

REGISTRATION NO. 7621
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INTERSTATE COMMERCE COMMISSION

**GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)**

and

**MISSOURI-KANSAS-TEXAS RAILROAD
COMPANY**

CONDITIONAL SALE AGREEMENT

Dated as of August 30, 1974

For 4 Diesel Electric Locomotives

**GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION),
MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION**

and

**MISSOURI-KANSAS-TEXAS RAILROAD
COMPANY**

AGREEMENT AND ASSIGNMENT

Dated as of August 30, 1974

THIS AGREEMENT, dated as of August 30, 1974, by and between GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a corporation organized under the laws of the State of Delaware, with an office in LaGrange, Illinois (hereinafter called the "Manufacturer"), and MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a corporation organized under the laws of the State of Delaware, with an office in the City of Dallas, Texas (hereinafter called the "Railroad"),

WITNESSETH:

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

1. **Construction and Sale.** The Manufacturer will construct, sell and deliver to the Railroad and the Railroad will purchase from the Manufacturer and accept delivery as hereinafter provided and pay therefor as hereinafter set forth railroad equipment (any one of which is hereinafter referred to as "Locomotive" and more than one or all of which are hereinafter referred to as "Locomotives") as follows:

Four (4) Model GP 38-2 diesel electric locomotives bearing Railroad's road numbers 314 to 317, both inclusive, to be constructed pursuant to Manufacturer's Specification 8090 as modified by Specification Supplements—Revisions A, B, C & D, and shown in Manufacturer's quotation of July 1, 1974, bearing Manufacturer's Order No. 74629.

2. Delivery. The Manufacturer will deliver the Locomotives to the Railroad free on tracks at McBaine, Missouri, not later than September 20, 1974. Any Locomotives not delivered and accepted on or before the date hereof shall be excluded herefrom.

On delivery of the Locomotives by the Manufacturer the Railroad will assume the responsibility and risk of loss with respect to the Locomotives so delivered.

The Manufacturer's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Manufacturer's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes or other labor conditions, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays or defaults of subcontractors, failure to receive necessary materials or supplies or absence of usual means of transportation.

If any Locomotives shall be excluded from this Agreement pursuant to the first paragraph of this Section 2, the Manufacturer and the Railroad shall execute an Agreement supplemental hereto limiting this Agreement to the Locomotives not so excluded therefrom, but Manufacturer shall not be charged with failure to timely deliver said Locomotives if said Locomotives are tendered by Manufacturer to a common carrier for shipment to McBaine, Missouri prior to the date

hereof. The Railroad shall, nevertheless, be obligated to accept any Locomotives excluded from this agreement pursuant to the first paragraph of this Section 2, and pay the full purchase price therefor determined as provided herein, if and when such Locomotives shall be completed and delivered by Manufacturer if delivered by December 31, 1974.

The Railroad shall accept the Locomotives upon delivery to it at McBaine, Missouri. Each of the Locomotives prior to shipment shall be inspected by an authorized representative of the Railroad at Manufacturer's plant. If such Locomotives conform to specifications such representative of the Railroad shall execute a certificate of inspection (hereinafter called the "Certificate of Inspection") stating that such Locomotives have been inspected by him on behalf of the Railroad as conforming in all respects to the requirements and provisions of this agreement, and that such Locomotives are marked in accordance with Article 5 hereof. Upon delivery at McBaine, Missouri, Railroad shall accept said Locomotives and shall execute a Certificate of Acceptance. Such Certificate of Acceptance shall constitute conclusive evidence that the Locomotives conform to specifications and are acceptable to the Railroad in all details. The Certificate of Acceptance shall be delivered to the Manufacturer at the time of the delivery of the Locomotives to the Railroad. Any number of said Locomotives may be included in any such Certificate of Acceptance.

3. Purchase Price and Payment. The purchase price of all four locomotives shall be \$1,048,232 plus estimated freight charges to McBaine, Missouri, of \$5,890, or a total purchase price of \$1,054,122 F.O.B. McBaine, Missouri. If the total freight charges on all said locomotives shall be more or less than \$5,890, then said total purchase price shall be increased or decreased accordingly.

Conditional only upon the receipt and acceptance of the Locomotives, which shall be conclusively presumed from the execution of the Certificates of Inspection and Acceptance, the Railroad hereby promises to pay to the Manufacturer at its office in LaGrange, Illinois, or at such bank or trust company in the United States of America as the Manufacturer may designate, the aforesaid price of the Locomotives as follows:

(a) That portion of the actual full purchase price (including freight charges) of all said Locomotives in excess of the sum of \$900,000, if any, shall be paid by Railroad to Manufacturer upon receipt of invoice therefor.

(b) \$900,000 of the actual full purchase price (including freight charges) of said Locomotives (being the deferred purchase price thereof) shall be paid by Railroad in twenty consecutive semi-annual installments, each of which said installments shall be in the principal amount of \$45,000, the first installment to be due and payable on

March 10, 1975, and each subsequent installment on the following September 10 and March 10 of each year thereafter with the last installment being due and payable on September 10, 1984, together with interest from September 10, 1974, on the amount of the balance remaining unpaid from time to time at a rate of $\frac{3}{4}$ of one per cent per annum over the prime interest rate of Mercantile Trust Company National Association, St. Louis, Missouri, as it exists from day to day, provided, however, that said total interest rate shall never exceed a maximum of sixteen per cent (16%) per annum nor be less than eight percent (8%) per annum. Interest shall be payable as it accrues on the same dates as principal.

The Railroad will pay to the extent legally enforceable interest at the rate of sixteen per cent (16%) per annum upon all such amounts, principal and interest, remaining unpaid after the same become due and payable pursuant to the terms hereof.

All payments provided for in this agreement will be made by the Railroad in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The price of said Locomotives is subject to such increase or decrease as may be agreed to by the Manufacturer and the Railroad.

The Railroad shall have the right to prepay all or any part of the unpaid balance due on all of the Locomotives delivered hereunder at any time after three years from the date hereof with interest at the rate specified in (b) above to the date of such payment upon thirty days written notice to the Manufacturer or its assignee.

4. **Taxes.** All payments to be made by the Railroad hereunder will be free of expenses to the Manufacturer for collection or other charges and of the amount of any local, state or federal taxes (other than Federal and State income and excess profits taxes) or licenses hereafter levied or imposed directly upon, or measured by, this agreement and/or any sale, use, payment, shipment or delivery under the terms hereof, all of which expenses, taxes and licenses the Railroad assumes and agrees to pay in addition to the purchase price of the Locomotives. The Railroad will also pay promptly all taxes and assessments which may be imposed upon the Locomotives or for the use thereof or upon the earnings arising therefrom or the operation thereof or upon the Manufacturer by reason of its ownership thereof by any jurisdiction in which the Locomotives are operated by the Railroad and will keep at all times all and every part of the Locomotives free and clear of all taxes and assessments which might in any way affect the title of the Manufacturer. If any such expenses or taxes shall have been paid by the Manufacturer the Railroad shall reimburse the Manufacturer on presentation of invoice, and any sums of money so paid by

Manufacturer shall be secured by and under this contract.

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

The Railroad, so long as it shall not be in default under this agreement, shall be entitled to the possession and use of the Locomotives as herein provided, subject to the terms and conditions herein contained.

The Railroad will cause each Locomotive to be kept numbered with its identifying number and will keep and maintain, plainly, distinctly, permanently and conspicuously stenciled on each side of the Locomotives the name of the Manufacturer or of the Manufacturer's assignee, as the case may be, in letters of not less than one inch in height followed by the word "Owner" or other appropriate words designated by the Manufacturer. The Railroad will not place any of the

Locomotives in operation or exercise any control or dominion over any part thereof until the Locomotives have been so marked on both sides of each Locomotive. The Railroad will not change the numbers of the Locomotives without first notifying the Manufacturer in writing.

Except as above provided the Railroad will not allow the name of any person, association or corporation to be placed on the Locomotives or any replacements thereof as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Locomotives to be lettered with appropriate words or marks for convenience of identification of the Railroad's interest therein.

When and only when the Manufacturer has been paid the full purchase price of the Locomotives, together with interest and any and all other payments as herein provided, and all of the Railroad's covenants and conditions herein contained have been performed by the Railroad, absolute right to the possession of, title to and property in the Locomotives shall pass to and vest in the Railroad without further transfer or action on the part of the Manufacturer except that the Manufacturer will, if requested by the Railroad so to do, execute and deliver to the Railroad a bill of sale of the Locomotives transferring the title to and property in them to the Railroad free and clear of all liens and encumbrances created or retained hereby and will execute for record or for filing in public office 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 Locomotives.

No invoice issued prior to the complete performance of this contract shall operate to pass title to said Locomotives.

6. Replacement. In the event of loss or destruction of or irreparable damage to any of the Locomotives from any cause whatsoever until the total purchase price herein provided shall have been fully paid by the Railroad, the Railroad shall promptly and fully inform the Manufacturer in regard to such loss or destruction. The Railroad shall at its election promptly pay to the Manufacturer a sum equal to the then unpaid balance applicable to such Locomotive or Locomotives or shall replace each such Locomotive at its own cost with a Locomotive of similar type and of substantially as good material and construction as that lost or destroyed and having a cost or fair value (whichever is less) at least equal to the fair value of the Locomotive replaced at the time of replacement. The Railroad will cause any such Locomotive to be marked as provided in Article 5 hereof and to be numbered with the same number as the Locomotive so replaced. Any and all such replacements of Locomotives or any of them and all and any parts shall constitute accessions to the Locomotives and shall be subject to all of the terms and conditions of this agreement as though part of the original Locomotives delivered hereunder and included in the word "Locomotives" as used in this agreement.

Title to all such replacement Locomotives shall be free and clear of all liens and encumbrances and shall be taken initially and shall remain in the name of the Manufacturer (or, if this agreement shall have been assigned, in the name of the assignee or assignees, as the case may be), subject to the provisions hereof.

7. Insurance. The Railroad will at all times and at its own expense keep the Locomotives insured (with loss payable to the Manufacturer or the Railroad as their interests may appear) in a company or companies approved by the Manufacturer against loss, damage or destruction thereof due to fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion in sums and by policies (which shall be delivered to the Manufacturer) adequate at all times to protect the interests of the Manufacturer and the Railroad; provided that the contract for such insurance may provide insurance with loss deductible in an amount not exceeding \$250,000 for any one loss. Any moneys paid under any such insurance policy shall be applied to the then unpaid balance applicable to the Locomotive with respect to which the moneys are so paid or shall be applied toward the replacement or repair of such Locomotive. In the event that the moneys are to be applied to such replacement or repair they shall be retained by the Manufacturer until replacement or repair of the Locomotive or Locomotives lost, destroyed or damaged, but upon proof satisfactory to the Manufacturer of such replacement or repair and if the Railroad is not then in default in any of the obliga-

tions hereunder the Manufacturer shall pay over such money to the Railroad. Any moneys receivable by or payable to the Railroad from any railroad or other person or corporation because of loss or destruction or damage to any such Locomotive or Locomotives shall be paid over to the Manufacturer to be held and applied by it as aforesaid. Upon the discharge by the Railroad of all of its obligations under this contract the Manufacturer will without cost to the Railroad transfer to the Railroad all then unexpired policies of insurance.

8. Maintenance and Repair. The Railroad will at all times maintain the Locomotives in good order and repair at its own expense.

9. Manufacturer's Warranty of Material and Workmanship. Manufacturer warrants to the Railroad that said Locomotives are of the kind and quality described in the specification referred to herein and are suitable for the ordinary purposes for which such equipment is used.

Manufacturer further warrants said Locomotives to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery or before said Locomotives have been operated 250,000 miles, whichever event shall first occur. Manufacturer agrees to correct such defects, which examination shall disclose to Manufacturer's satisfaction to be defective, by repair or replacement F.O.B. factory and such correc-

tion shall constitute fulfillment of Manufacturer's obligation with respect to such defect under this warranty.

Manufacturer warrants specialties not of its own specification or design to the same extent that the Suppliers of such specialties warrant such items to Manufacturer.

There are no warranties, expressed or implied, made by Manufacturer except the warranties set out above.

10. Compliance With Laws, Rules and Regulations. Until the total purchase price herein provided for and all other sums of money payable by the Railroad hereunder shall have been fully paid by the Railroad, the Railroad will comply in all respects with all laws of the United States and of the States and Territories in which its operations involving the Locomotives may extend, and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Locomotives. In the event that said laws or rules require the alteration of the Locomotives, the Railroad will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules until the total purchase price herein provided shall have been fully paid by the Railroad; provided, however, that the Railroad may, in good faith, contest in any reasonable manner the application of any such law or rule which does not, in the judgment of the Manufac-

turer, affect the Manufacturer's title in and to the Locomotives.

11. Reports and Inspections. The Railroad will furnish to the Manufacturer, when requested and at least once in every year until the total purchase price herein provided shall have been fully paid by the Railroad, an accurate inventory of the Locomotives in actual service, the numbers and description of such Locomotives as may have been destroyed and replaced by others, and the then conditions and state of repair of the Locomotives, and such other information regarding the Locomotives as may reasonably be requested. In addition thereto the Railroad will furnish to the Manufacturer, if requested, once in each year, until the total purchase price herein provided shall have been fully paid by the Railroad, a report of inspection by an authorized representative of the Railroad, or, if the Manufacturer so requests, by a competent disinterested party, satisfactory to the Manufacturer, certifying that said Locomotives have been maintained, and are in good order and repair.

The Railroad will promptly and fully inform the Manufacturer of any loss or destruction of any of the Locomotives and of any substantial repairs made or being made upon them or any of them. If requested by the Manufacturer the Railroad will furnish to the Manufacturer a report of an authorized representative of the Railroad, or if the Manufacturer so requests, of a competent disinterested party, satisfactory to the Manufac-

turer, covering the nature and extent of any damage to the Locomotives and the satisfactory repair thereof.

The Manufacturer may, but shall be under no obligation to, inspect the Locomotives at any reasonable time or times until the total purchase price herein provided has been fully paid by the Railroad. The Railroad, in so far as it may legally do so, will supply free transportation over its lines to designated agents of the Manufacturer for the purpose of enabling such agents to reach the point or points where the Locomotives are in operation, for the purpose of making such inspection.

12. Possession and Use. The Railroad, so long as it shall not be in default under this Agreement, shall be entitled to the possession of the Locomotives and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with another and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, and the Locomotives may be used also upon connecting and other railroads and car ferries in the customary manner, from and after delivery of the Locomotives by the Manufacturer to the Railroad, but only upon and subject to all the terms and conditions of this Agreement.

13. Prohibition Against Liens. The Railroad will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Railroad and its

successors or substitutes or assigns which, if unpaid, might become a lien or a charge upon the Locomotives, or any of them superior to the title of the Manufacturer therein, but shall not be required to pay or discharge any such claim as long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not affect the title of the Manufacturer in and to the Locomotives. The Railroad shall notify the Manufacturer of any contest it makes of any such charges, and, in the event the Manufacturer deems that its rights in the Locomotives may be jeopardized by such contest, the Railroad will, on the Manufacturer's demand, pay such contested charges with such reservation as may be appropriate. Any sum of money paid by the Manufacturer in discharge of liens or encumbrances on said Locomotives shall be an obligation of the Railroad and shall be secured by and under this contract.

14. Railroad's Indemnities and Guarantees. The Railroad will save, indemnify and keep harmless the Manufacturer from and against all losses, damages, injuries, claims and demands whatsoever, regardless of the cause thereof, arising on account of the Locomotives or the use or operation thereof from and after delivery thereof to Railroad. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the purchase price and the conveyance of the Locomotives, as provided in Article 5 hereof, or the termination of this agreement in any manner whatsoever.

The Railroad will bear the risk and shall not be released from its obligations hereunder in the event of any damage to, or the destruction or loss of any or all of the Locomotives; provided, however, that the Manufacturer and any successor or successors to its manufacturing property and business shall not, as to the Locomotives, be relieved from its warranty covering workmanship and material hereinbefore in Article 9 set forth.

15. Patent Indemnities. Except in cases of designs, articles or materials specified by the Railroad to the extent same are not covered by patent rights existing in favor of the Manufacturer, which the Manufacturer has the power to extend to third persons, the Manufacturer agrees to indemnify, protect and hold harmless the Railroad, and its assigns, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Railroad, or its assigns, because of the use in or about the construction or operation of any of the Locomotives of any design, article or material infringing or claimed to infringe on any patent or other right; and the Railroad likewise will indemnify, protect and hold harmless the Manufacturer from and against any and all liability, claims, demands, costs, charges, and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Manufacturer because of the use in or about the construction or operation of any of the Locomotives of

any design, article or material specified by the Railroad to the extent not covered by patent rights existing in favor of the Manufacturer, which the Manufacturer has the power to extend to third persons, which infringes, or is claimed to infringe, on any patent or other right. The Manufacturer agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Railroad, or its assigns, every claim, right and cause of action which the Manufacturer has or hereafter shall have against the seller or sellers of any designs, articles or materials specified by the Railroad and purchased or otherwise acquired by the Manufacturer for use in or about the construction or operation of any of the Locomotives, on the ground that any such design, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Manufacturer further agrees to execute and deliver to the Railroad, or its assigns, all and every such further assurance as may be reasonably requested by the Railroad, or its assigns, more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Manufacturer will give notice to the Railroad of any claim known to the Manufacturer from which liability may be charged against the Railroad hereunder, and the Railroad will give notice to the Manufacturer of any claim known to the Railroad from which liability may be charged against the Manufacturer hereunder. The party responsible

shall be given the opportunity to settle or defend against any such claim as it shall see fit.

16. Assignments. All or any of the rights, benefits and advantages of the Manufacturer under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, and the rights of repossession, may be assigned by the Manufacturer and reassigned by any assignee at any time and from time to time, provided, however, that no such assignment shall subject any assignee to or to relieve the Manufacturer or the successor or successors to its manufacturing property and business from any of the obligations of the Manufacturer to construct and deliver the Locomotives herein contracted to be delivered in accordance with the specifications or to respond to its guaranties, warranties or indemnities contained in Articles 9 and 15 hereof, or relieve the Railroad of its obligation to the Manufacturer under Articles 14 and 15 hereof and this Article 16 or any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all of the Manufacturer's right, title and interest in and to the Locomotives and each and every part thereof, 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 hereunder shall, to the extent so assigned, be made to the assignee.

The Railroad recognizes that it is the custom of locomotive manufacturers to sell or discount agreements of this character and understands that the sale of this agreement, or of some or all of the rights of the Manufacturer hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the purchase of this agreement or of all or any of the rights of the Manufacturer hereunder and for the purpose of inducing such purchase, that in the event of such purchase and of the assignment of this agreement by the Manufacturer as hereinbefore provided the rights of such assignee to the entire unpaid purchase price or such part thereof as may be assigned, together with interest thereon as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Manufacturer or the successor or successors to its manufacturing property and business in respect of the Locomotives or the manufacture, construction, delivery, guaranty or warranty thereof, or in respect of any indemnity herein contained, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Manufacturer

or the successor or successors to its manufacturing property and business. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Manufacturer and the successor or successors to its manufacturing property and business. The provisions of this paragraph may be relied upon by any such assignee as a continuing offer by the Railroad to waive any remedies which it might otherwise possess for the enforcement of any and all such obligations of the Manufacturer as against such assignee, which offer shall be conclusively presumed for all purposes to be accepted by the assignee by payment to the Manufacturer of the consideration for the purchase and assignment of this agreement.

If this Agreement shall have been assigned by the Manufacturer, and the assignee shall not make payment to the Manufacturer on the payment date with respect to the Locomotives delivered to the Railroad, as provided in Section 6 of the Assignment, the Manufacturer will promptly notify the Railroad of such event, and if such amount shall not have been previously paid by the assignee, the Railroad will not later than ninety days after such payment date, pay or cause to be paid to the Manufacturer the aggregate purchase price of the Locomotives delivered to the Railroad together with interest from such payment date to the date of payment by the Railroad at the prime rate of interest of Mercantile Trust Company National Association in effect at such closing date.

In the event of any such sale, transfer or assignment, or successive sales, transfers or assignments by the Manufacturer, of title to the Locomotives and of the Manufacturer's rights hereunder in respect thereof, the Railroad will, whenever requested by such vendee, transferee or assignee, change the stencil markings on each side of each of the Locomotives so as to indicate the title of such vendee, transferee or assignee to such Locomotives and its succession to the rights of the Manufacturer hereunder, such marking to bear such words or legend as shall be specified by said vendee, transferee or assignee, subject to requirements of the laws of the States in which the Locomotives shall be operated relating to such marking for use on equipment covered by conditional sale agreements relating to railroad equipment. The cost of stenciling the first series of marking will be borne by the Manufacturer. The cost of additional stenciling in connection with any subsequent assignment will be borne by Railroad. The term "Manufacturer," wherever used in this agreement, means General Motors Corporation (Electro-Motive Division); provided, however, to the extent that the rights of the Manufacturer hereunder shall have been assigned as to any Locomotive after it has been accepted by the Railroad, as herein provided, and for which payment has been received as provided in said assignment, the term "Manufacturer," with respect to such rights, shall mean the assignee of the Manufacturer; but this proviso shall not limit or affect the obligations of the Manufacturer under this contract.

17. Successors to and Assignments by the Railroad.

The Railroad hereby represents and warrants that its execution of this agreement and its assumption and undertaking of the obligations, duties and liabilities hereof have been expressly authorized and that all of the obligations of the Railroad then existing or to accrue under this agreement shall be assumed as a general obligation by any person or corporation acquiring title to or possession of the railways and properties of the Railroad, and that upon any sale, lease, transfer or assignment of said railways or properties any person or corporation acquiring title thereto or possession thereof shall also, as a condition to such acquisition, be bound by all such obligations.

The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this agreement nor transfer possession of said Locomotives to any other firm, person or corporation without first obtaining written consent of the Manufacturer to such sale, assignment or transfer.

18. Defaults. In the event that any one or more of the following events of default shall occur, to-wit:

(a) The Railroad fails to pay in full when due any installment of principal or of interest at the time and in the manner hereinbefore contracted to be paid as provided in Article 3 hereof; or

(b) The Railroad shall, for more than 30 days after the Manufacturer shall have demanded in writing performance thereof, fail or refuse to com-

ply with any other covenant, agreement, term or provision of this agreement on its part to be kept and performed; 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, is filed by or against the Railroad and the trustee or trustees fail to adopt this agreement within 30 days of the date of his or their appointment unless such petition is dismissed prior to the expiration of such 30 days; or

(d) Any proceedings are commenced by or against the Railroad for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions other than a proceeding under section 20b of the Interstate Commerce Act and the trustee or trustees or receiver or receivers appointed for the Railroad or for its property in connection with such proceedings fail to adopt and assume and agree to perform the terms and obligations of this agreement within 30 days of the date of his or their appointment, unless such proceedings are dismissed prior to the expiration of such 30 days; or

(e) The Railroad transfers or attempts to transfer its interest in or under this agreement without the consent of the Manufacturer;

then at any time after the occurrence of such an event of default the Manufacturer may, upon written notice to the Railroad and upon compliance with any legal requirements then in force and applicable to such action by the Manufacturer, declare the entire purchase price of the Locomotives, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter to the extent legally enforceable the entire sum shall bear interest at the rate of sixteen per cent (16%) per annum, and the Manufacturer shall be entitled to judgment for the whole amount so due from the Railroad with interest at said rate, together with costs and expenses incurred by Manufacturer or its assignee, including reasonable attorney's fees, and to collect said judgment out of any of the Railroad's property.

The Manufacturer may at its election (and, if before sale or before full performance of this agreement all costs and expenses of the Manufacturer incidental to any such default and to the enforcement by the Manufacturer of the provisions hereof, including reasonable attorney's fees, and all sums which shall then have become due and payable by the Railroad hereunder, other than such part of said purchase price as shall have become due only because of a declaration under this paragraph as aforesaid, shall have been paid by the Railroad, and all other existing defaults shall have been remedied, or provisions therefor satisfactory to the Manufacturer shall have been made, then and in every such case the Manufacturer may) waive any

such event of default and its consequences and rescind and annul any such declaration or termination 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 cured default had existed and no such declaration or termination 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 limit or affect the Manufacturer's right, upon any other default, or impair any right or remedies consequent thereon.

19. Remedies. If the Railroad makes default as hereinabove provided then at any time after such notice of declaration of default and during the continuance of such default the Manufacturer may, without further notice or demand except to the extent necessary in order to comply with any legal requirements, take or cause to be taken by its agent or agents immediate possession of the Locomotives, or any of them, and/or any replacements and improvements, and all present and future attachments and accessories thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 19 expressly provided, and may remove the same from the use and possession of the Railroad and for such purpose may enter upon the Railroad's premises where the Locomotives may be located, and may use and employ in con-

nection with such removal any supplies, services and aids, and any available trackage and other facilities or means of the Railroad, with or without process of law; and the Railroad shall deliver the Locomotives with all replacements, improvements, equipment, attachments and accessories thereof, at its own cost at such place or places on its railroad as the Manufacturer may reasonably designate and for such purpose move the Locomotives in the usual manner and at the customary speed of trains, and in case of such retaking or delivery the Manufacturer shall have the right to store the same upon the premises of the Railroad without charge until the Manufacturer shall desire to remove the same therefrom but not in excess of six months. It is hereby expressly agreed by the Railroad that performance of this agreement to deliver the Locomotives as hereinbefore provided is of the essence of the agreement between the parties and that, upon application to any court of equity having jurisdiction in the premises, the Manufacturer shall be entitled to a decree against the Railroad requiring specific performance hereof. It is further expressly agreed by the Railroad that, until the Manufacturer shall have given notice of its election to retain possession of the Locomotives or until the sale of the Locomotives as hereinafter provided in this Article 19, the Railroad shall not be released from any of its obligations hereunder, including, but not by way of limitation, its obligations under Articles 4 and 7 hereof.

If the Railroad makes default, as hereinbefore provided, then at any time thereafter during the continu-

ance of such default, and after declaring the entire purchase price immediately due and payable as hereinbefore provided, the Manufacturer (after retaking possession of the Locomotives as is hereinbefore in this Article 19 provided) may at its election retain the Locomotives as its own and make such disposition thereof as the Manufacturer shall deem fit, and in such event all the Railroad's rights in the Locomotives will thereupon terminate and all payments made by the Railroad may be retained by the Manufacturer as compensation for the use of the Locomotives by the Railroad; or the Manufacturer, with or without retaking possession thereof, may, at its election, sell the Locomotives, or any of them, and any such replacements, improvements, equipment, attachments and accessories, free from any and all claims of the Railroad, or of any other party claiming by, through or under it at law or in equity, at public or private sale and with or without advertisement as the Manufacturer may determine, all subject to and in compliance with any legal requirements then in force and applicable to such sale; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Manufacturer in taking possession of, removing, storing and selling the Locomotives, shall be credited on the amount due to the Manufacturer under the provisions of this agreement, including taxes and other charges imposed upon the Manufacturer in connection with said Locomotives. Written notice of the Manufacturer's election to retain the property for its own use may be given to the

Railroad by telegram or registered mail addressed to the Railroad at 701 Commerce Street, Dallas, Texas 75202, at any time during a period of thirty (30) days after declaring the entire purchase price immediately due and payable as hereinbefore provided; and if no such notice is given the Manufacturer shall be deemed to have elected to sell the Locomotives in accordance with the provisions of this Article 19.

To the extent permitted by any such legal requirements, any sale hereunder may be held or conducted at such place or places and at such time or times as the Manufacturer may fix, 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 Manufacturer may determine in compliance with any such legal requirements, provided that the Railroad shall be given written notice of such sale as provided in any such applicable legal requirements, but in any event no less than ten (10) days prior thereto, by telegram or registered mail addressed to the Railroad at 701 Commerce Street, Dallas, Texas 75202. If such sale shall be a private sale permitted by such legal requirements, it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten (10) days after notice of the proposed sale price, at the same or better price as offered by the intending purchaser. To the extent not prohibited by any legal requirements then in force and applicable to such sale, the Manufacturer may itself bid for and become the purchaser of the

Locomotives, or any of them, so offered for sale without accountability to the Railroad (except to the extent of surplus money received as hereinafter provided in the next to the last paragraph of this Article 19), and in payment of such purchase price the Manufacturer shall be entitled to the extent aforesaid to have credited on account thereof all sums due to the Manufacturer by the Railroad hereunder.

Each and every power or remedy hereby specifically given to the Manufacturer shall be in addition to every other power or 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 Manufacturer. 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 Manufacturer 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 any acquiescence.

If, after applying all sums of money realized by the Manufacturer under the remedies herein provided, there shall remain any amount due to it under the provisions of this agreement, the Railroad shall and it hereby undertakes and promises to pay the amount of such deficiency to the Manufacturer upon demand, and if the Railroad fails to pay such deficiency the Manu-

facturer 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 Manufacturer, there shall remain a surplus in the possession of the Manufacturer, such surplus shall be paid to the Railroad.

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

20. Applicable State Laws. Any provision of this agreement prohibited by any applicable law of any State, or which by any applicable law of any State would convert this agreement into any instrument other than an agreement of conditional sale, shall as to such State be ineffective, without modifying the remaining provisions of this agreement. Where, however, the conflicting provisions of any applicable State law may be waived they are hereby waived by the Railroad to the full extent permitted by law, to the end that this agreement shall be deemed to be a conditional sale and enforced as such.

The Railroad, to the fullest 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 the Locomotives and to sell them and any other requirements as to the time, place and terms of sale thereof, any other requirements with respect to the enforcement of the Manufacturer's rights hereunder, except such notices as are expressly required by the terms of this agreement, and any and all rights of redemption.

21. Extension Not a Waiver. Any extension of time granted by the Manufacturer to the Railroad for the payment of any sum due under this agreement, whether that extension be for an immediate payment or for final payment, shall not be deemed a waiver of the title of the Manufacturer reserved hereunder nor of any of its rights and remedies hereunder or otherwise existing.

22. Recording. The Railroad will cause this Agreement, any assignments hereof or of any interests herein and any supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file and record any and all further instruments required by law or reasonably requested by the Manufacturer for the purpose of proper protection, to the satisfaction of counsel for the Manufacturer, of its title to the Locomotives and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad

will promptly furnish to the Manufacturer certificates or other evidences of such filing and recording, and an opinion or opinions of counsel for the Railroad with respect thereto, satisfactory to the Manufacturer.

23. Payment of Expenses. The Railroad will pay all costs, taxes, charges and expenses, except the counsel fees of the Manufacturer, but including counsel fees of the first assignee, incident to the preparation, printing, execution, acknowledgment, filing, registering and recording of this agreement and of the first assignment by the Manufacturer of title to the Locomotives and of any instrument supplemental hereto or amendatory hereof, and of any declaration of the payment in full of the purchase money due hereunder, and of the replacement or replacements of said Locomotives.

24. Notice. Any notice hereunder to the Railroad shall be deemed to be properly served if delivered or mailed to the Railroad at 701 Commerce Street, Dallas, Texas 75202, or at such other address as may have been furnished in writing to the Manufacturer by the Railroad. Any notice hereunder to the Manufacturer shall be deemed to be properly served if delivered or mailed to the Manufacturer at La Grange, Illinois 60525, or at such other address as may have been furnished in writing to the Railroad by the Manufacturer. Any notice hereunder to any assignee of the Manufacturer or of the Railroad shall be deemed to be properly served if delivered or mailed to such assignee at such address as may have been furnished in writing to the

Manufacturer or the Railroad, as the case may be, by such assignee.

25. **Execution of Counterparts.** This agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together will constitute but one and the same contract, which will be sufficiently evidenced by any such original counterpart.

26. **Article Headings.** All article, paragraph or division headings are inserted for convenience only and will not affect any construction or interpretation of this agreement.

27. **Effect and Modification of Agreement.** This agreement of conditional sale, together with the specifications hereinabove referred to, constitutes the entire agreement between the Railroad and the Manufacturer with respect to the sale of the Locomotives herein referred to. No variation or modification of this agreement and no waiver of any of its provisions or conditions will be valid unless in writing and signed by the duly authorized officers of the Manufacturer and the Railroad.

28. **Law Governing.** The terms of this agreement and all rights and obligations hereunder shall be governed by the laws of the State of Texas.

In Witness Whereof, General Motors Corporation (Electro-Motive Division) has caused these presents to be executed and its seal to be affixed by its duly



elected and authorized officers pursuant to lawful resolutions; and Missouri-Kansas-Texas Railroad Company has caused these presents to be executed and its seal to be affixed by its duly elected and authorized officers pursuant to lawful resolutions, all as of the day, month and year first above written.

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By *[Signature]*

Vice-President.

Attest:

[Signature]
Assistant Secretary.

MISSOURI-KANSAS-TEXAS
RAILROAD COMPANY,

By *[Signature]*

Vice-President.

Attest:

[Signature]
Assistant Secretary.



State of Michigan, }
County of Wayne. } ss.:

On this 24th day of August, 1974, before me personally appeared T. B. Smith, to me personally known, who being by me duly sworn, says that he is a Vice-President of GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jeannette R. Weis
Notary Public in and for
Wayne County, Michigan

My Commission Expires JEANNETTE R. WEIS
Notary Public, Wayne County, Mich.
My Commission Expires Jan. 22, 1978

State of Texas, }
County of Dallas. } ss.:

On this 24th day of August, 1974, before me personally appeared K. K. Zielhant, to me personally known, who, being by me duly sworn, says that he is Vice-President of MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board

of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



.....*Virgil L. Jones*.....
Notary Public in and for
Dallas County, Texas

My Commission Expires June 1, 1975.



AGREEMENT AND ASSIGNMENT, dated August 30, 1974, between GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a corporation organized under the laws of the State of Delaware, with an office in LaGrange, Illinois (hereinafter called the "Manufacturer"), MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, St. Louis, Missouri (hereinafter called the "Bank"), and MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a corporation organized under the laws of the State of Delaware, with an office in the City of Dallas, Texas (hereinafter called the "Railroad").

WHEREAS, the Manufacturer and the Railroad have entered into a Conditional Sale Agreement dated as of August 30, 1974 (hereinafter called the "Conditional Sale Agreement"), covering the manufacture, sale and delivery, on the conditions therein set forth, by the Manufacturer and the purchase by the Railroad of four (4) Model GP 38-2 diesel electric locomotives to be constructed pursuant to Manufacturer's Specification 8090 as modified by Specification Supplements—Revisions A, B, C, & D, and shown in Manufacturer's quotation of July 1, 1974, bearing Manufacturer's Order No. 74629, all as more particularly described therein (a counterpart of the Conditional Sale Agreement being prefixed hereto), for an aggregate purchase price of \$1,054,122, subject to increase or decrease due to freight charges as therein provided.

NOW, THEREFORE, this Agreement and Assignment Witnesseth that in consideration of the sum of

one dollar (\$1.00) and other good and valuable consideration paid by the Bank to the Manufacturer, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

1. The Manufacturer hereby sells, assigns, transfers and sets over unto the Bank, its successors and assigns, all the right, title and interest of the Manufacturer under the Conditional Sale Agreement (except the right to manufacture and the right to receive the initial cash payments specified in Article 3 thereof, reimbursement for taxes as provided in Article 4 thereof and adjustments for freight and insurance to the extent provided for therein) and all the right, title and interest of the Manufacturer in and to each locomotive in respect of which the Bank shall pay to the Manufacturer the purchase price thereof (provided, however, that the Bank shall not be required to pay the Manufacturer any amount on account of such purchase price in excess of \$900,000, the excess if any over \$900,000 for all Locomotives being represented by the Railroad's initial cash payment to the Manufacturer provided for in Article 3 of the Conditional Sale Agreement, or if less than four Locomotives are delivered by Manufacturer, then the Bank shall not be required to pay any amount of such purchase price in excess of \$225,000 for each such Locomotive so delivered, pursuant to Article 3 thereof (such Locomotives being hereinafter called the Locomotives) and in and to any and all amounts which may become due or owing by the Railroad to the Manufacturer under the

Conditional Sale Agreement on account of the purchase price of each Locomotive and interest thereon, and in and to any other sums becoming due under the Conditional Sale Agreement excluding the initial cash payment, together with all the Manufacturer's rights, powers, privileges and remedies under the Conditional Sale Agreement (without any recourse, however, against the Manufacturer for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement); provided, however, that this Assignment shall not subject the Bank to, transfer, or pass, or in any way affect or modify, the liability of the Manufacturer or of any successor or successors to its manufacturing properties and business in respect of its obligations to construct and deliver the Locomotives or in respect of its obligations contained in Articles 9 and 15 of the Conditional Sale Agreement, or relieve the Railroad from its obligation to the Manufacturer or the Bank under Articles 3, 14 and 16 of the Conditional Sale Agreement. Notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Article 16 of the Conditional Sale Agreement, all obligations of the Manufacturer to the Railroad in respect of the Locomotives shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Manufacturer and any successor or successors to its manufacturing properties and business, and shall not be enforceable against the Bank or any party or parties

in whom title to the Locomotives or any of them or the rights of the Manufacturer under the Conditional Sale Agreement shall vest by reason of this assignment or transfer or of successive sales, assignments or transfers. In furtherance of the foregoing assignment and transfer, the Manufacturer hereby irrevocably authorizes and empowers the Bank, in the Bank's own name or in the name of the Bank's nominee, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Bank is or may become entitled under this Assignment and compliance by the Railroad with the terms and agreements on its part to be performed under the Conditional Sale Agreement, but without expense and liability to the Manufacturer and for the sole benefit of the Bank.

2. The Manufacturer will construct the Locomotives in full and complete accordance with the Conditional Sale Agreement and will deliver them on completion to the Railroad free of all claims, liens and encumbrances and in accordance with the provisions of the Conditional Sale Agreement; notwithstanding this Assignment, it will perform and fully comply with each and all the covenants and conditions of the Conditional Sale Agreement to be performed and complied with by the Manufacturer. The Manufacturer further covenants that it has good and lawful right to sell the Locomotives as aforesaid; and that it will warrant and defend the same against the demands of all persons whomsoever based on claims originating prior to the delivery of the Locomotives by the Manufacturer to the Rail-

road; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Railroad thereunder.

3. The rights of the Bank to the purchase price, less the amount of the initial cash payment, if any, made by the Railroad, of each Locomotive accepted by the Railroad, and interest thereon, as well as any other rights which have been assigned hereunder, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of a breach by the Manufacturer or by any successor or successors to its manufacturing properties or business of any obligations in respect of the manufacture or delivery of the Locomotives or under Articles 9 and 15 of the Conditional Sale Agreement nor subject to any defense, offset, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Manufacturer or the successor or successors to its manufacturing business. Any and all such obligations shall be and remain enforceable by the Railroad against and only against the Manufacturer and the successor or successors to its manufacturing properties and business and shall not be enforceable against the Bank or any party or parties in whom title to the Locomotives or any of them or the rights of the Manufacturer under the Conditional Sale Agreement shall vest by reason of this assignment or transfer or of successive sales, assignments or transfers; and the Manufacturer will save harmless and indemnify the Bank from any expense, losses or damage

suffered by reason of any defense, set-off, counter-claim or recoupment of Railroad resulting from the breach by Manufacturer of any terms or conditions of said conditional sale agreement. The Manufacturer will save, indemnify and keep harmless the Bank from and against any and all royalties, damages, claims, suits, judgments and costs that may result from the use of any patented article on the Locomotives at the time of delivery, except with regard to any appliances, devices or materials specified or required by the Railroad and not included in the Manufacturer's standard specifications.

4. The Manufacturer will cause to be plainly, distinctly, permanently and conspicuously stenciled on each side of each Locomotive, at the time of delivery of each of the Locomotives to the Railroad, marking bearing the words in letters not less than one inch in height:

“MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, ST. LOUIS, MISSOURI, OWNER”

5. Upon request of the Bank, its successors and assigns, the Manufacturer will execute any and all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Manufacturer therein or in the Locomotives therein described.

6. The Bank will pay to Manufacturer on or after September 10, 1974 following delivery to and accept-

ance by Railroad of said Locomotives the full purchase price of said Locomotives (including freight charges) as stated in the Conditional Sale Agreement up to the amount of \$900,000 upon receipt by the Bank of the following documents in form and substance satisfactory to it, payment to be made within five days following receipt of said documents:

(a) A Bill of Sale from the Manufacturer to the Bank, transferring to the Bank title to all Locomotives so delivered and warranting said title to be free, as of the time of delivery to the Railroad, of all liens and encumbrances except only the rights of the Railroad under the Conditional Sale Agreement;

(b) Certificates of Inspection and Acceptance signed by an authorized representative of the Railroad stating that the Locomotives covered by such Certificates have been inspected and accepted by it on behalf of the Railroad as conforming in all respects to the requirements and provisions of the Conditional Sale Agreement, and further stating that there was plainly, distinctly, permanently and conspicuously stenciled on each side of each Locomotive at the time of its acceptance the words in letters not less than one inch in height:

“MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, ST. LOUIS, MISSOURI, OWNER”

(c) A duplicate of the Manufacturer's invoice covering each Locomotive so accepted, accom-

panied by or having endorsed thereon a certification by the Railroad as to the correctness of prices set forth in the invoice.

(d) Unless payment of the amount, if any, payable pursuant to subparagraph (a) of paragraph 2 of Section 3 of the Conditional Sale Agreement shall be made by Bank with funds furnished to it for that purpose by the Railroad, a receipt from Manufacturer of such payment by Railroad for such purposes.

7. The Bank may assign its rights under the Conditional Sale Agreement, as a whole in respect of all or any designated number of the Locomotives, including the right to receive any payments due or to become due to it from the Railroad thereunder in respect to such Locomotives. 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.

8. The Manufacturer hereby:

(a) represents and warrants to the Bank, its successors and assigns, that the Conditional Sale Agreement was lawfully executed by the Manufacturer for a valid consideration and that it is a valid existing agreement and, according to its terms, binding upon the parties thereto and that said agreement is now in force without amendment thereto; and

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

(c) represents and warrants to the Bank, its successors and assigns, that no payments (except the initial cash payments in amount equal to excess of final purchase price of all Locomotives over the sum of \$900,000) have been made by the Railroad to the Manufacturer under said Conditional Sale Agreement.

9. It is agreed that all sums, both principal and interest, due hereunder shall be paid by the Railroad to said Bank at its place of business in the City of St. Louis, Missouri.

10. The Railroad will have this Assignment filed, registered and recorded in the same manner as provided in Article 22 of the Conditional Sale Agreement hereby assigned.

11. This Agreement and Assignment may be simultaneously 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 instrument. The Bank agrees to deliver one of such counterparts, or a certified copy thereof, to the Railroad. Although this Agreement and Assignment is dated for convenience as of August 30, 1974, 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.

12. The terms of this Agreement and Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Manufacturer, the Bank and the Railroad Company have caused this instrument to be executed in their respective names by their respective officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, as of the day and year first above written.

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By [Signature]
Vice-President

Attest: [Signature]
Assistant Secretary

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION

By [Signature]
Vice-President

Attest: [Signature]
Secretary

MISSOURI-KANSAS-TEXAS RAILROAD
COMPANY

By [Signature]
Vice President

Attest: [Signature]
Assistant Secretary

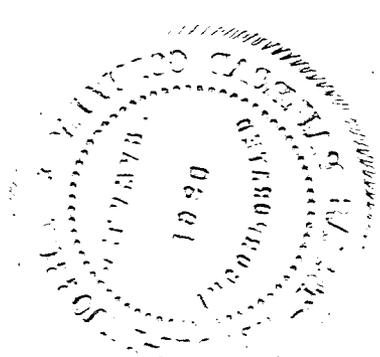


State of Michigan, }
County of Wayne. } ss.:

On this 29th day of August, 1974, before me personally appeared H. B. Smith, to me personally known, who, being by me duly sworn, says that he is a Vice-President of General Motors Corporation (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jeannette R. Weis
Notary Public in and for
Wayne County, Michigan

My Commission Expires JEANNETTE R. WEIS
Notary Public, Wayne County, Mich.
My Commission Expires Jan. 22, 1978



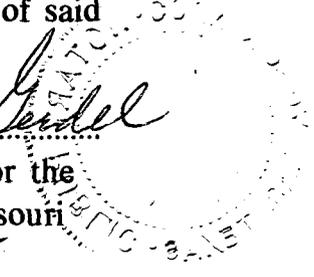
State of Missouri, }
City of St. Louis. } ss.:

On this *5th* day of August, 1974, before me personally appeared Donald B. Wehrmann, to me personally known, who, being by me duly sworn, says that he is Senior Vice-President of MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.

Florence M. Gerdel

Florence M. Gerdel
Notary Public in and for the
City of St. Louis, Missouri

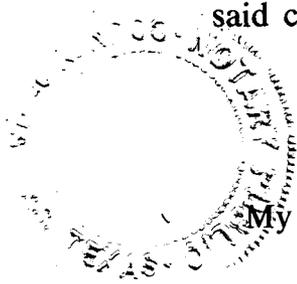
My Commission Expires *October 2, 1975*



State of Texas, }
County of Dallas. } ss.:

On this 24th day of August, 1974, before me personally appeared K.R. Zeban....., to me personally known, who, being by me duly sworn, says that he is Vice-President of MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the 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.

Virgil L. Jones
Notary Public in and for
Dallas County, Texas
My Commission Expires June 1, 1975



**ACKNOWLEDGMENT OF NOTICE OF
ASSIGNMENT.**

Missouri-Kansas-Texas Railroad Company hereby acknowledges due notice of the assignment made by the foregoing Agreement and Assignment.

Dated August 26th, 1974.

MISSOURI-KANSAS-TEXAS RAILROAD
COMPANY

By [Signature]
Vice President

