

6353

RECORDATION NO. _____ Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

CERTIFICATE

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF PHILADELPHIA :

On this 14 day of October, 1971, the undersigned officer compared the attached copy of a Lease Agreement dated September 23, 1971 between The Budd Company and the National Railroad Passenger Corporation with the fully executed original of said Lease Agreement and that the enclosed copy is a true and correct copy in all respects.

Harold A. Kluge

My commission expires _____.

8.4 In the event of a termination pursuant to Section 8.1, the Cars shall be returned to Budd by Amtrak as provided in Section 4.1. The option to purchase at the end of the term of the Primary Lease shall not apply in the event of termination under Section 8.1.

IX. GENERAL

9.1 All notices hereunder shall be sufficiently given if sent by mail, postage prepaid,

to Budd as follows:

The Budd Company
Attention: Secretary
2450 Hunting Park Avenue
Philadelphia, Pa. 19132

to Amtrak, as follows:

National Railroad Passenger Corporation
Attention: Secretary
955 L'Enfant Plaza, North, S.W.
Washington, D. C. 20024

or to such other address as the parties may specify to one another by notice in writing.

9.2 Nothing in this Lease shall be construed as requiring Budd to make any alterations or improvements to the Cars, except as otherwise specified herein.

9.3 The rights of Budd under this Lease may be assigned by Budd to any other person or corporation. The rights of Amtrak may not be assigned except to a wholly owned subsidiary of Amtrak, or to a successor of Amtrak qualifying

under the next sentence of this Section 9.3. The duties of Budd or Amtrak may not be delegated except to a successor corporation (which shall have assumed the obligations hereunder of Budd or Amtrak) into or with which Budd or Amtrak shall have become merged or consolidated or which shall have acquired the property of Budd or Amtrak as an entirety or substantially as an entirety.

9.4 Amtrak agrees to reexecute this lease in such form as may be necessary to record it at such places as Budd desires and to furnish such additional documentation as may be necessary to accomplish such recording.

9.5 This lease shall be governed by the laws of the District of Columbia.

Executed this 27th day of September, 1971.

THE BUDD COMPANY

By [Signature]
Executive Vice President -
Finance

NATIONAL RAILROAD PASSENGER CORPORATION

By [Signature]
Vice President - Operations

COMMONWEALTH OF PENNSYLVANIA :
 : SS.
COUNTY OF PHILADELPHIA :

On this, the _____ day of _____, 1971,
before me _____, the undersigned officer, personally
appeared _____, who acknowledged
himself to be Executive Vice President - Finance of The
Budd Company, a corporation, and that he as such Vice
President, being authorized to do so, executed the foregoing
instrument for the purposes therein contained by signing
the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and
official seal.

Notary Public

DISTRICT OF COLUMBIA : SS.

On this, the _____ day of September, 1971,
before me _____, the undersigned officer,
personally appeared _____, who acknowledged himself
to be Vice President - Operations of National Railroad
Passenger Corporation, a corporation, and that he as such
Vice President, being authorized to do so, executed the
foregoing instrument for the purposes therein contained
by signing the name of the corporation by himself as Vice
President.

IN WITNESS WHEREOF, I hereunto set my hand and
official seal.

Notary Public

My Commission Expires 12/31/1974

EXHIBIT J

Summary of Modifications

The following is a summary of the items of work to be accomplished by Budd and its suppliers during the modification program:

A. Car Number 861:

1. Apply iron cores to 'A' switches.
2. Modify flap on doors in 252 group box.
3. Modify air relay in reactor.
4. Install new brake grid rods in 61, 62 and 63 groups.
5. Modify 475 card in 253 group.
6. Modify 439 card in 253 group.
7. Tune up for service of ACO, master controller, speed signal, wheel slip, voltage to current translator.
8. Supply and apply batteries.
9. Run final performance tests.
10. Modify food service equipment.
11. Install telephone equipment.

B. Cars Numbered 806, 809 and 822 thru 830:

1. Clean Tracpak.
2. Inspect and drill oil drain holes as required.
3. Check coupling alignment.
4. Apply closeoff covers.
5. Apply new motor mount pack.
6. Re-torque coupling bolts.
7. Relocate and recalibrate air relay.
8. Calibrate BK card.
9. Calibrate PS card.
10. Check relay and interlock adjustment.
11. Head end calibration.
12. Check slip-slide.
13. Cut tips and calibrate 'J' switch.

14. Increase surge suppression on main reactor.
15. Modify RRR circuit.
16. Perform final check of dynamic brake system.
17. Add screens and guards.
18. Reconfigure the servo loop amplifier by changing the R-36 resistor from 200,000 ohms to 0 ohms and the R-47 rheostat from 500,000 ohms to 50,000 ohms in order to reduce cycling on power switches L-1, L-2 and L-3 on Westinghouse equipped cars and A-1, A-2 and A-3 on General Electric equipped cars when Westinghouse equipped cars are lead cars in the train.

C. All Cars:

1. Modify suspension.
2. Incorporate revised bearing and cooling modules.
3. Change out wheels from 'C' to special 'A' type.
4. Supply and apply two-speed sensors to #2 gear box.
5. Delete electric coupler and add jumpers.
6. Date air brake equipment.
7. Run validation runs.
8. Clean cars for service.
9. Install leased communication equipment.
10. Rehabilitate and clear car interiors.
11. Provide and apply new ownership plates.
12. Provide engineering assistance during validation.
13. Transportation - Budd Red Lion to Penn Central Wilmington.

EXHIBIT 2

Unamortized Value Per Car After Each Payment
During Primary Term of Lease

<u>Payment</u>	<u>Value Per Car</u>
1	\$436,448.75
2	432,628.44
3	428,736.46
4	424,790.72
5	420,791.23
6	416,720.06
7	412,595.14
8	408,416.47
9	404,166.13
10	399,862.03
11	395,504.18
12	391,074.65
13	386,591.37
14	382,054.34
15	377,445.64
16	372,783.18
17	368,066.96
18	363,279.08
19	358,437.44
20	353,542.05
21	348,574.98
22	343,554.16
23	338,479.59
24	333,333.34
25	328,200.26

EXHIBIT 3

Purchase Price Per Car After Each Payment
During Term of Lease Renewal

<u>Payment</u>	<u>Price Per Car</u>
1	\$332,866.67
2	332,133.34
3	331,400.01
4	330,666.67
5	329,933.34
6	329,200.01
7	328,466.67
8	327,733.34
9	326,733.34
10	325,733.34
11	324,733.34
12	323,733.34
13	322,733.34
14	321,733.34
15	320,466.67
16	319,466.67
17	318,200.00
18	316,933.34
19	315,666.67
20	314,400.00
21	313,133.34
22	311,866.67
23	310,333.34
24	309,066.67
25	307,533.34
26	306,000.00
27	304,466.67
28	302,933.34
29	301,133.34
30	299,600.00
31	297,800.00
32	296,266.67
33	294,466.67
34	292,666.67
35	290,866.67

EXHIBIT 3 (cont'd)

<u>Payment</u>	<u>Price Per Car</u>
36	\$288,800.00
37	287,000.00
38	284,933.34
39	283,133.34
40	281,066.67
41	279,000.00
42	276,933.34
43	274,600.00
44	272,533.34
45	270,200.00
46	268,133.34
47	265,800.00
48	263,466.67
49	261,133.34
50	258,800.00
51	256,200.00
52	253,866.67
53	251,266.67
54	248,666.67
55	246,333.34
56	243,466.67
57	240,866.67
58	238,266.67
59	235,666.67
60	232,800.00
61	229,933.33
62	227,066.67
63	224,200.00
64	221,333.33
65	218,466.67
66	215,333.33
67	212,466.67
68	209,333.33
69	206,200.00
70	203,066.67
71	199,933.33
72	196,800.00
73	193,666.67
74	190,266.67
75	186,866.67

EXHIBIT 3 (cont'd)

Percent	Price Per Car
76	\$183,733.33
77	180,333.33
78	176,933.33
79	173,266.67
80	169,866.67
81	166,466.67
82	162,800.00
83	159,133.33
84	155,466.67
85	151,800.00
86	148,133.33
87	144,466.67
88	140,533.33
89	136,866.67
90	132,933.33
91	129,000.00
92	125,066.67
93	121,133.33
94	117,200.00
95	113,000.00
96	109,066.67
97	104,866.67
98	100,666.67
99	96,466.67
100	92,266.67
101	88,066.67
102	83,600.00
103	79,400.00
104	74,933.33
105	70,466.67
106	66,266.67
107	61,533.33
108	57,066.67
109	52,600.00
110	47,866.67
111	43,400.00
112	38,666.67
113	33,933.33
114	29,200.00
115	24,466.67
116	19,626.67
117	14,778.67
118	9,893.33
119	4,973.33
120	---

LEASE

LEASE Agreement dated this 22nd day of September, 1971 between THE BUDD COMPANY (hereinafter called "Budd") and NATIONAL RAILROAD PASSENGER CORPORATION (hereinafter called "Amtrak").

In consideration of the terms and conditions herein contained Amtrak and Budd hereby agree as follows:

I. DEFINITIONS

The following definitions shall apply to the terms indicated as appearing in this Lease:

1.1 "Cars" - Twelve Metroliner Type Electric Multiple Unit Railroad Passenger Cars numbered 806, 809, 822, 823, 824, 825, 826, 827, 828, 829, 830 and 861.

1.2 "Lease" - This lease of the Cars during the term of the Preliminary Lease, the Primary Lease and the Renewal Lease as hereinafter defined.

1.3 "Preliminary Lease" - The lease of the Cars for the time between the date of this Lease and the commencement of the Primary Lease.

1.4 "Primary Lease" - The lease of the Cars commencing as to each Car on the date the Modifications are completed

and each Car accepted by Amtrak under Section 3.7 and ending on January 15, 1974.

1.5 "Renewal Lease" - The lease of the Cars for the renewal term provided in this lease commencing at the end of the term of the Primary Lease and ending ten years thereafter unless earlier terminated pursuant to the provisions contained herein.

1.6 "Modifications" - The work of the type set out on Exhibit 1 to this Lease and in Section 3.8 of this Lease, all of which work Budd agrees to perform at its sole expense prior to the commencement of the term of the Primary Lease except for the Modification in Section 3.8 which will be completed no later than March 1, 1972.

II. LEASE OF CARS

2.1 Budd hereby leases the Cars to Amtrak for a term commencing on the date hereof and ending at the termination of the Primary Lease unless extended for the term of the Renewal Lease pursuant to the terms and conditions hereof or unless earlier terminated pursuant to the provisions contained herein.

2.2 Amtrak hereby accepts (subject to the conditions mentioned in this Lease) this Lease of the Cars and agrees

to pay during the term hereof the following amounts as rent for the Cars:

During the Preliminary Lease - \$10 per car per day

During the Primary Lease - \$5275 per car per month

During the Renewal Lease - \$5000 per car per month.

Such rents shall be payable to Budd promptly after the end of each month and pro-rated appropriately as to any partial month. Such rents shall continue to be payable until the termination of this Lease pursuant to the terms hereof, or until the Cars are purchased by Amtrak under the provisions of Section 7.1 hereof.

2.3 Amtrak covenants and agrees during the term of this Lease including the Renewal Lease (except to the extent provided in Section III during the Preliminary Lease):

2.3.1 To keep the Cars in good working order, proper running condition and repair (subject to the right of Budd to inspect the condition and maintenance thereof), and to that end at its own expense to make periodic inspections and all needful repairs, renewals and replacements, and in case of damage thereto by fire, accident or otherwise with reasonable promptness to make the repairs, renewals and replacements necessary to restore the Cars to good working order and proper running condition except as provided in clause 2.3.2. Any improvements or additions, except leased

communication equipment and Bell supplied telephone equipment, made by or on behalf of Amtrak shall not be detached from the Cars but shall remain for the benefit and be the property of Budd.

2.3.2 In case any Car is lost, destroyed or damaged beyond repair, to pay Budd, within sixty days, the amount per Car called for as follows as determined by the date when such loss, destruction or damage shall have occurred:

If during the term of the Primary Lease - The amount of the unamortized value set out on Exhibit 2 attached hereto and made a part hereof.

If during the term of the Renewal Lease - The amount of the purchase price per Car set out on Exhibit 3 attached hereto and made a part hereof.

Amtrak shall be entitled to any salvage from such Car, or the proceeds thereof, and on the date of such payment this Lease (including, without limitation, the obligation of Amtrak to pay rent in respect of such Car and to return the Car) shall terminate in respect of such Car. Upon payment of the amount called for by this Section 2.3.2 Budd shall concurrently deliver to or upon the order of Amtrak a bill of sale in the form prescribed by Section 7.1.

2.3.3 From time to time to furnish Budd upon its request with: (a) an annual statement showing the condition of the Cars and what, if any, substantial

repairs have been made upon the same since the last preceding report, and (D) a similar statement at the time or times any substantial damage has been incurred by a Car or Cars.

2.3.4 At its own expense to comply in all applicable respects with all laws of the United States of America and of the states in or through which the Cars may be operated, covering the use, maintenance and operation of the Cars and with the applicable lawful rules with respect thereto of every legislative, administrative or judicial body exercising any power or jurisdiction over the Cars and to maintain the Cars in proper condition for operation under such laws and rules at all times during the continuance of this Lease.

2.3.5 Promptly to pay all taxes, assessments and government charges which from time to time during continuance of this Lease may be imposed upon the Cars or the earnings arising therefrom or the operation thereof or upon Budd by reason of its ownership thereof, or by reason of the sale of the Cars by Budd to Amtrak under the provisions of Section 7.1 hereof, by any government or any country, state or political sub-division thereof in which the Cars may be located or which shall have jurisdiction over the same (exclusive, however, of any income taxes on the rentals payable hereunder or on any other income earned by Budd

hereunder), and at all times during the continuance of this lease to keep the Cars free and clear of all tax liens and encumbrances other than the lien of taxes not yet due or payable, provided, however, that Antrak shall not be required to pay any tax, assessment or other government charge, the validity of which Antrak shall contest in good faith and by appropriate legal proceedings (of which contest Budd shall be promptly advised and kept informed), until such contest shall have been decided unless in the written opinion of Messrs. Montgomery, McCracken, Walker & Rhoads Budd's right and interest in the Cars will be materially endangered by such delay.

2.3.6 To indemnify and save harmless Budd of, from and in respect of all liability and claims for loss of or damage to or destruction of property or for injuries to persons or deaths resulting from the possession, use or operation of the Cars during the continuance of this Lease to the same extent as if the Cars were the sole property of Antrak, except any such loss, damage, destruction, injuries and deaths due to the negligence of Budd.

2.3.7 To make no changes or alterations to the Cars during the continuance of this Lease without first obtaining the written consent of Budd, which consent will not unreasonably be withheld.

2.3.8 To keep, at the sole expense of Amtrak, a metal plate bearing the words: "The Budd Company, owner, lessor", or an exact duplicate thereof (in case replacement becomes necessary), plainly, distinctly, permanently and conspicuously placed and fastened to the Cars and to keep said plate at all times legible and distinct, and not to allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as a claim of ownership thereof by Amtrak or by any person, association or corporation other than Budd, but the Cars may be lettered with the name of Amtrak or the name of the train, or words such as "Metroliner."

2.3.9 At all times during the continuance of this Lease, to keep the Cars free of all liens and encumbrances resulting from the voluntary action of Amtrak or from the failure of Amtrak to take reasonable steps to prevent the imposition of any such lien or encumbrance.

III. PRELIMINARY LEASE

3.1 The provisions of this Section III will apply during the term of the Preliminary Lease. In the event of a conflict between the provisions of this Section III and the other terms and conditions of this Lease the provisions

of this Section shall apply but only during the term of the Preliminary Lease.

3.2 Budd agrees (a) to perform or cause to be performed at Budd's expense during the term of the Preliminary Lease the Modifications of the type set out in Exhibit 1 hereto and (b) that upon completion of that portion of the Modifications set out in Exhibit 1 hereto the Cars will be substantially identical (excluding leased communication equipment and Bell supplied telephone equipment) to their counterparts (having in mind for this purpose the nature of the Car, the manufacturer of its various subsystems and other relevant factors) among the 49 "Metroliner" Cars now being operated between New York and Washington, determined as of the date of this Lease. Amtrak agrees to allow Budd to perform the Modifications to the Cars during the term of the Preliminary Lease and for this purpose covenants to allow Budd free and uninterrupted access to and use of the Cars. Budd agrees to permit Amtrak to be represented by an Engineer who shall have authority to decide whether or not the Modifications of the type set out in Exhibit 1 hereto are such as to make the Cars substantially identical to the counterparts (having in mind for this purpose the nature of the Car, the manufacturer of its various subsystems and other relevant factors) to the Cars now being operated

between New York and Washington, determined as of the date of this lease.

3.3 During the term of the Preliminary Lease Amtrak may make only such use of the Cars as Budd may allow and in no event shall the Cars be used for revenue service.

3.4 Budd agrees to allow Amtrak to have inspectors present at reasonable times during performance of the Modifications and Budd at its own expense agrees to provide reasonable facilities for such inspectors.

3.5 During the Preliminary Lease if any Car is lost, destroyed or damaged beyond repair this Lease (including the obligation of Amtrak to pay rent in respect of such Car and to return the Car) shall terminate in respect of such Car on the date of such loss, destruction or damage beyond repair without the payment by Amtrak of any additional sum with respect to such Car. Budd shall be entitled to any salvage from such Car or the proceeds thereof.

3.6 Budd agrees to indemnify and save Amtrak harmless from and in respect of all liability or claims for loss of or damage to or destruction of property or for injuries to persons or deaths resulting from the possession, use or operation of the Cars during the continuance of the Preliminary Lease to the same extent as if the Cars were the sole property of Budd, except any such loss, damage, destruction, injuries and deaths due to the negligence of Amtrak.

3.7 The term of the Preliminary Lease will end and the term of the Primary Lease will commence as to each Car on the date that Budd and Amtrak mutually agree that (a) the Modifications pursuant to Section 3.2 have been completed; (b) such Car complies with the applicable ^{laws and/} regulations of the Federal Railroad Administration, the District of Columbia and the States of Maryland, Delaware, Pennsylvania, New Jersey, New York and Connecticut; and (c) such Car has been accepted by Amtrak, which acceptance Amtrak covenants not to unreasonably withhold. It shall not be a ground for refusal of acceptance that the Cars may prove to be not compatible with electrification systems and facilities and power supplies other than those on Penn Central's mainline between New York and Washington. Budd agrees to make the Cars available to Amtrak at the commencement of the Primary Lease at the Wilmington shops of the Penn Central Transportation Company or at the Union Terminal, Washington, D.C.

3.8 As part of the Modifications, Budd will modify Cars 806, 809 and 822 through 830 to provide an isolated power supply for the P-wire circuit, which shall be subject to the advance and in process approval of Amtrak's Engineer. Budd agrees to perform this Modification as soon as possible and agrees to complete the Modification on all 11 Cars no later than March 1, 1972.

IV. RETURN OF CARS - EXERCISE OF RIGHT TO EXTEND TERM

4.1 On termination of the Primary Lease, unless terminated pursuant to the provisions herein relating to loss, destruction or damage to a Car beyond repair, Amtrak shall return the Cars at its expense to Budd in the same condition in which received by Amtrak, ordinary wear and tear and normal depreciation excepted, and shall execute any and all papers necessary to effect the transfer of the Cars back to Budd, subject to the option to purchase the Cars as hereafter provided and subject to the extension of this Lease for the term of the Renewal Lease. The Cars shall be returned to Budd at its Red Lion Plant, Philmont, Pennsylvania or to such place on the electrified lines of the Penn Central Transportation Company as Budd may request.

4.2 The term of the Renewal Lease shall be for ten years commencing on the day following the last day of the term of the Primary Lease. This Lease shall be deemed extended and the Renewal Lease deemed to commence without notice or action from or by either of the parties hereto unless Amtrak delivers notice in writing to Budd sixty days prior to the termination of the Primary Lease that it wishes to terminate this Lease in which event this Lease will terminate for each Car at the end of the Primary Lease, or in the

event that Amtrak exercises the option to purchase the Cars as hereinafter provided in which event this lease will terminate on the date of purchase of the Cars by Amtrak.

V. DEFAULT

5.1 Subject to the provisions of Section 2.3.5, in case Amtrak shall fail to pay any tax, assessment or government charge which it is obligated by the terms hereof to pay, Budd may (but need not) make such payment and Amtrak shall repay the amount so paid as "additional rent" to Budd upon demand. Subject to the provisions of Section 5.2, in case Amtrak shall fail to perform any other act in this lease required on its part to be performed, Budd may (but need not) perform such act and any expenses incurred by Budd in so doing shall be repaid to it as "additional rent" by Amtrak, upon demand.

5.2 In case a court of competent jurisdiction shall have entered a decree granting a petition in bankruptcy or for re-organization or for a trustee or for a receiver filed by or against Amtrak, or in case Amtrak shall make default in the payment of any part of the rent and such default shall continue for more than 30 days after the same shall become due and payable, or in case Amtrak shall, for

more than 90 days after Budd shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants herein on its part to be kept and performed, or to make provision satisfactory to Budd for such compliance, then in any of said events Budd shall have, without further notice or demand, the right to terminate this Lease forthwith.

5.3 In case this Lease shall be terminated for any cause specified herein other than a cause specified in Clause 2.3.2 of Section 2.3, Budd shall be entitled to immediate possession of the Cars and may repossess the same without previous demand or notice, and in such event, at its option, may, by its agents, enter upon the railroads and premises on which the Cars are located and take possession of all or any part of the Cars, and withdraw the same from said railroads and premises, and upon such taking of possession Amtrak shall cease to have any rights or remedies in respect of the Cars under the Lease, and all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by Amtrak (except, however, that Amtrak shall continue to have all such rights and remedies with respect to events occurring prior to the termination); and no payments theretofore made by Amtrak for the rent of the Cars, or any of them, shall, in case of the happening of such taking of possession

by Budd, give to Amtrak any legal or equitable interest or title in or to the Cars or any of them, and such taking of possession shall not be a bar to recovery by Budd from Amtrak for rentals then due and payable, and Amtrak shall be and remain liable for the same. In case Budd shall rightfully demand possession of the Cars in pursuance of this Lease, Amtrak will, at its own expense, forthwith and in the usual manner and at the usual speed of freight or passenger trains, cause the Cars to be drawn to Budd's Red Lion Plant, Philmont, Pennsylvania. It is hereby expressly covenanted and agreed that the performance of this covenant is of the essence of this Lease and that upon application to any court having jurisdiction in the premises Budd shall be entitled to a decree against Amtrak requiring the specific performance thereof.

5.4 The remedies in this Lease provided in favor of Budd shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity.

5.5 Amtrak agrees to use its best efforts to obtain the written consent of the railroads on which the Cars are to be operated in revenue service to the provisions of Section 5.3 of this Lease.

VI. WARRANTIES AND LIABILITIES OF BUDD

6.1 Budd warrants the Cars against defects in material and workmanship for a period of six months from the date of the commencement of the term of the Primary Lease, and in addition warrants the car body structure against defects in material and workmanship for a period of five years from such date. If within the said periods any part or parts prove to be defective Budd agrees to repair or replace the same. If Budd elects to do such repair or replacement on the premises of the operating railroads Amtrak agrees to provide access at all reasonable times to the Car for such purposes. If Budd elects to have employees of Amtrak or the operating railroads repair or replace any defective part or parts hereunder Budd will direct the performance thereof and pay Amtrak or the operating railroads the amount charged therefor. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL OR IMPLIED (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE) AND SHALL NOT APPLY TO ANY CAR, OR COMPONENT PART THEREOF, WHICH HAS BEEN ALTERED UNLESS ALTERED BY OR WITH THE APPROVAL OF BUDD. The liability of Budd to Amtrak (except as to title and patent infringement

with respect to which provisions are made in Section 6.2 below and except as contemplated in the proviso to the last sentence of this Section 6.1) shall not in any case exceed the cost of correcting defects in the equipment in the manner provided in this Section 6.1 and upon the expiration of said six month period as to the Cars and said five year period as to the car body structure, all such liability shall terminate. The foregoing shall constitute the sole remedy of Amtrak and the sole liability of Budd.

IN NO EVENT SHALL BUDD BE LIABLE FOR SPECIAL OR CONSEQUENTIAL DAMAGES, PROVIDED, HOWEVER, THAT THE FOREGOING ELIMINATION OF SPECIAL OR CONSEQUENTIAL DAMAGES SHALL NOT BE CONSTRUED SO AS TO RELIEVE BUDD OF LIABILITY DETERMINED TO BE THAT OF BUDD BY A COURT OF COMPETENT JURISDICTION FOR INJURIES TO THIRD PERSONS OR PROPERTY OF THIRD PERSONS.

6.2 Budd warrants that it is the sole owner of the Cars which are the subject of this Lease and that such Cars are free from all liens and encumbrances other than the rights therein of Amtrak.

Budd further agrees to protect, indemnify and save harmless Amtrak from and against any and all claims, demands, suits, actions, proceedings, prosecutions, judgments,

losses, damages and expenses which Amtrak may sustain, incur, be subjected to or become liable for by reason of infringement or alleged infringement of any patent or patents or patent rights now or hereafter issued and involving the whole or any part of the Cars, and Budd shall upon written notice from Amtrak forthwith undertake the defense or handling of any such claims, demands, suits, actions, proceedings or prosecutions, and bear all cost and expenses thereof.

The warranty and agreements of Budd set forth in this Section 6.2 shall survive the termination of this Lease.

VII. OPTION TO PURCHASE

7.1 At the termination of the Primary Lease and at any time during the term of the Renewal Lease Amtrak shall have the option to purchase all but not less than all the Cars then subject to the terms of this Lease. Such option shall be exercised by written notice from Amtrak to Budd not less than 30 days prior to the end of the term of the Primary Lease or if during the Renewal Lease by not less than 30 days written notice from Amtrak to Budd

at any time during such term of the Renewal Lease. A notice given prior to the end of the term of the Primary Lease as to any Car shall be deemed to be notice as to the exercise of the option to purchase as to all Cars then under Lease. Notice as to the exercise of the option to purchase during the term of the Renewal Lease shall be deemed to be for all Cars then under Lease. (\$333,333.34 per Car if less than all 12 Cars are then under Lease) //

Any such purchase shall be at a price of \$4,000,000 for the 12 Cars. If the option to purchase is exercised at the end of the term of the Primary Lease and if the Option to purchase is exercised at any time during the term of the Renewal Lease, the price will be equal to the product of the number of Cars then under Lease times the price per Car shown on the attached Exhibit 3. The Lease shall terminate in respect of the Cars purchased as of the date of closing. The closing shall be held at a time, date, and place as mutually agreed by Budd and Amtrak following exercise of the option by Amtrak. At such closing, Budd shall, concurrently with payment of the purchase price, execute and deliver to or upon the order of Amtrak a bill of sale transferring the Cars to be purchased. Such bill of sale shall contain a written warranty that Budd is the sole owner of said Cars and that such Cars are free from all liens and encumbrances (other than the rights therein

of Amtrak and liens and encumbrances resulting from the voluntary actions of Amtrak or from the failure of Amtrak to take reasonable steps to prevent the imposition of any such lien or encumbrance). In the event that Amtrak during the term of the Renewal Lease shall not elect to exercise the option granted by this Section 7.1, title to the Cars shall pass to Amtrak at the termination of the Renewal Lease at the end of the full ten year term thereof without further payment by Amtrak and Budd shall concurrently deliver to or upon the order of Amtrak a bill of sale in the form prescribed by this Section 7.1.

VIII. CANCELLATION

8.1 The parties hereto recognize that proceedings are presently pending before the United States District Court for the Eastern District of Pennsylvania concerning the designation of trains operated by the Penn Central Transportation Company between New York and Philadelphia (the "200 Series") as "intercity rail passenger service" within the meaning of the Rail Passenger Service Act of 1970. The parties further recognize that if these proceedings or any related proceedings result in a final determination that the "200 Series" do not constitute "intercity rail passenger service" within the meaning of said Act, Amtrak's need for the Cars could

be affected. Accordingly, in the event, and solely in the event, of such final determination that the "200 Series" do not constitute "intercity rail passenger service" Amtrak may terminate this Lease as to all of the Cars then under Lease, but no less than all of the Cars, at any time prior to the end of the term of the Preliminary Lease or the Primary Lease on thirty days notice in writing to Budd.

8.2 In the event Amtrak terminates this Lease pursuant to the provisions of Section 8.1 during the term of the Preliminary Lease it agrees on the effective date of the termination to pay to Budd, in addition to any rent and other charges which may be due hereunder, the amount of Budd's actual costs and expenses incurred in performing the Modifications but not to exceed a maximum amount of \$258,266.

8.3 In the event that Amtrak terminates this Lease pursuant to the provisions of Section 8.1 during the term of the Primary Lease it agrees on the effective date of the termination to pay to Budd, with respect to each Car, in addition to any rent and other charges which may be due hereunder, 1/24 of \$21,524 times the number of months between the date of said termination and the date the Primary Lease would have otherwise expired for such Car.