

JUL 19 1978 8 44 AM

CRAVATH, SWAINE & MOORE **INTERSTATE COMMERCE COMMISSION**

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

INTERNATIONAL TELEX: 620976

TELETYPE: 710-581-0338

TELEX: 125547

RECORDATION NO. [REDACTED] Filed & Recorded

JUL 19 1978 8 44 AM

**INTERSTATE COMMERCE COMMISSION**

9585-C

RECORDATION NO. [REDACTED] Filed & Recorded

JUL 19 1978 8 44 AM

**INTERSTATE COMMERCE COMMISSION**

July 19, 1978

**INTERSTATE COMMERCE COMMISSION**  
Consolidated Rail Corporation  
Lease Financing Dated as of May 15, 1978  
10% Conditional Sale Indebtedness Due 1989

8-200A020

JUL 19 1978

Date

Fee \$ 100

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Consolidated Rail Corporation for filing and recordation counterparts of the following documents:

1(a) Conditional Sale Agreement dated as of May 15, 1978, between First Pennsylvania Bank N.A., as trustee, vendee, and Shenandoah Virginia Corporation, as builder, vendor.

(b) Agreement and Assignment dated as of May 15, 1978, between Shenandoah Virginia Corporation, as builder, and Continental Illinois National Bank and Trust Company of Chicago, as Agent, assignee.

2(a) Lease of Railroad Equipment dated as of May 15, 1978, between Consolidated Rail Corporation, as lessee, and First Pennsylvania Bank N.A., as trustee, lessor;

(b) Assignment of Lease and Agreement dated as of May 15, 1978, between First Pennsylvania Bank N.A., as trustee, lessor, vendee and Continental Illinois National Bank and Trust Company of Chicago, as Agent, vendor.

*Counterparts - Guide Zone*

RECEIVED

JUL 19 8 35 AM '78

FEE OPERATION BR. I.C.C.

MAURICE T. MOORE  
BRUCE BROMLEY  
ALBERT R. CONNELLY  
FRANK H. DETWEILER  
GEORGE G. TYLER  
WILLIAM B. MARSHALL  
RALPH L. McAFEE  
ROYALL VICTOR  
ALLEN H. MERRILL  
HENRY W. DE KOSMIAN  
ALLEN F. MAULSBY  
STEWARD R. BROSS, JR.  
HENRY P. RIORDAN  
JOHN R. HUPPER  
SAMUEL C. BUTLER  
WILLIAM J. SCHRENK, JR.  
BENJAMIN F. CRANE  
FRANCIS F. RANDOLPH, JR.  
JOHN F. HUNT  
GEORGE J. GILLESPIE, III  
RICHARD S. SIMMONS  
WAYNE E. CHAPMAN  
THOMAS D. BARR  
MELVIN L. BEDRICK

GEORGE T. LOWY  
ROBERT ROSENMAN  
JAMES H. DUFFY  
ALAN J. HRUSKA  
JOHN E. YOUNG  
JAMES M. EDWARDS  
DAVID G. ORMSBY  
DAVID L. SCHWARTZ  
RICHARD J. HIEGEL  
FREDERICK A. O. SCHWARZ, JR.  
CHRISTINE BESHAR  
ROBERT S. RIFKIND  
DAVID O. BROWNWOOD  
PAUL M. DODYK  
RICHARD M. ALLEN  
THOMAS R. BROME  
ROBERT D. JOFFE  
ROBERT F. MULLEN  
ALLEN FINKELSON  
RONALD S. ROLFE  
JOSEPH R. SAKID  
PAUL C. SAUNDERS  
MARTIN L. SENZEL

COUNSEL  
ROSSELL L. GILPATRICK  
CARLYLE E. MAW

L. R. BRESLIN, JR.  
GEORGE B. TURNER  
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HAROLD R. MEDINA, JR.  
CHARLES R. LINTON

4, PLACE DE LA CONCORDE  
75008 PARIS, FRANCE  
TELEPHONE: 265-81-54  
TELEX: 290530

33 THROMORTON STREET  
LONDON, EC2N 2BR, ENGLAND  
TELEPHONE 01-806-1421  
TELEX: 8914901

CABLE ADDRESSES  
CRAVATH, N. Y.  
CRAVATH, PARIS  
CRAVATH, LONDON E. C. 2

The names and addresses of the parties to the  
aforementioned agreements are:

Trustee-Vendee-Lessor:

First Pennsylvania Bank N.A.,  
1500 Chestnut Street,  
Philadelphia, Pennsylvania 19104.

Builder-Vendor:

Shenandoah Virginia Corporation,  
8 North Jefferson Street,  
Roanoke, Virginia 24042.

Lessee:

Consolidated Rail Corporation,  
1310 Six Penn Center Plaza,  
Philadelphia, Pennsylvania 19104.

Agent-Assignee-Vendor:

Continental Illinois National Bank and  
Trust Company of Chicago,  
231 South LaSalle Street,  
Chicago, Illinois 60693.

Please file and record the documents referred to  
in this letter and cross-index them under the names of the  
Trustee-Vendee-Lessor, Builder-Vendor, Lessee and Agent-Assignee-  
Vendor.

The equipment covered by the aforementioned  
documents consists of 332 100-ton open top hopper cars bearing  
identifying numbers CR 486969 to CR 487300, both inclusive.

Enclosed is a check for \$100 payable to the  
Interstate Commerce Commission, representing the fee for  
recording the Conditional Sale Agreement and related  
Agreement and Assignment (together constituting one document)  
and the Lease of Railroad Equipment, and related Assignment  
of Lease and Agreement (together constituting one document).

Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,



David C. Spialter  
As Agent for Consolidated  
Rail Corporation

Robert L. Oswald, Esq.,  
Secretary,  
Interstate Commerce Commission,  
Washington, D. C. 20423

Encls.

54A

BY HAND

JUL 10 1978 8 AM

**INTERSTATE COMMERCE COMMISSION**

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 15, 1978 (this "Assignment"), by and between FIRST PENNSYLVANIA BANK N.A., not in its individual capacity but solely as trustee (hereinafter called the "Lessor" or the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with Pocahontas Kentucky Corporation (the "Beneficiary") and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Shenandoah Virginia Corporation (the "Builder"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and Consolidated Rail Corporation (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in the CSA), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to

the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing under the Lease, the Payments shall not be deemed to include payments made by the Lessee to the Vendee or the Beneficiary pursuant to § 16 of the Lease.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA and Paragraph 8 of the Participation Agreement, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire transfer to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor; provided, however, that if an event of default as provided in paragraph (a) of Article 15 of the CSA or event which with the lapse of time and/or demand provided for in the CSA could constitute such an event of default, shall have occurred and be continuing, no portion of any such Payments shall be paid to the Lessor. The Vendor shall notify the Lessor at the address set forth in the Lease (with a copy of such notice to the Beneficiary) if the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease when due; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA.

2. This Assignment is executed only as security

and shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being agreed that notwithstanding this Assignment all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive or in any manner release the Lessee of or from the obligations, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to demand, receive (for application in accordance with Paragraph 1 hereof) and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than those created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or

the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor or the Beneficiary shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the Commonwealth of Pennsylvania, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act. The counterpart of this Assignment delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all Payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Paragraph 10 of the Participation Agreement, or at such other address as the Vendor shall designate.

11. The Vendor agrees with the Lessor that, so long as no event of default under the CSA has occurred and is continuing, the Vendor will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned by the Lessor to the Vendor by this Assignment to the extent they are for the sole benefit of the Lessor and not required to satisfy the obligations of the Lessor under the CSA, without the prior consent of the Lessor.

12. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) so long as there is no event of default under the CSA, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the CSA, this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the CSA or amounts payable under § 16 of the Lease, or empower the Vendor to waive or release the Lessee's obligation to pay the same, and the Lessor shall continue to be empowered to demand, sue for, collect and receive any and all of such excess amounts and amounts payable under § 16 of the Lease, but the Lessor shall not take any action under subparagraph (ii) of § 10 of the Lease without the written consent of the Vendor and (b) each and all of the warranties, representations, undertakings and agreements of the Lessor herein are each and every one of them made and intended not as personal representations, undertakings and agreements by First Pennsylvania Bank N.A., or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilful misconduct or gross negligence, or against the Beneficiary under the Trust Agreement (except under the last paragraph of Section 5.01 thereof) or on account of any representation, undertaking or agreement herein of the Lessor or the Beneficiary, either express or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be

necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

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

FIRST PENNSYLVANIA BANK N.A.,  
as Trustee,

by *J.P. Moran*  
Assistant Vice President

[Seal]

Attest:

*Thomas A. O'Connell*  
Assistant Secretary  
THOMAS A. O'CONNELL

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO,  
as Agent,

by \_\_\_\_\_  
Vice President

[Seal]

Attest:

\_\_\_\_\_  
Trust Officer

COMMONWEALTH OF PENNSYLVANIA, )  
 ) ss.:  
COUNTY OF PHILADELPHIA, )

On this *14th* day of *July* 1978, before me, personally appeared *J.P. Donlan*, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of FIRST PENNSYLVANIA BANK N.A., that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

*Lynn M. Attarian*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission expires LYNN M. ATTARIAN  
Notary Public, Phila., Phila. Co.  
My Commission Expires May 3, 1982

STATE OF ILLINOIS, )  
 ) ss.:  
COUNTY OF COOK, )

On this \_\_\_\_\_ day of \_\_\_\_\_ 1978, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is a Vice President of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission expires

## CONSENT AND AGREEMENT

The undersigned, CONSOLIDATED RAIL CORPORATION (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys (other than payments provided for by § 16 of the Lease to the extent provided in the Lease Assignment) provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to Continental Illinois National Bank and Trust Company of Chicago, as Agent (the "Vendor"), the assignee named in the Lease Assignment, at 231 South La Salle Street, Chicago, Illinois 60693, Attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) in accordance with and subject to the provisions of the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease;

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(5) it will mail or deliver one copy of all notices, statements, documents or schedules given or delivered by it pursuant to the Lease or Lease Assignment to both the Vendor and the Owner (as defined in the Lease).

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

CONSOLIDATED RAIL CORPORATION,  
as Lessee,

by

\_\_\_\_\_  
Vice President

[Corporate Seal]

Attest:

\_\_\_\_\_  
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of May 1978.

CONTINENTAL ILLINOIS NATIONAL BANK,  
AND TRUST COMPNY OF CHICAGO,  
as Agent,

by

\_\_\_\_\_  
Vice President