



1 5426

RECORDATION NO. FILED 1423

December 21, 1987

DEC 22 1987-2 3 PM

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION
RECORDATION NO. 15426-A
FILED 1423

DEC 22 1987-2 3 PM

INTERSTATE COMMERCE COMMISSION

DEC 22 2 51 PM '87
OFFICE OF THE SECRETARY
U.S. DEPARTMENT OF TRANSPORTATION

Dear Secretary:

I have enclosed three originals of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and 49 C.F.R. Part 1177.

These documents are a conditional sale agreement (a primary document) and an assignment (a secondary document), both dated as of December 1, 1987. I request that the assignment be cross-indexed.

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

Vendor and Assignor:

General Motors Corporation
Electro-Motive Division
9301 West 55th Street
La Grange, Illinois 60525

7-356A018

Vendee: National Railroad Passenger Corporation

400 North Capitol Street, N. W.
Washington, D. C. 20001

No.
Date DEC 22 1987
Fee \$10.00

ICC Washington, D. C.

Assignee: General Motors Acceptance Corporation

3044 West Grand Boulevard
Detroit, Michigan 48202

A description of the equipment covered by the documents follows:

Nine Amtrak diesel-electric locomotives designated as model F40PH and bearing road numbers 401 through 409, inclusive.

Countryport - General Motors

A fee of \$10 is enclosed. Please return two of the originals to the undersigned.

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

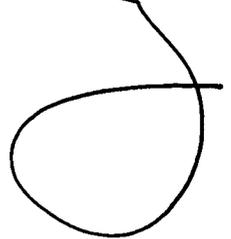
Conditional Sale Agreement between General Motors Corporation, Electro-Motive Division, 9301 West 55th Street, La Grange, Illinois 60525 as vendor and assignor and National Railroad Passenger Corporation 400 North Capitol Street, N.W. Washington, D. C. 20001 as vendee, dated as of December 1, 1987 and covering nine diesel-electric locomotives, model F40PH.

Assignment between General Motors Corporation, Electro-Motive Division, 9301 West 55th Street, La Grange, Illinois 60525 as assignor and General Motors Acceptance Corporation, 3044 West Grand Boulevard, Detroit, Michigan 48202, as assignee, dated as of December 1, 1987 and covering nine diesel-electric locomotives, model F40PH, and connected to a Conditional Sale recorded the same date as this assignment.

Very truly yours,



William F. Erkelenz
General Solicitor



CONDITIONAL SALE AGREEMENT

Dated as of December 1, 1987

REGISTRATION NO. **1 5426** FILED 1987

between

**GENERAL MOTORS CORPORATION
(Electro-Motive Division)**

**DEC 22 1987-2 1:11 PM
INTERSTATE COMMERCE COMMISSION**

and

NATIONAL RAILROAD PASSENGER CORPORATION

AGREEMENT AND ASSIGNMENT

Dated as of December 1, 1987

between

**GENERAL MOTORS CORPORATION
(Electro-Motive Division)**

and

**GENERAL MOTORS ACCEPTANCE
CORPORATION**

9 Locomotives

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ATTACHMENTS

Exhibit 1 - Certificate of Acceptance
Exhibit 2 - Bill of Sale
Supplement Setting Long Term Debt Rate

CONDITIONAL SALE AGREEMENT

DEC 22 1987-2 . . . PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT dated as of December 1, 1987, between GENERAL MOTORS CORPORATION (Electro-Motive Division), a Delaware corporation (hereinafter called the Builder or Vendor, as more particularly set forth in Article 22 hereof), and NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia (hereinafter called the Railroad).

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

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

ARTICLE 1. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant in Illinois, and will sell and deliver to the Railroad, and the Railroad will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder and the Railroad (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such units of the Equipment.

Article 2. Inspection, Delivery and Bill of Sale. The Builder will deliver the units of the Equipment to the Railroad at the place specified in Schedule A hereto, in accordance with the delivery schedule set forth in Schedule A hereto; provided, however, that the Builder shall have no obligation to deliver any unit of the Equipment hereunder at any time after any event of default (as described in Article 15 hereof), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred.

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

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Railroad and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the construction of the Equipment and workmanship in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Railroad for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector and an authorized representative of the Railroad shall execute and deliver to the Builder a certificate of acceptance in the form of Exhibit 1 hereto (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Railroad and are marked in accordance with Article 6 hereof; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in the Agreement for conversion of Diesel Electric Locomotives between Railroad and Builder executed August 21, 1987 (hereinafter the Conversion Agreement), which is hereby incorporated by reference.

On delivery of each such unit hereunder at the place specified for delivery, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranty referred to in the Conversion Agreement.

On delivery of each unit or units, the Builder will execute a bill or bills of sale for the Equipment in the form of Exhibit 2 hereto, transferring title to the Railroad, subject to retention of a security interest pursuant to this Agreement.

Article 3. Purchase Price and Payment. The base price or prices per unit of the Equipment, exclusive of interest, are set forth in the Conversion Agreement. The base price or prices, which shall exclude freight charges, if any, from the Builder's plant to the point of delivery, are subject to such increase or decrease as may be agreed to by the Builder and the Railroad. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased.

The Equipment shall be settled for in such number of groups of the Equipment delivered to and accepted by the Railroad on a closing date (hereinafter the Closing Date) as may be agreed upon by the parties hereto (each such group being hereinafter called a Group).

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

- (a) on each Closing Date with respect to a Group (i) an amount equal to 15.0% of the aggregate Purchase Price of the units in such Group;

- (b) in 40 consecutive quarterly installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of the Equipment in the Group for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The installments of the portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (said portion of the aggregate Purchase Price for such Equipment being herein called the Conditional Sale Indebtedness) shall be payable on each January 15, April 15, July 15, and October 15, commencing July 15, 1988 to and including April 15, 1998 (or if any such date is not a business day on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from and including the Closing Date in respect of which such indebtedness was incurred at a rate per annum equal to the Long Term Debt Rate which shall be set forth in a supplement hereto. Interest accruing on and after the Assignment Date shall be payable on each January 15, April 15, July 15 and October 15 following the Assignment Date. The principal amount of Conditional Sale Indebtedness payable on each Payment Date shall be 2.5% of the Conditional Sale Indebtedness.

The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in the city and state in which the principal office of the Vendor is located is authorized to remain closed.

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

The Railroad will pay, to the extent legally enforceable, interest at the Overdue Rate (as hereinafter defined) upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding. The Term "Overdue Rate" shall mean interest at a rate per annum equal to the interest rate payable on the Conditional Sale Indebtedness at the time the foregoing amounts become due and payable.

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

Article 4. Taxes. The Railroad agrees to pay and discharge (and does hereby agree to indemnify and hold the Vendor harmless from and against) all sales, use, personal property, excise, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon, unless resulting from the

Vendor's action or failure to act) imposed against the Railroad, the Vendor or the Equipment by any Federal, state or local governmental taxing authority upon or with respect to the Equipment or upon the purchase, ownership, delivery, lease, possession, rental, use, operation, return, sale or transfer of title to the Railroad under the terms hereof, or upon the rentals or receipts arising therefrom or the payments made hereunder (excluding, however, Federal, state and local taxes on, or measured by, the net income of the Vendor); provided, however, that the Railroad shall not be required to pay or discharge any such tax, levy, impost, duty, charge or withholding so long as it shall, in good faith and by appropriate administrative or legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Vendor to the Equipment, and the Railroad shall reimburse the Vendor for any damages or expenses resulting from such failure to pay or discharge. The Railroad agrees to assist the Vendor in the preparation, and when possible to file, on behalf of the Vendor, all required tax returns and reports relating to taxes for which the Railroad is responsible under this Article 4. The Vendor shall keep the Railroad informed of any claim made against the Vendor for the payment of any such tax, levy, impost, duty, charge or withholding. The obligations of the Railroad contained in this Article 4 shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the conveyance of title to, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

Article 5. Title to the Equipment. Title to the Equipment will pass to the Railroad upon delivery of the Equipment and execution of a bill or bills of sale as provided in Article 2 of this Agreement. The Vendor shall and hereby does retain a security interest in the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement, subject, however, to the provisions of Article 8 hereof.

Except as otherwise specifically provided in Article 7 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad at that time, will (a) execute a release transferring its security interest thereto and property therein to the Railroad, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad at its address referred to in Article 19 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary

public offices at Railroads expense, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Railroad to the Equipment and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

Article 6. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Security Interest Owned by a Secured Party under a Security Agreement Filed under 49 U.S.C. 11303" or other appropriate markings approved by the Vendor, with appropriate changes thereof and additions thereto as from time to time may reasonably be requested by the Vendor to protect the Vendor's security title to and property in the Equipment and its rights under this Agreement. The Railroad will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of the new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

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

Article 7. Casualty Occurrences and other Prepayment. In the event that any unit of the Equipment shall be or becomes lost, stolen, destroyed, or, in the opinion of the Railroad, irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (any such occurrence, except for any requisition which does not exceed the final maturity date of the Conditional Sale Indebtedness in respect of such unit, being hereinafter called a Casualty Occurrence) prior to the payment of the full Conditional Sale Indebtedness, together with interest thereon and all other payments required hereby, the Railroad shall, promptly

after it shall have determined that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in writing in regard thereto and on the next succeeding date for payment of interest under Article 3 hereof, shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit or units of Equipment as of the date of such payment. At the time of each payment of Casualty Value hereunder, the Railroad shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of the units covered thereby. Any money paid to the Vendor pursuant to this paragraph shall be applied to prepay the Conditional Sale Indebtedness and the Railroad will promptly furnish to the Vendor a revised schedule of payments of principal thereafter to be made, in such number of counterparts as the Vendor may request, calculated as provided in the fourth paragraph of Article 3 hereof, so that the remaining principal payments will completely amortize the Conditional Sale Indebtedness.

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

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article 7 with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 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.

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

Article 8. Maintenance; Compliance with Laws and Rules. The Railroad shall use or cause the use of the Equipment only in the United States and Canada. The Railroad shall use the Equipment only in the manner for which it was designed and intended. The Railroad shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, and in accordance with standards generally prevailing in the railroad industry, including making all replacements required to maintain the Equipment in good running order. The Railroad agrees to comply in all

material respects with all applicable governmental laws, regulations, requirements and rules (including the rules of the Department of Transportation) with respect to the use, maintenance and operation of each unit of Equipment. In case any equipment or appliance on any such unit of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such unit of Equipment in order to comply with such laws, regulations, requirements and rules, the Railroad agrees to make such changes, additions and replacements, at its own cost. Any parts installed or replacements made by the Railroad upon any unit of Equipment (except communications and automatic control of Equipment or devices having a similar use which have been added to any such unit of Equipment by the Railroad, the cost of which is not included in the Purchase Price of such unit and which is not required for the operation or use of such unit by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body) shall be considered accessions to such unit of Equipment, as provided in Article 5 hereof.

Article 9. Reports and Inspection Rights. On or before April 1 in each year, commencing with the year 1989, the Railroad shall furnish to the Vendor an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the units of Equipment covered hereby, the amount, description and numbers of all units of Equipment that may have suffered a Casualty Occurrence during the preceding calendar year (in the case of the first such statement, for the portion thereof commencing with the date of this Agreement), and such other information regarding the condition or repair of the Equipment as the Vendor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Article 6 hereof shall have been preserved or replaced. The Vendor shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Railroad's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Vendor the existence and proper maintenance thereof during the continuance of this Agreement. The foregoing right of inspection shall be subject, however, to such terms and conditions of access as may be imposed by any railroad, terminal company or other entity upon the property of which the Equipment is situate at the time of any such inspection. Vendor agrees to indemnify and hold harmless the Railroad, its affiliates, directors, officers, agents, employees, servants and contractors from and against any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner (whether arising from personal injury, property damage or otherwise) which is any way, directly or indirectly, attributable to the exercise of such right of inspection, excluding however any claim, liability, or damages arising from the gross negligence of the Railroad.

Article 10. Use and Possession. So long as the Railroad shall not be in default hereunder, the Railroad shall be entitled to the possession and use of the Equipment (by itself or by others on its behalf) in accordance with the terms hereof upon the rail lines of railroads (including, without limitation, the rail lines of terminal companies) over which the Railroad conducts, or has conducted for it, rail passenger service.

Article 11. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on the Equipment, or any unit thereof, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate administrative or legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

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

Article 12. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of security title to the Equipment, the use and operation thereof by the Railroad during the period when security title thereto remains in the Vendor or the transfer of security title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the conveyance of security title to, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

Article 13. Patent Indemnities; Builder's Warranty of Material and Workmanship. All agreements in respect of patent indemnities and warranties of material and workmanship are set forth in the Specifications and in the Conversion Agreement and are hereby incorporated by reference.

Article 14. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 10 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor. A sale, assignment, transfer or disposition to a railroad company organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all of the property of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Vendor, shall assume and agree to perform each of and all the obligations and covenants of the Railroad under this Agreement, shall not be deemed a breach of this covenant; provided, however, that the Railroad shall not be released from any of its obligations hereunder.

Builder shall not assign any rights or obligations under this Agreement to any party other than General Motors Acceptance Corporation (GMAC) without the prior written consent of the Railroad. Any purported assignment without the Railroad's written consent shall be void; provided however, the assignment to GMAC or to any other party with Railroad's consent shall be subject to the following terms.

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

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

The Railroad recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Railroad against and only against the Builder.

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

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

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

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement within 15 days after payment thereof shall be due hereunder; or

(b) any obligation of the Railroad for borrowed money becomes or is declared to be due and payable prior to its express maturity by reason of default by the Railroad in the performance or observation of any obligation or condition and the continuance of such default for a period of 30 days, provided that if such default is thereafter cured, the default under this clause (b) shall also be deemed to be cured; or

(c) the Railroad shall, for more than 60 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(d) a petition for reorganization under the Bankruptcy Act, as now constituted or as said Act may be hereafter, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred

by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(e) any other proceeding shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

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

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and the Federal Railroad Administrator and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a Declaration of Default) the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the Overdue Rate (as defined in Article 3 hereof), to the extent legally enforceable. If neither Railroad nor the Federal Railroad Administrator cures the Default within thirty days, the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of the Equipment or any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the

Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

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

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon railroad tracks as to which the Railroad then has a contractual right of access, the Railroad shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points upon such railroad tracks as shall be designated by the Vendor and shall there make available the Equipment or cause it to be made available to the Vendor. At the option of the Vendor, the Vendor may for a period not exceeding 90 days keep the Equipment on any of the premises of the Railroad or upon railroad tracks as to which the Railroad then has a contractual right of access until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad and the Federal Railroad Administrator by telegram or registered mail, addressed as provided in Article 19 hereof, and to any other persons to whom the law may require notice, within 30 days after

such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the provision below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad, the Federal Railroad Administrator, or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time following the thirtieth day after a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad, or the Federal Railroad Administrator should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking the possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be

sold, and in general in such manner as the Vendor may determine. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 19 hereof. If such sale shall be a private sale, it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Vendor or the Railroad may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Railroad hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or in acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

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

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

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

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

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

Article 18. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303 and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; provided, however, with respect to units of Equipment permitted to be used in Canada under Article 8 hereof, the Railroad shall not be required to take any such action in Canada if (1) the Railroad deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Railroad has taken all action required by law to protect title of the Vendor to units of Equipment having an aggregate original Purchase Price of not less than 80% of the original Purchase Price of all the Equipment, and (3) any unit of Equipment at any time located in Canada shall have been marked with the markings specified in Article 6 hereof. The Railroad will promptly furnish to the Vendor evidence of all such filings, registering, recording, and depositing and an opinion or opinions of counsel for the Railroad with respect thereto satisfactory to the Vendor.

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

(a) to the Railroad, at 400 North Capitol Street, N.W., Washington, D.C. 20001, attention: Secretary;

(b) to the Builder, at LaGrange, Illinois 60525;

(c) to the assignee of the Vendor, at such address as may have been furnished in writing to the Railroad by such assignee;

(d) to the Federal Railroad Administrator at 400 7th Street, S.W., Washington, D.C.;

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

Article 20. Article Headings; Effect and Modification of Agreement. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

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

Article 21. Law Governing. The Railroad warrants that its chief place of business and its chief executive office are located in the District of Columbia. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the District of Columbia; provided, however, that the parties shall be entitled to all rights conferred by Title 49 of the United States Code and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof, as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

Article 22. Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its right hereunder, General Motors Corporation (Electro-Motive Division) and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, General Motors Corporation (Electro-Motive Division) and any successor or successors for the time being to its manufacturing properties and business. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto to the extent provided herein and in any such assignment.

Article 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of the date first set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto

is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

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

GENERAL MOTORS CORPORATION
(Electro-Motive Division)

(Corporate Seal)

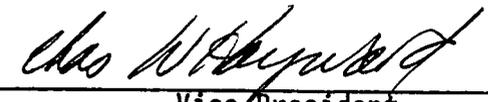
By 
Vice President

Attest:

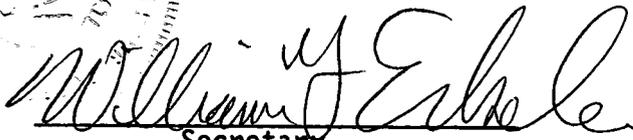

Assistant Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

(Corporate Seal)

By 
Vice President

Attest:


Secretary

State of Illinois)
County of Cook) ss:

On this 17th day of December, 1987, before me personally appeared Clifford J. Vaughan, 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 instruments 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.

Juanita Acosta
Notary Public

(Notarial Seal)

My Commission Expires: 4/17/88

City of Washington)
District of Columbia) ss:

On this 14th day of December, 1987, before me personally appeared Charles W. Hayward, to me personally known, who, being by me duly sworn, says that he is a Vice President of NATIONAL RAILROAD PASSENGER CORPORATION, that one of the seals affixed to the foregoing instruments 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 action and deed of said corporation.

Dorothy M. Bryant
Notary Public

(Notarial Seal)

My Commission Expires: July 14, 1992

SCHEDULE A

<u>Quantity</u>	<u>Locomotives</u>	<u>Unit Numbers</u>
Nine (9)	F40PH	401-409 (inclusive)

to be delivered pursuant to the Agreement for
Conversion of Diesel-Electric Locomotives executed
August 21, 1987 between Builder and Railroad.

EXHIBIT 1

CERTIFICATE OF ACCEPTANCE

TO: GENERAL MOTORS CORPORATION (Electro-Motive Division):

I, duly appointed inspector and authorized representative of NATIONAL RAILROAD PASSENGER CORPORATION ("Railroad"), for the purpose of the Conditional Sale Agreement dated as of December 1, 1987 between General Motors Corporation (Electro-Motive Division) and the Railroad, do hereby certify that I have inspected, received, approved and accepted delivery of, on behalf of the Railroad under the Conditional Sale Agreement, the following units of Equipment:

MANUFACTURER

TYPE OF EQUIPMENT

PLACE ACCEPTED

DATE ACCEPTED

NUMBER OF UNITS

NUMBERED

I do further certify for the foregoing purpose, that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation requirements and specifications and that each locomotive included therein has been marked in accordance with Article 6 of the Conditional Sale Agreement.

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

DATED: , 198

Inspector and Authorized
Representative of
NATIONAL RAILROAD PASSENGER CORPORATION

EXHIBIT 2

BILL OF SALE

NO. _____

GENERAL MOTORS CORPORATION (Electro-Motive Division) (hereinafter called the Builder), in consideration of the sum of One Dollar (\$1) and other good and valuable consideration paid by

--- (hereinafter called the Assignee), Assignee under an Agreement and Assignment dated as of December 1, 1987, by and between the Builder and the Assignee, by which the Builder assigned to the Assignee certain rights of the Builder under a Conditional Sale Agreement dated as of December 1, 1987 (hereinafter called the Conditional Sale Agreement), by and between the Builder and NATIONAL RAILROAD PASSENGER CORPORATION (hereinafter called the Railroad), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Assignee, its successors and assigns, a security interest in the following units of railroad equipment (hereinafter called the Equipment), which have been delivered by the Builder to the Railroad pursuant to the Conditional Sale Agreement.

Description

Quantity

Railroad Nos.

And the Builder, in consideration of the sum of One Dollar (\$1) and other good and valuable consideration paid by the Railroad pursuant to the Conditional Sale Agreement, at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Railroad, its successors and assigns, legal title (subject to the security interest of the Assignee) to the Equipment, to have and to hold all and singular the railroad equipment above described to the Assignee, its successors and assigns, and to the Railroad (subject to the security title of the Assignee), its successors and assigns, for their own use and behoof forever.

And the Builder, hereby warrants to the Assignee, its successors and assigns, and to the Railroad, its successors and assigns, that at the time of delivery of each of the above described units of railroad equipment to the Railroad under the above-mentioned Conditional Sale Agreement the Builder had legal title thereto and good and lawful right to sell such unit and the title to such unit was free and clear of all claims, liens, security interests and encumbrances of any nature except only the rights of the Railroad under said Conditional Sale Agreement; and the Builder covenants that it will warrant and defend such title against the demands of all persons whomsoever based on claims originating prior to the delivery of the Equipment by the Builder under the Conditional Sale Agreement.

IN WITNESS WHEREOF, the Builder has caused this instrument to be executed in its name by a duly authorized officer and its corporate seal to be hereunto affixed, duly attested, the ____ day of _____, 198 .

GENERAL MOTORS CORPORATION
(Electro-Motive Division)

ATTEST:

Assistant Secretary

By: _____
Vice President

Supplement Setting Long Term Debt Rate

Pursuant to the GMAC commitment letter dated July 14, 1987 signed by Mr. Thomas A. Cover of GMAC acknowledged by Richard I. Klein, Amtrak hereby elects the interest rate option associated with this Conditional Sale Agreement as follows:

The Long Term Debt Rate shall be fixed for the first 5 years at time of funding at a rate of "prime" plus 137.5 basis points and adjusted after year 5 to be fixed for years 6 through 10 at the same basis point spread over then current "prime." ("Prime" is defined as the prime, or base rate announced by the majority of the twelve largest U.S. banks at the time of funding).