



NORFOLK SOUTHERN

Norfolk Southern Corporation
Law Department
One Commercial Place
Norfolk, Virginia 23510-2191
804 629-2755

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Vice President and General Counsel

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Assistant General Solicitors

1 5326
REGISTRATION NO. Filed 1426

OCT 13 1987 - 2 40 PM

October 13, 1987

INTERSTATE COMMERCE COMMISSION

No. 7-286A021
Date OCT 13 1987
Fee \$ 10.00
ICC Washington, D. C.

BY HAND

Ms. Noreta R. McGee, Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

Dear Ms. McGee:

In accordance with 49 U.S.C. § 11303 and the Commission's Rules, I submit herewith for recording with the Commission three counterparts, properly executed and acknowledged, of the document described below.

This document is a Conditional Sale Agreement, a primary document, dated as of October 9, 1987.

The names and addresses of the parties to the primary document are as follows:

- VENDOR: Southern Railway Company
One Commercial Place
Norfolk, Virginia 23510-2191
- PURCHASER: Springfield Terminal Railway Company
Iron Horse Park
North Billerica, Massachusetts 01862
- GUARANTOR: Guilford Transportation Industries, Inc.
Iron Horse Park
North Billerica, Massachusetts 01862

MOTOR OPERATING UNIT
OCT 13 2 34 PM '87
ICC OFFICE OF THE SECRETARY

William G. Noyes

Ms. Noretta R. McGee
Page Two
October 13, 1987

The Equipment covered by the document is generally described as follows:

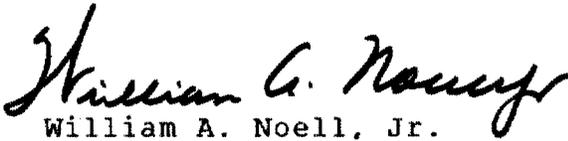
| <u>Number of Units</u> | <u>General Description</u> | <u>AAR Symbol</u> | <u>Identifying Mark and Road Number</u> |
|------------------------|-------------------------------------|-------------------|----------------------------------------------------------|
| 5 | Diesel Locomotives (Model SD-45) | C-C | SOU-3151 SOU-3152 SOU-3154 SOU-3165 SOU-3166 |

A fee of \$10 is enclosed. Please return two of the original counterparts, stamped with the Commission's recordation data to the person who delivers these documents.

A short summary of the document to appear in the index follows:

Conditional Sale Agreement between Southern Railway Company, One Commercial Place, Norfolk, Virginia 23510-2191, and Springfield Terminal Railway Company, Iron Horse Park, North Billerica, Massachusetts, and Guilford Transportation Industries, Inc., Iron Horse Park, North Billerica, Massachusetts, dated as of October 9, 1987, and covering five (5) Diesel Locomotives, numbered SOU-3151, SOU-3152, SOU-3154, SOU-3165, and SOU-3166.

Very truly yours,


William A. Noell, Jr.

WAN, Jr/sm

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/13/87

William A Noell, Jr.
Norfolk & Southern Corp.
One Commerce Place
Norfolk, Virginia 23510-2191

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/13/87 at 2:40pm, and assigned re-
recording number (s). 15326 & 15327

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure (s)

SE-30
(7/79)

OCT 13 1987 - 2 49 PM

CONDITIONAL SALE AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS CONDITIONAL SALE AGREEMENT ("Agreement"), made and entered into as of this 9th day of October, 1987, by and among SOUTHERN RAILWAY COMPANY, with its principal offices at One Commercial Place, Norfolk, Virginia, a Virginia corporation ("Seller"), SPRINGFIELD TERMINAL RAILWAY COMPANY ("Buyer") and GUILFORD TRANSPORTATION INDUSTRIES, INC. ("Guarantor"), the mailing address of each of which is c/o Kinga M. LaChapelle, Vice President-Law, Iron Horse Park, North Billerica, Massachusetts 01862.

WITNESSETH, THAT:

WHEREAS, Seller owns those locomotives more particularly described on Annex A hereto, which locomotives no longer are necessary or useful in connection with Seller's business as a common carrier;

WHEREAS, Buyer desires to purchase from Seller said locomotives "as is" and with all faults; and

WHEREAS, Seller is willing to sell to Buyer said locomotives on the terms and conditions hereinafter set forth, reserving unto Seller the title thereto to secure payment of the purchase price thereof;

NOW, THEREFORE, for and in consideration of the mutual promises, undertakings and covenants hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Sale of Equipment. Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, the property described on Annex A hereto, hereinafter called the "Equipment."

2. Delivery. Possession of the Equipment has been given to Boston and Maine Corporation, as agent for Buyer, pursuant to the terms of a Run Through Agreement between Boston and Maine Corporation and Norfolk and Western Railway Company, an affiliate of Seller. While subject to said Run Through Agreement, the Equipment remains the property of Seller, and Seller retains full title thereto. On the Closing Date (hereinafter defined), the Equipment shall be deemed to be identified to this Agreement and Buyer will execute and deliver to Seller a Certificate of Acceptance (in the form appended hereto as Annex C), evidencing that Buyer accepts the Equipment, as is and where is, pursuant to this Agreement; thereupon, and upon payment by Buyer to Seller of the payment referred to in Section 3(a) below, the Equipment shall be deemed to have been delivered to Buyer pursuant to this Agreement. Notwithstanding anything to the contrary herein, the Seller shall have no obligation to deliver the Equipment hereunder if, prior to the Closing Date (hereinafter defined) there is filed by or against the Buyer a petition for reorganization or bankruptcy under the Bankruptcy Act, as now constituted or as hereafter may be amended.

3. Purchase Price and Payment. Exclusive of interest, the total purchase price of the Equipment shall be TWO-HUNDRED-THOUSAND DOLLARS (\$200,000.00) which shall be payable by Buyer to Seller as follows:

(a) On the Closing Date (hereinafter defined), SIXTEEN-THOUSAND-SIX-HUNDRED-SEVENTY-FOUR DOLLARS (\$16,674.00), together with interest from October 9, 1987, through and including the Closing Date (hereinafter defined), at the rate of 12% per annum; and

(b) The balance, ONE-HUNDRED-EIGHTY-THREE-THOUSAND-THREE-HUNDRED-TWENTY-SIX DOLLARS (\$183,326.00) ("Conditional Sale Indebtedness"), in eleven (11) equal consecutive monthly installments of SIXTEEN-THOUSAND-SIX-HUNDRED-SIXTY-SIX DOLLARS (\$16,666.00), the first such installment being payable on November 9, 1987, the second such installment being payable December 9, and each subsequent installment being due and payable in accordance with Annex B hereto, as from time to time, if at all, revised in the event of a Casualty Occurrence (hereinafter defined).

(c) Any amount due and unpaid on the Closing Date (hereinafter defined) shall bear interest from such date, and the unpaid balance of the Conditional Sale Indebtedness shall bear interest from October 9, 1987, at the rate of twelve percent (12%) per annum (computed on the basis of a 360-day year composed of twelve 30-day months).

Buyer shall pay each installment and the interest thereon of the Conditional Sale Indebtedness on or before the date it is due by wire transfer to Seller's general account, specified by Seller's Treasurer, at Dominion Bank, Roanoke, Virginia. With respect to all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, the Buyer will pay, to the extent legally enforceable, interest (computed on the basis of a 360-day year composed of twelve 30-day months) at the highest prime rate of interest of Morgan Guaranty Trust Company of New York in effect during the period of such delinquency.

The term "Closing Date" as used herein shall mean the date after this Agreement shall have been filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 as shall be fixed by mutual agreement of the Buyer and Seller, but not later than three (3) business days after the date that this Agreement shall have been so filed and recorded.

After the Closing Date, the Buyer will pay promptly all taxes and assessments of any kind which may be imposed upon

the Equipment, upon the use or operation thereof, upon the earnings arising therefrom or upon the Seller solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all taxes and assessments which might in any way affect the title of the Seller or result in a lien upon the Equipment. Without limiting the generality of the foregoing, Buyer shall be responsible for any and all sales, use, or other similar taxes which may be imposed by any jurisdiction on the Equipment, the transfer thereof or the transactions contemplated by this Agreement. If any such taxes and assessments, or other fees such as licenses, charges, fines or penalties shall have been charged or levied against the Seller directly and paid by the Seller, the Buyer shall reimburse the Seller immediately upon presentation of an invoice therefor.

4. Security Interest in the Equipment. The Seller shall and hereby does retain the full legal title to and property in the Equipment, and Buyer hereby grants to Seller a purchase money security interest in the Equipment, until the Buyer shall have made all the payments hereunder and shall have kept and performed all its agreements contained herein, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Buyer pursuant hereto. Such retention of title and property interest is solely to secure performance by the Buyer of its obligations under this Agreement, and rights to possession and use shall be in the

Buyer, subject to such performance. Any and all additions to the Equipment and any and all replacements of the Equipment and of the parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement. Buyer agrees that upon or within ten (10) days following delivery of the Equipment under this Agreement, there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each unit of Equipment subject to this Agreement a metal plate, placard or stencil bearing the following words, or such words may be otherwise plainly, distinctly, permanently and conspicuously marked on each side of each such unit, in either case in letters not less than one inch in height:

OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COMMISSION.

Except as otherwise specifically provided in Section 6 hereof, when and only when the Seller shall have been paid the full Conditional Sale Indebtedness, together with all interest thereon and all other payments required hereby, and all the Buyer's obligations herein contained shall have been performed by the Buyer, all of Seller's right, title and interest in the Equipment shall pass and vest in the Buyer, ipso facto, without further transfer or action on the part of Seller. However, the Seller, if so requested by the Buyer at that time, will execute a bill or bills of sale for the

Equipment releasing its security interest therein and quitclaiming its title thereto and property therein to the Buyer.

5. Indemnity. Buyer shall indemnify and save harmless Seller, and Seller's affiliated corporations, and Seller's and their directors, officers, agents and employees, from liability and against all liabilities, damages, losses, claims, demands, payments, suits, actions, recoveries, legal expenses and judgments of every nature and description made, brought or recovered against, or incurred by, Seller by reason of any act or omission of Buyer, its agents or employees, in connection with or arising in whole or in part, directly or indirectly, from the performance of obligations pursuant to this Agreement or the Buyer's use or operation of the Equipment, regardless of any negligence of the Seller.

6. Maintenance and Repair. The Buyer will, at Buyer's sole cost and expense, at all times after the date hereof maintain the Equipment or cause the Equipment to be maintained in good order and repair, ordinary wear and tear excepted. From and at all times after the date hereof, Buyer assumes and shall have sole responsibility and risk of loss and damage with respect to the Equipment.

In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, irreparably damaged or permanently rendered unfit for use, from any cause whatsoever, or seized, confiscated, taken or requisitioned by condemnation

or otherwise resulting in loss of possession by the Buyer for a period of thirty (30) consecutive days, except requisition for use by the United States Government (such occurrences, "Casualty Occurrences"), on the next succeeding date for payment of an installment of the Conditional Sale Indebtedness, Buyer shall pay to Seller a sum equal to the Casualty Value (hereinafter defined) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Seller a certificate setting forth the Casualty Value of such unit. Any money paid to the Seller pursuant to this paragraph shall be applied to prepay without penalty or premium the Conditional Sale Indebtedness with respect to such unit suffering a Casualty Occurrence, and Seller will promptly furnish to Buyer a revised schedule of payments of Conditional Sale Indebtedness. In the event of the requisition for use by the United States Government of any unit of the Equipment, all of the Buyer's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Buyer to the Seller 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 Buyer, without further transfer or action on the part of the Seller, except that the Seller, if requested by the Buyer, will execute and deliver to the Buyer, at the expense of the Buyer,

an appropriate quitclaim instrument confirming such passage to the Buyer of all of the Seller's right, title and interest in 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 purchase price thereof remaining unpaid on the date as of which such Casualty Value shall be determined, plus accrued interest thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the purchase price (but not of interest thereon) in respect of Equipment made pursuant to Section 3 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original purchase price of such unit bears to the aggregate original purchase price of the Equipment.

Any insurance proceeds or condemnation payments received by the Seller in respect of units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Buyer to the Seller in respect of Casualty Occurrences pursuant to the second paragraph of this section. If the Seller shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Buyer shall have made payments pursuant to this section without deduction for such insurance proceeds or condemnation payments, or in excess of the Casualty Value (after taking into account payments by the Buyer under this section), the Seller shall promptly pay such insurance proceeds

or condemnation payments to the Buyer; provided, however, that no event of default shall have occurred and be continuing hereunder. All insurance proceeds or condemnation payments or such excess received by the Seller in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Buyer upon proof satisfactory to the Seller that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

7. Identifying Marks. Buyer shall, not later than fourteen (14) days after the Closing Date, remove (at its sole cost and expense) any and all road initials and numbers, ownership marking or other marking or stencilling ("Identifying Marks") on the Equipment referring to "SOU," "Southern Railway Company," "NS," or "Norfolk Southern Corporation"; provided, however, that Seller's Identifying Marks shall not be removed until (a) Buyer has provided Seller a statement of the Buyer's substitute Identifying Marks to be affixed or applied to all Equipment subject to this Agreement, which statement shall be furnished by Buyer to Seller, (b) Seller has filed with the Interstate Commerce Commission as an addendum or supplement to this Agreement a formal statement indicating the Buyer's new Identifying Marks, and (c) Seller has notified Buyer in writing that such filing has been made and requested that Seller's Identifying Marks be removed.

8. Insurance. Upon and after the Closing Date, Buyer shall insure the Equipment with a company or companies

acceptable to Seller against such casualties and in such amount as Seller shall require. In the alternative, Buyer may cause the Equipment to be covered by its blanket insurance, of the type customary in the railroad industry, on all its rolling stock and locomotives and shall provide evidence, in form and substance satisfactory to Seller, of such coverage. Such insurance shall be for the benefit of Buyer and Seller as their interests may appear. Seller hereby is authorized to collect from the insurance company or companies any amount that may become due under any of such insurance, and the Seller may apply the same to the obligations hereby secured.

9. Protection of Equipment. Buyer shall keep the Equipment free from any adverse security interests, liens or encumbrances and in as good order and repair as when received (ordinary wear and tear excepted), shall not waste or destroy the Equipment or any part thereof, and shall not use the Equipment in violation of any applicable statute, ordinance or policy of insurance thereon, or in any manner inconsistent with the terms of this Agreement. Seller may examine and inspect the Equipment, wherever located, at any reasonable time or times.

10. Obligations of Guarantor. The Guarantor, for good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, and as an inducement to Seller to sell the Equipment pursuant to this Agreement, hereby unconditionally guarantees to the Seller that the Conditional

Sale Indebtedness and all other amounts due hereunder, with interest thereon, will be duly and punctually paid when due and all other obligations hereunder of the Buyer (including without limitation the indemnity obligations) will be duly and punctually performed. The Guarantor hereby agrees that the aforesaid guaranty hereunder shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, irrespective of the genuineness, validity, regularity or enforceability of this Agreement or any circumstance which might limit the recourse of the Seller to the Buyer. The Guarantor hereby waives diligence, presentment, demand or payment, protest, any notice of any attempted assignment hereof in whole or in part or of any default hereunder and all notices with respect to this Agreement and all demands whatsoever hereunder. No waiver by the Seller of any of its rights hereunder and no action by the Seller to enforce any of its rights hereunder or failure to take, or delay in taking, any such action shall affect the obligations of the Guarantor hereunder. The Guarantor hereby agrees that any rights it may acquire by reason of performance of its obligations hereunder, by subrogation or otherwise, may not be exercised against the Seller under this Agreement or with respect to any of the units of the Equipment.

11. Compliance with Laws and Rules. During the term of this Agreement, the Buyer will comply in all respects (including without limitation with respect to the use,

maintenance and operation of the Equipment) with all laws of the jurisdictions in which Buyer's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Equipment, the Buyer will conform therewith at no expense to the Seller; provided, however, that the Buyer may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Seller, adversely affect the property or rights of the Seller under this Agreement.

12. Possession and Use. The Buyer, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment under this Agreement, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

Buyer shall not, without the prior written consent of the Seller, which consent shall not be unreasonably withheld, sell, offer to sell, lease, assign or encumber, or transfer or

otherwise dispose, or attempt or suffer such disposition of, this Agreement or the Equipment or any interest therein (among other things, if Seller perceives an increase in credit risk resulting from a proposed disposition, its withholding of consent on that basis shall be deemed reasonable). However, an assignment or transfer to a purchaser or lessee which shall acquire all or substantially all of the assets of the Buyer, and which, by execution of an appropriate instrument satisfactory to Seller, shall assume and agree to perform all of the obligations and covenants of the Buyer, shall not be deemed to be a breach of this covenant. The obligations of the Guarantor shall survive any such assignment or transfer.

The appointment of a receiver or receivers in equity or reorganization, or a trustee or trustees in bankruptcy or reorganization for the Buyer or for its property shall not be deemed to be an unauthorized assignment if such receiver or receivers or trustee or trustees shall, pursuant to court order or decree, in writing duly assume and agree to pay or perform all of the obligations and covenants of the Buyer under this Agreement, in such manner that such obligations shall have the same status as obligations incurred by such receiver or receivers or trustee or trustees.

13. No Warranties. It is understood that the Equipment consists of used second-hand equipment and is sold as such. THE EQUIPMENT IS SOLD "AS IS," WHERE IS, AND WITH ALL FAULTS. SELLER MAKES NO WARRANTIES RESPECTING THE EQUIPMENT,

EXPRESS OR IMPLIED, OR ITS MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE. Seller neither assumes nor authorizes any person to assume for it any liability in connection with the conditional sale of the Equipment. It is further understood and agreed that, in no event, will Seller be liable for special, incidental or consequential damages of any kind.

14. Assignment. Buyer shall not sell, offer to sell, lease, assign, encumber, or transfer or otherwise dispose of this Agreement or any interest therein without Seller's prior written consent, which consent shall not be unreasonably withheld (among other things, if Seller perceives an increase in credit risk resulting from a proposed disposition, its withholding of consent on that basis shall be deemed reasonable).

15. Reimbursement of Expenses. Seller may, in its sole discretion, discharge taxes, liens, or security interests or other encumbrances at any time levied or placed on the Equipment, pay for insurance thereon, order and pay for the repair, maintenance and preservation thereof, and pay any necessary filing or recording fees. Buyer shall reimburse Seller on demand for any payment made or any expenses incurred by Seller pursuant to this authorization.

16. Default. In the event that one or more of the following events of default shall occur and be continuing, namely:

- (a) the Buyer shall fail to pay in full any sum payable by it when payment thereof shall be due hereunder; or

- (b) the Buyer shall fail promptly to perform any of the obligations or covenants contained or referred to herein; or
- (c) the Buyer, without the prior written consent of the Seller as provided herein, shall make or suffer any sale, assignment, transfer or other disposition of any of its rights under this Agreement or the right of possession and use of the Equipment;

then at any time after the occurrence of such an event of default, Seller may, upon written notice to the Buyer, declare the entire unpaid Conditional Sale Indebtedness in respect of the purchase price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the rate per annum specified in Section 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Seller shall thereupon be entitled to recover judgment for the entire unpaid balance of such indebtedness in respect of the purchase price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property, wherever situated, of the Buyer.

17. Remedies. Upon the occurrence of an event of default hereunder, or at any time thereafter on such default not being cured, Seller at its option may declare all of the obligations immediately due and payable and shall then have the remedies of a secured party under the Uniform Commercial Code

of the Commonwealth of Virginia. Such remedies shall include, without limitation, the right to take possession of the Equipment, and for that purpose Seller may, insofar as Buyer can give authority therefor, enter the premises on which the Equipment may be situated and remove the Equipment therefrom. Seller may require Buyer to make the Equipment available to Seller at a place to be designated by Seller that is reasonably convenient to both parties. Any expenses of retaking, holding, preparing for sale, selling or the like shall include Seller's reasonable attorneys' fees and legal expenses.

18. Waiver. No waiver by Seller of any default shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a future occasion.

19. Further Assurances. Each of the Buyer and Guarantor covenant from time to time to do all such acts and to execute all such instruments of further assurance as it or they shall be reasonably requested by the Seller to do or to execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof or for the purpose of giving Seller assurances as to the future performance by Buyer and/or Guarantor under this Agreement.

20. Term of Agreement. This Agreement and the security interest in the Equipment created hereby shall terminate when and only when all of Buyer's obligations have been paid in full and when Buyer shall have duly performed all covenants and conditions hereof.

21. No Broker's Commission Due. Each party hereto represents and warrants that it has not entered into any agreement with any broker relating to the sale or purchase of any of the Equipment described in or governed by this Agreement and that no broker's commission is due with respect to the transactions contemplated herein.

22. Notice. Unless otherwise specifically stated in this Agreement, any notice required or permitted under this Agreement shall be given in writing to the parties at their respective addresses specified below, or at such other address for a party as that party may specify by notice, by:

A. (i) Delivery in hand or by postage-prepaid, United States first class mail and

(ii) Registered or certified mail, return receipt requested, or

B. By Federal Express or other form of expedited mail that provides for delivery to the sender of a signed receipt, or

C. By Telegram.

Notice so sent shall be effective upon receipt,

A. If to Seller: John R. Turbyfill, Vice President-Finance, Southern Railway Company, One Commercial Place, Norfolk, Virginia 23510-2191.

B. If to Buyer and/or Guarantor: Kinga M. LaChapelle, Vice President-Law, c/o Law Department, Iron Horse Park, North Billerica, Massachusetts 01862.

23. Representations and Warranties of the Seller.

Seller hereby represents and warrants as follows:

A. Seller is the owner of the Equipment and to the best of Seller's knowledge the Equipment is on the date hereof free and clear of all liens and encumbrances (including equipment financing liens) heretofore created by Seller;

B. To the best of Seller's knowledge, there are no actions, suits or proceedings pending or threatened before or by any judicial body, or any governmental authority, with respect to the Equipment.

24. Agreement and Amendment. No terms or conditions, other than those stated herein, no agreement or understanding, oral or written, in any way purporting to modify these terms or conditions, shall be binding on either party unless hereafter made in writing stating that it is intended as a change to this Agreement and signed by an authorized representative of both parties. This Agreement embodies the entire understanding between the parties and all offerings, proposals, bids, negotiations, and representations, if any, made prior and with reference hereto are merged herein, except certain agreements (more particularly set out in the letter from John R. Turbyfill to Kenneth C. Austin, dated October 5, 1987) concerning credits against the Purchase Price specified in Annex A while the Equipment is subject to the Run Through Agreement referred to in Section 2, hereof.

25. Governing Law. This Agreement shall be construed according to the applicable laws of the Commonwealth of

Virginia, and, except as otherwise provided in this Agreement, Buyer and Seller shall have all the rights and remedies afforded a secured party and debtor by Article 9 of the Uniform Commercial Code of Virginia, provided, however, that the parties shall be entitled to all the rights conferred by 49 U.S.C. § 11303.

Buyer acknowledges receipt of a copy of this instrument. Buyer further acknowledges that it has examined and inspected the Equipment as fully as Buyer desires.

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

SOUTHERN RAILWAY COMPANY,
Seller and Secured Party

By J. R. Keiper
Vice President

SPRINGFIELD TERMINAL RAILWAY COMPANY,
Buyer and Debtor

By D. G. Furb
(Title) President

GUILFORD TRANSPORTATION INDUSTRIES, INC.
Guarantor

By D. G. Furb
(Title) President

ANNEX A
TO
CONDITIONAL SALE AGREEMENT
LOCOMOTIVES ("EQUIPMENT")

| <u>TYPE</u> | <u>ROAD NUMBER</u> | <u>PURCHASE PRICE</u> |
|-------------|--------------------|-----------------------|
| SD-45 | SOU-3151 | \$40,000 |
| SD-45 | SOU-3152 | 40,000 |
| SD-45 | SOU-3154 | 40,000 |
| SD-45 | SOU-3165 | 40,000 |
| SD-45 | SOU-3166 | <u>40,000</u> |
| | TOTAL | \$200,000 |

ANNEX B
TO
CONDITIONAL SALE AGREEMENT
LOCOMOTIVES ("EQUIPMENT")

| <u>Payment #</u> | <u>Due</u> | <u>Unpaid Balance</u> | <u>Principal</u> | <u>Interest 12%/yr., 1%/mo.)</u> | <u>Total Payment</u> |
|------------------|----------------|---------------------------|------------------|------------------------------------------|--------------------------|
| 1 | Closing | \$200,000 | \$16,674 | --* | --- |
| 2 | Nov. 9, 1987** | 183,326 | 16,666 | \$1,833.26 | \$18,499.26 |
| 3 | Dec. 9, 1987 | 166,660 | 16,666 | 1,666.60 | 18,332.60 |
| 4 | Jan. 9, 1988 | 149,994 | 16,666 | 1,499.94 | 18,165.94 |
| 5 | Feb. 9, 1988 | 133,328 | 16,666 | 1,333.28 | 17,999.28 |
| 6 | Mar. 9, 1988 | 116,662 | 16,666 | 1,166.62 | 17,832.62 |
| 7 | Apr. 9, 1988 | 99,996 | 16,666 | 999.96 | 17,665.96 |
| 8 | May 9, 1988 | 83,330 | 16,666 | 833.30 | 17,499.30 |
| 9 | June 9, 1988 | 66,664 | 16,666 | 666.64 | 17,332.64 |
| 10 | July 9, 1988 | 49,998 | 16,666 | 499.98 | 17,165.98 |
| 11 | Aug. 9, 1988 | 33,332 | 16,666 | 333.32 | 16,999.32 |
| 12 | Sept. 9, 1988 | 16,666 | 16,666 | 166.66 | 16,832.66 |

* From October 9, 1987, until and including the Closing Date at the rate of 12% per annum.

** If in any month in which a payment is due the 9th falls on a Saturday, Sunday or legal holiday, such payment shall be due on the next succeeding business day.

ANNEX C
TO
CONDITIONAL SALE AGREEMENT
LOCOMOTIVES ("EQUIPMENT")

CERTIFICATE OF ACCEPTANCE

The undersigned, a duly authorized representative of Springfield Terminal Railway Company ("Buyer") for the purpose of inspecting and accepting Equipment which is to become subject to a Conditional Sale Agreement, dated as of October 9, 1987 (the "Equipment Agreement"), between the Buyer and Southern Railway Company ("Seller"), hereby certifies that the following described units of railroad equipment:

Description: Diesel Locomotives, Model SD-45
Quantity: Five (5)
Road Numbers: SOU-3151, 3152, 3154, 3165 and 3166
Delivered at: _____

have been inspected and accepted pursuant to the Equipment Agreement by the undersigned on the date hereof.

Authorized Representative of
Springfield Terminal Railway Company

Dated: October ____, 1987.

COMMONWEALTH OF VIRGINIA)

CITY OF NORFOLK)

to-wit:

I, Doris L. Whitson, a Notary Public in and for the Commonwealth and City aforesaid, do hereby certify that J. R. KIELICK, a Vice President of Southern Railway Company, whose name as such is signed to the foregoing document dated as of October 9, 1987, has this day personally appeared before me in my Commonwealth and City aforesaid and acknowledged that he is such Vice President of Southern Railway Company, that he is authorized to execute the foregoing document on behalf of said corporation, and that said execution is the free and corporate act and deed of said corporation.

Given under my hand this 13th day of October, 1987.

Doris L. Whitson
Notary Public

My Commission Expires: July 16, 1990

STATE OF MASSACHUSETTS)

COUNTY OF MIDDLESEX)

to-wit:

I, JOHN P. CRONIN, a Notary Public in and for the State and County aforesaid, do hereby certify that DAVID A. FINK, PRESIDENT of Springfield Terminal Railway Company, whose name as such is signed to the foregoing document dated as of October 9, 1987, has this day personally appeared before me in my State and County aforesaid and acknowledged that he is such PRESIDENT of Springfield Terminal Railway Company, that he is authorized to execute the foregoing document on behalf of said corporation, and that said execution is the free and corporate act and deed of said corporation.

Given under my hand this 12th day of October, 1987.

John P. Cronin
Notary Public

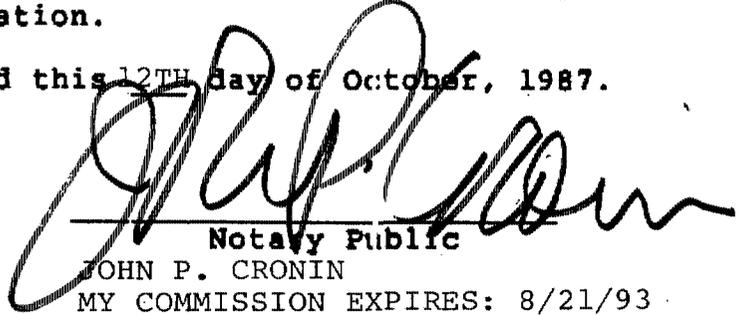
JOHN P. CRONIN
MY COMMISSION EXPIRES: 8/21/93

STATE OF MASSACHUSETTS

) to-wit:
COUNTY OF MIDDLESEX

I, JOHN P. CRONIN, a Notary Public in and for the State and County aforesaid, do hereby certify that DAVID A. FINK, PRESIDENT of Guilford Transportation Industries, Inc. whose name as such is signed to the foregoing document dated as of October 9, 1987, has this day personally appeared before me in my State and County aforesaid and acknowledged that he is such PRESIDENT of Guilford Transportation Industries, Inc., that he is authorized to execute the foregoing document on behalf of said corporation, and that said execution is the free and corporate act and deed of said corporation.

Given under my hand this 12TH day of October, 1987.



Notary Public
JOHN P. CRONIN
MY COMMISSION EXPIRES: 8/21/93