

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

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WILLIAM B. MARSHALL  
RALPH L. McAFEE  
ROYALL VICTOR  
ALLEN H. MERRILL  
HENRY W. deKOSMIAN  
ALLEN F. MAULSBY  
STEWART 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. QUEEY  
ALAN J. HRUSKA  
JOHN E. YOUNG  
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DAVID G. O'NEIL  
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RICHARD J. HIEGEL  
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CHRISTOPHER J. BROWN  
ROBERT S. RIFKIND  
DAVID O. BROWNWOOD  
PAUL M. DODYK  
RICHARD M. ALLEN  
THOMAS R. BROWN  
ROBERT D. JOFFE  
ROBERT F. MULLEN  
ALLEN FINKELSON  
RONALD S. ROLFE  
JOSEPH R. SAHID  
PAUL C. SAUNDERS  
MARTIN L. SAUNDERS

REC'D  
212 HANOVER 2-3000  
MAY 2 1978 -4 00 PM

INTERNATIONAL TELEX: 620976  
TELETYPE: 710-581-0338  
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CC Washington, D.C.

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INTERSTATE COMMERCE COMMISSION  
May 1, 1978

COUNSEL  
ROSWELL L. GILPATRICK  
CARLYLE E. MAW

GEORGE B. TURNER  
L. R. BRESLIN, JR.  
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75008 PARIS, FRANCE  
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TELEX: 290530

33 THROGMORTON STREET  
LONDON, EC2N 2BR, ENGLAND  
TELEPHONE: 01-606-1421  
TELEX: 8814901

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

0260 - C  
REC'D  
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Consolidated Rail Corporation  
Participation Agreement Dated as of April 3, 1978  
8.50% Conditional Sale Indebtedness

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 April 3, 1978, between United States Trust Company of New York, as trustee, vendee, and General Electric Company, as builder, vendor;

(b) Agreement and Assignment dated as of April 3, 1978, between General Electric Company, as builder, and Mellon Bank, N.A., as agent, assignee;

2(a) Lease of Railroad Equipment dated as of April 3, 1978, between Consolidated Rail Corporation, as lessee, and United States Trust Company of New

*David W. Keller*  
*David W. Keller*

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CERTIFICATION UNIT

York, as trustee, lessor;

(b) Assignment of Lease and Agreement dated as of April 3, 1978, between United States Trust Company of New York, as trustee, lessor, and Mellon Bank, N.A., as agent, vendor.

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

(1) Agent-Vendor-Assignee:

Mellon Bank, N.A.  
Mellon Square  
Pittsburgh, Pennsylvania 15230

(2) Trustee-Vendee-Lessor:

United States Trust Company  
of New York  
130 John Street  
New York, N.Y. 10038

(3) Builder-Vendor:

General Electric Company  
2901 East Lake Road  
Erie, Pennsylvania 16531

(4) Lessee:

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

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

The equipment covered by the aforementioned documents consists of the following:

Forty (40) 2,250 h.p. Model B23-7 diesel-electric locomotives bearing identifying numbers CR1900 through CR1939, both inclusive.

There is also enclosed 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 stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

*Laurance V. Goodrich*

Laurance V. Goodrich  
As Agent for Consolidated  
Rail Corporation

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

Encls.

FF

BY HAND

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REGISTRATION NO. Filed & Recorded

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[CS&M Ref.: 2043-821]

STATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of April 3, 1978 (this "Assignment"), between UNITED STATES TRUST COMPANY OF NEW YORK, acting as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with L.I.M. Associates, a Connecticut limited partnership (the "Beneficiary") in which J. P. Morgan Interfunding Corp. and General Electric Credit Corporation are, respectively, the limited partner and the general partner (the "Partners"), and MELLON BANK, N.A., as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with General Electric Company (the "Builder"), providing for the sale to the Lessor of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Lessor 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") which provides for the leasing by the Lessor to the Lessee of the Units;

WHEREAS, in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor and the Investors (as defined in the Participation Agreement) for whom the Vendor is acting to invest in the CSA Indebtedness (as defined in the CSA), the Lessor has agreed to assign for security purposes certain of its rights in, to and under the Lease to the Vendor; and

WHEREAS the Builder is willing to guarantee certain obligations of the Lessee under the Lease and of the Lessor under the CSA pursuant to a Guaranty Agreement (the "Guaranty Agreement") dated as of the date hereof;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned, 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 under the the CSA, all the Lessor's rights, titles and interests, powers, privileges, and other benefits in, to and 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, modifications 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 or with respect to the Lease; provided, however, that the Lessor does not assign its right to receive the amounts payable by the Lessee as indemnification pursuant to § 6 or 16 of the Lease, except to the extent such indemnification under such § 6 is required to be paid to the Builder or the Vendor pursuant to Article 6 of the CSA, and such amounts shall be excluded from the meaning of the term "Payments"; provided, further, however, that the Vendor shall not at any time without the prior written consent of the Lessor waive or consent to any modification or amendment of, or give any release in respect of, any obligation of the Lessee (i) under § 5, 6, 7, 9, 12, 14, 16 or 17 of the Lease or (ii) to make payments under the Lease other than payments of such amount or amounts as are applicable pursuant to the terms of the CSA and this Assignment to the satisfaction of the obligations of the Lessor under the CSA. 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 attorney for the Lessor 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.

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 first, to satisfy the obligations of the Lessor under the CSA, and second, 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 to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; 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. The assignment made by the Lessor hereunder is executed only as security and, therefore, the execution and delivery of this Assignment by the Lessor 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 or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor. The Lessor shall appear in and defend every action in connection with its obligations or duties under the Lease at its sole cost.

3. The Lessor represents and warrants to the Vendor that the Lessor has not entered into any assignment of its interests in the Lease other than this Assignment, has not entered into any amendment or modification of the Lease and has not created or incurred or suffered to exist with respect to the Lease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Lessor.

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

4. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is 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, excuse, con-

done, forgive or in any manner release or discharge the Lessee of or from the obligations, covenants, conditions and agreements to be performed by the Lessee thereunder, 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.

5. The Lessor does hereby constitute the Vendor its true and lawful attorney, irrevocably, with full power (in the name of the Lessor or otherwise) to ask, require, demand, receive, compound 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.

6. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, the Lessor's assignment hereunder of its rights in, to and under the Lease shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

7. 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 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 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.

8. 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 the interest of the Vendor hereunder.

9. 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 subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

10. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing or deposit hereof, if any, as shall be conferred by the laws of the several jurisdictions in which this Assignment shall be filed or deposited.

11. The Lessor shall cause copies of all notices and other documents 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 Article 20 of the CSA, or at such other address as the Vendor shall designate in writing.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, 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 and transferred by the Lessor to the Vendor by this Assignment and which are for the sole benefit of the Lessor, without the prior written consent of the Lessor.

13. Anything in this Assignment to the contrary

notwithstanding, each and all of the representations, undertakings and agreements in this Assignment made on the part of the Lessor are made and intended not as personal representations, undertakings and agreements by United States Trust Company of New York or for the purpose or with the intention of binding it personally but are made and intended for the purpose of binding only the Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said trust company solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or responsibility is assumed by or shall at any time be enforceable against the said trust company or the Beneficiary or the Partners on account of any representation, undertaking or agreement of the Lessor or the Beneficiary or the Partners hereunder, either expressed or implied, all such personal liability, if any, being expressly waived 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 the Vendor, making claim hereunder, may look to said Estate for the satisfaction of the same.

14. The parties hereto acknowledge that the Guaranty Agreement contains certain provisions regarding the consent of the Builder as Guarantor thereunder in the event of any modification of this Assignment or any waiver of any of its provisions or conditions which would either individually or cumulatively have a material adverse effect upon the Guarantor thereunder.

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.

UNITED STATES TRUST COMPANY  
OF NEW YORK, as Trustee,

by

*[Signature]*  
Assistant Vice President

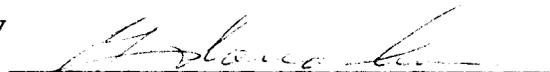
[Corporate Seal]

Attest:

*[Signature]*  
Assistant Secretary

MELLON BANK, N.A., as Agent,

by

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

[Corporate Seal]

Attest:

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



## 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 provided for in the Lease other than amounts not assigned by the Lessor as provided in Paragraph 1 of the Lease Assignment (which moneys, other than such unassigned amounts, are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mellon Bank, N.A., as Agent (the "Vendor"), the assignee named in the Lease Assignment, at Mellon Square, Pittsburgh, Pennsylvania 15230, Attention of Corporate Trust Division (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counter-claims of the Lessee against the Lessor under the Lease or under the CSA referred to in the Lease Assignment, or against the Builder (as defined in the Lease Assignment) or the Vendor or otherwise;

(3) 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;

(4) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(5) the Lease shall not, without the prior written consent of the Vendor (and the Lessor in the cases

specified in Section 1 of the Lease Assignment), be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto 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.

The parties hereto acknowledge that the Guaranty Agreement referred to in the Lease Assignment contains certain provisions regarding the consent of the Builder as Guarantor thereunder in the event of any modification of this Consent and Agreement or any waiver of any of its provisions or conditions which would either individually or cumulatively have a material adverse effect upon the Guarantor thereunder.

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 State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

CONSOLIDATED RAIL CORPORATION,  
as Lessee,

by



Vice President & Treasurer

[Corporate Seal]

Attest:

  
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 3rd day of April 1978.

MELLON BANK, N.A., as Agent,

by

  
Vice President

**Interstate Commerce Commission**  
Washington, D.C. 20423

5/2/78

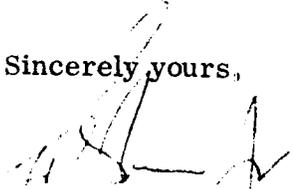
OFFICE OF THE SECRETARY

Laurance V. Goodrich  
Cravath, Swaine & Moore  
One Chase Manhattan Plaza  
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **5/2/78** at **4:00pm** and assigned recordation number(s) **9360, 9360-A, 9360-B & 9360-C**

Sincerely yours,



H.G. Homme, Jr.  
Acting Secretary

Enclosure(s)

SE-30-T  
(6/77)