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OF COUNSEL
URBAN A. LESTER

July 13, 1999

Betty Johnson
Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 22239, A FILED

JUL 13 '99 12-00PM

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Security Agreement (Mortgage), dated as of July 1, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of a Security Agreement Supplement No. 1, dated July 1, 1999, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are:

Borrower: National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Collateral Agent: Sumitomo Bank Limited, New York Branch
Two World Financial Center
225 Liberty Street
New York, New York 10281

A description of the railroad equipment covered by the enclosed documents is:

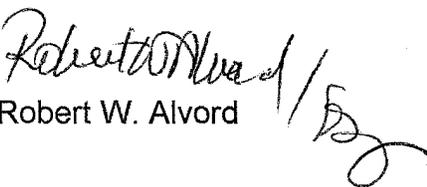
Two (2) AEM-7 locomotives : AMTK 916 and AMTK 918

Mr. Vernon A. Williams
July 13, 1999
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Also enclosed is a check in the amount of \$52.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,


Robert W. Alvord

RWA/bg
Enclosures

RECORDATION NO. 22239 FILED

JUL 13 '99

12-00PM

DATED AS OF JULY 1, 1999

NATIONAL RAILROAD PASSENGER CORPORATION,
as Borrower

AND

SUMITOMO BANK LIMITED, NEW YORK BRANCH,
as Collateral Agent

SECURITY AGREEMENT (MORTGAGE)

SECURITY AGREEMENT (MORTGAGE)

On this 1st day of July 1999, the NATIONAL RAILROAD PASSENGER CORPORATION, 60 Massachusetts Avenue, N.E., Washington, D.C. 20002 (hereinafter referred to as the "Borrower"), and SUMITOMO BANK LIMITED, NEW YORK BRANCH, as Collateral Agent acting on behalf of the Lenders (together with its successors and assigns as Collateral Agent hereinafter referred to as the "Collateral Agent"), hereby agree as follows:

ARTICLE I

SECURITY INTEREST

In consideration of the benefits conferred upon the Borrower under the Loan Agreement dated as of September 1, 1998 between the Borrower, The FUJI Bank LTD. and MBK RAIL FINANCE CORPORATION, as Lenders, and SUMITOMO BANK LIMITED, NEW YORK BRANCH (formerly known as Sumitomo Bank of New York Trust Company), as Agent and Collateral Agent (the "Loan Agreement", the defined terms therein being used herein as defined therein), pursuant to which the Lenders (a) have lent or will lend monies to the Borrower, and (b) by making loans and incurring obligations, has given or will give value to enable the Borrower to acquire rights in and use of the Collateral (as herein defined), and pursuant to the terms and conditions of the Loan Agreement, the Borrower hereby grants to and recognizes in the Collateral Agent a security interest in the Collateral, to secure the Borrower's performance and payment hereunder and under the Loan Agreement.

ARTICLE II

COLLATERAL

The collateral subject to this Security Agreement (Mortgage) (herein referred to as "Collateral") is all of the Borrower's right, title and interest in the property of the following description, whether now existing or hereafter arising or acquired, and wherever located, and (notwithstanding that power of sale is limited by agreement) whatever may be received upon sale, exchange, collection or other disposition thereof (including, without limitation, trades, exchanges, goods, accounts (including contract rights), instruments, documents, chattel paper, general intangibles, money, bank accounts and deposits and all insurance proceeds payable by reason of loss of or damage to the Collateral), and all replacements, returns, repossessions, additions, improvements, accessions and exchanges of all of the foregoing.

The AEM-7 locomotives and other units of rolling stock identified in Security Agreement Supplements delivered from time to time by Borrower to Collateral Agent ("Units").

ARTICLE III

FINANCING STATEMENT

As necessary to fully perfect and give notice of the Lenders' interests in the Collateral and/or at the request of the Collateral Agent, the Borrower will join in executing, or will execute, as appropriate, all necessary documents, including agreements, mortgages, assignments, financing statements, filings, continuation statements and any other documents necessary or appropriate for perfection or continuation of the Lenders' security interest and other interests (herein referred to as Security Documents), all in form both legally appropriate and satisfactory to the Collateral Agent, and will pay the costs of filing and recording any such Security Documents wherever legally appropriate or the Collateral Agent deems necessary or desirable. (a) Upon full satisfaction of all of the Obligations, or (b) after an Event of Loss or Total Loss with respect to a Unit, after the payment of the Maximum Total Loss Payable with respect to such Unit, it shall be Borrower's responsibility to obtain from the Collateral Agent the Collateral Agent's signature on and subsequently to file any documents necessary to evidence termination of the security and other interests granted and provided for herein (in full or with respect to the applicable Units), including any termination statements. The Collateral Agent shall cooperate with the Borrower in providing any necessary Collateral Agent signatures for such documents. The Borrower warrants that no lien, including, without limitation, any lien perfected by or arising from any financing statement or mortgage, directly or indirectly covering the Collateral or any part thereof in favor of anyone who may claim by, through, or under the Borrower exists or is presently on file in any public office other than Permitted Liens (as defined below).

ARTICLE IV

LOCATION AND IDENTIFICATION OF BORROWER AND THE COLLATERAL

The Borrower shall maintain as part of the Collateral such records as are necessary to identify any and all Collateral which is subject to this Security Agreement (Mortgage). The Borrower's principal office and place of business, chief executive office and office where records pertaining to the Collateral are maintained and located at 60 Massachusetts Avenue, N.E., Washington, D.C. 20002.

ARTICLE V

PROTECTION OF COLLATERAL

The Borrower shall keep the Collateral in good order and repair, ordinary wear and tear excepted, shall not waste or destroy the Collateral or any part thereof and shall use and maintain the Collateral subject to scheduling in the ordinary course of the Borrower's maintenance program, so that the Borrower is in compliance in all material respects with any provision of any Applicable Law, or rule, regulation, interpretation, code or order of any Governmental Authority (including the Federal Railroad Administration ("FRA")) or other person authorized to

promulgate such rules, regulations, interpretations or orders; provided however, that the Borrower may upon written notice to the Lenders, in good faith, contest the validity or application of any such law, rule, regulation, interpretation, code or order in any reasonable manner, that does not, in the reasonable opinion of the Borrower, materially and adversely affect the rights of the Lenders and the Collateral Agent hereunder or under the Loan Agreement or create material risk of any criminal or material civil liability on the part of the Lenders and the Collateral Agent or involve any material risk of loss, forfeiture or sale of the Collateral. Subject to the preceding sentence, the Borrower may take a Unit out of service while awaiting repair so long as the Borrower takes reasonable care to prevent deterioration of the condition of such Unit beyond that attributable to the circumstances necessitating such repair. With regard to any loss or damage to the Collateral, the Borrower shall comply with the provisions of the Loan Agreement. The Borrower shall maintain complete, accurate and reasonable records showing the condition, maintenance and use of the Collateral. The Collateral Agent and the Lenders shall, at their own risk and at the expense of the Lenders, have the right to examine and inspect the Collateral and any records related thereto, to such extent and at such times as are reasonable in the circumstances.

The Borrower shall defend the Collateral against any and all claims and demands of any and all persons at any time claiming the same or any interest therein. The Borrower promptly shall notify the Lenders as to any claim or demand against the Collateral not constituting a Permitted Lien in order to afford the Collateral Agent and the Lenders an opportunity to intervene as to such claim or demand; provided that, without limiting the obligation to provide notice as set forth above, the Borrower may at its own expense in good faith, contest the validity or application of any such claim or demand or lien in any manner which does not, in the reasonable opinion of the Borrower, materially and adversely affect the rights of the Lenders or the Collateral Agent hereunder or under the Loan Agreement or create material risk of any criminal or material civil liability on the part of the Lenders or the Collateral Agent or involve any material risk of loss, forfeiture or sale of the Collateral.

ARTICLE VI

ALIENATION OF COLLATERAL

Except as provided in this Article VI, until all of the Borrower's debts and Obligations have been fully satisfied, the Borrower shall not, without prior express written consent from the Required Lenders, acting through the Collateral Agent, sell, contract to sell, lease, assign, encumber, or otherwise dispose of, transfer, or relinquish possession or control of all or any part of the Collateral or any interest therein, except (i) in accordance with Section 12.03 of the Loan Agreement, or (ii) as to a security interest in favor of the FRA, which is subordinate to the security interest of the Lenders in a manner reasonably satisfactory to the Lenders.

Subject to the Required Lenders', acting through the Collateral Agent, consent, which consent shall not be unreasonably withheld or delayed and which consent is not required in respect of any lease of a Unit to a Governmental Authority or to a railroad (within the meaning of U.S.

Bankruptcy Act), the Borrower shall be entitled to enter into a lease for the Units subject to all the terms and conditions of this Security Agreement (Mortgage), and the Loan Agreement; provided, that the Borrower's obligations hereunder and thereunder shall continue in full force and effect as the obligations of a principal and not of a surety irrespective of any such lease. Each lease permitted by this paragraph shall (unless otherwise consented to by the Required Lenders, acting through the Collateral Agent, which consent will not be unreasonably withheld or delayed), (a) be expressly subject and subordinate to all of the provisions of this Security Agreement (Mortgage) and to the rights and remedies of the Lenders under the Loan Agreement in respect of the Unit covered by such lease and (b) not be to an entity which is then subject to a proceeding under the Bankruptcy Code. For purposes of clause (b) of the preceding sentence, "leases" shall not include leases or other use arrangements under which the Borrower retains direct operational control of the Unit or maintenance responsibility.

The Collateral Agent may not assign its rights and obligations under this Security Agreement (Mortgage).

ARTICLE VII

TAXES, ASSESSMENTS AND CHARGES

The Borrower shall pay promptly when due all taxes, assessments, and other public charges upon the Collateral or upon its possession, ownership, or operation, including, without limitation, any property, excise, sales or other tax or charge. The Borrower shall not be required to pay or discharge any such Taxes so long as it shall in good faith and by appropriate administrative or legal proceedings contest the validity thereof in a reasonable manner which will not affect or endanger the title of the Borrower or the security interest of the Collateral Agent in the Collateral, and the Borrower shall reimburse the Lenders and the Collateral Agent for any damages or expenses resulting from such failure to pay or discharge.

The provisions of Articles V and VII hereof shall not be deemed to require defense or discharge of the following liens referred to herein as *Permitted Liens*: (a) liens for taxes, assessments, governmental levies or other liens, in each case not due and delinquent, or undetermined; (b) inchoate materialman's, mechanic's, workman's, repairman's or other like liens arising in the ordinary course of business and, in each case, not adversely affecting the security interest of the Collateral Agent in the Collateral; (c) the lien of the FRA Security Agreement dated October 5, 1983 by and between the Borrower and the Federal Railroad Administration (the "FRA") as subordinated pursuant to the Subordination Agreement and Consent to Superior Obligation and Lien dated as of July 1, 1999 among the FRA, the Borrower, the Lenders, the Agent, and the Collateral Agent (the "Subordination Agreement") and Leases permitted under Article VI.

ARTICLE VIII

REIMBURSEMENT OF SECURED PARTY'S EXPENSES

At its option, the Collateral Agent may, upon prior written notice to the Borrower, at any time discharge, or cause to be discharged, without thereby waiving any default, any taxes, assessments, or other public charges and any liens, security interests, or other encumbrances on the Collateral required to be discharged or defended by the Borrower hereunder, except a security interest which is subordinate to the security interest of the Collateral Agent; provided, however, that, as to such subordinate security interest, the Borrower shall have fulfilled its obligations under Article VI of this Security Agreement (Mortgage), if applicable; perform or cause to be performed any actions, conditions, obligations, or covenants that the Borrower has failed or refused to perform with respect to third parties (other than with respect to any such action, condition, obligation or covenant, the performance of or compliance with which is subject to a bonafide dispute, the existence of which is not reasonably likely to have a material adverse effect on the value of the Collateral); and pay for the repair, maintenance and preservation of the Collateral required hereunder; provided, however, that as to a failure to discharge, perform, pay, or otherwise act within the contemplation of this paragraph which is capable of cure within 30 days of such notice, the Borrower shall have an opportunity to cure such failure until the earlier of 30 days from such notice, the date on which the Borrower in any manner evidences that it will not cure the failure, or the time at which a third party is legally empowered in the good faith opinion of the Collateral Agent to take action against or possession of the Collateral.

The Collateral Agent shall promptly provide the Borrower with notice of its discharge, performance, payment, or other action pursuant to the foregoing paragraph and, thereafter, the Borrower shall reimburse the Collateral Agent on demand for any reasonable payment made or reasonable expense incurred by the Collateral Agent pursuant to the foregoing paragraph. All sums so expended shall bear interest at the Floating Interest Rate as defined in the Loan Agreement plus 2% per annum, commencing from the date of notice by the Collateral Agent until such sums are paid to the Collateral Agent and, until so paid, such sums together with interest shall constitute additional Obligations of the Borrower and be secured by the Collateral under this Security Agreement (Mortgage).

ARTICLE IX

THE BORROWER'S WARRANTIES, REPRESENTATIONS AND COVENANTS

The Borrower warrants, represents and covenants to the Collateral Agent and the Lenders, which warranties and representations shall remain true and correct and shall survive the execution and delivery hereof and shall survive until the satisfaction of the Obligations and all payments, performances and obligations hereunder that:

- (a) all statements, representations, warranties, covenants and undertakings of the Borrower hereunder (and under the Loan Agreement and the Security Documents) or in any statement or writing in connection herewith (and therewith) are true and correct in all

material respects other than statements, representations and warranties by their terms made as of a particular date, in which case such statements, representations and warranties shall be true in all material respects as of such date, however nothing in this paragraph limits or expands the representations or warranties contained in any other of the Security Documents;

- (b) the Borrower will pay, keep and perform all Obligations under the Agreements;
- (c) the Borrower has, or, as to any Collateral to be acquired after the date hereof, will have, full and complete ownership of and title to the Collateral, free and clear of any liens, encumbrances, interests, impositions or claims of all persons except, as of the date hereof, the security interests of the Collateral Agent and Permitted Liens and, at any time hereafter, any additional person(s) holding security interests subordinate to the Collateral Agent (it being understood by the Collateral Agent, however, that the Borrower may not be the owner of the lines of railway over which portions of the Collateral will be operated);
- (d) the Borrower has not granted, as of the date hereof, any security interest in the Collateral to any person other than the Federal Railroad Administrator, which interest is and will be subordinated to the Collateral Agent's security interest in the Collateral, and the Collateral Agent's security interest in the Collateral is and will be under the laws of the United States, the states thereof and the District of Columbia, to the maximum extent the Borrower has rights in the Collateral (i) valid and enforceable, (ii) fully perfected and protected by the filing of this Agreement with the Surface Transportation Board pursuant to 49 U.S.C. §11301 and the filing of appropriate documents, including financing statements and, where required, this Security Agreement (Mortgage), with the Recorder of Deeds of the District of Columbia or in any other state of the United States or subdivision thereof deemed necessary or desirable by the Collateral Agent under the Uniform Commercial Code as enacted, or other applicable federal or state law, without any further or other filing in the United States (except continuation statements), possession or otherwise of any Collateral or any agreement, document or instrument of or pertaining thereto, and (iii) first, valid and enforceable security and mortgagee's purchase money interests, prior and superior to all claims, liens, charges, attachments and encumbrances of all persons, except Permitted Liens described in clauses (a) and (b) of the definition;
- (e) the Borrower will maintain insurance in accordance with the Loan Agreement naming the Lenders, the Agent and the Collateral Agent as an additional insured in the case of liability insurance and the Collateral Agent as the loss payee in the case of Property Insurance and deliver evidence of effectiveness and continuation thereof as the Collateral Agent may request;
- (f) this Security Agreement (Mortgage) is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization,

moratorium and other laws relating to or affecting the enforcement of creditor's rights generally and by general principles of equity including rules of law governing specific performance, injunctive relief and other equitable remedies;

- (g) the Borrower will indemnify and save harmless the Collateral Agent and the Lenders from and against any and all claims, costs and expenses (including without limitation reasonable experts' and attorneys' fees) pertaining to or arising from the default, material inaccuracy or failure of the foregoing representations and warranties.

ARTICLE X

REMEDIES OF SECURED PARTY

So long as an Event of Default under the Loan Agreement shall have occurred and is continuing:

- (a) the Required Lenders may, subject to the terms and conditions of the Loan Agreement, declare all Obligations secured hereby immediately due and payable and the Lenders and the Collateral Agent may proceed to enforce payment of the same and exercise any and all rights and remedies provided by the District of Columbia Uniform Commercial Code, as well as any and all other legal, equitable, or contractual rights and remedies available to the Lenders and the Collateral Agent;
- (b) subject to subparagraph (a) above, the Collateral Agent, (acting at the direction of the Required Lenders) shall have the right to take possession of and remove the Collateral from the Borrower's property or wherever located. The Collateral Agent, (acting at the direction of the Required Lenders) may require the Borrower to assemble the Collateral and make it available to the Collateral Agent at any place to be designated by the Collateral Agent that is reasonably convenient to both parties. For purposes of possession and removal of the Collateral, the Collateral Agent or its authorized representatives may peaceably enter any property of the Borrower or on which the Collateral is located without legal process, and the Borrower hereby waives and releases the Collateral Agent or the Lenders and agrees to indemnify each of the Collateral Agent and the Lenders of and from any and all claims in connection therewith or arising therefrom, except for claims arising out of gross negligence or willful misconduct of such Collateral Agent or Lender or its authorized representatives;
- (c) on obtaining possession of the Collateral upon an Event of Default as permitted hereunder or under the Loan Agreement, the Collateral Agent may lease, sell or otherwise dispose of the Collateral or any part thereof in any manner permitted by law, including disposition at a public or private sale either with or without having the Collateral at the place of sale, and in a commercially reasonable manner. Insofar as may be lawful, the Collateral Agent or any Lender may be a purchaser at such sale. The Collateral Agent shall give the Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is given

pursuant to Article XII hereof at least ten (10) days before the time of the sale or disposition. The net proceeds of such sale, after deducting all expenses of the Collateral Agent in taking, storing, repairing, preparing for sale of and selling the Collateral, including reasonable attorneys fees and legal costs, shall be credited against the Borrower's Obligations in accordance with Section 4.07 of the Loan Agreement. Any surplus shall be paid to the Federal Railroad Administrator, if legally entitled thereto. In the event of a deficiency, the Borrower shall pay such deficiency to the Lenders on demand with interest after default as specified in the Loan Agreement.

If suit is brought or any proceeding is instituted by the Collateral Agent in good faith in connection with this Security Agreement (Mortgage), there shall be due from the Borrower to the Collateral Agent, immediately on the commencement thereof, reasonable attorneys' fees in such action or proceeding, which sum is hereby secured. In any such action or proceeding, the Collateral Agent shall be entitled to the employment of a receiver, without notice, to take possession of all or any part of the Collateral in accordance with the provisions hereof and the Subordination Agreement and to exercise such powers as the court shall confer upon such receiver.

ARTICLE XI

AUTHORIZED SIGNATORIES

All notices, communications, certificates and other documentation required to be delivered to the Collateral Agent pursuant to the provisions of this Security Agreement (Mortgage) shall be signed by an individual duly authorized for that purpose. The Borrower agrees with the Collateral Agent that it will forthwith after the execution of this Security Agreement (Mortgage), deliver to the Collateral Agent a written statement signed by an officer setting forth the names and occupations of individuals in its employ who are so authorized to sign on its behalf together with specimen signatures for each individual, and acknowledges and agrees that the Collateral Agent shall, without further evidence or confirmation and until notified in writing to the contrary (effective only upon actual receipt by the Collateral Agent), be entitled to rely upon the authority of such individual or individuals, as the case may be, and any of the foregoing instruments signed by such individual or individuals in accordance with the written statement shall be binding upon it. For the foregoing purposes, a telex or telefax shall be deemed to be signed by the individual or individuals whose names are typed thereon as the signatory or signatories of that telex or telefax.

ARTICLE XII

NOTICE

Every notice, demand, request, consent, approval, waiver or agreement to be given or made hereunder shall, save as otherwise herein specifically provided, be in writing and shall be made in the manner as provided in Section 10.01 of the Loan Agreement.

ARTICLE XIII

PROPER LAW

This Agreement shall be deemed to be made under and shall be governed by and construed in accordance with the local laws of the District of Columbia, U.S.A., without regard for conflict or choice of law provisions thereof and except and to the extent precluded by other local laws of mandatory application; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. 11301.

ARTICLE XIV

WAIVER

Any single partial exercise by the Collateral Agent of any right or remedy for a default or breach of any term of this Security Agreement (Mortgage) shall not, and any failure to exercise or deal in exercising any such rights or remedies shall not, be or be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Collateral Agent may be lawfully entitled for the same default or breach; and any waiver by the Collateral Agent of the strict observance or performance of or compliance with any term of this Security Agreement (Mortgage) shall not be deemed to be a waiver of any subsequent default or breach.

ARTICLE XV

SUCCESSORS AND ASSIGNS

This Security Agreement (Mortgage) shall be binding upon and inure to the benefit of the Borrower, the Collateral Agent and the Lenders and their respective successors and permitted assigns; provided, that the Borrower may not, except as otherwise permitted in the Loan Agreement, assign or transfer all or any part of its rights or obligations hereunder without the prior express written consent of the Collateral Agent.

IN WITNESS WHEREOF the parties hereto have signed and delivered this Security Agreement (Mortgage).

NATIONAL RAILROAD PASSENGER CORPORATION

By: 
Name: Carol J. Dillon
Title: Treasurer

SUMITOMO BANK LIMITED, NEW YORK BRANCH, not in its individual capacity, but solely as Collateral Agent

By: _____
Name: _____
Title: _____

DISTRICT OF)
) ss
COLUMBIA)

On this 28th day of June 1999 before me personally appeared Carol Dillon, to me personally known, who being by me duly sworn, says that she is the Treasurer of NATIONAL RAILROAD PASSENGER CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission Expires: 1/1/2000

SEAL

IN WITNESS WHEREOF the parties hereto have signed and delivered this Security Agreement (Mortgage).

NATIONAL RAILROAD PASSENGER CORPORATION

By: _____
Name:
Title:

THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, not in its individual capacity, but solely as Collateral Agent

By: 
Name: *Tadashi Matsunobu*
Title: *Joint general Manager*

State of New York)
: .SS:
County of New York)

On this 25 day of June 1999 before me personally appeared Tadashi Matsunobu, to me personally known, who being by me duly sworn, says that he/she is the Joint general Manager of THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Harriett L. Sasso
Notary Public

My Commission Expires:

SEAL

HARRIETT L. SASSO
Notary Public, State of New York
No. 43-5046813
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires July 17, 1999

**SCHEDULE 1 TO
SECURITY AGREEMENT
SUPPLEMENT NO. 1**

DESCRIPTION OF UNITS

Description	Amtrak Equipment Numbers
Two (2) General Motors EMD AEM-7 Locomotives	AMTK 916 and AMTK 918