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INTERSTATE COMMERCE COMMISSION

GUARANTY AGREEMENT

GUARANTY AGREEMENT, dated *March 20*,
1975, among the DEPUTY FEDERAL RAILROAD
ADMINISTRATOR of the DEPARTMENT OF TRANSPOR-
TATION of the UNITED STATES OF AMERICA, as
Guarantor (the "Administrator"), pursuant
to Section 602 of the Rail Passenger Service
Act, as amended (the "Act"), MANUFACTURERS
NATIONAL BANK OF DETROIT, not in its individual
capacity but as Trustee under a Trust Agreement
dated as of January 1, 1975 (the Trustee and
its successors and assigns being hereinafter
called the "Trustee"), and FEDERAL FINANCING
BANK (such Bank and its successors and assigns
being hereinafter called the "Lender").

W I T N E S S E T H:

WHEREAS, in order to assist in carrying out its
responsibility to provide intercity rail passenger service
in accordance with the provisions of the Act, National
Railroad Passenger Corporation ("Amtrak"), a corporation
organized under the Act and the laws of the District of
Columbia, has entered into (i) a Passenger Equipment Purchase
Agreement (the "Purchase Agreement") dated as of June 24,

1974, as amended as of January 23, 1975, with ANF-Industrie, S.A., a copy of which is attached hereto as Exhibit A, to purchase certain trains (the "Equipment"), (ii) a Loan Agreement and Chattel Mortgage (the "Loan and Mortgage") dated as of January 1, 1975, with the Lender, a copy of which is attached hereto as Exhibit B, to finance the purchase of such Equipment, (iii) a Sale and Lease Back Agreement (the "Sale and Lease Back Agreement") dated as of January 1, 1975, with the Trustee, a copy of which is attached hereto as Exhibit C, to complete the furnishings of and to sell the Equipment to the Trustee and lease the Equipment back, and (iv) an Equipment Lease (the "Lease") dated as of January 1, 1975, with the Trustee, a copy of which is attached hereto as Exhibit D, covering the terms of the lease of the Equipment; and

WHEREAS, the Loan and Mortgage provides for the repayment of loans, made to purchase the Equipment, aggregating a maximum of \$11,700,000, in 30 semiannual instalments (the "Loans") together with interest thereon; and

WHEREAS, the Lease provides for the payment of various amounts by Amtrak to the Trustee for the lease of the Equipment, including the amounts hereinafter referred to as the Guaranteed Lease Obligations; and

WHEREAS, the Secretary of Transportation of the United States of America (the "Secretary") has duly designated

the Administrator as his delegate, under the authority of Section 102(2) of the Act and 49 U.S.C. 1657(e), to carry out certain functions vested in the Secretary by the Act, and the Administrator is thereby duly authorized with the approval of the Secretary of the Treasury to make this guaranty pursuant to Section 602 of the Act, and the Secretary of the Treasury has duly given such approval;

WHEREAS, the entering into of the aforementioned transactions by the Trustee and the Lender is, in the case of each of them, conditioned upon and in consideration of the participation of the other, and the receipt of the guaranty set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Guarantee of Loans. The Administrator hereby guarantees the prompt repayment by Amtrak of the instalments of the Loans, together with interest thereon, when and as the same shall become due and payable (whether at maturity, by acceleration or pursuant to other provisions of the Loan and Mortgage, or otherwise) in accordance with the terms of the Loan and Mortgage.

2. Guarantee of Lease Payments. The Administrator

hereby guarantees to the Trustee the prompt payment by Amtrak of (a) the amounts payable by Amtrak under the provisions of Sections 11, 17, 23.2, and 25.1 of the Lease, (b) the amounts payable by Amtrak for any purchase required under Section 16 of the Lease, (c) any amounts payable to the Trustee under Section 2.1 of the Lease as Interim Rent and Periodic Rent which are accrued and unpaid to and including the respective dates the payments referred to in clause (a) hereof are due and payable to the extent not paid pursuant to clause (a) hereof, and (d) all interest on overdue rentals payable under Section 22 of the Lease (all of such amounts being hereinafter called the "Guaranteed Lease Obligations") when and as the same shall become due and payable (whether at maturity, by acceleration or pursuant to other provisions of the Lease, or otherwise) in accordance with the terms of the Lease.

3. Guaranty Is Unconditional. The guaranty hereunder is an absolute and unconditional guaranty of the amounts guaranteed, is in no way conditioned or contingent upon any attempt to collect from Amtrak or upon any other condition or contingency, and shall remain in full force and effect without regard to, and shall not be affected or impaired by, any condition, contingency or occurrence, including, without limitation, (i) any amendment or modification of or addition or

supplement to the Loan and Mortgage, the Lease or the Sale and Lease Back Agreement; (ii) any extension, indulgence, waiver or other action or inaction with respect to the Loan and Mortgage, the Lease or the Sale and Lease Back Agreement; (iii) any default by Amtrak under, or any invalidity or unenforceability of, or any irregularity or other defect in, the Loan and Mortgage, the Lease or the Sale and Lease Back Agreement or the use by Amtrak of the proceeds of the moneys made available to or for the benefit of Amtrak, either under the Act or otherwise; (iv) any exercise or nonexercise of any right, remedy, power or privilege under this Agreement, the Loan and Mortgage, the Lease or the Sale and Lease Back Agreement; (v) any bankruptcy, insolvency, reorganization or similar proceeding involving or affecting Amtrak; (vi) any failure to furnish the Administrator with copies of correspondence relating to events of default as provided in Section 8 hereof; (vii) the impairment by the Lender of the Administrator's rights and security interest conveyed by the Lender under Section 5 hereof; or (viii) any amendment to or repeal of the Act. This guaranty may not be terminated, canceled or otherwise revoked, shall be conclusive evidence of compliance by this guaranty with the provisions of the Act and this guaranty shall be valid and incontestable in the hands of the Trustee and the Lender, except for fraud or material misrepresenta-

tion on the part of the party seeking enforcement hereof with respect to its claim hereunder.

4. Payments by the Administrator. (a) In the event that Amtrak shall fail to pay when due any required instalment of the Loans, or any interest thereon, the United States of America shall, after the expiration of any grace period provided in the Loan and Mortgage in respect thereof, upon the Administrator's receipt of written demand for payment by the obligee of the Loans, promptly (and, in any event, within 90 days after receipt of such demand or, if such obligee is an agency or instrumentality of the United States, immediately upon such demand) pay to such obligee, in cash, an amount equal to (i) the then unpaid Loans and the interest accrued thereon to the date of payment by the Administrator; provided, however, that the Lender shall have assigned to the Administrator, as of the date of such demand, all of its right, title and interest in and to the Loan and Mortgage pursuant to an Assignment in the form of the assignment attached hereto as Exhibit E, except as provided in such Assignment, or (ii) the amount of such instalment of the Loans or interest thereon (including interest on such instalment and interest at the Debt Rate (as defined in the Loan and Mortgage) from the due date thereof under the Loan and Mortgage to the date of payment thereof by the

Administrator); provided, however, that the option contained in this clause (ii) shall not be available to the Administrator if the obligee of the Loans at the time of the occurrence of such event of default is not an agency or instrumentality of the United States; further provided, that if pursuant to Section 4(b) hereof, the Administrator shall make any payment to the Lessor in respect of an event of default under the Lease, the Administrator shall at the time it makes such payment to the Lessor, pay to the obligee of the Loans the unpaid amount of the Loans and interest thereon pursuant to and subject to the conditions of clause (i) of this Section 4(a). Payment by the Administrator under this subsection 4(a) shall constitute the sole and exclusive remedy of the obligee of the Loans (in lieu of the remedies provided in Article 16 of the Loan and Mortgage and in lieu of all other remedies of a secured party at law, in equity or otherwise) (but without prejudice to any rights it may have as an assignee of the Trustee, but subject, however, to Section 4(b) hereof) by reason of an event of default under the Loan and Mortgage; provided, however, that this sentence shall not preclude any action for damages or injunctive relief (but not affecting Amtrak's right to the use and possession of the Equipment under Article 10 of the Loan and Mortgage, and it shall be assumed for this

purpose that Amtrak is not in default under such Article 10) which the Lender may elect to institute against Amtrak based upon any such event of default; further provided, that if the Lender by the exercise of any of its rights under this subsection 4(a) recovers any portion of the Loans, the Administrator's obligation under this Agreement shall be reduced by such amount. Amtrak's obligations under the Loan and Mortgage and under the Lease shall be reduced by the amounts paid by the Administrator pursuant to clause (ii) of this Section 4(a); provided, however, that no such reduction shall be made for interest paid by the Administrator at the Debt Rate on any instalment of the Loans and interest thereon.

(b) In the event that Amtrak shall fail to pay when due any Guaranteed Lease Obligation payable under the Lease, the United States of America shall, after the expiration of any grace period provided in the Lease in respect thereof, upon the Administrator's receipt of written demand for payment by the Trustee, promptly (and, in any event, within 90 days after receipt of such demand) pay to the Trustee, in cash, an amount equal to the Guaranteed Lease Obligation with respect to which such demand shall have been made, minus (to the extent the Guaranteed Lease Obligation includes the same) the amount, if any, paid by the

Administrator to the obligee of the Loans pursuant to subsection 4(a) hereof; provided, however, that the Trustee shall have assigned to the Administrator, concurrently with the payment of the Guaranteed Lease Obligation covered by such demand, all its right, title and interest in and to the Lease pursuant to an Assignment in the form of the assignment attached hereto as Exhibit F, except as provided in such Assignment. The Trustee agrees that it will not exercise, prior to making any demand under this subsection 4(b) and during such 90-day period, any of its remedies provided for in Section 17(b) of the Lease or any other remedies at law, in equity or otherwise to enforce its rights against the Equipment, by reason of an event of default under the Lease; provided, however, that this sentence shall not preclude any action to recover any amounts owing under the Lease or any action for damages or injunctive relief (but not affecting Amtrak's right to the use and possession of the Equipment under Section 20.2 of the Lease, and it shall be assumed for this purpose that Amtrak is not in default under such Section 20.2 until after the expiration of such 90-day period) which the Trustee may elect to institute against Amtrak based upon any such event of default; further provided, that, if the Trustee by the exercise of any of its rights under this subsection 4(b) obtains any

amount included in the Guaranteed Lease Obligations, the Administrator's obligation under this Agreement shall be reduced by such amount.

(c) The Administrator unconditionally waives any other rights he may have to notice of default, presentment to and demand for payment, protest for nonpayment or dishonor and all other notices which may be required by any state or Federal law. This waiver shall not be construed to limit in any way the Administrator's right to bring suit against any person for breach of Section 8 hereof. To enable payment under this Section 4, the Secretary (or the Administrator on his behalf) shall promptly issue such notes or obligations to the Secretary of the Treasury in an amount which, together with other funds, if any, which are then available to the Administrator or the Secretary under Section 602 of the Act, shall be sufficient to make all payments required by this Agreement.

5. Assignment by Lender of Certain Rights. The Lender hereby irrevocably conveys to the Administrator all the rights of the Lender under Article 16 of the Loan and Mortgage and the security interest of the Lender under the Loan and Mortgage. The Lender further agrees that it will not take any action at any time hereafter that would impair

the Administrator's rights and security interest conveyed to the Administrator under this Section 5. In the event that the Administrator shall not make payment to the Trustee of any Guaranteed Lease Obligation within 90 days after the Trustee shall have made demand upon the Administrator therefor under subsection 4(b) hereof, then any rights and security interest conveyed by the Lender to the Administrator shall be deemed to have become null and void and shall automatically cease to exist and the Administrator hereby waives, upon the happening of such event, and for such time thereafter that any Guaranteed Lease Obligation remains unpaid, all his rights and security interest under this Section 5, and all rights (including any rights to which the Administrator would otherwise have succeeded by subrogation) which the Administrator may have obtained pursuant to Section 4, it being expressly understood and agreed that the Administrator's right, title and interest in and to the Equipment shall, upon the happening of such event, be and remain subordinate to the rights of the Trustee to the extent that and for as long as any part of the Guaranteed Lease Obligation shall thereafter remain unpaid. In recognition of the rights and security interest transferred by the Lender under this Section 5, the Administrator has released, by an appropriate document filed under the Interstate Commerce Act, Section 20c, any other lien, security title or other

interest which he may otherwise have had, under the Security Agreements, dated August 7, 1972, and the Security Agreement dated December 27, 1973 (affirmed by Agreements dated July 10, 1974, October 11, 1974, and December 31, 1974, and amended by an Agreement dated January 29, 1975), between Amtrak and the Administrator, or otherwise, with respect to the Equipment to be acquired by Amtrak pursuant to the Purchase Agreement.

6. Representations by Administrator. The Administrator represents and warrants that (a) this Agreement has been duly authorized, executed and delivered by the Administrator in accordance with the provisions of the Act and the delegation of authority by the Secretary thereunder, and is enforceable in accordance with its terms, and the guaranty contained in this Agreement has been approved by the Secretary of the Treasury, and (b) \$15,010,560 of the guaranty authority available to Amtrak under Section 602 of the Act has been reserved (together with an amount equal to accrued and unpaid rent and interest at the Overdue Rate as provided in the Lease), first, for the payment of the Loans, together with interest thereon, and the balance for the payment of the Guaranteed Lease Obligations, said amount to decline (or increase) after each semiannual rental payment under the Lease to the extent of the reduction (or increase) if any, in the Guaranteed Lease Obligations during such semiannual period (but, subject to the maximum of the amount of

the guaranty authority reserved above, the guaranty authority so reserved shall in no event be less than that required in order fully to discharge the obligations guaranteed under subsection 4(a) and subsection 4(b) hereof).

7. Guaranty Fee. Within 10 days following receipt by the Trustee of each rental payment made under the Lease, the Trustee shall pay to the Administrator a guaranty fee calculated at the annual rate of 1/4 of one percent of the amount of the Maximum Purchase Price during the semiannual period preceding such rental payment; it being understood that the payment of the guaranty fee is not a condition of the obligation of the Administrator to make the guaranteed payments under Sections 4(a) and 4(b) hereof.

8. Notices. All notices and other communications hereunder shall be in writing and shall, except as otherwise provided in Section 4 hereof, be deemed to have been given when delivered or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Administrator, Federal Railroad Administration of the Department of Transportation, 400 - 7th Street, S.W., Washington, D.C. 20590, or at such other address as the Administrator shall have furnished to Amtrak, the Lender and the Trustee in writing, (b) if to the Trustee, as set forth in Section 26 of the Lease Agreement, or (c) if to the Lender, in care of Department of the Treasury, Main Treasury Building,

Room 3124, Washington, D.C. 20220, Attention of Secretary, Federal Financing Bank, or at such other address as the parties shall have furnished to the other parties hereto in writing. Copies of all correspondence between the Lender and Amtrak and between the Trustee and Amtrak relating to any event of default or threatened event of default shall be delivered or mailed, as above provided, by the Lender or the Trustee, as the case may be, to the Administrator.

9. Endorsement of Guaranty. The Administrator agrees to endorse (i) on the Loan and Mortgage and on the Lease the guaranty provided for herein in the forms appended to such documents and (ii) for the benefit of any assignees of the Trustee or the Lender on the instruments of assignment to such assignees a comparable guaranty.

10. Miscellaneous. This Agreement embodies the entire agreement and understanding among the Administrator, the Trustee and the Lender with respect to the Administrator's guaranty set forth herein, supersedes all prior agreements relating to such guaranty, and shall be governed by the laws of the District of Columbia. No variation or modification of this Agreement shall be valid unless in writing and signed by duly authorized officers of all the parties hereto. All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties

hereto. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect any of the terms hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth above.

DEPUTY FEDERAL RAILROAD ADMINISTRATOR,

by

Asaph H. Hall
Deputy Federal Railroad Administrator, Guarantor

Attest:

Christopher S. Muffitt
Council F.R.A.

MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee,

by

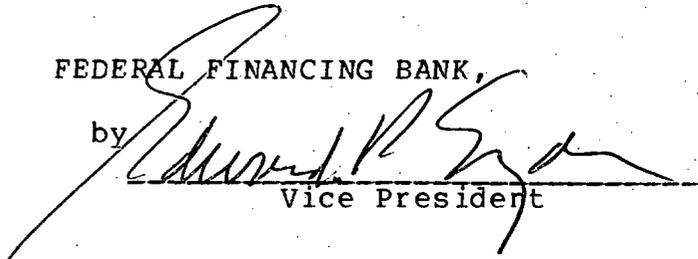
Wm. G. B.
Authorized Officer

Attest:

Wm. G. B.
Authorized Officer

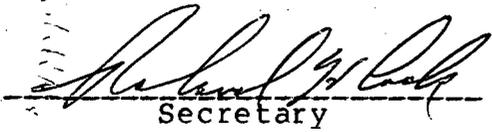
FEDERAL FINANCING BANK,

by



Vice President

Attest:



Secretary

CITY OF WASHINGTON,)
) ss.:
DISTRICT OF COLUMBIA,)

On this 20 day of March 1975, before me personally appeared Edward P. Snyder, to me personally known, who, being by me duly sworn, says that he is a Vice President of FEDERAL FINANCING BANK, that said instrument was signed on behalf of said Bank 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 Bank.

Patricia A. Squillacini
Notary Public

[Seal]

My Commission expires:

My Commission Expires August 31, 1978

SECTION 1. The Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns all the right, title and interest of the Assignor in and to each unit of the Equipment subject to the Loan and Mortgage, and in and to the Loan and Mortgage (except the rights reserved to the Lender, as defined in the Guaranty Agreement dated , 1975, among the Assignee, Federal Financing Bank and Manufacturers National Bank of Detroit, as Trustee under a Trust Agreement dated as of January 1, 1975, which are not conveyed hereby and are hereby expressly reserved to the Assignor), without any recourse, however, against the Assignor or any representation or warranty by the Assignor. In furtherance of the foregoing assignment and transfer, the Assignor 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 the Assignor, 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, except as hereinabove provided, compliance by the Railroad with the terms and agreements on its part to be performed under the Loan and Mortgage, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. The Assignee may assign all or any of

its rights under the Loan and Mortgage, 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 the obligations of the Assignee hereunder.

SECTION 3. Although this Assignment is dated for convenience as of the date first set forth above, the actual date of execution hereof is the date stated in the acknowledgment hereto annexed.

IN WITNESS WHEREOF, the Assignor has caused this instrument to be executed in its corporate name by its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, all as of the date first above written.

_____'
by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

SECTION 1. The Assignor hereby assigns, transfers and sets over unto the Assignee, its successors and assigns all the right, title and interest of the Assignor in and to each Item of the Equipment subject to the Lease, and in and to the Lease (except the rights of indemnification contained in Sections 6 and 10.2 of the Lease, which are hereby expressly reserved to the Assignor, however, this reservation of such rights shall not nullify the assignment of such rights to the Assignee, rather, such rights may be exercised concurrently by the Assignee and the Assignor, with the Assignor's claims under such rights being prior to those of the Assignee; provided, however, that the Assignee may purchase any claim of the Assignor against the Railroad under Section 10.2 of the Lease by directly extinguishing any such claim or lien), without any recourse, however, against the Assignor or any representation or warranty by the Assignor. In furtherance of the foregoing assignment and transfer, the Assignor 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 the Assignor, 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, except as hereinabove provided, compliance by the Railroad with the terms and agreements on

its part to be performed under the Lease, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. The Assignee may assign all or any of its rights under the Lease, 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 the obligations of the Assignee hereunder.

SECTION 3. Although this Assignment is dated for convenience as of the date first set forth above, the actual date of execution hereof is the date stated in the acknowledgment hereto annexed.

IN WITNESS WHEREOF, the Assignor has caused this instrument to be executed in its corporate name by its officer thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, all as of the date first above written.

by

Authorized Officer

[Corporate Seal]

Attest:

Authorized Officer

PASSENGER EQUIPMENT

PURCHASE AGREEMENT

Between the undersigned, dated as of June 24, 1974

ANF-FRANGECO, S.A. (hereinafter called "ANF"), an incorporated company with a capital of 44,716,500 French Francs, the registered offices of which are at Crespin-Blanc - Misseron (Nord) and the executive office of which is at Tour Aurore, Paris-Défense, Courbevoie (92080) (Hauts de Seine), France, represented by Mr Jean Pelabon in his capacity as Director General, and THE NATIONAL RAILROAD PASSENGER CORPORATION, (hereinafter called "Amtrak"), organized under the Rail Passenger Service Act of 1970 and the laws of the District of Columbia, having offices at 955 L'Enfant Plaza North, S.W. Washington, D.C., United States of America, represented by Mr. Robert A. Day, its Director of Contracts, Cars and Locomotives.

WHEREAS, the parties entered into an agreement dated February 28, 1973 for the lease of two turbine-powered passenger trains which leasehold has been assigned by ANF to its United States subsidiary, and

WHEREAS, that agreement provided Amtrak with an option to purchase other trains of this type, and

WHEREAS, Amtrak now wishes to exercise a portion of this option.

In consideration of the mutual covenants herein, it has been agreed as follows :

1. Agreement of Sale and Purchase

1.1 ANF shall sell to Amtrak, and Amtrak shall purchase, F.A.S. French port, from ANF, four (4) turbine-powered passenger "RTG" trains (hereinafter called the "Trains" and individually, the "Train"). Each Train shall consist of a power section at either end, two intermediate trailer sections and one intermediate bar-grill section, all to be of the same type as those leased by Amtrak under the agreement of February 28, 1975 and as described in the specification attached hereto as Exhibit A, and any subsequent supplements thereto. It is understood that Exhibit A will include Exhibit A.1.

1.2 As soon as possible but not later than the delivery of the last Train, ANF shall provide Amtrak with all specifications, drawings and manuals in English, relating to operation and maintenance of the Trains, which are not now in the possession of Amtrak.

1.3 Evidence of transfer to Amtrak of title to each Train shall be by execution of a Bill of Sale and Acknowledgment of Receipt in respect thereto in a mutually agreeable form.

2. Completion

2.1 ANF shall complete Trains as specified in Section 1.1 in accordance with the following schedule :

- 2 Trains not later than January 31, 1975
- 2 Trains not later than February 28, 1975

or such dates resulting from excusable delay as described in Section 2.2.

2.2 Excusable delay in completion of a Train may result from :

(a) Modifications not included in Exhibit A made by ANF at the request of Amtrak

(b) Failure by Amtrak to make timely shipments to ANF of materials to be supplied by Amtrak in accordance with Exhibit A

(c) Application of Force Majeure as described in Section 11.6

2.3 If ANF fails to complete the Trains for acceptance by Amtrak in accordance with Section 2.1, the actual damage to Amtrak will be difficult or impossible to determine. Therefore, in lieu of actual damages, ANF shall pay to Amtrak as fixed liquidated damages fifteen hundred (1,500) French Francs per Train for each week or fraction thereof that each Train is not completed following the latest date of acceptance as defined in Section 2.1. Should the period of delay for a Train extend more than twenty weeks, the liquidated damages shall be increased to forty thousand (40,000) French Francs per week or fraction thereof.

2.4 If the failure of ANF to deliver a Train in accordance with this Agreement extends beyond 180 days after the last date stated in Section 2.1 for such Train, or as such date may be modified in accordance with Section 2 or other applicable provisions of this Agreement, Amtrak may by written notice terminate this Agreement as to the affected Train or Trains in connection therewith. Neither party shall then have any further obligation of liability to the other hereunder; except that ANF shall promptly return to Amtrak the security deposits already made for each Train so terminated and pay the damages set forth in Section 2.3.

3. Acceptance and Delivery

3.1 Upon completion of a Train, ANF shall notify Amtrak that the Train is ready for acceptance at its plant at Blanc-Misseron, France.

3.2 As soon as possible after receipt of such notification, Amtrak at its expense shall make an acceptance inspection of the Train at the ANF plant using a mutually agreeable checklist. If found to be in accordance with such checklist, an authorized representative of Amtrak shall sign a Certificate of Acceptance, as shown in Exhibit B. Such Certificate will also contain a certification by ANF that the Train has been constructed in accordance with Section 1.1.

3.3 Following acceptance of a Train by Amtrak, ANF shall be responsible for movement of the Train from its plant to a French port designated by Amtrak for transportation by ship at Amtrak's expense to the United States. Amtrak shall request ANF to deliver the Train at the port on a specific date, such request to be made at least 14 days prior to such date. ANF will then notify Amtrak as soon as possible the expected date of arrival at the port. Upon receipt of such information, Amtrak will arrange for inspection of the Train for the purpose of ascertaining if any loss or damage has occurred to the Train during the period from the date of the Certificate of Acceptance to the date of such inspection, as well as for full payment for the Train in accordance with Section 5.1. Both the inspection and payment shall occur within five (5) days after the date of Amtrak's requested arrival of the Train at the port. Should loss or damage to the Train be found as a result of such inspection, ANF will be responsible for making proper repairs and the period of time referred

shall be extended for that purpose. ANF will be prepared to return security deposits to Amtrak pursuant to Section 5.3. and to pass title to the Train to Amtrak during this five day period. ANF will retain possession of the Train and be responsible for loss or damage to the Train until settlement and passage of title have been accomplished.

4. Purchase Price

4.1 The Base Purchase Price for each Train shall be thirteen million five hundred seventy-one thousand (13,571,000) French Francs, F.A.S. French port designated pursuant to Section 3.3.

4.2 The Base Purchase Price is subject to change should ANF make a modification requested by Amtrak of a Train as described in Section 1.1.

5. Method of Payment

5.1 As described in Section 3.3, Amtrak shall pay to ANF the Purchase Price in French Francs for each Train determined under Section 4 of this Agreement.

5.2 As a security advance for the payment of the Purchase Price of each Train under Section 5.1 above, Amtrak agrees to make security deposits in ANF's account at Banque National de Paris, Champs Elysees, Paris 8, France in accordance with the following schedule,

- | | | |
|-----|--|---------------------------------|
| (a) | Upon execution of this Agreement | 10 % of the Base Purchase Price |
| (b) | After receipt by ANF of the major iron and steel components | 40 % of the Base Purchase Price |
| (c) | After construction of the car bodies by ANF, mounted but not planished | 30 % of the Base Purchase Price |

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Payment under subparagraphs (b) and (c) above, shall be made within thirty (30) days after receipt of notification by Amtrak of the occurrence of the events stated for each train.

5.3 ANF shall retain and have the use of all amounts so deposited under Section 5.2 as security for the payment to it of the Purchase Price of the Trains. However, upon receipt of the full Purchase Price for each Train, ANF agrees to repay to Amtrak, without interest or fees, the amount deposited with ANF under Section 5.2. in connection with the Train purchased and for which such security deposits were made. Upon receipt of the Purchase Price of all Trains purchased under this Agreement, or upon receipt of the Purchase Price for the last of those Trains for which the order was not cancelled pursuant to Section 2.4., ANF shall refund to Amtrak all security deposits not previously repaid. Amtrak shall not acquire any interest in the Trains as a result of such security deposits, and such deposits shall in no way be considered a payment or partial payment for the Trains.

6. Modifications

6.1 Amtrak may, at anytime , by written order make any feasible modification of a train within the general scope of this Agreement. Upon receipt of such order, ANF shall promptly determine on a reasonable basis the effect of such modification on price or delivery of that Train. If Amtrak agrees with the determination by ANF, this Agreement will be appropriately amended in writing and ANF will make the modification. Where the cost of property made obsolete or excess as result of a modification is included in ANF's determination, Amtrak shall have the right to prescribe the manner of disposition of such property.

6.2 ANF will make available to Amtrak upon reasonable notice such information as will permit Amtrak to make a proper analysis of ANF's determination as a result of Amtrak exercising its rights under Section 6.1.

7. Progress of Work

7.1 ANF will furnish to Amtrak in a mutually agreeable form a production schedule for the Trains on which will be stated the estimated dates of completion of various major portions of the work specified in Exhibit A beginning on July 15, 1974, and at the end of each two week period thereafter, ANF will advise Amtrak by letter of the status of the work.

7.2 ANF will permit authorized representatives of Amtrak to view the work in progress, plans and specifications for the work, and any material to be used on the Trains, and to participate in the inplant inspections and tests required by Exhibit A. Such authorized representatives will promptly advise ANF if the work is not being performed in accordance with the Exhibit or the warranties given by ANF. ANF shall furnish at no cost to Amtrak reasonable office space, desks and chairs for such authorized representatives.

8. Warranties

8.1 ANF warrants that each Train will be constructed in conformity with Section 1.1. ANF also warrants each Train against any defects or failures caused by faulty or inadequate design, inadequate workmanship, or defective materials for a period of one year from date of acceptance of the Train ; provided, however, the main turbine and auxiliary turbine engines, and component parts and accessory items thereof supplied by Turbomeca to ANF shall be warranted as specified in Exhibit C.

In addition, the following specific warranties are given by ANF for a period commencing with date of acceptance of each Train :

- (a) Air conditioning equipment for eighteen (18) months
- (b) Car shell structure for a period of four (4) years
- (c) Truck axles for two (2) years
- (d) Truck frame for a period of five (5) years
- (e) Journal bearings and journal housings for two (2) years

Journal bearings shall not require inspection more than once every 500,000 miles. Bearings shall not have more than 10 % failure at the end of 1,000,000 miles of service. Bearing type must have had previous successful application in railway passenger car use.

8.2 Within thirty (30) days after discovery of a defect described in Section 8.1, Amtrak will give ANF written notice should any materials, parts, or equipment become defective under fair usage during the periods stipulated above. Within thirty (30) days after receipt of said notice from Amtrak, ANF will arrange at its sole expense for prompt repair or replacement of such materials, parts or equipment at the location of the Train, or at a location selected by ANF.

8.3 Warranties shall not apply to any train, or component part thereof, which has been altered unless altered by or with approval of ANF, nor where the failure or defect in any such item was caused by accident or by failure to properly preserve, store, install or operate such item in accordance with reasonable or standard procedures applicable in the railroad industry provided, however, ANF's warranties shall apply where any such accident or failure was caused by ANF.

8.4 ANF shall not be liable for warranty of any materials furnished by Amtrak for installation in a Train to be delivered by ANF, except that ANF does warrant that ANF's workmanship in such installation will be free from defect.

8.5 The foregoing warranties and the obligations and liabilities of ANF for defects or failures in products are in lieu of all other warranties, guarantees or liabilities, express or implied, arising by law or otherwise, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND such shall not be extended, altered, or varied except by written instrument signed by ANF. ANF shall not be liable for any special or consequential damages.

9. Representations

ANF represents to Amtrak that at the time of transfer of title to Amtrak of each Train, ANF will be vested with requisite authority to pass title to such Train free of all liens and encumbrances, security interests, contractual rights (such as, for example, under debt instruments or leases) and all other rights of third parties of every kind and description including, without limitation, any creditors of ANF (collectively "Adverse Rights").

10. Patent and Trademark Indemnity

10.1 ANF shall indemnify Amtrak and its officers, agents and employees against liability, including costs for infringement of any patents, trademarks and service marks which have been registered with the United States Patent Office on or before the date of this Agreement involving the manufacture or sale of the Trains under this Agreement. The foregoing indemnity shall not apply unless ANF shall have been notified as soon as practi-

cable by Amtrak of the suit or action alleging the infringement, and unless Amtrak will agree to be represented in any such action or suit by attorneys selected by ANF at its expense; and further such indemnification shall not apply to :

- (a) an infringement resulting from a modification of or addition to a Train after acceptance
- (b) any patent, trademark or service mark used by Amtrak without the consent of ANF
- (c) a claimed infringement which is settled without the consent of ANF, unless required by final decree of a court of competent jurisdiction or
- (d) agreement with any third party as to the nature and extent of any losses, expenses, damages or costs.

Assistance or information which is furnished by Amtrak at ANF's request shall be at ANF's expense.

Amtrak, at its expense, may be represented in such matters by counsel of its choosing. However, ANF shall retain control of the action or suit.

10.2 In the event that, as a result of any such suit, (a) prior to acceptance by Amtrak, the manufacture of any Train or component thereof is enjoined, or (b) after acceptance, the use is enjoined, ANF agrees to utilize its best efforts to modify such Train or component suitably or to substitute a suitable item therefor, which modified or substitute item is not subject to such injunction and which is of equal quality, and to extend the provisions of this Article thereto or ANF shall, at ANF's expense, secure for Amtrak the right to continue the use of the Train or component by procuring a license or other authorized use thereof by Amtrak.

10.3 Except as provided above, ANF shall have no other obligation for patent, trademark or service mark indemnity, and ANF shall not, under any circumstances, be liable for incidental or consequential damages by reason of any claim for patent, trademark or service mark infringement for the use of any item furnished or used in the performance of the work under this contract.

10.4 ANF shall have no obligation for patent indemnity for any component or material furnished to ANF by Amtrak or for any item furnished by ANF pursuant to Amtrak's design; provided, however, if any of ANF's personnel shall have any actual knowledge that any infringement would be likely to result from the manufacture, sale or use of any components furnished pursuant to Amtrak's design, ANF shall promptly notify Amtrak. Amtrak shall indemnify ANF on the same basis as provided above for any claim of infringement made against ANF for any item furnished by Amtrak or furnished by ANF pursuant to Amtrak's design.

11. General

11.1 Assignability

Each of the parties shall have the right to assign all or part of its rights and obligations under this agreement upon notice to the other party, provided, however, that each assignor shall be jointly liable with its respective assignee.

11.2 Taxes and Customs Duties

11.2.1 Liability for all customs duties and taxes except income taxes which may be asserted or due in the United States under the laws of the United States or of any subdivision thereof, including but without limitation any State, county, municipality, or the District of Columbia as a result of the

sale of the Trains, shall be paid or otherwise disposed of by Amtrak at its expense. ANF shall promptly notify Amtrak when any such tax or duty is claimed or otherwise asserted or assessed against ANF. Thereupon, Amtrak shall promptly advise ANF whether Amtrak contests the amount or validity of such tax or duty. Amtrak, at its expense, may undertake such contest with the full cooperation of ANF. However, ANF, at its option, and at its expense, may be represented in such matters by counsel of its own choosing. Amtrak shall retain control of the action or suit.

11.2.2 Conversely, liability for all levies and taxes, which may be asserted or due in France under the laws of France, as a result of the sale of the Trains, shall be paid or otherwise disposed of by ANF at its expense. Amtrak shall promptly notify ANF when any such tax or levy is claimed or otherwise asserted or assessed against Amtrak. Thereupon, ANF shall promptly advise Amtrak whether ANF intends to contest the amount or validity of such tax or levy. ANF, at its expense, may undertake such contest with the full cooperation of Amtrak. However, Amtrak, at its option, and at its expense, may be represented in such matters by counsel of its own choosing. ANF shall retain control of the action or suit.

11.3 Notices

Any notice pursuant to this Agreement shall be by electrical message or in writing by certified mail, return receipt requested, and shall be deemed to have been given when actually received by the other party at :

(a) If to Amtrak :

National Railroad Passenger Corporation
955 L'Enfant Plaza, North, S.W.
Washington, D.C. 20024, U.S.A.
Attention : Vice President - Procurement

(b) If to ANF :

ANF-FRANGECO
Tour Aurore
Cedex No. 5
92080 - Paris-Defense, France
Attention : Director General

11.4 Certain Expenses

Except as otherwise specifically provided in the present agreement, neither Amtrak nor ANF shall bear any expense incurred by the other in connection with the negotiation, execution, or implementation of this Agreement.

11.5 Interpretation

11.5.1 This Agreement with its exhibits constitutes the entire agreement of the parties on purchasing the Trains and supersedes all prior agreements whether written or oral, between the parties, except the Trademark Agreement between the parties dated August 6, 1973. Amtrak, however, until June 30, 1975, retains the right to purchase four (4) additional turbine-powered passenger trains under the provisions of the agreement dated February 28, 1973. This Agreement shall be issued in five (5) copies, including two (2) in French with a certificate of approved translation appended. Any expense of translation and legalization of it shall be borne equally by the parties. The others shall be in English. In the event of ambiguity, the English text shall control. The division of this Agreement into sections and the captions applicable thereto is for convenience only, and shall not affect the interpretation or construction of this agreement.

11.5.2 By express agreement between the parties, this agreement and its interpretation shall be governed by the laws of the District of Columbia and of the United States of America that are in force at the date of signing of the agreement. However, all litigation between the parties concerning the validity, the interpretation, or the execution of this agreement shall be governed exclusively by the jurisdiction of the Tribunal de Commerce in Paris, France.

11.6 Force Majeure

The obligations of the parties under this agreement shall be subject to force majeure (which shall include strikes, riots, floods, accidents, acts of Government, acts of God, and other causes or circumstances beyond the control of the party claiming such force majeure as an excuse for nonperformance) but only as long as, and to the extent that, such force majeure shall make the performance of such obligations impossible.

11.7 Authorizations

Amtrak shall use its best efforts to obtain all the governmental or administrative approvals necessary as required by the laws of the United States, and ANF shall use its best efforts to obtain all the governmental or administrative approvals necessary as required by French law relating to the taking effect and execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

ANF-FRANGLCO, S.A.

By

Jean Pelabon
Jean Pelabon, Director General

NATIONAL RAILROAD PASSENGER CORPORATION

By

Robert A. Day
Robert A. Day, Director Contracts Cars and Locomotives

MODIFICATIONS TO PRESENTLY LEASED RTG TRAINS
TO BE INCLUDED IN TRAINS COVERED BY THIS AGREEMENT

(The following may be partially
included in Exhibit A)

<u>Amtrak No.</u>	<u>Description</u>	<u>Material Supplied By Amtrak</u>
0001	Deactivate existing grills and prepare for installation of microwave ovens	
0002	Delete French coffee maker and prepare for installation of Cory coffee maker	
0003	Delete French cash register and prepare for installation of National Cash Register machine	
0005	Remove every other rack in left hand display case	
0006	Remove horizontal racks from storage compartments	
1002	Eliminate center doors in trailers	
1004	Install brushes in engine compartments for cleaning Turbo oil radiator	
1005	Identify bell switch by painting white	
1009	Eliminate electromagnetic brakes	
1014	Stencil identification for emergency fuel shut off	
1015	Install heavy duty sanding brackets	
1017	Move windshield defroster switch to lower switch strip on engineer's desk	
1018	Install grab irons inside cab for both engineer and fireman	
1019	Install electric heating tapes on water fill lines, drain lines and air dryer exhaust	
1020	Install 220 volt electrical sockets in air intake compartment	
1021	Install gyro lights (location to be defined)	yes
1022	Install steel APU inlet screen	
1023	Identify brake isolation switch	
1028	Provide for automatic sand application during emergency braking	
1029	Provide for storage of emergency hoses	
1030	Install protective cover over fireman's emergency dump valve	
1032	Install air reservoir straps	
2001	Install type "E" longshank coupler with modified yoke and air brake hoses	yes
2002	Install channel section from crash post through gusset into center sill, such Section capable of transmitting 200,000 lbs. shear load	

<u>Amtrak No.</u>	<u>Description</u>	<u>Material Supplied By Amtrak</u>
2003	Adjust height of "cow catcher" to no more than 6 inches and no less than 3 inches above rail, with worn wheels. Also strengthen and relocate forward as much as possible	
2004	Eliminate first class car. All trailer cars should have the same doors, baggage racks and seat tracks	
2005	Eliminate all seats and carpeting (to be installed in the U.S.)	
2006	New gauges on engineman's console	
2007	Modify air scoops to meet Amtrak clearance diagram	
2008	Wheels to be pressed on axles to meet specification of 53 3/8 inches + 0 - 1/16 between wheel and flanges	
2009	Plug outlets for batteries and bar grill on both sides of each vehicle	
2010	Install chemical toilets (7 per train)	yes
2011	Install engineer's bell (2 per train)	yes
2012	Install water coolers (7 per train)	yes
2013	Install radios (2 per train)	yes
2014	Paint exterior with Amtrak colors	Decals
2015	English inscriptions in each car, including signs on toilets for "Ladies" and "No Smoking" signs	Drawings
3001	Shielding of turbine control wiring to eliminate shut down from use of radio	
3002	Install guards on drain cocks	
3004	All engines equipped with emergency fuel shut-offs	
3005	Install emergency engine shut down switches	
3006	Modify hand brake	yes
3007	Install exhaust pipe guards	
3008	Install transmission oil cooler fan guard	
3011	Adjust vertical handholds at cab doors to 2" clearance	
3013	Adjust sand pipe brackets to provide 2 1/2" clearance	
3014	Replace headlights with high intensity lamps	yes
3015	Install transmission floor guard	
3003	Eliminate starting fuel tank.	

<u>Amtrak No.</u>	<u>Description</u>	<u>Material Supplied By Amtrak</u>
3022	Install engineman's seat for fireman	
3024	Relocate end door stops to provide 2" clearance	
3026	Replace French horn with Leslie 4-chime standard railroad type horn	yes
3028	Install hand holds in front of power cars	
4001	Potable water fill inlets capped and marked "Potable Water Fill Point"	yes
4002	Junctions of interior refrigerator panels, shelves and shelf mounting sealed with DEVCON or equivalent	
4003	Seams at junction of interior storage cabinet panels, also counter tops with adjacent counters, tray slides, refrigerators and other equipment to be sealed with 1" wide plastic stripping and adhesive compound	
4004	Seams at junctions of condiment holders to be sealed with 1" wide plastic stripping and adhesive compound	
4005	Install 1/2" raised edge around base of vent in standup counter top	
4006	Seal all nuts, rivets and open screw slots with DEVCON	
4007	Fasten insulation panel securely to refrigerator door, using silastic (Dow-Corning), an air curing rubber base product	
4008	Affix temperature conversion chart (Centigrade to Fahrenheit) to area adjacent to overhead refrigerator thermometer or install F thermometer	
4009	Install thermometer (pencil type), enclosed in protective transparent container in under-counter refrigerators, cold storage cabinets and food display cases	
4010	Install 1" wide plastic stripping with adhesive compound to eliminate seams between cabinet and floor surface	
4011	Seal molding on fold-down dining tables with DEVCON	
4013	Stencil "Hand Washing Only" on area of sink and hand towel rack	
5001	Install air deflectors on both power axle gear boxes	
5002	Provide safety axle gear box dip stick	

<u>Amtrak No.</u>	<u>Description</u>	<u>Material Supplied By Amtrak</u>
5003	Modify Astazou starting circuit	
5004	Install turbine air intake scoop on roof	
5005	Pop off circuit breakers CCVTL (CN); CCVT2 (CN); CCCP (CLM) during winter to avoid rotating compressor and condenser fans of air conditioning sets	
5006	Freon compressor--disconnect heating resistance R(CH)CP of compressor by disconnecting wire 6640 on contractor XP (CLM) in air conditioning closet to isolate the terminal of this wire	
5007	Install diode in conjunction with APU contractor	
5008	Modify Faiveley door operating rod	
5009	Install adapter in each Astazou inlet to connect monometer	
5011	Change turbine air intake--partial obturation of main air intake scoop	
5012	Change air intake plastic ducts	
5014	Install protection grid before Turmo air intake	
5016	Change main fuel ETNA pressure regulators to others with a different adjustment	
5017	Change of turbine air intake--modify warm air duct after alternator	
5018	Install deflector ventilator for each power car	
5021	Technic air cooling units--install another gasket on door of underframe set control closet to avoid blocking the closet with snow	
5022	Turmo III--install protector close to turbine acceleration control	
5023	Install thermal insulation on main and auxiliary fuel pipes from tanks to turbines to decrease formation of ice in fuel system	
5024	Modify time delay of acceleration control on power cars	
6002	Install drain heaters and door heaters	
6003	Install improved defrosters on three front windows in cab	
6004	Install toilet vents	
6008	Decrease shifting point of Voith transmission to 70 MPH or less	

<u>Amtrak No.</u>	<u>Description</u>	<u>Material Supplied By Amtrak</u>
6009	Install automatic door operators on all interior doors.	
6010	Change aluminum fuel tank to steel	
6011	Install fuel gauge	
6012	Install Houston nozzle for use in fueling	yes
6014	Install slip/slide system	
6015	Equip cab with ventilation system	
6016	Secure plastic light panels in passenger cpt.	
6017	Properly vent and seal windows to eliminate fogging and water condensation	
6018	Install seat tracks	yes
6019	Change controls to right side of cab	

EXHIBIT B

CERTIFICATE OF ACCEPTANCE

This will certify that RTG Train consisting of the following sections:

Power Section _____
Trailer Section _____
Grill Bar Section _____
Trailer Section _____
Power Section _____

_____ has been constructed in accordance with Section 1.1 of this Agreement.

For ANF _____

Each of the tests stated on the approved checklist has been conducted and the Train described above has been found to conform to the standards therein. The Train is therefore accepted.

For Amtrak _____

WARRANTY FOR TURBOMECA TURBINES

The conditions and terms of warranty governing new motors which will be used by AMTRAK, whether installed in the trains initially or as replacements, are the following:

TURMO III F

Complete warranty covering parts and labor: 62,500 miles or 12 months from the date of entry into service (whichever comes first).

This warranty will only apply as long as the provisions in the Turbomeca maintenance manuals, technical bulletins and all appropriate documents are respected, given that the equipment has been used under normal operating conditions, as defined by Turbomeca and that the motor journal books have been rigorously kept up to date.

The warranty will not be in force, in particular, under the following circumstances:

- application of modifications without written agreement from Turbomeca,
- repair of material not foreseen in the maintenance documents and not approved by Turbomeca,
- parts or elements not identifiable as being those delivered originally with the equipment,
- material having undergone a damage due to a fact outside of normal operation (intake of foreign bodies).

The warranty is limited to repair by Turbomeca of the part or parts which will be determined as defective. The expenses of disassembly and reassembly on the train are excluded, as well as all connected expenses other than the expenses of transportation of the material from the maintenance center to the Turbomeca works.

Turbomeca reserves the right to determine if the parts should be replaced or repaired.

The Turbomeca technical representative shall have complete freedom to examine the material on which a defect has been claimed, as well as the right to consult all the necessary documents related to the cause of the defect each time that a claim against the warranty is made.

As concerns the accessories not manufactured by Turbomeca, the warranty is limited to that which Turbomeca received from the maker. Turbomeca will use its best efforts that the warranty not be inferior to that which is granted to Turbomeca.

It is specified that the elements of rapid wear, such as the joints, tubing, filters, bearings, etc., which are not guaranteed by their makers, are excluded from the Turbomeca warranty.

The Turbomeca warranty is expressly limited to the warranty indicated here above, all claims including those claims against warranty, which tend to bring into force a further responsibility are excluded.

In case of a dispute, it will be arbitrated by an expert, the S.N.C.F. being designated as arbitrator to the exclusion of any other organization and its decisions will be enforceable on the parties, without possibility of appeal.

In case of litigation, French courts will have sole jurisdiction for any reason whatever.

ASTAZOU IV

Complete warranty parts and labor for 1500 hours or 18 months, under the same conditions as those expressed in the first paragraph for the TURMO III F, the alternators being excluded.

SECURITY DEPOSIT ASSIGNMENT AGREEMENT.

Between the undersigned, dated as of January 23, 1975 ANF-INDUSTRIE, S.A., (formerly ANF-FRANCECO, hereinafter called "ANF"), an incorporated company with a capital of 44,716,500 French Francs, the registered offices of which are at Crespin-Blanc-Misseron (Nord) and the executive office of which is at Tour Aurore, Paris-Defense, Courbevoie (92080) (Hauts de Seine), France, represented by Mr. Charles DURAND in his capacity as Director of the General Rolling Stock Division, and THE NATIONAL RAILROAD PASSENGER CORPORATION, (hereinafter called "Amtrak"), organized under the Rail Passenger Service Act of 1970 and the laws of the District of Columbia, having offices at 955 L'Enfant Plaza North, S.W., Washington, D.C., United States of America, Represented by Mr. Robert A. DAY its Director of Contracts, Cars and Locomotives.

WHEREAS, the parties entered into an Agreement dated as of June 24, 1974 for the purchase of four turbine-powered passenger trains, ("Purchase Agreement") and

WHEREAS, the Purchase Agreement provided that Amtrak as a security advance for the payment of the Purchase Price of each train was to make security deposits in ANF's account at Banque Nationale de Paris, Champs Elysées, Paris 8, France

.../

in accordance with the schedule set forth in Section 5.2 of the Purchase Agreement ;

WHEREAS, the Purchase Agreement also provided that ANF, upon receipt of the full Purchase Price of a train, agreed to repay to Amtrak, without interest or fees, the amount of the security deposit made in connection with such train ;

WHEREAS, Amtrak has made security deposits as described of 43,427,200 French Francs for the four trains; and

WHEREAS, Amtrak wishes upon the purchase of a train to assign to ANF its interest in the security deposits made in connection with such train as partial payment for such train ;

NOW, THEREFORE, in consideration of the mutual covenants herein, it has been agreed as follows :

1. The execution of the Acknowledgment of Receipt for a train or trains by Amtrak as provided in Section 1.3. of the Purchase Agreement will constitute the release and assignment to ANF, as partial payment for such train or trains in the amount of such security deposits therefore, of Amtrak's right to the refund of the security deposits in connection with such train or trains.
2. The amount of the security deposits made in connection with each train is 10,856,800 French Francs.

**LOAN AGREEMENT AND
CHATTEL MORTGAGE**

Dated as of January 1, 1975

between

FEDERAL FINANCING BANK

and

NATIONAL RAILROAD PASSENGER CORPORATION

Guaranty by Department of Transportation

4 RTG Trains

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ATTACHMENTS

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LOAN AGREEMENT AND CHATTEL MORTGAGE

LOAN AGREEMENT AND CHATTEL MORTGAGE dated as of January 1, 1975, between NATIONAL RAILROAD PASSENGER CORPORATION (hereinafter called the "Railroad") and FEDERAL FINANCING BANK (hereinafter called the "Lender").

WHEREAS pursuant to the terms of a Passenger Equipment Purchase Agreement (hereinafter called the "Purchase Agreement") dated as of June 24, 1974, as amended as of January 23, 1975, between ANF-Industrie, S.A. (hereinafter called the "Builder") and the Railroad, the Builder has agreed to construct, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the railroad equipment described in Schedule A hereto (hereinafter called the "Equipment"); and

WHEREAS pursuant to the terms of a Sale and Lease Back Agreement (hereinafter called the "Sale and Lease Back Agreement") dated as of January 1, 1975, between the Railroad and Manufacturers National Bank of Detroit, as trustee (hereinafter, together with any successor thereto, called the "Trustee"), under a Trust Agreement dated as of January 1, 1975, the Railroad has agreed to sell to the Trustee, subsequent to its purchase under the Purchase Agreement and after the completion of the improvements referred to in the Sale and Lease Back Agreement, as permitted by Article 14 hereof, all of its right, title and interest as the owner of the Equipment and certain of its rights under the Purchase Agreement, and to lease the Equipment back from the Trustee pursuant to the terms of an Equipment Lease (hereinafter called the "Lease") dated as of January 1, 1975, between the Railroad and the Trustee, and the Trustee has agreed to purchase the Equipment and such rights from the Railroad, to lease the Equipment back to the Railroad pursuant to the Lease and to pay for the Equipment in the manner set forth in Article 3 of the Sale and Lease Back Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE 1. Loans. The Lender will, on the terms and subject to the conditions hereof make loans of Federal Reserve Funds (hereinafter called Loans) hereunder to the Railroad at such times and in such amounts as hereinafter set forth, up to, but not exceeding \$11,700,000 in aggregate principal amount. The Lender will make each Loan by wiring Federal Reserve Funds in the amount of such Loan to a bank designated by the Railroad.

ARTICLE 2. Loans Based on Purchase Price. The base price or prices per unit of the Equipment, exclusive of interest, are set forth in Section 4 of the Purchase Agreement. The base price or prices are subject to such increase or decrease as may be agreed to by the Builder and the Railroad. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as evidenced by the Builder's invoice with respect to such Equipment, but expressed in United States dollars based on the actual price to the Railroad of the French francs used to make the payments to such Builder contemplated by Section 4 of the Purchase Agreement. The Equipment shall be settled for in such number of groups of the Equipment delivered to and accepted by the Railroad on or before June 30, 1975, as may be agreed upon by the parties hereto (each such group being hereinafter called a Group). Each Group shall comprise an entire turbine-powered passenger "RTG" train consisting of a front and rear power section, two intermediate trailer sections and one intermediate bar-grill section.

On any Closing Date (as hereinafter defined in this Article 2) the Lender shall make a Loan to the Railroad in an amount equal to the Purchase Price of the Group or Groups being settled for on such Closing Date, subject to the limitation contained in Article 1 hereof and to compliance with the conditions contained in Article 13 hereof. The Railroad hereby promises to pay in cash to the Lender the amount of the Loans in 30 consecutive semiannual instalments, as hereinafter provided.

The instalment repayments of the principal amount of the Loans shall be made on each January 2 and July 2, commencing January 2, 1976, to and including July 2, 1990 (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. The

percentage of the aggregate principal amount of the Loans payable on each of the Payment Dates is set forth in Schedule B hereto. The unpaid balance of the Loans shall bear interest at 7.80% per annum (the "Debt Rate") from the Closing Date in respect of each Loan. Interest accrued to a Settlement Date (as defined in the Sale and Lease Back Agreement), with regard to a Group then being settled for thereunder, shall be payable on that date, and interest accruing on and after a Settlement Date shall be payable on each January 2 and July 2 following the Term Lease Commencement Date (as defined in the Lease).

The term "Closing Date" with respect to any Group shall mean such date (on or prior to June 30, 1975), not more than ten business days following presentation by the Railroad to the Lender of the Builder's invoice or invoices and the certificate or certificates of acceptance for such Group in the form of Exhibit 1 hereto (hereinafter called the Certificate or Certificates of Acceptance), as shall be fixed by the Railroad by written notice delivered to the Lender at least three business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Washington, D. C. are authorized to remain closed.

Interest under this Agreement shall be calculated on the basis of a 365-day year and actual days elapsed.

The Railroad will pay, to the extent legally enforceable, interest at the Overdue Rate (as hereinafter defined) 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. The term "Overdue Rate" shall mean interest at a rate per annum equal to the Debt Rate.

All payments provided for in this Agreement shall be made in immediately available funds. All payments required to be made to the Lender shall be delivered to it in care of Department of the Treasury, Division of Finance and Management Information, Treasury Annex #1, Washington, D.C. 20226, or as the Lender may otherwise specify in writing to the Railroad. Except as provided in Article 7 hereof, or upon the purchase from the Trustee of any units of the Equipment by the Railroad under Section 25 of the Lease, the Railroad shall not have the privilege of prepaying any instalment of its indebtedness hereunder prior to the date it becomes due, *provided, however*, that the Railroad may make a prepayment of the Loans up to \$2,000,000 principal amount on or prior to the Term Lease Commencement Date upon at least 3 days prior written notice to the Lender.

ARTICLE 3. *Purchase Agreement.* The Railroad represents and warrants to the Lender that the certified copy of the Purchase Agreement delivered to the Lender is a true and correct copy of the Purchase Agreement as in effect on the date hereof and that there have been no amendments or modifications thereof, except for changes in specifications approved by the Railroad.

ARTICLE 4. *Taxes.* The Railroad agrees to pay and discharge (and does hereby agree to indemnify and hold the Lender harmless from and against) all sales, use, personal property, excise, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon, unless resulting from the Lender's action or failure to act) imposed against the Railroad, the Lender or the Equipment by any foreign, Federal, state or local governmental taxing authority upon or with respect to the Equipment or upon the purchase, ownership, delivery, lease, possession, rental, use, operation, return, sale or transfer of title to the Railroad under the terms hereof, or upon the rentals or receipts arising therefrom or the payments made hereunder (excluding, however, foreign, Federal, state and local taxes on, or measured by, the net income of the Lender); *provided, however*, that the Railroad shall not be required to pay or discharge any such tax, levy, impost, duty, charge or withholding so long as it shall, in good faith and by appropriate administrative or legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the security interest of the Lender in the Equipment, and the Railroad shall reimburse the Lender for any damages or expenses resulting from such failure to pay or discharge. The Railroad agrees to assist the Lender in the preparation, and when possible to file, on behalf of the Lender, all required tax returns and reports relating to taxes for which the Railroad is responsible under this Article 4. The Lender shall keep

the Railroad informed of any claim made against the Lender for the payment of any such tax, levy, impost, duty, charge or withholding. The obligations of the Railroad contained in this Article 4 shall continue in full force and effect notwithstanding the full payment of the Loans and the conveyance of title to the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

ARTICLE 5. *Title to the Equipment.* The Railroad, for and in consideration of the undertakings of the Lender hereunder, does hereby grant, sell, mortgage and convey unto the Lender, its successors and assigns, and does hereby grant to the Lender a security interest 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 parts of the Equipment 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, subject, however, to the provisions of Article 8 hereof.

Except as otherwise specifically provided in Article 7 hereof, when and only when the full indebtedness in respect of the Loans, 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 Lender. However, the Lender, if so requested by the Railroad at that time, will (a) execute a release of its security interest in the Equipment to the Railroad, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such release to the Railroad at its address referred to in Article 19 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 Lender 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 release 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 release 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 by a plate or stenciled upon each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate markings approved by the Lender, with appropriate changes thereof and additions thereto as from time to time may reasonably be requested by the Lender to protect the Lender's security interest 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 the Equipment except in accordance with a statement of the new number or numbers to be substituted therefor, which statement previously shall have been filed with the Lender 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 and other Prepayment.* In the event that any unit of the Equipment shall, in the good faith opinion of the Railroad, be or become lost, stolen, destroyed, worn out, irreparably damaged or rendered permanently unfit for use or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise, except for any requisition for use by the United States Government, resulting in the loss of possession or use by the Railroad for a period of ninety consecutive days (any such occurrence being hereinafter called a Casualty Occurrence) prior to the payment in full of the Loans, together with interest thereon and all other payments required hereby, the Railroad shall promptly cause the Lender to be fully informed in writing in regard thereto and on a date not later than the earlier of (x) the ninetieth day following the date on which such unit or units of the Equipment suffered a Casualty Occurrence or (y) the date of receipt by the Lessee of any insurance proceeds in respect of such unit or units of the Equipment, shall pay to the Lender a sum equal to the Casualty Value (as hereinafter defined) of such unit or units of Equipment as of the date of such payment. At the time of each payment of Casualty Value hereunder, the Railroad shall file, or cause to be filed, with the Lender a certificate setting forth the Casualty Value of the units covered thereby. Any money paid to the Lender pursuant to this paragraph shall be applied to prepay the Loans ratably in accordance with the unpaid balance of each instalment and the Railroad will promptly furnish to the Lender a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Lender may request, calculated as provided in the third paragraph of Article 2 hereof.

Upon payment by the Railroad to the Lender of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Railroad, without further transfer or action on the part of the Lender, except that the Lender, if requested by the Railroad, will execute and deliver to the Railroad, at the expense of the Railroad, an appropriate instrument confirming such passage to the Railroad of all the Lender's right and security interest in such unit, in recordable form, in order that the Railroad may make clear upon the public records the title of the Railroad to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Loan attributable thereto remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article 7 with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each repayment of the Loans made pursuant to Article 2 hereof shall be deemed to be a repayment of that portion of the original Loan attributable to each unit of the Equipment in like proportion as the original Loan attributable thereto bears to the aggregate of the original Loans in respect of all the Equipment.

In the event the Lender receives any insurance proceeds under Section 21.1 of the Lease in respect of a Casualty Occurrence, such proceeds shall be applied in the manner provided in the first paragraph of this Article 7 and shall be deducted from the amount payable hereunder or, if such proceeds are received after full payment under this Article 7, such proceeds shall be paid to the Railroad.

ARTICLE 8. *Maintenance; Compliance with Laws and Rules.* The Railroad shall use or cause the use of the Equipment only in the United States, except that the Railroad may from time to time use or cause to be used in Canada units of Equipment provided that, during any calendar year the total use of the Equipment in Canada shall not exceed, on an aggregate basis, more than 2% of the total aggregate use of the Equipment in the United States and Canada. The Railroad shall use the Equipment only in the manner for which it was designed and intended. The Railroad shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, and in accordance with standards generally prevailing in the railroad industry, including making all replacements required to maintain the Equipment in good running order and the correcting of any initial defects therein. The Railroad agrees, for the benefit of the Lender, the Trustee, and the Trustor (as defined in the Lease) to comply in all material respects with all applicable laws, rules, requirements or regulations of any legislative, executive, administrative or judicial body exercising any power, authority or jurisdiction over the Equipment or the Railroad including, without limitation, all laws of the jurisdictions in which the Railroad's service or operations now or hereafter may extend, and the rules and regulations of the United

States Department of Transportation and the Interstate Commerce Commission, to the extent such requirements or regulations affect the title, maintenance or possession of any unit of the Equipment, and in the event any change, alteration, replacement, or addition of or to any part on any unit of the Equipment shall be required or ordered by the same, the Railroad will at its own cost and expense fully comply therewith. Any parts installed or replacements made by the Railroad upon any unit of Equipment (except radio equipment or devices having a similar use which have been added to any such unit of Equipment by the Railroad, the cost of which is not included in the Purchase Price of such unit) shall be considered accessions to such unit of Equipment and a security interest therein shall be immediately vested in the Lender as provided in Article 5 hereof, without cost or expense to the Lender, provided that the Railroad shall be entitled to remove any such accession so long as such removal is not inconsistent with the Railroad's obligations set forth in the preceding sentences of this Article 8.

ARTICLE 9. *Reports and Inspection Rights.* On or before April 1 in each year, commencing with the year 1976, the Railroad shall furnish to the Lender an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the units of Equipment covered hereby, the amount, description and numbers of all units of Equipment that may have suffered a Casualty Occurrence during the preceding calendar year (or, in the case of the first such statement, for the portion thereof commencing with the date of this Agreement), and such other information regarding the condition or repair of the Equipment as the Lender may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Article 6 hereof shall have been preserved or replaced. The Lender shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Railroad's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lender the existence and proper maintenance thereof during the continuance of this Agreement. The foregoing right of inspection shall be subject, however, to such terms and conditions of access as may be reasonably imposed by any railroad, terminal company or other entity upon the property on which the Equipment is situate at the time of any such inspection.

ARTICLE 10. *Use and Possession.* So long as the Railroad shall not be in default hereunder, the Railroad shall be entitled to the possession and use of the Equipment (by itself or by others on its behalf) in accordance with the terms hereof upon the rail lines over which the Railroad conducts, or has conducted for it, rail passenger service.

ARTICLE 11. *Prohibition Against Liens.* The Railroad will pay or satisfy and discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might constitute or become a lien, charge or security interest on the Equipment, or any unit thereof or any accession thereto, equal or superior to the Lender's security interest therein, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith, with due diligence and by appropriate administrative or legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Lender, adversely affect the property rights of the Lender in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Lender 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.* Except with respect to the Lender's exercise of its right to inspect under Article 9 hereof, the Railroad agrees to indemnify, protect and hold harmless the Lender from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of the entering into or the performance of, or the occurrence of a default or an event of default under Article 15 of this Loan and Mortgage, the retention by the Lender of its security interest in the Equipment, the ordering, acquisition, use, condition,

possession, storage or return of any unit of the Equipment during the period when such security interest in the Equipment remains in the Lender, any accident in connection with the operation, use, possession, storage or return thereof during such period, or the transfer of such security interest in the Equipment by the Lender pursuant to any of the provisions of this Agreement; *provided, however*, the Lessee shall not indemnify, protect or hold harmless the Lender from or against any losses, damages, injuries, liabilities, claims or demand (including any expenses in connection therewith) which either (i) result from actions taken by the Lender which are not expressly permitted by this Loan and Mortgage or (ii) result from action taken or omissions to act by the Lender other than with respect to the Equipment or in connection with this Loan and Mortgage. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Loans, and the release of the Lender's security interest in the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

ARTICLE 13. Closing Conditions. The Lender, on each Closing Date fixed as provided in Article 2 hereof with respect to a Group of the Equipment, shall make a Loan to the Railroad in an amount equal to the Purchase Price of the Group being settled for provided therein, provided that there shall have been delivered to the Lender, at least five business days prior to such Closing Date, the following documents, in form and substance satisfactory to it and to Messrs. Cravath, Swaine & Moore, in such number of counterparts as may be reasonably requested by said counsel:

(a) A document of title from the Builder to the Railroad transferring to the Railroad legal title to the units of the Equipment in such Group;

(b) A Certificate or Certificates of Acceptance of the Railroad with respect to the units of the Equipment in such Group certifying that such units have been inspected and accepted by the Railroad and are marked in accordance with Article 6 hereof;

(c) An invoice of the Builder for the units of the 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 and a certification by the Railroad that such invoice has been paid in full or is concurrently being paid in full out of the proceeds of the Loans;

(d) A favorable opinion of Messrs. Cravath, Swaine & Moore, dated as of such Closing Date, (1) as to this Agreement being a legal, valid and binding instrument and the vesting of a security interest in and to the units of Equipment in such Group in the Lender and (2) setting forth that (i) no approval of the Interstate Commerce Commission is necessary for the valid execution and delivery by the Railroad of this Agreement or if any such approval is necessary, it has been obtained, (ii) this Agreement has 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 Lender in any state of the United States of America or in the District of Columbia, (iii) the repayment of the Loans and interest thereon by the Railroad has been duly guaranteed by the Federal Railroad Administrator (or such other official to whom the powers of the Federal Railroad Administrator shall have been duly delegated pursuant to Section 102(2) of the Rail Passenger Service Act, as amended, and 49 U.S.C. 1657(e)) on behalf of the Secretary of the Department of Transportation (hereinafter called the Administrator) pursuant to the Guaranty Agreement (hereinafter called the Government Guaranty), among the Administrator, the Trustee, and the Lender under the provisions of the Rail Passenger Service Act, as amended, and the Government Guaranty and the guaranty of the Administrator endorsed on this Agreement have been duly executed and delivered and constitute valid, binding and enforceable general obligations of the United States of America backed by the full faith and credit of the Government of the United States and (iv) registration of this 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 Lender;

(e) A favorable opinion of counsel for the Railroad, dated as of such Closing Date, as to the due authorization, execution and delivery of this Agreement by the Railroad and as to the enforceability thereof under Federal law or the laws of the District of Columbia, to the effect set forth in clauses

(2)(i) and (ii) of subparagraph (d) above 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 corporate power and authority to own its properties and to carry on its business as now conducted;

(f) A favorable opinion of the General Counsel of the Department of Transportation, in form and substance satisfactory to the Lender, to the effect set forth in clause (2)(iii) of subparagraph (d) above and stating that all necessary approvals of the Secretary of the Treasury have been obtained;

(g) A duly executed copy of the Government Guaranty; and

(h) A favorable opinion of Canadian counsel for the Railroad, dated as of such Closing Date, to the effect that this Agreement has been duly deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada, with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor) and that no other filing or recordation is necessary for the protection of the rights of the Lender under this Agreement in Canada or in any province or territory thereof.

In giving the opinions specified in subparagraphs (d) and (e) of this Article 13, counsel may qualify any opinion by general reference to limitations as to enforceability as imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraph (d), counsel may rely, as to title to the Equipment at the time of delivery thereof under this Agreement on the document of title of the Builder and as to any matter governed by Federal law or the law of the District of Columbia on the opinion of counsel for the Railroad as to such matter.

The Lender shall not be obligated to make payment at any time after the commencement of any proceedings specified in clauses (c) or (d) of Article 15 of this Agreement or if an event of default, or any event which with the lapse of time and/or demand provided for in this Agreement could constitute an event of default, shall have occurred and be continuing under this Agreement. In the event that the Lender shall not make any such payment, the Lender shall reassign to the Railroad, without recourse to the Lender, all right, title and interest of the Lender in and to the units of the Equipment with respect to which payment has not been made by the Lender.

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 Lender. A sale, assignment, transfer or disposition to (1) 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 property of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Lender, shall assume and agree to perform each of and all the obligations and covenants of the Railroad under this Agreement, or (2) the Trustee pursuant to the Sale and Lease Back Agreement, shall not be deemed a breach of this covenant; *provided, however,* that the Railroad shall not be released from any of its obligations hereunder and the obligations assumed by the Trustee shall be limited as provided in the Sale and Lease Back Agreement. The Railroad and the Lender hereby agree for themselves and for their successors and assigns that the preceding proviso is made for the express benefit and may be enforced by the Trustee and that no amendment, waiver or modification of such proviso shall be effective as against the Trustee without its prior written consent thereto.

All or any of the rights, benefits and advantages of the Lender under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Lender and reassigned by any assignee at any time or from time to time.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad and the Trustee, 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.

In the event of any such assignment or successive assignments by the Lender, the Railroad will, if necessary, upon request of the assignee, change the markings on each side of each unit of the Equipment so as to be consistent with the interests of the assignee in the Equipment. The cost of such markings in the event of an assignment of not less than all the Equipment at the time covered by this Agreement shall be borne by the Railroad and, in the event of an assignment of less than all such Equipment, such cost shall be borne by such assignee.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at the time of delivery of notice fixing the Closing Date for such Equipment, all documents reasonably 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 Lender as may reasonably be requested.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Loans or any other sum payable by the Railroad as provided in this Agreement within 10 days after payment thereof shall be due hereunder; or

(b) the Railroad shall, for more than 30 days after the Lender 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 Lender 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, 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 readjustment 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 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 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 permit 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; or

(f) the Government Guaranty (as defined in the Lease) shall, for any reason, not be, or cease to be in full force and effect; or

(g) an event of default shall have occurred under the Lease, arising out of the failure of the Railroad to perform its obligations under this Loan and Mortgage;

then at any time after the occurrence of such an event of default the Lender 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 Lender, declare (hereinafter called a Declaration of Default) the entire indebtedness in respect of the Loans, 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 Overdue Rate (as defined in Article 3 hereof), to the extent legally enforceable. The Lender shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Loans so payable, with interest as aforesaid, and to collect such judgment out of the Equipment or any property of the Railroad wherever situated. The Railroad shall promptly notify the Lender 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 under this Agreement.

The Lender 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 default or impair any rights or remedies consequent thereon.

ARTICLE 16. *Remedies.* At any time during the continuance of a Declaration of Default, the Lender may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Lender, 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 hereinafter in this Article 16 expressly provided, 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 Lender shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon railroad tracks as to which the Railroad then has a contractual right of access, the Railroad shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points upon such railroad tracks as shall be designated by the Lender and shall there deliver the Equipment or cause it to be delivered to the Lender. At the option of the Lender, the Lender may for a period not exceeding 90 days keep the Equipment on any of the premises of the Railroad or upon railroad tracks as to which the Railroad then has a contractual right of access until the Lender 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 Lender 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 Lender shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Lender 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 Lender, 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 Railroad at law or in equity, at public or private sale and with or without advertisement as the Lender 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 Loans, together with interest thereon accrued and unpaid and all other payments due under this

Agreement as well as expenses of the Lender in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Lender'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 Lender in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Lender under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Lender may specify (unless the Lender shall specify a different place or places, in which case the sale shall be held at such place or places as the Lender 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 Lender 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 19 hereof. If such sale shall be a private sale, it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Lender 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 Lender 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 Lender shall be entitled to have credited on account thereof all sums due to the Lender from the Railroad hereunder.

Each and every power and remedy hereby specifically given to the Lender 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 Lender. 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 Lender 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 Lender's rights or the Railroad's obligations hereunder. The Lender'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 Lender's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Lender 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 Lender upon demand, and, if the Railroad shall fail to pay such deficiency, the Lender 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 Lender, there shall remain a surplus in the possession of the Lender, such surplus shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Lender in enforcing its remedies under the terms of this Agreement. In the event that the Lender shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Lender 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. Where, however, 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 Loan Agreement and Chattel Mortgage 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 Lender'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 deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor); 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 reasonably requested by the Lender for the purpose of proper protection, to the satisfaction of counsel for the Lender, of its security interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement.

ARTICLE 19. *Notice.* Any notice hereunder to any party designated below shall be deemed to be properly served if delivered to it at its address below:

(a) to the Railroad, at 955 L'Enfant Plaza North, S.W., Washington, D. C. 20024, Attention of Secretary,

(b) to the Lender, in care of Department of the Treasury, Main Treasury Building, Room 3124, Washington, D. C. 20220, Attention of Secretary, Federal Financing Bank,

(c) to any assignee of the Lender or of the Railroad, at such address as may have been furnished in writing to the Railroad or the Lender, as the case may be, 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 20. *Article Headings; Effect and Modification of Agreement.* The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto exclusively states the rights of the Lender 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 Lender and the Railroad.

ARTICLE 21. *Law Governing.* The Railroad warrants that its chief place of business and its chief executive office are located in the District of Columbia. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the District of Columbia; *provided, however,* that the parties 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 22. *Benefit.* This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto to the extent provided herein.

ARTICLE 23. *Approvals of Administrator.* The parties agree that before any amendment or modification of this Agreement, or any assignment or transfer of the interest of the Railroad hereunder

(other than to the Trustee pursuant to the Sale and Lease Back Agreement), becomes effective, the Administrator must approve the same in writing. In the event of an assignment or transfer of the Lender's interest herein, the transferee or assignee of such interest, and any subsequent transferees or assignees, must obtain the approval of the Administrator before any such transfer or assignment becomes effective, *provided, however*, that such approval shall not be required with respect to any transfer or assignment of the Lender's interest herein (i) by the Federal Financing Bank, or (ii) with respect to any such transfer or assignment to insurance companies, commercial and savings banks, pension funds, financial institutions of recognized standing organized under the laws of the United States or any state thereof, or any agency or instrumentality of the United States government.

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 have caused this instrument to be executed in their respective corporate names by their respective officers thereunto duly authorized, and their respective corporate seals to be hereunto affixed and duly attested.

FEDERAL FINANCING BANK

By
President

Attest:

Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

By
Treasurer

[CORPORATE SEAL]

Attest:

Secretary

GOVERNMENT GUARANTY

The Deputy Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation of the United States of America does hereby guarantee to the Lender named in the foregoing Loan Agreement and Chattel Mortgage the prompt payment of the unpaid Loans and interest thereon referred to in said Loan Agreement and Chattel Mortgage pursuant to and in accordance with the Guaranty Agreement dated _____, 1975 among the Deputy Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation of the United States of America, as Guarantor, Manufacturers National Bank of Detroit, as Trustee, and said Lender.

By
*Deputy Railroad Administrator
Guarantor*

CITY OF WASHINGTON }
DISTRICT OF COLUMBIA } ss.:

On this day of , 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of FEDERAL FINANCING BANK, that the foregoing instrument was signed 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:

CITY OF WASHINGTON }
DISTRICT OF COLUMBIA } ss.:

On this day of , 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Treasurer of NATIONAL RAILROAD PASSENGER CORPORATION, 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:

CITY OF WASHINGTON }
DISTRICT OF COLUMBIA } ss.:

On this day of , 1975, before me personally appeared ASAPH H. HALL, to me personally known, who, being by me duly sworn, says that he is the Deputy Federal Railroad Administrator, that the foregoing instrument was signed by him by authority duly delegated to him by the Secretary of Transportation; and he acknowledged that the execution of the foregoing instrument was his free act and deed as the Deputy Federal Railroad Administrator.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

SCHEDULE A

DESCRIPTION OF EQUIPMENT*

<u>Type</u>	<u>Quantity</u>	<u>Place of Acceptance</u>	<u>Train Price</u>	<u>Total Price</u>	<u>Delivery</u>
ANF-Industrie, S.A. turbine-powered passenger RTG train	4	Le Havre, France	\$2,925,000†	\$11,700,000†	2 in Jan. 1975 2 in Feb. 1975

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Type</u>	<u>Quantity Per Train</u>	<u>Total</u>	<u>R. R. Nos.</u>
Front power section for turbine-powered passenger RTG train	1	4	58, 64, 66, 68
Rear power section for turbine-powered passenger RTG train	1	4	59, 65, 67, 69
Intermediate trailer section for turbine-powered passenger RTG train.....	2	8	80, 82, 83, 85, 86, 88, 89, 97
Intermediate bar-grill section for turbine-powered passenger RTG train.....	1	4	81, 84, 87, 96

* A more complete description of the Equipment is contained in Section 1.1 of the Purchase Agreement and Exhibit A thereto.

† Less the cost of one auxiliary engine which will not be included in front power section No. 66.

SCHEDULE B

AMORTIZATION OF THE LOANS

<u>Date</u>	<u>Percentage of the Aggregate Loans Payable</u>
January 2, 1976.....	2.471191
July 2, 1976.....	2.567566
January 2, 1977.....	2.667702
July 2, 1977.....	2.771742
January 2, 1978.....	2.879841
July 2, 1978.....	2.992154
January 2, 1979.....	3.108848
July 2, 1979.....	3.230093
January 2, 1980.....	3.356066
July 2, 1980.....	3.486953
January 2, 1981.....	3.622945
July 2, 1981.....	3.764240
January 2, 1982.....	3.911044
July 2, 1982.....	4.063575
January 2, 1983.....	4.222055
July 2, 1983.....	4.386715
January 2, 1984.....	4.557796
July 2, 1984.....	4.735551
January 2, 1985.....	3.784503
July 2, 1985.....	2.671711
January 2, 1986.....	2.609704
July 2, 1986.....	2.711482
January 2, 1987.....	2.713350
July 2, 1987.....	2.819172
January 2, 1988.....	2.825241
July 2, 1988.....	2.935425
January 2, 1989.....	2.939104
July 2, 1989.....	3.053728
January 2, 1990.....	4.737921
July 2, 1990.....	<u>3.402582</u>
	100.0000%

EXHIBIT 1

CERTIFICATE OF ACCEPTANCE

To: FEDERAL FINANCING BANK, as Lender under a Loan Agreement and Chattel Mortgage dated as of January 1, 1975.

I, duly appointed inspector and authorized representative of NATIONAL RAILROAD PASSENGER CORPORATION ("Railroad"), for the purpose of the Loan Agreement and Chattel Mortgage dated as of January 1, 1975, between Federal Financing Bank and the Railroad, do hereby certify that I have inspected, received, approved and accepted delivery of, on behalf of the Railroad under the Loan Agreement and Chattel Mortgage, the following units of Equipment:

MANUFACTURER:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify, for the foregoing purpose, that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto and that each unit included therein has been marked in accordance with Article 6 of the Loan Agreement and Chattel Mortgage.

The execution of this certificate will in no way relieve or decrease the responsibility of the manufacturers of the Equipment for any warranties they have made with respect to the Equipment or for any other obligations which they now or may hereafter have to the Railroad.

DATED: , 1975

.....
Inspector and Authorized
Representative of
NATIONAL RAILROAD PASSENGER CORPORATION

SALE AND LEASE BACK AGREEMENT

SALE AND LEASE BACK AGREEMENT dated as of January 1, 1975, between MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee under a Trust Agreement (hereinafter called the "Trust Agreement") dated as of January 1, 1975 (hereinafter called the "Trustee"), and NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia (hereinafter called the "Railroad").

WHEREAS the Railroad has agreed to purchase four turbine-powered passenger "RTG" trains pursuant to and more fully described in the Passenger Equipment Purchase Agreement (hereinafter called the "Purchase Agreement") dated as of June 24, 1974, as amended as of January 23, 1975, between ANF-Industrie, S.A. and the Railroad in accordance with the specifications agreed to with said manufacturer, and the Railroad hereby agrees to complete the furnishing of such trains as contemplated by Article 3(a)(v) hereof (each such train, comprising a front and rear power section, two intermediate trailer sections and one intermediate bar-grill section, completely furnished as aforesaid, being hereinafter called a "Train" and all such trains being hereinafter collectively

called the "Trains";

WHEREAS the Railroad has arranged to finance the acquisition of the Trains under the Loan Agreement and Chattel Mortgage (hereinafter called the "Loan and Mortgage") dated as of January 1, 1975, between the Railroad and Federal Financing Bank (hereinafter called the "Lender"); and

WHEREAS the Railroad desires to sell all its right, title and interest in and to the Trains to, and to lease the Trains back from, the Trustee, and the Trustee desires to purchase the Trains from and lease the Trains to the Railroad as aforesaid;

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

ARTICLE 1. The Railroad hereby agrees to sell, and the Trustee hereby agrees to purchase, subject to the rights of the Lender as defined in the Loan and Mortgage, each Train prior to it having been placed in service by the Railroad provided that all the conditions of Section 15 of the Equipment Lease (hereinafter called the "Lease"), dated as of January 1, 1975, between the Trustee, as Lessor, and the Railroad, as Lessee, have been satisfied.

ARTICLE 2. The Trustee agrees that, upon request of the Railroad following delivery to, and acceptance by,

the Railroad of each Train (as evidenced by delivery of the Certificate of Completion and Acceptance provided for in Section 1.2 of the Lease), and conveyance of title thereto by bill of sale, the Trustee will, subject to all the terms and conditions provided for in the Lease and this Agreement, purchase such Train from the Railroad on such date (each such date being hereinafter called a "Settlement Date") as shall be fixed by the Railroad on at least five days' notice to the Trustee, by making the payments and assuming the obligations provided for in Article 3 hereof, and accept title thereto (subject to the security interest of the Lender under the Loan and Mortgage) by a bill of sale in the form attached hereto as Schedule I and lease such Train back to the Railroad on the terms and subject to the conditions of the Lease.

ARTICLE 3. As the purchase price for each Train being purchased by the Trustee from the Railroad hereunder, the Trustee agrees as follows:

(a) to pay to the Railroad from time to time, upon request of the Railroad following delivery to the Railroad of such Train, an amount equal to 27.8% of each of the following expenditures made by the Railroad in respect of such Train so long as the aggregate of such expenditures does not exceed \$3,600,000* per Train:

* Less, as to one of the Trains, the cost of one auxiliary engine which will not be included in the front power section thereof.

(i) the Purchase Price of such Train as defined in Article 2 of the Loan and Mortgage;

(ii) the cost of transporting such Train from Le Havre, France, to Port Elizabeth, New Jersey;

(iii) the cost of insurance of such Train during transportation referred to in clause (ii) of this Article 3(a);

(iv) the import duties and taxes imposed by the United States of America on such Train; and

(v) the cost of completion of the furnishings for such Train as described in Schedule II hereto; (all of the items referred to in clauses (i), (ii), (iii), (iv) and (v) of this Article 3(a) to be set forth in an invoice from the Railroad to the Trustee);

(b) to assume and pay the instalments of the Loans, as defined in the Loan and Mortgage, including interest thereon (excluding the interest due and payable on the Settlement Date) and pay prepayments thereof required or permitted by the last paragraph of Article 2 of the Loan and Mortgage in respect of such Train; provided that, it is understood and agreed that the total unpaid principal amount of the Loans outstanding under the Loan and Mortgage shall equal 72.2% of the expenditures made by the Railroad as set forth in clauses (i) through (v) of Article 3(a) above and that the Trustee shall

have received satisfactory evidence thereof; and

(c) to assume and discharge all the other obligations of the Railroad under the Loan and Mortgage in respect of such Train.

The obligations so assumed by the Trustee under paragraph (a) of this Article 3 shall be payable only to the extent of amounts furnished by the Trustor (as defined in the Trust Agreement) to the Trustee pursuant to the Trust Agreement. The obligations so assumed by the Trustee under paragraphs (b) and (c) of this Article 3 shall be payable only out of the "income and proceeds from the Equipment" (as hereinafter defined), and such payments shall be made by the Trustee only to the extent that the Trustee or any assignee of the Trustee shall have actually received sufficient "income and proceeds from the Equipment" to make such payments. The Railroad agrees that the Trustee in its capacity as trustee and the trust in respect of which the Trustee is acting as trustee shall have no personal liability to make any payments under this Agreement whatsoever except, in so far as payments under paragraph (a) of this Article 3 are concerned, as hereinabove provided, and except, in so far as payments under paragraphs (b) and (c) of this Article 3 are concerned, from the "income and proceeds from the Equipment" to the extent actually received by the Trustee or any assignee of the Trustee as above provided. As used

herein the term "income and proceeds from the Equipment" shall mean (1) if one of the events of default specified in Article 15 of the Loan and Mortgage shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Trustee or any assignee of the Trustee at any time after any such event and during the continuance thereof: (i) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Section 11 of the Lease) paid for or with respect to the Trains pursuant to the Lease and (ii) any and all payments (excluding, however, any amounts paid by the Railroad to the Trustee pursuant to Sections 6, 10.2, or 16 of the Lease) or proceeds received by the Trustee or any assignee of the Trustee under the Lease or for or with respect to the Trains as the result of the sale (including any purchase by the Railroad pursuant to Section 25 of the Lease), lease or other disposition thereof (after deducting all reasonable costs and expenses of such sale, lease or other disposition), and (2) at any other time only that portion of the amounts referred to in the foregoing clauses (i) and (ii) of this sentence as are indefeasibly received by the Trustee or any assignee thereof and as shall equal the portion of the Loans (including required prepayments) and/or interest thereon due and payable on the date such

amounts received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease, except that, in the event of a purchase by the Railroad pursuant to Section 25 of the Lease, there shall be included such portion of the purchase price received by the Trustee as shall equal the unpaid balance of the Loans and the interest accrued thereon, it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (i) and (ii) of this sentence which were received by the Trustee or any assignee of the Trustee prior to the existence of such an event of default and which exceeded the amounts required to discharge that portion of the Loans (including required prepayments thereof) and/or interest thereon due and payable on the payment date corresponding to the date on which amounts with respect thereto received by the Trustee or any assignee of the Trustee were required to be paid to it pursuant to the Lease or, in the case of the purchase price received by the Trustee pursuant to Section 25 of the Lease, which exceeded the amount required to pay the Loans and the interest accrued thereon. The obligations of the Railroad under the Loan and Mortgage assumed by the Trustee hereunder (other than the obligation to pay the Loans, and interest accrued thereon) shall, as to the Trustee, be deemed in all respects satisfied.

by the Railroad's execution and delivery of the Lease (whether or not the Lease shall be amended or be in effect at any time).

ARTICLE 4. The Railroad agrees that, notwithstanding the provisions of this Agreement, it shall remain liable to the Lender for the discharge of all the obligations of the Railroad under the Loan and Mortgage to the extent such obligations are not discharged by the Trustee under this Agreement.

ARTICLE 5. In the event that the Railroad shall purchase any Train pursuant to Section 16 of the Lease, the Trustee shall have no further obligation with respect thereto under the Loan and Mortgage, including, without limitation, the obligation to pay the instalments of the Loans with respect to such Trains becoming due after the date of purchase, or interest thereafter accruing, and in such event the Railroad agrees to release the Trustee from all its obligations assumed hereunder with respect to such Trains, including the obligation to pay such Loans and the interest thereafter accruing thereon.

ARTICLE 6. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the District of Columbia.

ARTICLE 7. Before any amendment or modification

of this Agreement, or any assignment or transfer of the interest of the Trustee hereunder or the Trustor under the Trust Agreement (other than to insurance companies, commercial and savings banks and financing corporations of recognized standing organized under the laws of the United States or of any state thereof) or of the interest of the Railroad hereunder, becomes effective, the Federal Railroad Administrator must approve the same in writing. However, the Trustee or the Trustor under the Trust Agreement may assign to the Lender its rights hereunder and under the Trust Agreement. In consideration of his guaranty of the Railroad's financial obligations under this Agreement, the Federal Railroad Administrator (or such official to whom the powers of the Federal Railroad Administrator shall have been duly delegated pursuant to Section 102(2) of the Rail Passenger Service Act, as amended, and 49 U.S.C. 1657(e)) shall have the right to enforce this provision irrespective of any other provision of this Agreement.

ARTICLE 8. 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 have caused this instrument to be executed in their respective corporate names by their respective officers thereunto duly authorized, and their respective corporate seals to be hereunto affixed and duly attested.

NATIONAL RAILROAD PASSENGER CORPORATION,

by

[Corporate Seal]

Attest:

Secretary

MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee,

by

[Corporate Seal]

Attest:

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT:

NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia (hereinafter referred to as the "Seller") in consideration of One Dollar and other good and valuable considerations, receipt whereof is hereby acknowledged, does hereby grant, bargain, sell and assign to MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee under a Trust Agreement dated as of January 1, 1975, with Ford Motor Credit Company as beneficiary (said Trustee being hereinafter referred to as "Buyer") the following property:

Seller's R. R. Nos.

Description

TO HAVE AND TO HOLD said property to Buyer, its successors and assigns, to its and their own use forever.

The interest of Seller in said property, and the interest transferred by this Bill of Sale, is that of absolute ownership.

Seller hereby warrants that it is the lawful owner of said property and that its title to said property is free and clear of all liens, security interests, charges, claims and encumbrances of every kind whatsoever (except the security interest of the Lender as defined in the Loan Agreement and Chattel Mortgage dated as of January 1, 1975, between Federal Financing Bank and the Seller); that its title to said property is hereby conveyed to Buyer free and clear of all liens, charges, security interests, claims and encumbrances of every kind whatsoever (except the security title of the Lender as defined in the Loan Agreement and Chattel Mortgage referred to above); and that Seller will warrant and defend such title forever against all claims and demands whatsoever.

IN WITNESS WHEREOF, National Railroad Passenger Corporation has caused this instrument to be executed in its corporate name by its respective officer hereunto duly authorized

SCHEDULE II

<u>Description</u>	<u>Cost Per Train</u>	<u>Total Cost</u>
The Purchase Price (as defined in Article 2 of the Loan and Mortgage)	\$2,925,000*	\$11,700,000*
The cost of transportation from Le Havre, France, to Port Elizabeth, New Jersey	85,000	340,000
The cost of insurance during transportation	3,750	15,000
The import duties and taxes imposed by the United States of America	450,000	1,800,000
The cost of completion of furnishings including, among other things, the installation of seats, carpeting, water coolers, and emergency sashes	136,250	545,000
	<u>\$3,600,000*</u>	<u>\$14,400,000*</u>

* Less the cost of one auxiliary engine which will not be included in front power section No. 66.

EQUIPMENT LEASE

Dated as of January 1, 1975

between

**MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee
under a Trust Agreement dated as of the date hereof with
Ford Motor Credit Company,**

Lessor

and

NATIONAL RAILROAD PASSENGER CORPORATION,

Lessee

Guaranty by Department of Transportation

4 RTG Trains

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ATTACHMENTS

Schedule A—Description of Equipment

Schedule B—Schedule of Casualty Value

Schedule C—Schedule of Maximum Purchase Price

Exhibit 1—Certificate of Completion and Acceptance

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of January 1, 1975 between MANUFACTURERS NATIONAL BANK OF DETROIT, a national banking association, not in its individual capacity but solely as trustee under a Trust Agreement (the "Trust Agreement") dated as of January 1, 1975 (said bank, so acting together with any assignee thereof or successor in interest thereto being hereinafter called the "Lessor"), with Ford Motor Credit Company, a Delaware corporation (said corporation, together with any successor in interest under the Trust Agreement, as permitted by Section 19.3 hereof, being hereinafter called the "Trustor"), and NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia (the "Lessee");

W I T N E S S E T H :

SECTION 1. MANUFACTURE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Purchase, Sell and Lease. The Lessee is purchasing certain equipment (collectively the "Basic Equipment" and individually an "Item of Basic Equipment") pursuant to a Passenger Equipment Purchase Agreement (the "Purchase Agreement") dated as of June 24, 1974, as amended as of January 23, 1975, with ANF-Industrie, S.A. (the "Manufacturer"). The Lessee has arranged to finance the acquisition of the Basic Equipment under a Loan Agreement and Chattel Mortgage (the "Loan and Mortgage") dated as of January 1, 1975, between the Lessee and Federal Financing Bank (the "Lender"). Upon delivery of each Item of Basic Equipment by the Manufacturer, and the execution and delivery by and on behalf of the Lessee of a Certificate of Acceptance therefor, substantially in the form of Exhibit 1 to the Loan and Mortgage, the Lessee will transport each Item of Basic Equipment from France to the United States and complete the furnishing of such Item of Basic Equipment (the "furnishings") as provided in the Sale and Lease Back Agreement (as defined in the Loan and Mortgage). The Basic Equipment, together with such furnishings, is hereinafter collectively called the "Equipment" and individually an "Item of Equipment". (The Equipment is more fully described in Schedule A attached hereto.) The Lessee prior to placing each Item of Equipment in service is selling such Item of Equipment to the Lessor, subject to the provisions of the Loan and Mortgage, pursuant to the Sale and Lease Back Agreement. The Lessor agrees to lease and to let each such Item of Equipment to the Lessee and the Lessee agrees to hire each such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth; provided that the Acquisition Cost (as defined in Section 2.2 hereof) of all Items of Equipment leased hereunder shall not exceed an aggregate of \$14,400,000.

1.2. Certificate of Completion and Acceptance. Upon completion of the furnishing of each Item of Basic Equipment by the Lessee in accordance with the specifications referred to in the Sale and Lease Back Agreement, the Lessee will execute and deliver to the Lessor a Certificate of Completion and Acceptance in the form of Exhibit 1 hereto. The Lessee's execution and delivery to the Lessor of a Certificate of Completion and Acceptance with respect to each Item of Equipment shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessor's or the Lessee's rights, if any, against the Manufacturer, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition. The execution of a Certificate of Completion and Acceptance with respect to an Item of Equipment shall constitute representation by the Lessee that it has no knowledge of any such defect in such Item of Equipment.

SECTION 2. RENTS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) **Interim Rent.** For each Item of Equipment, as Interim Rent for the rental period from and including the Settlement Date (as defined in the Sale and Lease Back Agreement) with respect to such Item of Equipment to the Term Lease Commencement Date (as defined in Section 2.2 hereof),

an amount equal to the sum of (x) interest at a rate equal to the Debt Rate (as defined in the Loan and Mortgage) on 72.2% of the Acquisition Cost (as defined in Section 2.2 hereof) thereof, (y) .0064739% of the Acquisition Cost thereof per elapsed day, and (z) the guaranty fee (the "Guaranty Fee") payable by the Lessor, as Trustee, to the Federal Railroad Administrator or such other official to whom the powers of the Federal Railroad Administrator shall have been duly delegated pursuant to Section 102(2) of the Rail Passenger Service Act, as amended, and 49 U.S.C. 1657(e) (hereinafter called the "Federal Railroad Administrator") under the Government Guaranty (as defined in Section 15 hereof) in respect of such rental period. For the purposes of this Section 2.1(a), all interest rates shall be computed on the basis of a 365-day year and actual days elapsed.

(b) **Periodic Rent.** For each Item of Equipment 30 consecutive semiannual installments of Periodic Rent payable in amounts equal to the sum of (i) 4.6135% (the "Basic Lease Rate") of the Acquisition Cost of such Item of Equipment and (ii) the Guaranty Fee payable in respect of each semiannual rental period.

2.2. Rent Payment Dates; Acquisition Cost. The Term Lease Commencement Date (the "Term Lease Commencement Date") for all Items of Equipment shall be July 2, 1975. Interim Rent shall be due and payable on the Term Lease Commencement Date with respect to Interim Rent accrued to such date. The installments of Periodic Rent for each Item of Equipment shall be due and payable semiannually following the Term Lease Commencement Date on January 2 and July 2 of each year, commencing January 2, 1976. The term "Acquisition Cost" as used herein shall, subject to Section 1.1 hereof, mean, with respect to each Item of Equipment, an amount equal to the sum of (1) the amounts paid by the Lessor to the Lessee pursuant to Article 3(a) of the Sale and Lease Back Agreement and (2) the unpaid amount of the Loans (as defined in the Loan and Mortgage) with respect to each Item of Equipment assumed by the Lessor.

2.3. Place and Manner of Rent Payment. The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease, including but not limited to all rentals, profits and other sums whether as rent, casualty payments, indemnity, liquidated damages or otherwise (the "Lease Payments") as follows:

(a) out of any of the Lease Payments, other than payments made pursuant to Sections 6, 10.2 or 16 hereof or that portion of the Interim or Periodic Rent equal to the amount of the Guaranty Fee, amounts sufficient to satisfy the obligations of the Lessor and the Lessee under the Loan and Mortgage on the date the Lease Payments are due and payable under the Lease shall be paid to the Lender in immediately available funds in care of Department of the Treasury, Division of Finance and Management Information, Treasury Annex #1, Washington, D.C. 20226, or such other place as the Lender shall in writing designate;

(b) that portion of the Lease Payments equal to the amount of the Guaranty Fee shall be paid to the Federal Railroad Administrator pursuant to Section 7 of the Government Guaranty; and

(c) payments made pursuant to Sections 6, 10.2 or 16 and any balance of the Lease Payments, after application under (a) and (b) above, shall be paid in immediately available funds directly to the Lessor at 151 West Fort Street, Detroit, Michigan 48226, Attention of Corporate Trust Department, or such other place as the Lessor shall in writing designate.

2.4. Net Lease. This Lease is a net lease. Lessee's obligation to pay all amounts hereunder shall be absolute and unconditional and the Lessee shall not be entitled to any abatement of rent or reduction thereof or recoupment of or setoff against rent including, without limitation, abatements, reductions, recoupments and setoffs due by reason of any past, present or future rights, claims or causes of action of the Lessee against the Lessor, the Manufacturer or the Trustor under this Lease, the Purchase Agreement, the Sale and Lease Back Agreement or the Loan and Mortgage nor, except as otherwise expressly provided in Sections 3, 11, 16, 17, 23 or 25 hereof, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected for any reason or cause, including, without limitation, any defect in or failure of title of the Lessor to any Item of Equipment (except for any defect or failure of title resulting solely from acts or omissions of the Lessor or the Trustor) or any defect in or damage to or loss of

possession or use or destruction of all or any Item of Equipment from whatsoever cause; any nonconformity in any respect of any Item of Equipment with the specifications applicable thereto; any liens, encumbrances or rights of others with respect to any Item of Equipment; the prohibition of, or restriction against, the Lessee's use of the Equipment or the interference with such use by any person or entity; the invalidity or unenforceability or lack of due authorization of this Lease, or the Sale and Lease Back Agreement; any insolvency of, or bankruptcy or reorganization or any similar proceedings against, the Lessee; or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that the rents and other amounts payable hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be discharged pursuant to the provisions of Sections 3, 11, 16, 17, 23 or 25 hereof; *provided, however*, that neither this Section 2.4 nor any other provision of this Lease shall preclude any separate, independent claim (not by way of any abatement, recoupment or reduction of or setoff against any amount at any time payable by the Lessee hereunder) by the Lessee for the breach of any representation, covenant, undertaking or agreement made herein by the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the Settlement Date for such Item of Equipment and subject to the provisions of Sections 11, 16, 17, 23 and 25 hereof shall terminate, in the case of each Item of Equipment, 15 years following the Term Lease Commencement Date.

SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.

4.1. Retention of Title. The Lessor, subject to the provisions of the Loan and Mortgage, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will at its expense cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A and will keep and maintain plainly, distinctly, permanently and conspicuously marked by a plate or stenciled upon each side of each Item of Equipment in letters not less than one inch in height as follows:

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

with appropriate changes thereof and additions thereto as from time to time may be reasonably requested by the Lessor and approved by the Lender in order to protect the interests of the Lessor or the Lender in such Item of Equipment and the rights of the Lessor under this Lease and of the Lender. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited by the Lessee in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on transportation equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

4.4. Indemnification for Improper Marking. The Lessee shall indemnify the Lessor and the Trustor against any liability, loss or expense incurred by any of them as a result of any act or omission of the Lessee which is inconsistent with Sections 4.2 or 4.3 hereof.

SECTION 5. DISCLAIMER OF WARRANTIES.

NEITHER THE LESSOR NOR THE TRUSTOR SHALL BE DEEMED TO HAVE MADE OR GIVEN, AND EACH HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (A) THE MERCHANTABILITY, FITNESS FOR USE, OPERATION, CONDITION OR DESIGN OF ANY ITEM OF EQUIPMENT, (B) THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP THEREIN, (C) THE LESSOR'S TITLE THERETO, (D) INTERFERENCE BY ANY PARTY OTHER THAN THE LESSOR WITH THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (E) ANY OTHER MATTER WHATSOEVER (other than Lessor's Warranty as hereinafter in this Section 5 defined), UPON THE ACCEPTANCE BY THE LESSEE OF ANY SUCH ITEM, OR THE TRANSFER THEREOF TO THE LESSEE PURSUANT TO ANY PROVISION HEREOF, OR OTHERWISE, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease or any renewal thereof to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer in respect thereof. "Lessor's Warranty" shall mean as to any Item of Equipment a warranty by the Lessor that: (i) the Lessor has received whatever title (subject to the security interest of the Lender) to such Item of Equipment as was conveyed to the Lessor by the Lessor's predecessor in title to such Item of Equipment; and (ii) such Item of Equipment will be free of all liens, charges, encumbrances, claims or security interests which either (A) result from action taken or omissions to act by the Lessor which are not expressly permitted by this Lease or which are not expressly requested or consented to by the Lessee in writing or (B) result from action taken or omissions to act by the Lessor other than with respect to the Equipment or in connection with this Lease.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnities. Except with respect to the Lessor's or the Trustor's exercise of its right to inspect under Sections 12.3, 13, and 18 hereof, and, except with respect to payments of any fee under Section 26.1 hereof, the Lessee agrees to indemnify, protect and hold harmless the Lessor and the Trustor from and against all losses, damages, injuries, liabilities, claims and demands, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default or an event of default under Section 17 of, this Lease, the ownership of any Item of Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Item of Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any Item of Equipment resulting in damage to property or injury or death to any person; *provided, however,* the Lessee shall not indemnify, protect or hold harmless the Lessor or the Trustor from or against any losses, damages, injuries, liabilities, claims or demands (including any expenses in connection therewith) which either (i) result from actions taken by the Lessor or the Trustor which are not expressly permitted by this Lease or (ii) result from action taken or omissions to act by the Lessor or the Trustor other than with respect to the Equipment or in connection with this Lease.

6.2. Continuation of Indemnities and Assumptions. The indemnities contained in this Section 6 shall survive the expiration of the term or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of any action, suit or proceeding brought in connection with any matter indemnified against pursuant to Section 6.1 hereof, will cause such action, suit or proceeding to be defended by counsel selected by the Lessee, which counsel shall be reasonably acceptable to the Lessor, and the Lessor and the Trustor agree to cooperate with the Lessee in any such defense. In the event of the Lessee's refusal to assume such defense, the Lessee shall pay all costs and expenses incurred by the Lessor or the Trustor in connection with such defense.

6.3. Subrogation. Upon the payment in full by the Lessee of any indemnities contained in this Section 6, and provided that no event of default (or other event which with lapse of time or giving of

notice or both would constitute an event of default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of the Lessor or the Trustor in respect of the matter against which indemnity has been paid. Any payments received by the Lessor (except pursuant to the Trust Agreement) or the Trustor from any person (except the Lessee or the Federal Railroad Administrator) as a result of any matter with respect to which the Lessor or Trustor has been indemnified by the Lessee pursuant to this Section 6, shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. None of the indemnities in this Section 6 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under the Lessor or the Trustor, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

SECTION 7. LAWS, RULES AND REGULATIONS.

The Lessee agrees, for the benefit of the Lessor, the Trustor and the Lender, to comply in all material respects with all applicable laws, rules, requirements or regulations of any legislative, executive, administrative or judicial body exercising any power, authority or jurisdiction over the Equipment or the Lessee including, without limitation, all laws of the jurisdictions in which the Lessee's service or operations now or hereafter may extend, and the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission, to the extent such requirements or regulations affect the title, maintenance or possession of any Item of Equipment, and in the event any change, alteration, replacement, or addition of or to any part on any Item of Equipment shall be required or ordered by any of the foregoing, the Lessee will at its own cost and expense fully comply therewith.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use or cause the use of the Equipment only in the United States, except that the Lessee may from time to time use or cause to be used in Canada Items of Equipment, provided that during any calendar year the total use of the Equipment in Canada shall not exceed, on an aggregate basis, more than 2% of the total aggregate use of the Equipment in the United States and Canada and, upon the request of the Lessor, the Lessee shall, for any calendar year specified in such request, furnish to the Lessor, within 60 days after such request, a certificate setting forth the aggregate use of the Equipment in Canada compared with the total aggregate use of the Equipment in the United States and Canada. The Lessee shall use the Equipment only in the manner for which it was designed and intended. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, and in accordance with standards generally prevailing in the railroad industry, including making all replacements required to maintain the Equipment in good running order and the correcting of any initial defects therein. Any parts installed or replacements made by the Lessee upon any Item of Equipment (except radio equipment or devices having a similar use which have been added to any such Item of Equipment by the Lessee, the cost of which is not included in the Acquisition Cost of such Item) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without any obligation of the Lessor to make any payment with respect thereto and without expense to the Lessor, provided that the Lessee shall be entitled to remove any such accession so long as such removal is not inconsistent with the Lessee's obligations set forth in the preceding sentence or under Section 7 hereof. The obligations of the Lessee hereunder shall survive the termination of this Lease, and shall remain in effect until the return of the Equipment to the Lessor pursuant to Sections 13 or 18 hereof.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims (other than the security interest of the Lender or claims resulting from an act of the Lessor or the Trustor), which, if unpaid, might constitute or become a lien, security interest or a charge upon the Equipment or any Item thereof or any accession thereto, and any liens, security interests or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so

long as the validity thereof shall be contested in good faith, with due diligence and by appropriate administrative or legal proceedings in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lender, the Lessor or the Trustor, adversely affect the property rights of the Lessor in or to the Equipment or result in the imposition of any criminal penalties against the Lender, the Lessor or the Trustor. The Lessee's obligations under this Section 9 shall survive termination of this Lease.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due or 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.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and duly deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor), and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Lender for the purpose of protecting the Lessor's title to, or the security interest granted to any assignee under Section 19 hereof in, the Equipment to the reasonable satisfaction of the Lessor's or such assignee's counsel or for the purpose of carrying out the intention of this Lease. The Lessee will promptly furnish to the Lessor and any assignee thereof hereunder evidence of all such filings, registering, recording, depositing, re-filing, re-registering, re-recording and/or re-depositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and any assignee thereof hereunder. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. In addition to all payments to be made by the Lessee hereunder, the Lessee shall, subject to the exclusion hereinafter set forth, bear the full expense of and, unless precluded by law, remit directly to the proper governmental authority all taxes, fees, assessments, duties, or other charges (hereinafter collectively referred to as Imposts) levied or imposed on the Lessor, the Lessee, or the Trustee, by the United States, any state, or foreign government, and any agency, instrumentality, political subdivision or unit of the United States, any state, or foreign government, which Imposts are upon or with respect to, arising from, or in connection with or measured by this Lease, the Purchase Agreement, the Loan and Mortgage, or the Sale and Lease Back Agreement, including any document contemplated thereby (all such agreements and documents being referred to in this Section 10.2 collectively as the "Documents"), or any sale, rental, use, payment, shipment, delivery, re-delivery, or transfer of title of any property or Item of Equipment under the terms hereof or of the Documents.

The Lessee's obligation to bear and remit Imposts shall not include:

(i) United States Federal income tax payable by the Trustor or the Lessor in consequence of the receipt of payments provided for by the Documents.

(ii) All state, city, or local income taxes or franchise taxes on, or measured by, net income based on the receipt of payments provided for by the Documents up to the amount of any such taxes based on such receipts which would be payable to the state, city, or locality in which the Trustor or the Lessor has its principal place of business without apportionment to any other state, city or locality, unless the Lessor or the Trustor is required by law to apportion such receipts to such other state, city or other taxing authority, in which case the amount of tax caused by the apportioned receipts shall also be paid by the Lessor or the Trustor. The exclusion provided in this part (ii) shall not apply to state or city income tax which is in substitution for or relieves the Lessee from an Impost it is otherwise obligated to bear under the terms of this Section 10.2

The Lessee shall make all returns, statements, or reports required in connection with any Imposts which the Lessee is obligated to bear, in such manner as to show the interest of the Lessor and the Lender in such Items of Equipment; *provided, however*, that the Lessor shall, with respect to any state or political subdivision thereof or the United States of America, file required returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by the Lessor's gross earnings or gross receipts arising from the Items of Equipment, or the value added by the Lessor thereto, and remit the amount thereof and the Lessee shall reimburse the Lessor promptly upon demand for the amount of such taxes, fees and charges upon submission to the Lessee of reasonably satisfactory evidence thereof.

The Lessee shall promptly remit all Imposts to the appropriate governmental authority within the time provided by law and will at all times keep all and every part of any Item of Equipment free and clear of any Impost which might in any way affect the title of the Lessor or the interest of the Trustor or result in a lien upon any such Item of Equipment; *provided, however*, that the Lessee shall be under no obligation to remit any Impost of any kind so long as it is contesting, in good faith and by appropriate legal proceedings, such Impost and the nonpayment thereof is authorized by law and does not, in the reasonable opinion of the Lessor and the Trustor, adversely affect the title, property or rights of the Lessor, the Trustor, or the Lender hereunder. The Lessee agrees to give the Lessor and the Lender notice of such contest within 30 days after institution thereof and the Lessor and the Trustor agree to provide information requested in writing by the Lessee as may be reasonably required by the Lessee in furtherance of said contest. If any Impost shall be charged or levied against the Lessor directly (payment of which under this Section 10.2 is to be made by the Lessee) and is remitted by the Lessor, the Lessee shall reimburse the Lessor upon submission to the Lessee of reasonably satisfactory evidence thereof.

The Lessee shall be liable for all fines, penalties, interest, and other charges imposed in connection with the reporting and remittance obligations imposed on the Lessee by this Section 10.2

In the event that during the continuance of this Lease, the Lessee becomes liable for any remittance or reimbursement pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until such Impost is remitted or the Lessor is reimbursed therefor.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this Section 10.2, the Lessor hereby authorizes the Lessee to act in the Lessor's name and on its behalf; *provided, however*, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever requested by the Lessor or the Trustor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor and the Trustor of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor or the Trustor reasonably may require to permit the Lessor's compliance with the requirements of taxing authorities.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Duty of Lessee to Notify Lessor. In the event that during the term of this Lease or any renewal thereof or prior to the return of any Item of Equipment pursuant to Section 13 or Section 18 hereof, any Item of Equipment, in the good faith opinion of the Lessee, shall be or become lost, stolen, destroyed, worn out, irreparably damaged or rendered permanently unfit for use or shall be requisitioned for use or taken over by any governmental authority under the power of eminent domain or otherwise, except requisition for use or takeover by the United States Government, resulting in the loss of possession or use by the Lessee for a period of ninety consecutive days (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly notify the Lessor in writing in regard thereto and specify the date said Item of Equipment was first placed in service and the date of the Casualty Occurrence. The Lessee's obligations under this Section 11 shall survive termination of this Lease.

11.2. Sum Payable for Casualty Loss. The Lessee, on a date not later than the earlier of (x) the ninetieth day following the date on which such Item or Items of Equipment suffered a Casualty Occurrence

or (y) the date of receipt by the Lessee of any insurance proceeds in respect of such Item or Items of Equipment, shall pay to the Lessor an amount equal to the sum of (i) all installments of rent with respect to such Item or Items of Equipment accrued and unpaid to and including the rent payment date next preceding or coincident with the date of such Casualty Occurrence, (ii) the Casualty Value (as defined in Section 11.5 hereof) of such Item or Items of Equipment on the rent payment date next preceding or coincident with the date of such Casualty Occurrence, and (iii) interest at the Overdue Rate (as defined in Section 22 hereof) on the amount referred to in clause (ii) from the rental payment date as of which such Casualty Value is determined to the date on which such payment is made.

11.3. Rent Termination. On the date as of which the Casualty Value of any Item or Items of Equipment is determined in accordance with clause (ii) of Section 11.2 hereof, the obligation to pay rent for such Item or Items of Equipment shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.4. Disposition of Equipment. The Lessee shall (unless it shall exercise the option provided in this Section 11.4), as agent for the Lessor, dispose of such Item or Items of Equipment which have suffered a Casualty Occurrence as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "as-is", "where-is" basis without recourse, representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value paid with respect thereto and shall remit the excess, if any (minus, to the extent it shall not exceed such excess, the fair market value of the modifications included therein, determined as provided in Section 23.1 hereof), to the Lessor. The Lessee may, at its option, retain any such Item of Equipment if the fair market value thereof (minus the fair market value of the modifications included therein), determined as provided in Section 23.1 hereof, shall not exceed the Casualty Value attributable thereto, or, if such fair market value (minus such fair market value of the modifications) shall exceed the Casualty Value paid with respect thereto and the Lessee shall pay to the Lessor the amount of such excess. If the Lessee shall elect to retain any such Item of Equipment as aforesaid, the Lessor shall deliver to the Lessee a bill of sale therefor as provided in Section 23.1 hereof.

11.5. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the rent payment date specified in clause (ii) of Section 11.2 hereof, equal to that percentage of the Acquisition Cost of such Item of Equipment as set forth in the Casualty Value Schedule attached hereto as Exhibit B.

11.6. Requisition for Use. In the event that during the term of the Lease or any renewal thereof or prior to the return of an Item of Equipment pursuant to Section 13 or Section 18 hereof, the use of any Item of Equipment is requisitioned or taken by any governmental authority for a period not exceeding ninety consecutive days or by the United States Government, then the Lessee's obligations under this Lease with respect to such Item of Equipment shall continue to the same extent as if such requisition or taking had not occurred. Provided no event of default under Section 17 hereof shall have occurred and be continuing the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority or the United States Government as compensation for requisition or taking of possession up to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any (to the extent such amount constitutes compensation for use of the Equipment, but not otherwise), shall be payable to and retained by the Lessor as its sole property.

SECTION 12. REPORTS AND INSPECTION RIGHTS.

12.1. Financial Statements. The Lessee shall furnish to the Lessor, promptly upon their becoming available, a copy of each of its annual reports to the Congress of the United States, including the financial statements contained therein, and its quarterly statements to the Interstate Commerce Commission on Forms RE and I (income statement) and CBS (balance sheet).

12.2. Equipment Reports. On or before April 1 in each year, commencing with the year 1976, the Lessee shall furnish to the Lessor an accurate statement, as of the preceding December 31, (a) showing the

amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding calendar year (or, in the case of the first such statement, for the portion thereof commencing with the date of this Lease), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, (b) describing the modifications (as defined in Section 23.1(c) hereof) to the Equipment made during the preceding calendar year (or, in the case of the first such statement, for the portion thereof commencing with the date of this Lease), and (c) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.3. Lessor's Inspection Rights. The Lessor shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease. The foregoing right of inspection shall be subject, however, to such terms and conditions of access as may be reasonably imposed by any railroad, terminal company or other entity upon the property on which the Equipment is situate at the time of any such inspection.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease or any renewal thereof, as the case may be, with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver such Item of Equipment to the Lessor upon such tracks as the Lessor shall reasonably designate (and as to which the Lessee then has a contractual right of access), and the Lessee will arrange for the storage of such Item of Equipment on such tracks for a period not exceeding 90 days (except that, with respect to any Item of Equipment, such period shall be 180 days if the Lessee shall, pursuant to Section 23 hereof, notify the Lessor of Lessee's exercise of its option to purchase such Item of Equipment or to renew this Lease with respect thereto, and shall then not so purchase or renew), all as directed by the Lessor upon not less than 30 days' notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same, but only on the terms and conditions set forth in Section 12.3 hereof, which Section the Lessor shall cause to be applicable to any such prospective purchaser and any such authorized representative. The delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so make available, store and transport the Equipment. During the storage period the Lessee shall maintain insurance on such Item of Equipment in accordance with Section 21 hereof. The Lessee's obligations under this Section 13 shall survive termination of this Lease.

SECTION 14. LESSEE'S REPRESENTATIONS AND WARRANTIES.

The Lessee represents and warrants that:

(a) The Lessee is a corporation duly organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia, is in good standing under the laws of the District of Columbia and believes that it is not required to qualify to do business as a foreign corporation in any state.

(b) The Lessee has the corporate power, authority and legal right to execute and deliver this Lease (including the Certificates of Completion and Acceptance provided for herein), to lease the Equipment hereunder, and to execute and deliver the Purchase Agreement and the Loan and Mortgage (including the Certificates of Acceptance provided for thereunder) and the Sale and Lease Back Agreement and to perform its obligations hereunder and thereunder.

(c) The execution and delivery of this Lease (including such Certificates of Completion and Acceptance), the Purchase Agreement and the Loan and Mortgage (including such Certificates of Acceptance) and the Sale and Lease Back Agreement by the Lessee, and the performance by the

Lessee of its obligations hereunder and thereunder, do not and will not conflict with any provision of existing law or of the Articles of Incorporation or bylaws of the Lessee or, in any material respect, of any agreement binding upon the Lessee.

(d) The execution, delivery and performance of this Lease (including such Certificates of Completion and Acceptance), the Purchase Agreement and the Loan and Mortgage (including such Certificates of Acceptance) and the Sale and Lease Back Agreement by the Lessee and the consummation by the Lessee of the transactions contemplated hereby and thereby do not require the consent, approval or authorization of, or notice to, any Federal or District of Columbia authority, or, to the Lessee's knowledge or belief, any other governmental authority.

(e) This Lease, the Purchase Agreement, the Loan and Mortgage and the Sale and Lease Back Agreement are, and the Certificates of Acceptance and the Certificates of Completion and Acceptance will be when entered into, legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and similar laws affecting the rights and remedies of lessors, creditors and secured parties.

(f) Each Item of Equipment will constitute "new section 38 property" within the meaning of Section 48(b) of the Code (as defined in Section 15 hereof), at the time of delivery of the Equipment to the Lessor under the Sale and Lease Back Agreement, the Equipment will not have been placed in service by the Lessee and no person will have claimed any investment tax credit or amortization or depreciation deductions with respect thereto; and each Item of Equipment will be placed in revenue service on or before June 30, 1975 within the meaning of Section 1.46-3(d) of the Income Tax Regulations.

(g) Each Item of Equipment on the date of delivery thereof to the Lessor is, in the opinion of the Lessee, estimated to have a useful life of at least two years beyond the expiration of the term of the Lease and estimated to have a fair market value at the end of the term of the Lease of at least 15% of the Acquisition Cost for such Item of Equipment.

(h) To the best of the Lessee's knowledge and belief, and after good faith investigation with due diligence, the Lessee has filed all foreign, Federal, state and local tax returns which are required to be filed and has paid or made provision for the payment of all taxes which have or may become due and payable thereunder other than taxes which are being contested in good faith and for the payment of which adequate reserves have been provided.

SECTION 15. CONDITIONS TO LESSOR'S OBLIGATIONS; GOVERNMENT GUARANTY.

The Lessor shall not be obligated to purchase any Item of Equipment to be purchased by the Lessor under the Sale and Lease Back Agreement, and to lease such Item of Equipment hereunder, unless, on the date such purchase is requested by the Lessee: (a) the Lessor shall have been furnished with a certificate signed by a duly authorized officer of the Lessee stating that (i) all of the Lessee's representations and warranties in Section 14 of this Lease are true and correct as though made as of such date, (ii) no litigation or governmental proceedings are pending or, to the Lessee's knowledge, threatened against the Lessee which may to a material extent adversely affect the continued operation of the Lessee, and (iii) no event of default hereunder or under the Loan and Mortgage, or event which might mature into an event of default, has occurred or is continuing; (b) the Government Guaranty shall have been executed and delivered by the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation, the Lessor and the Lender, and shall be in full force and effect; (c) the Lessee shall have furnished in form and substance reasonably satisfactory to the Lessor: (i) resolutions of the Board of Directors of the Lessee, certified by its Secretary or an Assistant Secretary, authorizing the lease of such Equipment hereunder and the execution, delivery and performance of this Lease, the Purchase Agreement, the Loan and Mortgage and the Sale and Lease Back Agreement, (ii) evidence of compliance with the insurance provisions of Section 21 of this Lease, (iii) a favorable opinion of counsel for the Lessee regarding the matters set forth in paragraphs (a) through (e) of Section 14 of this Lease (except that (A) with respect to paragraph (c) such counsel's opinion may be limited to Federal and District of Columbia laws and, insofar as it covers "any agreement binding upon the Lessee", may be qualified to relate only to agreements of which such counsel has knowledge, (B) with respect to paragraphs (a) and (d) such counsel's opinion need not

extend to matters expressed as the belief of the Lessee, and (C) with respect to paragraph (e) such counsel's opinion insofar as it covers enforceability of any of the instruments referred to therein need relate only to the enforceability thereof under Federal law or the laws of the District of Columbia), stating that the Lease and the Sale and Lease Back Agreement have been duly filed 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 Lessor under such instruments in any state of the United States of America or in the District of Columbia, and stating that all the right, title and interest received by the Lessee from the Manufacturer in and to each Item of Equipment being purchased by the Lessor under the Sale and Lease Back Agreement, has been transferred to the Lessor pursuant to the Bill of Sale referred to in the Sale and Lease Back Agreement, (iv) such releases, financing statements, waivers, certificates or letters and other documents as the Lessor may reasonably request to insure that the Equipment will not be subject to any lien, charge, encumbrance, security interest or other similar interest (other than the security interest created by the Loan and Mortgage), (v) an opinion of the general counsel of the Department of Transportation, in form and substance satisfactory to the Lessor, that the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation has the power under the Rail Passenger Service Act, as amended, to execute and deliver the Government Guaranty, that such execution and delivery has been duly authorized, and that the Government Guaranty has been duly executed and delivered and constitutes a valid, binding and enforceable general obligation of the United States of America backed by the full faith and credit of the Government of the United States and all necessary approvals of the Secretary of the Treasury have been obtained, and (vi) an opinion of special Canadian counsel for the Lessee stating that the Lease and the Sale and Lease Back Agreement have been duly deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor) and no other filing or recordation is necessary for the protection of the rights of the Lessor under such instruments in Canada or in any province or territory thereof; and (d) the Lessor shall have been furnished with executed copies of all of the documents delivered to the Lender pursuant to Article 13 of the Loan and Mortgage. The "Government Guaranty", as that term is used in this Lease, shall mean the Guaranty Agreement among the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation, the Lessor and the Lender.

Notwithstanding any other provisions of this Lease, the Lessor shall not be obligated to make payment for any Item of Equipment if any document furnished, or requested to be furnished, by the Lessee prior to the requested date of payment is not in form and substance satisfactory to or is not provided to the Trustor or if prior to such requested date of payment there shall have been any amendment, modification, addition or change (other than a change in tax rates) made in or to the provisions of the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), the Treasury Regulations under the Code (including but not limited to the Treasury Regulations relating to the Asset Depreciation Range System of depreciation under Section 167(m) of the Code), published Internal Revenue Service Revenue Procedures, published Internal Revenue Service Revenue Rulings or other published Internal Revenue Service administrative interpretations, or applicable judicial precedents (any of the foregoing being hereinafter referred to as a "Change in Tax Law") which Change in Tax Law in the written opinion of Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor (a copy of which opinion shall be furnished to the Lessee), might reasonably be expected to affect in any way the ability or the entitlement of the Trustor to claim tax benefits on a basis that is at least as favorable as that to which the Trustor would be entitled under the Internal Revenue Service ruling referred to in Section 16 hereof (whether or not such ruling has been issued) or from taking (a) investment tax credit at the rate of 7% on the full Acquisition Cost for the Equipment on the basis that such property is "new section 38 property" or (b) depreciation deductions with respect to the full Acquisition Cost for the Equipment over an asset depreciation period of 12 years to a gross salvage value of 15% of Acquisition Cost, as reduced by 10% of the Acquisition Cost as provided in Section 167(f) of the Code, computed initially under the double declining balance method of depreciation provided in Section 167(b)(2) of the Code and then changing to the sum-of-the-years digits method of depreciation provided in Section 167(b)(3) of the Code, when most beneficial to the Trustor, with the annual allowance determined without reduction for salvage.

SECTION 16. FEDERAL INCOME TAXES.

16.1. Ownership and Federal Income Tax Benefits. The Trustor, as the owner of the Equipment for Federal income tax purposes, shall be entitled to such deductions, credits and other benefits as are provided by the Code to an owner of property, including, without limitation, the maximum depreciation deduction with respect to the Equipment authorized under Section 167 of the Code based on the aggregate Acquisition Cost in respect of the Equipment utilizing the 12-year depreciable life prescribed for the Equipment in the Asset Guidelines Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining method of depreciation, switching to the sum of-the-years-digits method when most beneficial to the Trustor (such deduction being herein called the "ADR Deduction"), deductions with respect to the Loans pursuant to Section 163 of the Code (such deductions being herein called the "Interest Deduction"), and the investment tax credit in 1975 (herein called the "Investment Credit") with respect to the aggregate Acquisition Cost of the Equipment pursuant to Section 38 and related Sections of the Code.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Trustor over the amounts specified to be payable under this Lease on the dates due hereunder except as specifically provided in this Lease, and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Trustor such records as will enable the Trustor to determine whether it is entitled to the full benefit of the Investment Credit and the ADR Deduction with respect to the Equipment.

16.2. Representations and Warranties of Lessee. The Lessee represents and warrants that (i) at the time the Trustor becomes the owner of the Equipment, the Equipment will constitute "new eligible Section 38 property" within the meaning of Sections 46 and 48 of the Code, (ii) at the time the Trustor becomes the owner of the Equipment, the Equipment will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Trustor and (iii) the Lessee will not at any time during the term of this Lease, use or fail to use any Item of Equipment in such a way as to disqualify it as "Section 38 property" within the meaning of Section 48(a) of the Code.

16.3. Tax Indemnity. If (after an Internal Revenue Service Ruling (hereinafter called the "Ruling") shall have been obtained satisfactory in form and substance in the reasonable opinion of the Trustor, with respect to the tax benefits described in Section 16.1 hereof) (a) in the reasonable opinion of the Trustor (i) the Internal Revenue Service shall have questioned the validity or applicability of the Ruling with respect to the tax benefits described in Section 16.1 hereof, (ii) the Ruling shall at any time have ceased to be in full force and effect or (iii) any Change in Tax Law shall have occurred which will materially and adversely affect the Trustor's ability to realize tax benefits on a basis that is at least as favorable as that to which the Trustor would otherwise have been entitled under the Ruling, or (b) (i) the Trustor shall lose or shall lose the right to claim, (ii) there shall be disallowed or a deficiency shall be proposed, or (iii) there shall be recaptured with respect to the Trustor, all or any portion of the Investment Credit, the Interest Deduction or the ADR Deduction as provided to an owner of property with respect to an Item of Equipment (the events set forth in clauses (a) and (b) of this section 16.3 being hereinafter referred to as a "Loss of Tax Benefits"), then the Lessor shall, within 60 days after the date on which, in the reasonable opinion of the Trustor, the Loss of Tax Benefits occurs, notify the Lessee of such occurrence (which notice shall be accompanied by a statement setting forth the basis on which it is claimed that any Loss of Tax Benefits has occurred) and the Trustor shall forbear payment of any tax claimed for at least 30 days after the giving of such notice. Within 30 days after the giving of such notice, the Lessee shall advise the Lessor and the Trustor in writing whether or not the Lessee wants such Loss of Tax Benefits to be contested pursuant to Section 16.5 hereof. If (i) the Lessor and the Trustor do not receive such written advice within 30 days or (ii) there shall be a termination of contest under Section 16.5, the Lessor shall notify the Lessee whether or not the Trustor will require the Lessee to purchase all or any part of the Equipment subject to

such Loss of Tax Benefits, and if such purchase is required, the Lessee shall purchase, within 30 days after such notice from the Lessor such Items of Equipment then subject to this Lease as are specified in such notice, and assume any obligations that the Lessor or the Trustor have under the Loan and Mortgage with respect to such Items of Equipment for a purchase price equal to (A) the difference between (x) the aggregate Maximum Purchase Price (as defined in Schedule C hereto) for such Items of Equipment on the rental payment date such unpaid principal amount of the Loans was determined plus interest on the amount of such aggregate Maximum Purchase Price at the Overdue Rate from such rental payment date to the date of payment, and (y) the unpaid principal amount of the Loans applicable to such Items of Equipment determined as of the rent payment date next preceding or coincident with the date on which the Loss of Tax Benefits occurs in the reasonable opinion of the Trustor plus interest on the amount of such unpaid principal amount of the Loans at the Debt Rate (as defined in the Loan and Mortgage) from such rental payment date to the date of payment or (B) with respect to any Loss of Tax Benefits which does not involve the loss, disallowance, recapture, or adjustment of Investment Credit, an amount calculated as set forth in clause (A) of this sentence but substituting in such calculation Casualty Value in place of Maximum Purchase Price. Such purchase price shall be payable at the office of the Lessor in Detroit, Michigan, in immediately available funds against delivery by the Lessor of a bill of sale conforming to the requirements of Section 23.1(a) hereof, except that such conveyance shall be subject to the security interest of the Lender. Upon payment of the purchase price described in clauses (A) or (B) of this paragraph and the acceptance by the Lessee of the bill of sale, the Lease and the Sale and Lease Back Agreement shall terminate with respect to such Items of Equipment and the Lessee shall thereby unconditionally assume any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment.

In the event that the Lessor or the Trustor loses or there shall have been disallowed any foreign tax credit as a direct or indirect result of the use of any Item of Equipment in Canada or otherwise outside of the United States, the Lessee hereby agrees promptly to pay to the Lessor or to the Trustor an amount which, after deduction of all taxes required to be paid by the Lessor and the Trustor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority of the United States or under the laws of any taxing authority or governmental subdivision of a foreign country, shall be equal to the excess of the foreign tax credit under Section 901 of the Code which would have been allowable to the Lessor or the Trustor with respect to such year and all prior years if the Lessor and the Trustor had not participated in the transactions contemplated by this Lease over the foreign tax credit actually allowable to the Lessor or the Trustor with respect to such years, together with any interest, penalties or additions to tax which may be assessed by the United States Government against the Lessor and the Trustor as a result of such loss of foreign tax credits. The Tax Department of Ford Motor Company shall in good faith calculate all amounts due under this paragraph. In connection therewith, the Trustor will provide the Lessee with a certificate of an officer of the Trustor setting forth in reasonable detail the calculation and method used in making such calculation. The Trustor agrees to provide such information (except any Federal, State or other income tax returns of the Trustor, Ford Motor Company or any affiliate of the Trustor or Ford Motor Company) as shall reasonably be requested in writing by the Lessee to determine the accuracy of any such calculation.

16.4. Right to Terminate for Tax Reasons. If the Lessor or the Trustor shall seek and shall not have obtained by September 30, 1975 (or other later date agreed to in writing by the Lessee and the Trustor) a ruling satisfactory in form and substance in the reasonable opinion of the Trustor with respect to the tax benefits specified in Section 16.1 hereof (including but not limited to a ruling that this Lease is a true lease for Federal income tax purposes; that the trust created under the Trust Agreement will be treated for tax purposes as a grantor trust and not as an association taxable as a corporation; and the Lessee is entitled to deduct its rental payments pursuant to Section 162 of the Code) then, at the option of the Trustor, the Trustor may require the Lessee to purchase from the Lessor on or before October 15, 1975 (or other later date agreed to in writing by the Lessee and the Trustor) each Item of Equipment theretofore delivered hereunder to the Lessor by (a) assuming any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment and (b) paying to the Lessor, at the office of the Lessor in Detroit, Michigan, in immediately available funds, an amount equal to the sum of the following: (i) an amount equal to the difference between (x) the aggregate Acquisition Cost of such

Items of Equipment, plus interest on the amount of such aggregate Acquisition Cost of such Items of Equipment at the Overdue Rate from the Term Lease Commencement Date to the date of payment, and (y) the unpaid principal amount of the Loans applicable to such Items of Equipment determined as of the Term Lease Commencement Date, plus interest on the amount of such unpaid principal amount of the Loans at the Debt Rate from the Term Lease Commencement Date to the date of payment, (ii) the amount of all fees and expenses payable to the Lessor for its services as Trustee and (iii) the amount of all out-of-pocket expenses (including but not limited to all attorneys' fees (not to exceed \$35,000) and disbursements and the cost of printing all documents) reasonably incurred by the Trustor in connection with the transactions contemplated by this Lease). Such amount shall be payable at the office of the Lessor in Detroit, Michigan, in immediately available funds against delivery by the Lessor of a bill of sale conforming to the requirements of Section 23.1(a) hereof, except that such conveyance shall be subject to the security interest of the Lender. Upon payment of the amount described in clauses (i), (ii) and (iii) of this paragraph and the acceptance by the Lessee of the bill of sale, the Lease and the Sale and Lease Back Agreement shall terminate with respect to such Items of Equipment and the Lessee shall thereby assume any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment.

16.5. Contest. (a) If the Lessee requests that the Trustor contest a Loss of Tax Benefits arising under Section 16.3(a) hereof, the Trustor may then file a supplementary ruling request confirming that (i) the Internal Revenue Service Ruling referred to in Section 16.3 hereof is still in full force and effect and (ii) the Trustor is entitled to all of the tax benefits set forth in the Ruling, including the full Investment Credit, ADR Deduction and Interest Deduction. If the Trustor requests such supplementary ruling and does not receive a supplementary ruling, satisfactory in form and substance in the reasonable opinion of the Trustor, within six months after making such request, there shall be deemed a termination of contest. It is understood that the Trustor may withdraw any supplementary ruling request at any time if it receives oral or written advice from the Internal Revenue Service that a supplementary ruling satisfactory in form and substance in the reasonable opinion of the Trustor will not be issued. The Trustor agrees to advise the Lessee of the receipt of such advice, in writing, by an authorized representative of the Trustor or its Tax Counsel. It is further agreed that if the Trustor does not file a supplementary ruling request upon receipt by the Trustor of the Lessee's request that the Trustor contest the Loss of Tax Benefits arising under Section 16.3(a) hereof, there shall not be a termination of contest at such time; *provided, however*, that if the Trustor does not file a supplementary ruling request and suffers a Loss of Tax Benefits arising under Section 16.3(b) hereof, the Trustor may proceed in the manner set forth in Section 16.3 hereof and as set forth below in this Section 16.5(b).

(b) Except as provided above, if the Trustor suffers a Loss of Tax Benefits arising under Section 16.3 hereof and the Lessee requests that the Trustor contest such Loss of Tax Benefits with the Internal Revenue Service, the Trustor shall be under no obligation to so contest unless:

(i) Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor render a written opinion within 45 days after receiving such request for an opinion that there is a reasonable basis to contest such Loss of Tax Benefits; and

(ii) the Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor, paid or incurred by the Trustor in connection with this paragraph.

If such an opinion that a reasonable basis to contest such Loss of Tax Benefits is rendered, the Trustor agrees in good faith to take such steps as are reasonably required in the Trustor's opinion to carry on such contest.

If Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor do not render a written opinion that there is a reasonable basis on which to contest administratively such Loss of Tax Benefits within 45 days after receiving such request for an opinion, there shall be deemed a termination of contest.

If the Trustor shall contest a Loss of Tax Benefits administratively with the Internal Revenue Service in accordance with Section 16.5(a) hereof and, in the opinion of the Trustor, does not prevail in such contest, the Trustor shall be under no obligation to contest such Loss of Tax Benefits, in respect of which Lessee may be required to indemnify the Trustor in accordance with this Section 16, in a court of competent jurisdiction unless:

(i) The Lessee requests the Trustor to contest such Loss of Tax Benefits within 10 days after the Trustor has notified the Lessee of its intent not to make such contest;

(ii) Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor render a written opinion within 45 days after receiving a request for such an opinion, that the Investment Credit, ADR Deduction, or Interest Deduction, adjusted, disallowed, or recaptured, as the case may be, is allowed under the statutes of the United States, the regulations promulgated thereunder, and decided judicial cases; and

(iii) The Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor, paid or incurred by the Trustor in connection with this Section 16.5(b) including, but not limited to, all expenses and legal fees incurred by the Trustor in connection with any legal proceedings contemplated by this Section 16.

If such an opinion that the Investment Credit, ADR Deduction, and Interest Deductions are allowed is rendered, the Trustor agrees in good faith to take such steps as are reasonably required in the Trustor's opinion to carry on such contest.

If the Lessee does not request the Trustor to contest any such Loss of Tax Benefits in a court of competent jurisdiction within 10 days after the Trustor has given it notice thereof or if Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation, selected by the Trustor, do not render a written opinion within 45 days after such opinion is requested, that the Investment Credit, ADR Deduction or Interest Deductions, as the case may be, are allowed, there shall be deemed a termination of contest. If the Trustor institutes judicial proceedings in accordance with this Section 16.5 and does not prevail at any judicial level, there shall be deemed a termination of contest. The Trustor shall have no obligation to appeal any decision of any court.

If the Trustor decides to contest a Loss of Tax Benefits in a court of competent jurisdiction, Tax Counsel of Ford Motor Company shall determine in his sole discretion whether to petition the Tax Court of the United States for a redetermination of any adjustment or deficiency proposed to be assessed by the Internal Revenue Service or to pay any adjustment or deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid. In the event that the Trustor pays the tax resulting from any such proposed adjustment or deficiency and proceeds to seek a refund thereof, the Lessee agrees to pay the Trustor an amount equal to interest at a rate equal to 15% per annum on the amount of tax in question computed from the date of payment of such tax to the date of final determination of any such adjustment or deficiency, such amount to be payable in equal instalments within each calendar year on the dates on which rental for such period is payable under the Lease. Upon receipt by the Trustor of a refund of any tax paid by it in respect of which the Lessee has paid an amount equal to interest at the rate provided in the preceding sentence while such tax payment was being contested by the Trustor, the Trustor shall pay to the Lessee an amount equal to the aggregate amount of such interest.

Notwithstanding anything to the contrary contained in this Section 16, if Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor renders a written opinion that the Investment Credit, ADR Deductions or Interest Deductions, as the case may be, are allowed, the Trustor in its sole and absolute discretion may forego the indemnities with respect to such Investment Credit, ADR Deductions or Interest Deductions and not institute any judicial proceedings.

SECTION 17. EVENTS OF DEFAULT.

(a) The following shall be events of default hereunder:

(i) Default, and continuance thereof for 10 days, in the payment of any rent or other amount hereunder;

(ii) The Lessee shall, for more than 30 days after the Lessor shall have demanded in writing thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Lease 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 Lessor for such compliance;

(iii) Any representation or warranty made by the Lessee in Section 14 of this Lease is untrue in any material respect, or any statement, report, schedule, notice, or other writing furnished by the Lessee to the Lessor in connection herewith is untrue in any material respect, on the date as of which the facts set forth are represented, warranted, stated or certified;

(iv) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee 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 Lessee under this Lease 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;

(v) Any other proceeding shall be commenced by or against the Lessee 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 readjustment of the rents and other amounts 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 ineffectiveness shall continue), all the obligations of the Lessee under this Lease 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 Lessee 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;

(vi) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any interest herein or any unauthorized transfer of the right to possession of any Item of the Equipment;

(vii) The Government Guaranty shall, for any reason, not be, or cease to be in full force and effect or if the Secretary of the Department of Transportation, or his delegate, or the Secretary of the Treasury, or his delegate, shall unequivocally repudiate his respective authority to issue or to make payment (or if any court of competent jurisdiction shall make a final determination to such effect) under any guaranty issued pursuant to Section 602 of the Rail Passenger Service Act, as amended to the date hereof; or

(viii) An event of default shall have occurred under the Loan and Mortgage, arising out of the failure of the Lessee to perform its obligations under this Lease.

When used herein, unless the context otherwise requires, the term "event of default" shall mean any event described in the foregoing clauses (i) through (viii) and the term "event which might mature into an event of default" shall mean any event which with the lapse of time or with the giving of notice to the Lessee or both, would constitute an event of default. To the extent of its knowledge thereof, the Lessee shall give the Lessor prompt notice of any event of default or of any event which might mature into an event of default.

(b) Upon the happening of an event of default, the Lessor shall (except to the extent otherwise required by law) be entitled to:

(1) proceed by appropriate court action (or actions either at law or in equity to enforce performance by the Lessee of the applicable covenants and terms of this Lease or to recover damages for the breach thereof;

(2) repossess any or all Items of Equipment without prejudice to any remedy or claim hereinafter referred to;

(3) elect to sell any or all Items of Equipment, after giving 30 days' notice to the Lessee, at one or more public or private sales and recover from the Lessee as liquidated damages and not as a penalty for the Lessee's default hereunder an amount equal to the amount, if any, by which (A) the sum of (i) the aggregate Casualty Value of such Items of Equipment on the date such notice is given (plus interest thereon at the Overdue Rate from the date rental payments cease to the date of payment), (ii) all rent owing or accrued hereunder to and including the date such notice is given, (iii) all costs and expenses (including sales tax) reasonably incurred in searching for, taking, removing, keeping, storing, repairing, restoring and selling such Items of Equipment, (iv) all other amounts owing by the Lessee hereunder, whether as additional rent, indemnification or otherwise, and (v) all reasonable costs and expenses, including (without limitation) legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder, exceeds (B) the amount received by the Lessor upon such public or private sales of such Items of Equipment;

(4) upon notice to the Lessee receive prompt payment from the Lessee of an amount equal to the aggregate Casualty Value on the rental payment date next preceding the date such notice is given of all Items of Equipment which have not been sold by the Lessor pursuant to Section 17(b)(3) (plus interest thereon at the Overdue Rate from the date rental payments cease to the date of payment), plus, to the extent not otherwise recovered from the Lessee pursuant to said Section 17(b)(3), (i) any rent owing or accrued hereunder to and including the date such notice is given, (ii) all costs and expenses reasonably incurred in searching for, taking, removing, keeping, storing, repairing and restoring such Items of Equipment, (iii) all other amounts owing by the Lessee hereunder, whether as additional rent, indemnification or otherwise, and (iv) all reasonable costs and expenses, including (without limitation) legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder; provided that upon receipt of payment in full of such amount, the Lessor shall deliver to the Lessee a bill of sale for the Items of Equipment then subject to this Lease as provided in Section 23.1 hereof;

(5) by notice to the Lessee declare this Lease terminated without prejudice to the Lessor's rights in respect of obligations then accrued and remaining unsatisfied; or

(6) avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity or in bankruptcy or insolvency proceedings.

The remedies herein set forth or referred to shall be cumulative and may be exercised concurrently or consecutively. The references to additional rent in Sections 17(b)(3) and (4) hereof shall each include, without limitation, interest at the Overdue Rate (as hereinafter defined), to the date of receipt by the Lessor of the amount payable under said sections, on installments of rent owing hereunder to and including the rent payment date immediately preceding the date on which notice is given under said clause, from the respective due dates of such installments, and interest at said rate on all other reasonable costs, expenses and losses for which the Lessor is entitled to payment under said sections from the respective dates incurred by the Lessor.

The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided to the extent such waiver is permitted by law. The failure of the Lessor to exercise the rights granted hereinbefore upon the occurrence of any event of default shall not constitute a waiver of any such right upon the continuation or recurrence of any such event of default.

It is agreed that the rights and remedies of the Lessor hereunder shall be subject to the rights and remedies of the Lender under the Loan and Mortgage.

SECTION 18. RETURN OF EQUIPMENT UPON DEFAULT.

18.1. Lessee's Duty to Return. If the Lessor shall terminate this Lease pursuant to Section 17 hereof, the Lessee shall forthwith, at its own cost and expense, deliver the Equipment to the Lessor and store and transport the Equipment as provided in Section 13 hereof.

18.2. Specific Performance. The delivery, storage and transporting of the Equipment as provided in this Section 18 are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so deliver, store and transport the Equipment.

18.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 18, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver any Items of Equipment to the Lessor pursuant to Section 17 hereof, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 19. ASSIGNMENTS BY LESSOR; SUCCESSOR TRUSTEES.

19.1. Assignments by Lessor. The benefits of this Lease shall be assignable (but only as an entirety) by the Lessor without the consent of the Lessee to a single institutional corporate agent or trustee acting for institutional corporate lenders, or to a single institutional corporate lender, of recognized standing, or to any agency or instrumentality of the United States Government, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided that any such assignment by the Lessor (other than to the Lender as collateral security) shall make appropriate provision for the assumption by the assignee of the obligations of the Lessor under the Sale and Lease Back Agreement. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee at the place and in the manner set forth in Section 2.3. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in the Lessor's title (except for any defect or failure of title resulting from acts or omissions of the Lessor), or any interruption from whatsoever cause (other than from a wrongful act of the Lessor or the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever, and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except as aforesaid, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right (except as otherwise provided in such assignment) to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

19.2. Successor Trustees. The Lessee agrees that in the case of the appointment of any successor trustee in accordance with the terms of the Trust Agreement, such successor trustee shall, upon written notice of such appointment to the Lessee by the Lessor, succeed to all the rights, powers and title (subject to the obligations) of the Lessor hereunder, without the necessity of any consent or approval by the Lessee and without in any way altering the terms of this Lease or the Lessee's obligations hereunder. One such appointment of a successor trustee shall not preclude the further appointment of successor trustees. Any successor trustee shall be a bank or trust company incorporated under the laws of the United States or of any state thereof, having its principal place of business in the United States of America and having a combined capital and surplus of at least \$50,000,000 and a member of the Federal Reserve System.

19.3. Successor Trustors. The Lessor agrees that the Trust Agreement shall contain irrevocable provisions such that any successor Trustor or Trustors thereunder shall be limited to corporations which are (a) formed under the laws of the United States or of any state thereof and (b) financial institutions, or financing corporations, of recognized standing.

SECTION 20. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

20.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, subject to Section 20.2 hereof, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not sublease any Item of Equipment or, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 20.2 hereof.

20.2. Use and Possession by Lessee. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and/or use of the Equipment (by itself or by others on its behalf) in accordance with the terms hereof upon the rail lines over which the Lessee conducts, or has conducted for it, rail passenger service.

20.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 20 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation, governmental agency or other entity (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

SECTION 21. INSURANCE.

21.1. Lessee's Covenant to Carry Insurance. The Lessee will cause to be carried and maintained at all times and at its own expense during the term of this Lease physical damage insurance and public liability insurance (which includes, but is not limited to, liability for property damage and/or personal injury) covering the Equipment in the name of the Lessor, the Trustor, the Lender and the Lessee (as their interests may appear) in such form as is commonly maintained on comparable equipment by companies similarly situated. In all events the Lessee will cause to be carried and maintained in the name of the Lessor, the Trustor, the Lender, and the Lessee (as their interests may appear) insurance against all risks of physical damage to the Equipment as provided under a standard all-risk policy. Such insurance policy or policies shall provide that all losses thereunder will be adjusted with the Lessor, the Lender and the Lessee and will be payable to the Lessor, the Lender and the Lessee as their respective interests shall appear. It is agreed that the standard all-risk physical damage policy shall provide coverage of at least \$5,000,000 for each occurrence and may provide for a deductible of not more than \$500,000 with respect to any one loss, (*provided, however*, that such policy may provide for a deductible of not more than \$1,000,000 with respect to any one loss, if such policy shall provide for coverage of at least \$10,000,000 for each occurrence) and that the public liability policy shall provide coverage of at least \$48,000,000 for each occurrence and may provide for a deductible of not more than \$2,000,000, with respect to any one loss. Any insurance proceeds resulting from insurance carried by the Lessee received by the Lessor in respect of Items of Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of any Casualty Occurrence pursuant to Section 11 hereof. If the Lessor shall receive any such insurance proceeds after the Lessee shall have made payments pursuant to Section 11 hereof, without deduction for such insurance proceeds, the Lessor shall pay such proceeds to the Lessee up to an amount equal to the Casualty Value paid by the Lessee with respect to an Item of Equipment and any balance of such proceeds shall remain the property of the Lessor.

21.2. Evidence of Insurance. The policies of insurance required under this Section 21 shall be valid and enforceable policies issued by insurers of recognized responsibility reasonably acceptable to the Lessor. Upon the execution of the first Certificate of Acceptance, and thereafter not less than 10 days prior to the expiration dates of any expiring policies theretofore required under this Section 21, certificates of insurance and related endorsements shall be delivered to the Lessor by the insurers or by the authorized representative of the insurers, as the case may be, in lieu of providing copies of the original policies. Such original policies, which shall be available for inspection by the Lessor at the Lessee's Washington, D. C.

office upon reasonable request, may be blanket policies covering other equipment not covered by this Lease provided that any blanket policy shall, in the certificates of insurance and endorsements provided for herein, specifically designate the Items of Equipment as being included therein and covered thereby to the full extent of the amounts herein required and shall name the Lessor, the Trustor and the Lender as insured parties thereunder with respect to such Items of Equipment. All such policies shall:

(a) contain an agreement by the insurers that such policies shall not be cancelled or the amount of coverage thereof or persons covered thereunder adversely changed without at least 60 days' prior written notice to the Lessor and the Lender by the insurers or the insurers' authorized representative, as the case may be;

(b) contain a breach or violation of warranties, declarations or conditions clause which shall provide that the interests of the Lessor and the Trustor thereunder shall not be rescinded, impaired, or invalidated by an act or omission of the Lessee or any other person;

(c) provide that any losses shall be payable notwithstanding the use of the Equipment for purposes other than those permitted by the terms of the policy, any change in title or ownership of the Equipment or any foreclosure or other proceeding or notice of sale relating to the Equipment, this Lease, or the Loan and Mortgage; and

(d) be primary without right of contribution from any other insurance which is carried by the Lessor, the Trustor or the Lender and shall expressly provide that all provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; each such policy shall waive any right of subrogation of the insurers to any right of the Lessor, the Lessee, the Trustor or the Lender against any person insured under such policy, and shall waive any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Trustor, the Lender, the Lessor or the Lessee.

SECTION 22. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts reasonably expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also, as additional rent hereunder, an amount equal to the Overdue Rate (as hereinafter defined) on the overdue rentals and such amounts so expended for the period of time during which they are overdue or expended and not repaid. The term "Overdue Rate" shall mean interest at a rate per annum equal to the sum of (i) 72.2% multiplied by the Debt Rate (as defined in the Loan Mortgage) plus (ii) 4.17%.

SECTION 23. OPTIONS TO PURCHASE AND RENEW.

23.1. Option to Purchase. Provided that the Lessee is not in default, the Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Equipment at the expiration of the term of this Lease (including any renewal term) at a price equal to the "fair market value" (as hereinafter defined). The Lessee shall give the Lessor notice 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds then current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing Lessor's Warranty (as defined in Section 5 hereof), but without recourse or any other representation or warranty, express or implied, as to the condition of the Equipment or any other matters. Notwithstanding the giving of notice by the Lessee as aforesaid, the Lessee shall not be obligated to purchase the Equipment if the Lessee shall advise the Lessor within 15 days after the determination of the option price under this Section 23.1 that the Lessee has decided not to purchase the Equipment.

(b) "Fair market value" shall be determined on the basis of, and shall be equal in amount to, the purchase price which would obtain in an arm's-length transaction between an informed and willing purchaser (other than a purchaser currently in possession) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such purchase price. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to purchase the Equipment, the Lessor and the Lessee are unable to agree upon a determination of the fair market value of the Equipment, such purchase price shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 30 days after such notice is given, and the two appraisers so appointed shall, if they are unable to agree upon a determination of the fair market value of the Equipment within 10 days following their appointment, appoint a third independent appraiser within 15 days following their appointment. If the two appraisers are unable to so agree upon a determination of fair market value and do not so appoint a third appraiser, either party may thereupon apply to the American Arbitration Association to make such appointment promptly, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair market value of the Equipment within 10 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of fair market value of the single appraiser appointed shall be final and binding upon the parties hereto. If two appraisers shall be appointed and shall agree upon a determination of fair market value, such determination shall be final and binding upon the parties hereto. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the fair market value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining fair market value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to institute any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

(c) There shall be deducted from the option price payable hereunder an amount equal to the fair market value (determined as provided in paragraph (b) of this Section 23.1) of the modifications (as hereinafter defined) to the Equipment. The fair market value of each modification shall be determined independently of its value as part of the Item of Equipment in which it is incorporated. "Modifications" shall mean any one or more change(s) to an Item of Equipment not included in normal repairs, maintenance and replacements required by Section 8 hereof and the initial cost of which (including installation) shall in the aggregate have exceeded \$5,000. The term "fair market value of the modifications" shall mean, when used elsewhere in this Lease, the aggregate of the fair market values of the modifications to an Item of Equipment.

(d) Unless the Lessee has given the Lessor 180 days' notice as required in connection with exercise of the foregoing option, or if after the determination of the option price of the Equipment pursuant to Section 23.1(b) hereof the Lessee shall have advised the Lessor that it has decided not to purchase the Equipment pursuant to Section 23.1(a) hereof, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 13 hereof.

Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the delivery to the Lessee of a bill of sale for the Equipment purchased by the Lessee as provided in Section 23.1(a) hereof; *provided, however*, that with respect to any Casualty Occurrence occurring after the end of the term of this Lease or any renewal thereof, if the purchase price has been agreed upon by the parties pursuant to this Section 23, such purchase price shall govern the amount of the payment to be made in the event of a Casualty Occurrence.

23.2. Option to Renew. Provided that the Lessee is not in default, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease in respect of all, but not less than all, Items of Equipment then covered by this Lease, for a consecutive extended term or terms of one year or any integral multiple thereof; *provided, however*, that the aggregate of such extended term or terms shall not exceed four years. Each such term or terms shall be upon and subject to the terms and conditions herein contained for the original term of this Lease excepting only that the Periodic Rent for each such renewal term, which shall be payable semiannually in arrears during each such term, shall be an amount equal to the "fair market rental value" (as hereinafter defined) of such Equipment. Each such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor notice not less than 180 days prior to the end of the original term or of the then current renewal term of its election to exercise any renewal option provided for by this Section 23.2. Notwithstanding the giving of any notice by the Lessee as aforesaid, the Lessee shall not be obligated to renew and extend this Lease for the renewal term covered by such notice if the Lessee shall advise the Lessor within 15 days after the determination of the rental for such renewal term under this Section 23.2 that the Lessee has decided not to rent the Equipment for such renewal term.

(b) "Fair market rental value" shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the fair market rental value of the Equipment, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 30 days after such notice is given, and the two appraisers so appointed shall, if they are unable to agree upon a determination of the fair market rental value of the Equipment within 10 days following their appointment, appoint a third independent appraiser within 15 days following their appointment. If the two appraisers are unable to so agree upon a determination of fair market value and do not so appoint a third appraiser, either party may thereupon apply to the American Arbitration Association to make such appointment promptly, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair market rental value of the Equipment subject to the proposed extended term within 10 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of fair market rental value of the single appraiser appointed shall be final and binding upon the parties hereto. If two appraisers shall be appointed and shall agree upon a determination of fair market rental value, such determination shall be final and binding upon the parties hereto. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the fair market rental value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining fair market rental value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to institute any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

(c) There shall be deducted from the rental payable hereunder for any renewal term an amount equal to the fair market rental value (determined as provided in paragraph (b) of this Section 23.2)

of the modifications to the Equipment. The fair market rental value of each modification shall be determined independently of its value as part of the Item of Equipment in which it is incorporated.

SECTION 24. IMMUNITIES; NO RECOURSE.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of Manufacturers National Bank of Detroit, are nevertheless each and every one of them made and intended not as personal representations, covenants and undertakings and agreements of it in its individual corporate capacity or for the purpose or with the intention of binding it in its individual corporate capacity, but are made and intended for the purpose of binding only the Trust Estate as that term is used in the Trust Agreement (a true copy of which Trust Agreement has been delivered by the Lessor to the Lessee, initialled for identification by an Authorized Officer of the Lessor), the Trustee under such Trust Agreement is the Lessor hereunder, and this Lease is executed and delivered by Manufacturers National Bank of Detroit, not in its own right but solely in the exercise of the powers conferred upon it as trustee under the Trust Agreement; and no liability or responsibility in its individual corporate capacity is assumed by nor shall at any time be asserted or enforceable against said Bank or the Trustor, or any incorporator or any past, present or future subscriber to the capital stock of said Bank or the Trustor, on account of this Lease or the Sale and Lease Back Agreement or on account of any representation, covenant, undertaking or agreement of said Bank or the Trustor, in this Lease or the Sale and Lease Back Agreement contained, either expressed or implied, all such individual or corporate liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under the Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same. Except as provided in Section 26.10 hereof, each representation, covenant, undertaking and agreement herein made on the part of the Lessor (including, without limitation, the Lessor's Warranty set forth in Section 5 hereof), for itself or for the Trustor, shall be deemed to have been made by the Trustor, as well as by the Lessor, to the extent of the Trust Estate. The Lessor hereby represents to the Lessee that it has full and irrevocable power and authority to bind the Trustor in accordance with the preceding sentence.

SECTION 25. MANDATORY PURCHASE OF ITEMS OF EQUIPMENT BY LESSEE UNDER CERTAIN CONDITIONS.

25.1. Purchase of Items of Equipment by Lessee after Term Lease Commencement Date. If, at any time on or after the Term Lease Commencement Date, the Lessor shall, by reason of the occurrence of the event of default specified in Section 17(a)(vii) hereof, be entitled to proceed under Section 17(b) hereof, then the Lessee hereby unconditionally agrees that it will, upon the written request of the Lessor, purchase from the Lessor the Equipment by paying to the Lessor, as the purchase price therefor, within 10 days after such written request, at the office of the Lessor in Detroit, Michigan, in immediately available funds, an amount equal to the sum of (i) the aggregate Casualty Value (as determined as of the rent payment date coincident with or next preceding the date of payment under this Section 25.1) for all of the Equipment, (ii) interest at the Overdue Rate on the amount set forth in clause (i) above from the date as of which such amount was determined to and including the date of payment thereof, (iii) any rent accrued and unpaid on the Equipment to and including the rent payment date as of which the Casualty Value is determined under this Section 25.1 and (iv) any other amounts owing by the Lessee to the Lessor hereunder.

25.2. Borrowing on Guaranty. The Lessee agrees, if it shall become necessary, to obtain the funds for any purchase required under Section 16 hereof or this Section 25 by using the guaranty authority of the Secretary of the Department of Transportation which has been set aside for such purpose pursuant to the Government Guaranty.

25.3. Conveyance by Lessor. On the date of any purchase of an Item of Equipment as provided in Section 16 hereof or as provided in this Section, the Lessor will sell such Item of Equipment to the Lessee

by delivering to the Lessee, without recourse, representation or warranty of any kind, express or implied (other than Lessor's Warranty), a bill of sale covering such Equipment purchased by the Lessee. Any cost, expense or sales or use tax incurred by the Lessor or the Lessee, in connection with the sale and purchase of such Equipment, shall be paid by the Lessee, and the Lessor shall have no duty or liability whatsoever with respect to such sale and purchase except as expressly provided in the preceding sentence hereof. In the case of each such Item of Equipment purchased by the Lessee, the Lessee shall be liable for all of its indemnities under Sections 6 and 10.2 hereof with respect to such Equipment as to events occurring prior to, but not after, the date of such purchase.

25.4. Satisfaction of Obligation to Pay Casualty Value. If the Lessee shall purchase the Equipment pursuant to Section 16 hereof or pursuant to this Section 25, it shall have the right to satisfy any obligation it may have to pay Casualty Value for the Equipment because of the happening of a Casualty Occurrence by purchasing such Equipment in accordance with the terms of Section 16 hereof or this Section 25.

SECTION 26. MISCELLANEOUS.

26.1. Fees. Each of the Lessor and the Lessee represents that there has been no third party, other than Warburg Paribas Becker Inc., involved as agent, broker or finder in connection with this Lease. The payment of the fee of Warburg Paribas Becker Inc. shall be the sole responsibility of the Lessor and the Lessor hereby agrees to pay such fee.

26.2. Lessor is Owner. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title or interest in any Item of Equipment except as a lessee only. The Lessor and the Lessee agree that for all Federal, state and local income tax purposes the Lessor, on behalf of the Trustor, will be the owner and lessor of the Equipment and that the Lessee will be the lessee. In addition, nothing contained herein shall be construed as an election by the Lessor or the Trustor to treat the Lessee as having acquired any Item of Equipment for purposes of the Investment Credit allowed by Section 38 of the Code, and the Lessor, the Trustor and the Lessee agree that they will not make such an election.

26.3. Trustee's Fees. The Lessee agrees to pay the Lessor's fees and reasonable expenses (including reasonable attorneys' fees), as trustee under the Trust Agreement, for the acceptance and administration of the trust. The Lessee will reimburse the Lessor for such fees and expenses promptly upon notice from the Lessor of the amount thereof. It is agreed that the Lessor's initial fee for acceptance of the trust (including the annual fee for administration of the trust for the first year) shall be \$3,500 and that the Lessor's annual fee for administration of the trust shall be \$850.

26.4. Action by Lessee. Except as otherwise specifically provided herein, any provision in this Lease that the Lessee shall take any action shall require the Lessee to do so at its sole cost and expense.

26.5. Lessor's Right to Perform. If the Lessee fails to make any payments required by this Lease, or to perform any of its other obligations contained herein, the Lessor may itself, but shall not be required to, make any such payments or perform any such obligations and, in making such payments, the Lessor may rely on invoices and other documents evidencing the amounts required to be paid, which are reasonably satisfactory to it. The amount of any such payment and the Lessor's costs and expenses, including without limitation legal fees and expenses in connection therewith and with such performance, shall thereupon be and become payable by the Lessee to the Lessor upon demand.

26.6. Opinion of Lessor's Counsel. The Lessee shall not be obligated to sell any Item of Equipment to be sold by the Lessee under the Sale and Lease Back Agreement, and to lease such Item of Equipment hereunder, unless, on the date of such purchase the Lessee shall have been furnished with a favorable opinion of counsel for the Lessor, dated as of such date, to the effect that this Lease, the Trust Agreement, the Sale and Lease Back Agreement and the Government Guaranty have been duly authorized, executed and delivered by the Lessor and constitute the legal, valid and binding obligations of the Lessor

enforceable against the Lessor in accordance with their respective terms, subject as to any limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

26.7. Notices. Any notice or other communication hereunder shall be in writing and, if mailed, shall be deemed to be given on the second day after it is sent by registered or certified mail, postage prepaid, and addressed: (i) if to Lessee, at 955 L'Enfant Plaza North, S.W., Washington, D.C. 20024, Attention: Secretary, (ii) if to Lessor, at 151 West Fort Street, Detroit, Michigan 48226, Attention: Corporate Trust Department, or (iii) to either party at such other address as it may, by written notice received by the other, designate as its address for purposes of notice hereunder.

26.8. Law Governing, etc. If this Lease or any provision hereof shall be deemed invalid, illegal or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of this Lease in other respects and other jurisdictions shall not be in any way impaired or affected thereby. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Lease unless such waiver is in writing, and such writing shall be binding only to the extent therein provided and only upon the party signing it. A waiver on any one occasion shall not be construed as a waiver on any future occasion. Without limiting the foregoing, the Lessor's rights and the Lessee's duties shall in no way be affected by the Lessor's inspection of, or failure to inspect, the Equipment or any Item thereof. The Lessee hereby waives any right to assert that the Lessor cannot enforce this Lease (or that this Lease is invalid) because of any failure of the Lessor to qualify to do business in any jurisdiction. This Lease shall be governed by and construed under the laws of the District of Columbia and shall be binding upon and inure to the benefit of the Lessor and the Lessee and their respective successors and assigns; provided, however, that the parties 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.

26.9. Section Headings. The Table of Contents and Section headings in this Lease are for convenience of reference only and shall not be considered to be a part of this Lease.

26.10. Lessor's Authorization. The Lessor represents to the Lessee that the execution, delivery and performance of this Lease, the Sale and Lease Back Agreement, the Trust Agreement and the Government Guaranty are within the corporate power of the Lessor, have been duly authorized by all necessary corporate and other action and are, and at all times will be, authorized under the Trust Agreement.

26.11. Modification of Lease. No variation or modification of this Lease shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee or any assignee thereof.

26.12. Approvals of the Federal Railroad Administrator. The parties agree that before any amendment or modification (other than to the specifications contained in Exhibit A to the Purchase Agreement, as it may be amended from time to time) of this Lease, or any assignment or transfer of the interest of the Lessor hereunder or the Trustor (other than to insurance companies, commercial and savings banks and financing corporations of recognized standing organized under the laws of the United States or of any state thereof) or of the interest of the Lessee hereunder, becomes effective, the Federal Railroad Administrator must approve the same in writing, which approval shall not be unreasonably withheld. In consideration of his guarantee of the Lessee's financial obligations under this Lease, the Federal Railroad Administrator shall have the right to enforce this provision irrespective of any other provision of this Lease.

26.13. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument. Although this Lease 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 have caused this Lease to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereto affixed.

MANUFACTURERS NATIONAL BANK
OF DETROIT,
as Trustee

By
Authorized Officer

(CORPORATE SEAL)

ATTEST

LESSOR

Authorized Officer

NATIONAL RAILROAD PASSENGER CORPORATION

By
Treasurer

(CORPORATE SEAL)

ATTEST

LESSEE

Secretary

Government Guaranty

The Deputy Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation of the United States of America does hereby guarantee the prompt payment of the Guaranteed Lease Obligations, pursuant to and in accordance with the Guaranty Agreement dated , 1975 among the Deputy Federal Railroad Administrator of the Department of Transportation of the United States of America, as Guarantor, Manufacturers National Bank of Detroit, as Trustee, and Federal Financing Bank, as Lender.

DEPUTY FEDERAL RAILROAD ADMINISTRATOR

By
Deputy Federal Railroad Administrator

ATTEST:

GUARANTOR

Chief Counsel F.R.A.

STATE OF MICHIGAN }
COUNTY OF WAYNE } ss.:

On this day of , 1975, before me personally appeared , to me personally known, who being by me duly sworn, says that he is an Authorized Officer of MANUFACTURERS NATIONAL BANK OF DETROIT, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

Notary Public

(SEAL)

My Commission Expires:

CITY OF WASHINGTON }
DISTRICT OF COLUMBIA } ss.:

On this day of , 1975, before me personally appeared , to me personally known, who being by me duly sworn, says that he is the Treasurer of NATIONAL RAILROAD PASSENGER CORPORATION, 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

(SEAL)

My Commission Expires:

CITY OF WASHINGTON }
DISTRICT OF COLUMBIA } ss.:

On this day of , 1975, before me personally appeared Asaph H. Hall, to me personally known, who being by me duly sworn, says that he is the Deputy Federal Railroad Administrator, that the foregoing instrument was signed by him by authority duly delegated to him by the Secretary of Transportation; and he acknowledged that the execution of the foregoing instrument was his free act and deed as the Deputy Federal Railroad Administrator.

Notary Public

(SEAL)

My Commission Expires:

SCHEDULE A

DESCRIPTION OF EQUIPMENT*

<u>Type</u>	<u>Quantity</u>	<u>Place of Acceptance</u>	<u>Train Price</u>	<u>Total Price</u>	<u>Delivery</u>
ANF-Industrie, S.A. turbine-powered passenger RTG train .	4	Glenn, Illinois	\$3,600,000†	\$14,400,000†	2 in Mar. 1975 2 in Apr. 1975

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Type</u>	<u>Quantity Per Train</u>	<u>Total</u>	<u>R. R. Nos.</u>
Front power section for turbine-powered RTG train ..	1	4	58, 64, 66, 68
Rear power section for turbine-powered passenger RTG train	1	4	59, 65, 67, 69
Intermediate trailer section for turbine-powered passenger RTG train.....	2	8	80, 82, 83, 85, 86, 88, 89, 97
Intermediate bar-grill section for turbine-powered passenger RTG train.....	1	4	81, 84, 87, 96

* A more complete description of the Basic Equipment is contained in Section 1.1 of the Purchase Agreement and Exhibit A thereto. Cost of completion of furnishings and other costs are set forth in Schedule II to the Sale and Lease Back Agreement (as defined in the Loan and Mortgage).

† Less the cost of one auxiliary engine which will not be included in front power section No. 66.

SCHEDULE B

SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The following per cent of the Acquisition Cost (as defined in the Lease) to the Lessor of any Item of Equipment is to be paid pursuant to Section 11 of the Lease as the result of any Item of Equipment becoming the subject of a Casualty Occurrence. Casualty Value does not include any amounts for which the Lessor may be entitled to indemnification under Sections 6 and 10.2 of the Lease.

Before Term Lease Commencement Date, Casualty Value shall equal 103.05%.

<u>If Casualty Occurrence is during semiannual period ending on Periodic Rent Payment Date</u>	<u>Casualty Value Payable Per Item</u>	<u>If Casualty Occurrence is during semiannual period ending on Periodic Rent Payment Date</u>	<u>Casualty Value Payable Per Item</u>
1.....	104.24%	16	64.06%
2.....	103.96	17	61.26
3.....	103.41	18	58.37
4.....	102.59	19	55.40
5.....	101.54	20	52.34
6.....	95.58	21	49.21
7.....	94.07	22	46.04
8.....	92.35	23	42.83
9.....	90.42	24	39.57
10	83.63	25	36.29
11	81.39	26	32.96
12	79.06	27	29.60
13	76.62	28	26.20
14	69.41	29	22.77
15	66.78	30	19.34
		Thereafter	15.00

SCHEDULE C

SCHEDULE OF MAXIMUM PURCHASE PRICE

The MAXIMUM PURCHASE PRICE shall mean the following per cent of the Acquisition Cost (as defined in the Lease) to the Lessor of an Item of Equipment for the purpose of determining any amount payable pursuant to Section 16.2 of the Lease. The Maximum Purchase Price does not include any amounts for which the Lessor may be entitled to indemnification under Sections 6 and 10.2 of the Lease.

<u>If Maximum Purchase Price is determined as of any date prior to Periodic Rent Payment Date</u>	<u>Maximum Purchase Price Payable Per Item</u>	<u>If Maximum Purchase Price is determined as of any date prior to Periodic Rent Payment Date</u>	<u>Maximum Purchase Price Payable Per Item</u>
1.....	104.24%	16	78.06%
2.....	103.96	17	75.26
3.....	103.41	18	72.37
4.....	102.59	19	69.40
5.....	101.54	20	66.34
6.....	95.58	21	63.21
7.....	98.74	22	60.04
8.....	97.02	23	56.83
9.....	95.09	24	53.57
10	88.30	25	50.29
11	90.72	26	46.96
12	88.39	27	43.60
13	85.95	28	40.20
14	78.74	29	36.77
15	80.78	30	33.34
		Thereafter	29.00

EXHIBIT 1

CERTIFICATE OF COMPLETION AND ACCEPTANCE

To: MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee
under Trust Agreement dated as of January 1, 1975.

I, duly appointed inspector and authorized representative of NATIONAL RAILROAD PASSENGER CORPORATION ("Railroad"), for the purpose of the Equipment Lease (the "Lease") dated as of January 1, 1975, between Manufacturers National Bank of Detroit, Trustee under the Trust Agreement dated as of January 1, 1975, as Lessor, and the Railroad, as Lessee, do hereby certify that I have inspected, received, approved and accepted delivery of, on behalf of the Railroad and the Lessor under the Equipment Lease, the following units of Equipment:

MANUFACTURER:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify, for the foregoing purpose, that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto referred to in the Purchase Agreement dated as of June 24, 1974, as amended as of January 23, 1975, between the Railroad and ANF-Industrie, S.A. and in the Sale and Lease Back Agreement dated as of January 1, 1975, between the Trustee and the Railroad, and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications and that each unit included therein has been marked in accordance with the specifications set forth in Section 4.2 of the Lease.

The execution of this certificate will in no way relieve or decrease the responsibility of the manufacturers of the Equipment for any warranties they have made with respect to the Equipment or for any other obligations which they now or may hereafter have to the Railroad.

Dated: _____, 1975.

.....
Inspector and Authorized
Representative of
NATIONAL RAILROAD PASSENGER CORPORATION