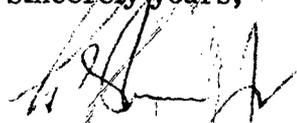
Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **8/29/77** at **2:45pm**, and assigned recordation number(s)

8954

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

RECORDATION NO. 8954 Filed & Recorded

AUG 29 1977 - 2 45 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of July 15, 1977

between each of

ACF INDUSTRIES, INCORPORATED,
GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

and

SEABOARD COAST LINE RAILROAD COMPANY

[Covering 100 100-Ton High Roof Single Door Box Cars,
200 100-Ton Single Door Box Cars and
20 MP-15AC Diesel Electric Locomotives]

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT, dated as of July 15, 1977, between each of ACF INDUSTRIES, INCORPORATED, a New Jersey corporation, GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a Delaware corporation (hereinafter called ACF and GM, respectively, together the Builders or individually a Builder, or together or individually the Vendor as the context may require, all as more particularly set forth in Article 23 hereof), and SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (hereinafter called the Railroad).

WHEREAS, the Builders severally have agreed to construct, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the railroad equipment described in Schedule A attached hereto (hereinafter called the Equipment);

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it at its plant, all as set forth in Schedule A hereto (such units of Equipment with respect to such Builder being hereinafter called its Equipment), and will sell and deliver to the Railroad, and the Railroad will purchase from each Builder and accept delivery of and pay for (as hereinafter provided), its Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder with respect to its Equipment and the Railroad (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards and specifications recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such units of the Equipment, and each unit of the Equipment (except to the extent referred to in Article 7 hereof) will be new railroad equipment first put into service no earlier than July 15, 1977. There may be incorporated in the locomotives a limited number of used components which

will be remanufactured by the Builder and will be the equivalent of new current components. The Railroad warrants that the Equipment will be non-special purpose equipment capable of being employed in the normal course of operations by railroads in general.

ARTICLE 2. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Railroad at the place or places specified in Schedule A hereto (or if Schedule A does not specify a place or places, at the place or places designated from time to time by the Railroad or, if any units of its Equipment have heretofore been delivered to the Railroad by such Builder under a lease, at such place or places where such units of Equipment may be at the time of delivery and acceptance under this Conditional Sale Agreement), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Schedule A hereto; provided, however, that neither Builder shall have any obligation to deliver any unit of the Equipment hereunder at any time after any Event of Default (as defined in Article 15 hereof), or event which with the giving of notice, lapse of time and/or demand could constitute such an Event of Default, shall have occurred and be continuing.

Each Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 2, any Equipment not delivered, accepted and settled for pursuant to Article 3 hereof on or before the Cut-off Date (as defined in Article 3 hereof) shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the immediately preceding sentence, the Builder of such unit or units and the Railroad shall execute an agreement supplemental hereto limiting this Agreement to the the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the immediately preceding paragraph, the Railroad shall nevertheless be obligated to accept such Equipment and to pay the full purchase price therefor, determined as provided in this Agreement, if and when such Equipment shall be completed and delivered by the Builder, such payment to be in

cash on the delivery of such Equipment, either directly or, in case the Railroad shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Railroad shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Railroad and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Railroad for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Railroad shall execute and deliver to the Builder thereof a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Railroad and are marked in accordance with Article 6 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit.

ARTICLE 3. Purchase Price and Payment. The base price per unit of the Equipment is set forth in Schedule A hereto. The base price is subject to such increase or decrease as may be agreed to by the Builder thereof and the Railroad. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased, plus off-line freight charges, if any.

If the aggregate Purchase Price shall exceed \$20,250,000, the Builder (and any assignee of the Builder) and the Railroad, unless waived by the Railroad, will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Railroad, as will, after giving effect to such exclusion, reduce the aggregate Purchase Price of the Equipment under this Agreement to not more than \$20,250,000

and the Railroad agrees to purchase any such unit or units so excluded from this Agreement from the Builder for cash on the date such unit or units would otherwise have been settled for under this Agreement either directly, or by means of a conditional sale, equipment trust or other appropriate method of financing as the Railroad shall determine and shall be reasonably acceptable to the Builder.

For the purpose of making settlement, the Equipment of each Builder may be divided into such number of groups of units of the Equipment, delivered to and accepted by the Railroad (each such group being hereinafter called a Group), as the Builder thereof and the Railroad may agree upon.

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) On each Closing Date (as hereinafter defined) with respect to each Group the amount, if any, by which (x) the Purchase Price of all units of the Equipment covered by this Agreement for which settlement has theretofore or is then being made, as stated in the invoice or invoices therefor (said invoiced prices being hereinafter called the Invoiced Purchase Prices), exceeds (y) the sum of \$20,250,000 and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (a) (said excess of clause (x) over clause (y) being hereinafter called the Excess Amount); and

(b) in 14 consecutive equal semiannual instalments, as hereinafter provided, an amount equal to $46\frac{2}{3}\%$ of the balance of the aggregate Invoiced Purchase Prices not paid or payable pursuant to the immediately preceding subparagraph (a); and thereafter

(c) in 16 consecutive equal semiannual instalments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all of the Equipment less the aggregate amount paid or payable with respect thereto pursuant to the immediately preceding subparagraphs (a) and (b) of this paragraph (the aggregate of all said instalments provided for in subparagraphs (b) and (c) of this paragraph being hereinafter called the Conditional Sale Indebtedness).

The instalments of the Conditional Sale Indebtedness payable pursuant to the third paragraph of this Article 3 shall be payable semiannually on April 1 and October 1 in each year commencing on April 1, 1978, to and including October 1, 1992 or, if any such date is not a business day, on the next succeeding business day (each such date being hereinafter called a Payment Date); provided, however, that the instalments payable pursuant to subparagraph (b) of the third paragraph of this Article 3 shall be payable commencing on April 1, 1978, to and including October 1, 1984, and the instalments payable pursuant to subparagraph (c) of said third Paragraph shall be payable commencing on April 1, 1985, to and including October 1, 1992. The unpaid portion of the Conditional Sale Indebtedness payable in instalments on or prior to October 1, 1984, shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 7-3/4% per annum. The unpaid portion of the Conditional Sale Indebtedness payable in instalments on or after April 1, 1985, shall bear interest from the respective Closing Dates on which such indebtedness was incurred at the rate of 8-1/4% per annum. All such interest shall be payable by the Railroad to the Vendor, to the extent accrued, on April 1, 1978, and on each Payment Date thereafter.

The term "Closing Date" with respect to any Group of the Equipment shall mean such date, on or after September 1, 1977, and prior to January 31, 1978 (the latter date being hereinafter called the Cut-off Date), not more than ten business days following presentation by a Builder to the Railroad of the invoice and the Certificate or Certificates of Acceptance for such Group (unless the Builder shall otherwise agree), as shall be fixed by the Railroad by written notice delivered to the Vendor at least six business days prior to the Closing Date designated therein; provided, however, that the aggregate of the Invoiced Purchase Prices of all Equipment settled for pursuant to this Agreement on any Closing Date shall not exceed the amount then on deposit with the Vendor pursuant to the Finance Agreement (as hereinafter defined in Article 4) under which the Vendor is acting as Agent for the institutional investors therein named. The term "business days" as used herein means calendar days excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland or New York, New York are closed.

All interest under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Railroad will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding, at the rate of 8-3/4% per annum in the case of amounts due and payable with respect to Conditional Sale Indebtedness due on or prior to October 1, 1984, and at the rate of 9-1/4% per annum, in the case of amounts due and payable with respect to Conditional Sale Indebtedness due on and after April 1, 1985.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall be made by bank wire transfer of immediately available funds on the due date for such payments. Except as provided in Article 7 hereof, the Railroad shall not have the privilege of prepaying any instalment of its indebtedness hereunder prior to the date it becomes due.

In the event the Vendor, pursuant to Article 14 hereof, assigns the right to receive the payments herein provided to be made by the Railroad, the assignee thereof may request the Railroad to make such payments to it at such address as shall be supplied to the Railroad by the assignee.

ARTICLE 4. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor or the parties named in Schedule A (hereinafter called the Investors) to a Finance Agreement dated as of the date hereof among Mercantile-Safe Deposit and Trust Company, as Agent, the Railroad and the Investors (hereinafter called the Finance Agreement), with respect to the amount of any local, state, federal or foreign taxes (other than taxes on or measured by the net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], or excess profits and similar taxes of the Vendor or the Investors) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called Impositions), all of which Impositions the Railroad assumes and agrees to pay on demand. The Railroad will also pay promptly all Impositions which may be imposed upon the

Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor or the Investors solely by reason of its or their ownership thereof and will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the title of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions, and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title or interest or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any such Impositions shall have been charged or levied against the Vendor or the Investors directly and paid by the Vendor or the Investors, the Railroad shall reimburse the Vendor or the Investors, as the case may be, upon presentation of an invoice therefor, and any amounts so paid by the Vendor or the Investors shall be secured by and under this Agreement; provided, however, that the Railroad shall not be obligated to reimburse the Vendor or the Investors for any Impositions so paid unless the Vendor or the Investors, as the case may be, shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor or the Investors) or unless the Railroad shall have approved the payment thereof.

ARTICLE 5. Title to the Equipment. The Vendor shall and hereby does retain the full legal title to and property in the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 7 hereof, when and only when the full indebtedness in respect to the Purchase Price of the Equipment, together with interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad

at that time, will (a) execute a bill or bills of sale for the Equipment transferring its title thereto and property therein to the Railroad, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad at its address referred to in Article 20 hereof; (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Railroad to the Equipment; and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

ARTICLE 6. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Interest Filed under the Interstate Commerce Act, Section 20c" or the name of the Vendor followed by the words "Agent, Owner", or other appropriate markings approved by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Railroad will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Railroad will not change the number of any unit of Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the

Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 7. Casualty Occurrences. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Railroad for a period of 90 consecutive days (such occurrences being hereinafter called Casualty Occurrences), the Railroad shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Vendor in regard thereto. When the aggregate Casualty Value (as defined herein) of all units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Vendor, or with respect to which the Railroad shall have received credit pursuant to this Article 7) hereunder shall exceed \$300,000 (or such lesser amount as the Railroad may elect), the Railroad, within 90 days after it has knowledge of such event, shall promptly pay to the Vendor a sum equal to the aggregate Casualty Value of such units of the Equipment as of the date of such payment and shall file with the Vendor a certificate of an officer of the Railroad setting forth the Casualty Value of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Vendor pursuant to the preceding paragraph of this Article 7 shall, as the Railroad may direct in a written instrument filed with the Vendor, be applied (so long as no Event of Default shall have occurred and be continuing), in whole or in part, to the pro rata prepayment of each of the instalments of Conditional Sale Indebtedness remaining unpaid or toward the cost of a unit or units of standard-gauge railroad equipment (other than passenger or work equipment of types other than locomotives) first put into service no earlier than the date of this Agreement, to replace units suffering a Casualty Occurrence. If such replacement equipment shall be equipment theretofore used in railroad service, the Railroad shall

deliver to the Vendor a certificate of an officer of the Railroad that the cost of such equipment does not exceed the fair value thereof.

The Casualty Value of each unit of the Equipment (other than a replacement unit) shall be deemed to be that amount which bears the same ratio to the original Purchase Price thereof (less, in the event that the Railroad shall have made any payment or payments under the provisions of subparagraph (a) of the third paragraph of Article 3 hereof, an amount which bears the same ratio to the aggregate of all such payments as the original Purchase Price of such unit bears to the original aggregate Purchase Price of all equipment) as the unpaid Conditional Sale Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 7) as of the date payment is made with respect to such Casualty Occurrence bears to the original Conditional Sale Indebtedness. The Casualty Value of each replacement unit shall be deemed to be that amount which bears the same ratio to the portion of the cost thereof paid by the Vendor as the unpaid Conditional Sale Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 7) as of the date payment is made with respect to such Casualty Occurrence bears to the unpaid Conditional Sale Indebtedness (without giving effect to any such prepayments) as of the date of acquisition by the Vendor of such replacement unit.

The Railroad will cause any replacement unit or units to be marked as provided in Article 6 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. The Railroad warrants that title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by the second paragraph of Article 11 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause title to such replacement units to vest in the Vendor and to come under and be subject to this Agreement. All such replacement units shall be guaranteed and warranted in like manner as is customary at the time for similar equipment. Whenever the Railroad shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file

therewith executed counterparts of an opinion of counsel covering the matters set forth in this paragraph and a certificate of a Vice President, Assistant Vice President or Comptroller of the Railroad certifying that such replacement unit or units comply with the requirements of this Agreement.

So long as no Event of Default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 7 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such (i) direct obligations of the government of the United States of America or any agency thereof, or obligations for which the full faith and credit of the United States is pledged to provide for the payment or principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard and Poor's Corporation or Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of, or bankers acceptances accepted by, commercial banks in the United States of America having a capital and surplus aggregating at least \$100,000,000, in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called Investments), as may be specified in such written direction. Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 7, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If one or more Events of Default shall have occurred and be continuing, all moneys held by the Vendor pursuant to this Article 7 (including, for this purpose, Investments) shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 16 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad, after payment by the

Railroad of a sum equal to the Casualty Value of such Equipment, execute and deliver to the Railroad or the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

ARTICLE 8. Maintenance; Compliance with Laws and Rules; Insurance. The Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense.

During the term of this Agreement, the Railroad will at all times comply in all respects with all laws of the jurisdictions into which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

The Railroad will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, at its own expense, maintain appropriate insurance on the Equipment at the time subject hereto in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Railroad on similar equipment owned by it. The Railroad may self-insure with respect to all liabilities and risks required to be insured hereunder.

ARTICLE 9. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1978, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers

of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 6 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 10. Possession and Use. The Railroad, so long as an Event of Default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights or operating rights pursuant to contract, or upon connecting and other carriers in the usual interchange of traffic, from and after delivery of the Equipment by the Builder to the Railroad, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Railroad shall not assign any unit of the Equipment to service involving the continuous use thereof outside the United States of America.

ARTICLE 11. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on the Equipment, or any unit thereof, equal or superior to the Vendor's title thereto or property therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason

of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 12. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless any assignee of the Builders from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by such assignees of title to the Equipment, the use and operation thereof by the Railroad during the period when title thereto remains in such assignees or the transfer of title to the Equipment by such assignees pursuant to any of the provisions of this Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 13. Patent Indemnities; Builders' Warranty of Material and Workmanship. The following are the terms relating to patent identification agreed to by ACF and GM, respectively:

(a) Except in cases of articles or materials specified by the Railroad and not manufactured by ACF and in cases of designs, systems, processes, formulae or combinations specified by the Railroad and not developed or purported to be developed by ACF, ACF agrees to indemnify, protect and hold harmless the Railroad from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Railroad, its assigns or the users of ACF's Equipment because of the use in or about the construction or operation of any of ACF's Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

(b) GM shall defend any suit or proceeding brought against the Railroad and/or each assignee of GM's rights under this Agreement so far as the same is based on a claim that GM's Equipment, or any part thereof, furnished under this Agreement constitutes an infringement of any patent, if

notified promptly in writing and given authority, information and assistance (at GM's expense) for the defense of same, and GM shall pay all damages and costs awarded therein against the Railroad and/or any such assignee. In case any unit of its Equipment, or any part thereof, is in such suit held to constitute infringement and the use of such unit or part is enjoined, GM shall at its option and at its own expense either procure for the Railroad and any such assignee the right to continue using such unit or part, or replace the same with noninfringing equipment subject to this Agreement, or modify it so it becomes noninfringing, or remove such unit and refund the Purchase Price and the transportation and installation costs thereof. If the Purchase Price is so refunded, such refund shall be made to the assignee of GM's rights under this Agreement if this Agreement has been so assigned, which refund, to the extent of the unpaid Conditional Sale Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 7 of this Agreement and, as long as no Event of Default or event which with the giving of notice, the lapse of time and/or demand or failure to take action provided for in this Agreement could constitute an Event of Default shall have occurred and be continuing, the balance shall be paid by such assignee to the Railroad. GM will not assume liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by its Specifications. The foregoing states the entire liability of GM for patent infringement by its Equipment or any part thereof.

The Railroad likewise will indemnify, protect and hold harmless the Vendor from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Railroad and not manufactured by the Builder of such Equipment or of any design, system, process, formula or combination specified by the Railroad and not developed or purported to be developed by the Builder of such Equipment which infringes or is claimed to infringe on any patent or other right. Each Builder agrees to and hereby does, to the extent legally

possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Railroad every claim, right and cause of action which such Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Railroad and purchased or otherwise acquired by such Builder for use in or about the construction or operation of any of its Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. Each Builder further agrees to execute and deliver to the Railroad or the users of such Builder's Equipment all and every such further assurance as may be reasonably requested by the Railroad more fully to effectuate the assignment and delivery of every such claim, right and cause of action. Each Builder will give notice to the Railroad of any claim known to such Builder from which liability may be charged against the Railroad hereunder and the Railroad will give notice to each Builder of any claim known to the Railroad from which liability may be charged against such Builder hereunder. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

The following are the warranties as to material and workmanship agreed to by ACF and GM, respectively:

(a) ACF warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements as set forth in Article 1 and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Railroad and not manufactured by ACF) and workmanship and design (except as to designs incorporated therein specified by the Railroad and not developed by ACF) under normal use and service, ACF's obligation under this paragraph being limited to making good at its plant any part or parts of any unit of its Equipment which shall, within one year after the delivery of such unit of its Equipment to the Railroad, be returned to ACF with transportation charges prepaid and which examination by ACF shall disclose to its satisfaction to have been thus defective.

(b) GM warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements as set forth in Article 1 and is suitable for the ordinary purposes for which such Equipment is used and warrants each unit of its Equipment to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery of such unit or before such unit has been operated 250,000 miles, whichever event shall first occur. GM agrees to correct such defects, which examination shall disclose to its satisfaction to be defective, by repair or replacement F.O.B. factory and such correction shall constitute fulfillment of its obligation with respect to such defect under this warranty. GM warrants specialties not of its own specification or design to the same extent that the suppliers of such specialties warrant such items to GM.

Each of the foregoing warranties is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose, and of all other obligations or liabilities on the part of either Builder, except for each Builder's obligations under this Article 13 and Articles 1, 2 and 3 of this Agreement, and neither Builder assumes nor authorizes any person to assume for it any other liability in connection with the construction of its respective Equipment and delivery of such Equipment, except as aforesaid.

Each Builder further agrees with the Railroad that neither the inspection provided in Article 2 of this Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 2 shall be deemed a waiver or a modification by the Railroad of any of its rights under this Article 13.

ARTICLE 14. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 10 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor. A sale, assignment, transfer or disposition to a railroad company organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all of the lines of railroad of the Railroad, and which, by execution of an appropriate instrument satisfactory

to the Vendor, shall assume and agree to perform each of and all the obligations and covenants of the Railroad under this Agreement, shall not be deemed a breach of this covenant, provided such railroad company immediately after such acquisition shall have net tangible assets and capital and surplus aggregating at least that of the Railroad prior to such acquisition.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance with this Agreement or to respond to its warranties and indemnities contained in Article 13 hereof, or relieve the Railroad of any of its obligations to either Builder under Articles 1, 2, 3, 4, 12 and 13 hereof and this Article 14 or of any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Railroad recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all of the rights of the Vendor hereunder is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned,

together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to such Builder's Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by a Builder. Any and all obligations of the Builders hereunder, howsoever arising, shall be and remain enforceable by the Railroad against and only against the respective Builders and not against any assignee of this Agreement.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for such Equipment, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee and (b) furnish to such assignee such number of counterparts of any other certificate or paper required by the Vendor as may reasonably be requested.

If this Agreement shall have been assigned by the Builders and the assignee shall not make payment to a Builder with respect to units of its Equipment as provided in the instrument making such assignment, such Builder will promptly notify the Railroad of such event and, if such amount shall not have been previously paid by such assignee, the Railroad will, not later than 90 days after the date such payment was due, pay or cause to be paid to such Builder the aggregate unpaid Purchase Price of such units, together with interest from the date such payment was due to the date of payment by the Railroad at the prime rate of interest charged by Chemical Bank, New York, New York, in effect on the date such payment was due.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default (herein called individually an Event of Default) shall occur and be continuing, to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement

and such default shall continue until the later of five days after the due date thereof or two days after receipt of written notice thereof; or

(b) the Railroad shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, or under any other act, now or hereafter enacted providing for the reorganization of railroads engaged in interstate commerce, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceeding shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffective-

ness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a Declaration of Default) the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an Event of Default, explaining what action the Railroad has taken or proposes to take to remedy such event.

The Vendor may at its election waive any such Event of Default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing

to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Event of Default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent Event of Default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as expressly provided hereinafter in this Article 16, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points on its lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Rail-

road at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 20 hereof. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor the per diem interchange for each unit of Equipment which shall not have been assembled as herein provided by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one

shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default herein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, and, if the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. In cases, however, in which the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby

waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, with the reasonable concurrence of special counsel for the Vendor, of the title of the Vendor to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Payment of Expenses. The Railroad will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent or any successor agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of special counsel, Messrs. Cadwalader, Wickersham & Taft, for the first assignee of this Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment, but excluding all fees and expenses of any other counsel for such parties.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) to the Railroad, at 3600 West Broad Street, Richmond, Virginia 23230, attention of Mr. L. G. Anderson, Vice President and Treasurer

(b) to a Builder at its address set forth immediately below,

(i) ACF Industries, Incorporated
750 Third Avenue
New York, New York 10017
Attn: Mr. R. W. Montgomery
Assistant Secretary

(ii) General Motors Corporation
(Electro-Motive Division)
La Grange, Illinois 60525
Attn: Mr. William H. Thomas

(c) to any assignee of the Vendor or of the Railroad, at such address as may have been furnished in writing to each of the other parties hereto by such assignee,

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

ARTICLE 21. Article Headings; Effect and Modification of Agreement. The Table of Contents hereto and all article headings are inserted for convenience only, are not part of this Agreement and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedule hereto, exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor and the Railroad.

ARTICLE 22. Law Governing. The Railroad warrants that its chief place of business and its chief executive office are located in the state specified in clause (a) of Article 20 hereof and in the State of Florida. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Virginia; provided, however, that the parties hereto shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Definitions. The term "Vendor", when-

ever used in this Agreement, means, before any assignment of any of its rights hereunder, respectively, ACF and GM and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. Whenever the term Vendor refers to ACF or GM, such term shall mean either or both such companies, as the context may require. The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, ACF and GM, respectively, and any successor or successors for the time being to their manufacturing properties and businesses.

ARTICLE 24. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of the date first set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

ACF INDUSTRIES, INCORPORATED

By: Duan A. Burns
VICE PRESIDENT

(CORPORATE SEAL)

ATTEST:

[Signature]
ASSISTANT SECRETARY



GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By: P.K. Highland
Vice President

(CORPORATE SEAL)

ATTEST:

J. Scott
Assistant Secretary

SEABOARD COAST LINE
RAILROAD COMPANY

By: H. C. Zarthy
Vice President and Secretary

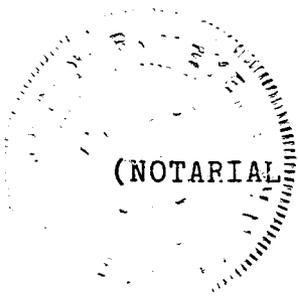
(CORPORATE SEAL)

ATTEST:

J. S. Williams
Assistant Secretary

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 19th day of August, 1977, before me personally appeared IVAN A. BURNS, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(NOTARIAL SEAL)

Edwin F. Meyer

Notary Public

EDWIN F. MEYER
NOTARY PUBLIC, State of New York
No. 30-7917803
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1978

My Commission Expires:

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

On this *22* day of *August*, 1977, before me personally appeared P. K. HOGLUND, to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Agnes L. Hayshe

Notary Public

(NOTARIAL SEAL)

My Commission Expires: *Feb. 10, 1978*

COMMONWEALTH OF VIRGINIA)
 : ss.:
CITY OF RICHMOND)

On this 23rd day of August , 1977, before me personally appeared R. E. Northup , to me personally known, who, being by me duly sworn, says that he is Vice President and Secretary of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

(NOTARIAL SEAL)

My Commission Expires: JUN 4 1978

SCHEDULE A

<u>Type</u>	<u>AAR Mechanical Design- nation</u>	<u>Builder's Specifi- cations</u>	<u>Builder & Builder's Plant</u>	<u>Quantity</u>	<u>Railroad Road Numbers (Inclusive)</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Time and Place of Delivery</u>
100-Ton High Roof Single Door Box Cars	XL	11-06647 dated July 12, 1977	ACF Industries, Incorporated St. Louis, Mo.	100	SCL99350- 99449	\$40,000	\$4,000,000	Aug. 1977, North Talladega, Ala.

100-Ton Single Door Box Cars	XL	11-06646 dated July 12, 1977	ACF Industries, Incorporated St. Louis, Mo.	200	SCL95350- 95549	\$39,000	\$7,800,000	Sept. 1977, North Talladega, Ala.

MP-15AC Diesel Electric Locomotives	B-B	8103 dated Jan. 1977, Order No. 777024	General Motors Corporation (Electro- Motive Division) LaGrange, Ill.	20	SCL 4000- 4019	\$422,500	\$8,450,000	Oct.-Nov. 1977, Delta, S.C.

AGREEMENT AND ASSIGNMENT

Dated as of July 15, 1977

Between each of

ACF INDUSTRIES, INCORPORATED

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

and

MERCANTILE-SAFE DEPOSIT
AND TRUST COMPANY,
as Agent

AGREEMENT AND ASSIGNMENT

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AGREEMENT AND ASSIGNMENT, dated as of July 15, 1977, between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland corporation, acting as Agent under a Finance Agreement dated as of the date hereof (hereinafter called the Finance Agreement) (said Agent, so acting, being hereinafter called the Assignee), and each of ACF INDUSTRIES, INCORPORATED, a New Jersey corporation, and GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a Delaware corporation (hereinafter individually called a Builder and together the Builders).

WHEREAS, the Builders and SEABOARD COAST LINE RAILROAD COMPANY (hereinafter called the Railroad), have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement), covering the construction, sale and delivery, on the conditions therein set forth, by the Builders, severally, and the purchase by the Railroad of the railroad equipment described in Schedule A to the Conditional Sale Agreement (said equipment being hereinafter called the Equipment, and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called such Builder's Equipment or its Equipment);

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (hereinafter called the Assignment) WITNESSETH: That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Assignee to each Builder, the receipt and sufficiency of which is hereby acknowledged, as well as of the mutual covenants herein contained; the parties agree as follows:

SECTION 1. Each Builder hereby assigns, transfers and sets over to the Assignee, its successors and assigns:

(a) all the right, title and interest of such Builder in and to each unit of its Equipment when and as severally delivered to and accepted by the Railroad and when and as payment is made by the Assignee to such Builder of the amount required to be paid under Section 4 hereof;

(b) all the right, title and interest of such Builder in and to the Conditional Sale Agreement (except the right to construct and deliver its Equipment and the right to receive the payments specified in the third paragraph of Article 2 thereof and in subparagraph (a) of the third paragraph of Article 3 thereof and the last paragraph of Article 14 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 4 thereof), and in and to any and all amounts which may be or become due or owing by the Railroad to such Builder under the Conditional Sale Agreement on account of its indebtedness in respect of the Purchase Price (as defined in Article 3 of the Conditional Sale Agreement) of its Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the Conditional Sale Agreement, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) hereof, all such Builder's rights, powers, privileges and remedies under the Conditional Sale Agreement;

without any recourse against the Builder for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not impose upon the Assignee or require the Assignee to assume any of the duties or obligations of such Builder to the Railroad under the Conditional Sale Agreement, except where specifically set forth, and this Assignment shall not transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the Conditional Sale Agreement or with respect to its obligations contained or referred to in Article 13 of the Conditional Sale Agreement, or any other obligation which according to its terms or context is intended to survive an assignment, or relieve the Railroad from its obligations under the Conditional Sale Agreement including its obligations to the Builders contained or referred to in Articles 1, 2, 3, 4, 12, 13 and 14 of the Conditional Sale Agreement, it being understood and agreed that, notwith-

standing this Assignment, or any subsequent assignment pursuant to the provisions of Article 14 of the Conditional Sale Agreement, all obligations of each Builder to the Railroad with respect to such Builder's Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against such Builder. In furtherance of the foregoing assignment and transfer, each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name, or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder agrees that it shall construct its Equipment in full accordance with the Conditional Sale Agreement and will deliver the same upon completion to the Railroad in accordance with the provisions of the Conditional Sale Agreement; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by such Builder. Each Builder further agrees that it will warrant to the Assignee and the Railroad that at the time of delivery of each unit of its Equipment under the Conditional Sale Agreement it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances of any nature (other than those created by the Conditional Sale Agreement and this Assignment); and each Builder further agrees that it will defend the title to each unit of its Equipment against demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the Conditional Sale Agreement; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder. Neither Builder will deliver any of its Equipment to the Railroad under the Conditional Sale Agreement until the filings and recordations referred to in Article 18 of the Conditional Sale Agreement have been effected (the respective Builders and their counsel being entitled to rely on advice from the Railroad or special

counsel for the Assignee that such filings and recordations have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, such Builder will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by such Builder of any obligation with respect to its Equipment or the manufacture, construction, delivery or warranty thereof, or by reason of any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad or its successor in interest by such Builder. Each Builder's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 14 of the Conditional Sale Agreement, to strike any defense, setoff, counterclaim or recoupment asserted by the Railroad in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to such Builder of the asserted defense, setoff, counterclaim or recoupment and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

Except in cases of articles or materials specified by the Railroad and not manufactured by a Builder and in cases of designs, systems, processes, formulae or combinations specified by the Railroad and not developed or purported to be developed by a Builder, each Builder agrees, except as otherwise specifically provided in Article 13 of the Conditional Sale Agreement, to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of any of such Builder's Equipment of any design, system,

process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim. Each Builder agrees that any amounts payable to it by the Railroad with respect to the Equipment, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien, charge or security interest upon the Equipment or any unit thereof.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 3 of the Conditional Sale Agreement with respect to a Group (as defined in said Article 3) of the Equipment, shall pay to the appropriate Builder an amount equal to the portion of the Purchase Price thereof which, under the terms of said Article 3 is payable in instalments, provided that there shall have been delivered to the Assignee, as provided in Article 14 of the Conditional Sale Agreement, at least six business days (as defined in said Article 3) prior to such Closing Date, the following documents in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested by said special counsel:

(a) A bill of sale from the appropriate Builder to the Assignee transferring to the Assignee security title to the units of the Equipment in such Group, warranting to the Assignee and to the Railroad that at the time of delivery of such units under the Conditional Sale Agreement such Builder had legal title to such units and good and lawful right to sell such units and that title to such units was free of all claims, liens, security interests and other encumbrances of any nature (other than those created by the Conditional Sale Agreement and this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the

delivery of such units by such Builder under the Conditional Sale Agreement;

(b) A Certificate or Certificates of Acceptance with respect to the units of the Equipment in such Group as contemplated by Article 2 of the Conditional Sale Agreement;

(c) An invoice of the appropriate Builder for the units of such Builder's Equipment in such Group accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices of such units stated herein;

(d) An opinion of Messrs. Cadwalader, Wickersham & Taft, who are acting as special counsel for the Assignee and, if the Assignee is acting as agent for Investors under a Finance Agreement, the Investors named in the Finance Agreement, dated as of such Closing Date, stating that (i) any such Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered by the Railroad and such Builder and is a legal, valid and binding instrument, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and the Assignee and is a legal, valid and binding instrument, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) security title to the units of the Equipment in such Group is validly vested in the Assignee and such units, at the time of delivery thereof to the Railroad under the Conditional Sale Agreement, were free from all claims, liens, security interests and other encumbrances (other than those created by the Conditional Sale Agreement and this Assignment), (vi) no approval

of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of any such Finance Agreement, the Conditional Sale Agreement or this Assignment, or if any such authority is necessary, it has been obtained, (vii) the Conditional Sale Agreement and this Assignment have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the Conditional Sale Agreement, this Assignment or any certificates of interest delivered pursuant to any such Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any such Investors;

(e) An opinion of counsel for the Railroad, dated as of such Closing Date, to the effect set forth in clauses (i), (ii), (iii), (vi) and (vii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Finance Agreement and this Agreement by parties thereto other than the Railroad) and stating that the Railroad is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as now conducted;

(f) An opinion of counsel for such Builder, dated as of such Closing Date, to the effect set forth in clauses (iv) and (v) of subparagraph (d) above and stating that (i) such Builder is a duly organized

and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as now conducted, (ii) the Conditional Sale Agreement has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms and (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal and valid instrument binding upon such Builder (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of the Conditional Sale Agreement and this Agreement by parties thereto other than such Builder);

(g) A certificate of an officer of the Railroad dated as of such Closing Date to the effect that, to the best of his knowledge and belief, (i) no event of default or event which with the giving of notice, the lapse of time and/or a demand as provided in Article 15 of the Conditional Sale Agreement would constitute an Event of Default thereunder shall have occurred and is then continuing and (ii) no tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) have been filed and are currently in effect which would adversely affect the security interest of the Assignee in the Equipment; and

(h) A receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to the Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Railroad.

In giving the opinions specified in subparagraphs (d), (e) and (f) of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said paragraphs (d) and (e), counsel may rely, as to authorization, execution and delivery by such Builder of the documents executed by such Builder and title to the Equipment at the time of delivery thereof under the Conditional Sale Agreement, on the opinion of counsel for such Builder; and, in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States, on the opinion of counsel for such Builder or the opinion of counsel for the Railroad as to such matter.

If the Assignee is acting as agent for Investors under a Finance Agreement, the obligation of the Assignee hereunder to make payment for any Group of the Equipment is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) or (d) of Article 15 of the Conditional Sale Agreement or if an event of default, or any event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement or the Finance Agreement could constitute an event of default, shall have occurred and be continuing under the Conditional Sale Agreement or the Finance Agreement. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to such Builder, without recourse to the Assignee, all right, title and interest of the Assignee under this Assignment and under the Conditional Sale Agreement in and to the units of the Equipment with respect to which payment has not been made by the Assignee in exchange for a release from any further obligations with respect to such Equipment.

SECTION 5. The Assignee may assign all or any of its rights under the Conditional Sale Agreement, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment any such subsequent or successive assignee

or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all obligations of the Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee, its successors and assigns, that the Conditional Sale Agreement was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Railroad, the Conditional Sale Agreement is, in so far as such Builder is concerned, a valid and existing agreement binding upon it and the Railroad in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, upon request of the Assignee, its successors and assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of such Builder therein or in the Equipment, provided that this obligation shall be conditioned upon the Assignee's making all payments required hereby.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Virginia; provided, however,

that the parties shall be entitled to all the rights conferred as provided in Article 22 of the Conditional Sale Agreement.

SECTION 8. The Assignee agrees to deliver an executed counterpart of this Assignment to the Railroad, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 9. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Assignee and one or more Builders. Each Builder shall be bound hereunder, notwithstanding the failure of the other Builder to execute and deliver this Agreement, or perform its obligations hereunder, and this Agreement shall be deemed to be a separate Agreement between the Assignee and each of the respective Builders.

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

ACF INDUSTRIES, INCORPORATED

[CORPORATE SEAL]

By: Juan A. Burns

VICE PRESIDENT

Attest:

[Signature]

ASSISTANT SECRETARY

[CORPORATE SEAL]

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By: P.K. Haglund
Vice President

Attest:

J. Scott
Assistant Secretary

[CORPORATE SEAL]

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent

By: G. J. [Signature]
Assistant Vice President

Attest:

[Signature]
Corporate Trust Officer

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

On this 22 day of August, 1977, before
me personally appeared P. K. HOGLUND to
me personally known, who, being by me duly sworn, says
that he is a Vice President of GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION), that one of the seals affixed
to the foregoing instrument is the corporate seal of said
corporation, that said instrument was signed and sealed
on behalf of said corporation by authority of its Board
of Directors and he acknowledged that the execution of
the foregoing instrument was the free act and deed of
said corporation.

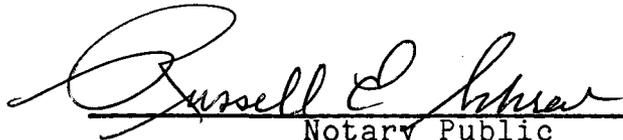
Agnes S. Hayshe
Notary Public

[NOTARIAL SEAL]

My Commission Expires: Feb. 10, 1978

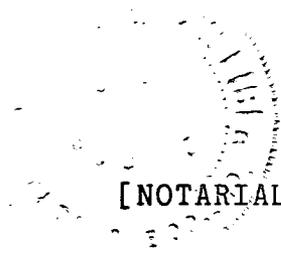
STATE OF MARYLAND)
 : ss.:
CITY OF BALTIMORE)

On this *23rd* day of *August*, 1977, before me personally appeared *G. J. Johnston* to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

RUSSELL E. SCHREIBER
NOTARY PUBLIC
My Commission Expires July 1, 19 *78*


[NOTARIAL SEAL]

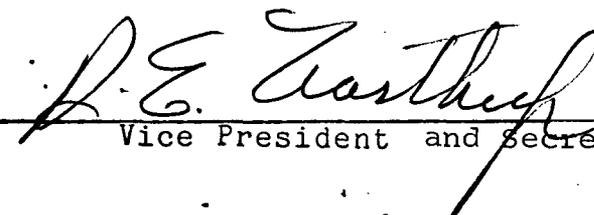
My Commission Expires:

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

SEABOARD COAST LINE RAILROAD COMPANY
hereby acknowledges due notice of and consents to the
assignment made by the foregoing Agreement and Assign-
ment as of July 15, 1977.

SEABOARD COAST LINE
RAILROAD COMPANY

By:


Vice President and Secretary