

CONRAIL



RECORDATION NO. 10375-A Filed 1425

AUG 3 1979 - 1 00 PM

INTERSTATE COMMERCE COMMISSION

9-215A056
Date **AUG 3 1979**
Fee \$ 10.00
CC Washington, D.C.

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Room 2215
12th & Constitution Avenue
Washington, D. C. 20423

Dear Ms. Mergenovich:

Pursuant to 49 USC §11303 and as provided by Volume 49 Code of Federal Regulations Sections 1116.1 through 1116.4, the following document was filed on May 16, 1979 and stamped with Recordation No. 10375.

Agreement and Lease, dated as of April 16, 1979.

Lessor: Melcorp Leasing, Inc.
Suite 3629
Mellon Bank Building
Pittsburgh, Pennsylvania 15219

Lessee: Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

We are currently presenting an Amendment to the above document to be filed as part of the original document pursuant to 49 USC §11303.

Enclosed is our check for \$10 to cover the recordation fee. After recording a counterpart original of this document, please return the remaining copies, stamped with your recordation number to the individual presenting them for recordation.

Thank you for your assistance.

Very truly yours,

Joseph T. Rowan
Assistant General Counsel
Tax and Finance

RECEIVED
AUG 3 12 57 PM '79
I.C.C.
FEE OPERATION BR.

JTR:ld
Enclosures
1138 Six Penn Center Plaza, Philadelphia, PA 19104
CONSOLIDATED RAIL CORPORATION

John J. Hillier
John J. Hillier

Interstate Commerce Commission
Washington, D.C. 20423

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8/3/79

OFFICE OF THE SECRETARY

Joseph T. Rowan
Assistant Gen. Counsel
Conrail Corp.

Six Penn Center Plaza
Phila, Pa. 19104

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/3/79 at 1:00pm, and assigned re-
recording number(s). 10375-A & 10427-A

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

FIRST AMENDMENT TO
AGREEMENT AND LEASE

RECORDATION NO. 10375-A
Filed 1425
AUG 3 1979 - 1 00 PM
INTERSTATE COMMERCE COMMISSION

ENTERED INTO as of July 15, 1979 between MELCORP LEASING, INC., a Pennsylvania corporation ("Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation ("Lessee"),

WITNESSETH THAT:

WHEREAS, Lessor and Lessee have heretofore entered into the Agreement and Lease dated as of April 16, 1979 (the "Original Agreement"), pursuant to which Lessor agreed to purchase and lease to Lessee the personal property described in the Lease Schedule attached thereto; and

WHEREAS, Lessee has requested that Lessor purchase and lease to Lessee the personal property described in Lease Schedule II (attached hereto) or other personal property of like nature which may be leased pursuant to the Original Agreement as amended hereby, and Lessor is willing to do so upon the terms and subject to the conditions hereinafter set forth;

NOW THEREFORE, the parties hereto, in consideration of the premises and intending to be legally bound hereby, agree as follows:

Section 1. Certain Definitions. The following words and terms, as used in this Amendment, shall have the following meanings, respectively, unless the context hereof clearly otherwise requires:

"Amendment" shall mean this First Amendment to Agreement and Lease and shall include Lease Schedule II. Each reference herein to "this Amendment", "herein", "hereunder", "hereof" or other like words shall include this Amendment, Lease Schedule II and any annex, exhibit or schedule attached hereto or thereto.

"Lease Schedule II" shall mean the Lease Schedule II executed and delivered by Lessor and Lessee as of the date hereof, attached hereto and hereby incorporated herein and in the Agreement.

Any word or term defined in the Original Agreement and not in this Section 1 shall have the meaning ascribed to it in the Original Agreement.

Section 2. Amendment of Certain Defined Terms in Original Agreement. The following words and terms, as used in the Original Agreement, are hereby amended to read as follows:

"Lease Schedule" shall mean Lease Schedule II (as defined in the First Amendment to Agreement and Lease dated as of July 15, 1979 between Lessor and Lessee).

Section 3. Amendment of Original Agreement. The Original Agreement is hereby amended by deleting the Lease Schedule attached thereto and substituting therefor Lease Schedule II.

Section 4. Conditions to Lessor's Obligations. Lessor's duties and obligations under the Agreement and this Amendment are subject to the fulfillment of the condition precedent, in form, substance and manner satisfactory to Lessor and its counsel, that prior to or on the date of the execution and delivery of this Amendment (the "Amendment Closing Date"), Lessee shall have furnished to Lessor:

(a) A copy of the resolutions of the Board of Directors (and if applicable the shareholders) of Lessee, certified as of the Amendment Closing Date by the Secretary or an Assistant Secretary of Lessee, duly authorizing the lease of the Equipment under the Agreement and the execution, delivery and performance of the Agreement and this Amendment.

(b) A certificate of the Secretary or an Assistant Secretary of Lessee dated the Amendment Closing Date as to the incumbency and signatures of the person or persons authorized to execute the Agreement, this Amendment and the other documents contemplated hereby or thereby on behalf of Lessee.

(c) An opinion of counsel for Lessee dated the Amendment Closing Date as to the matters set forth in Section 5.2 of the Agreement other than subparagraph (e) thereof and as to such other matters as Lessor may reasonably request.

(d) A certificate dated the Amendment Closing Date signed by its chief engineer stating that the Term (including the Interim Term and the Base Term) will not exceed 80% of the useful economic life of the Equipment listed in Annex 1 to Lease Schedule II and that such Equipment will have an expected residual value at the end of the Term of at least 20% of Lessor's Cost, disregarding inflation or deflation.

Section 5. Amendment of Procedures for Acceptance of Units. Section 3.2 of the Original Agreement is hereby amended to read in its entirety as follows:

3.2 Certificate of Acceptance. On or before the 15th day of each month following a month during which Lessee accepts Units pursuant to Section 3.1 hereof, Lessee shall complete, execute and deliver to Lessor a Certificate of Acceptance with respect to each Unit so accepted, and in conjunction shall take such other action as may be necessary to fulfill the applicable conditions specified in Article VI hereof.

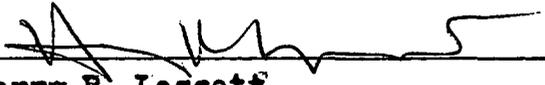
Section 6. Amendment of Conditions to Lessor's Obligations. Section 6.3 of the Original Agreement is hereby amended by redesignating subparagraph (h) thereof as subparagraph (i) and by inserting after the end of subparagraph (g) thereof a new subparagraph as follows:

(h) A certificate signed by its chief engineer stating that the Term (including the Interim Term and the Base Term) will not exceed 80% of the useful life of such Unit and that such Unit will have an expected residual value at the end of the Term of at least 20% of Lessor's Cost, disregarding inflation or deflation.

Section 7. Miscellaneous. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania. This Amendment constitutes as of the date hereof the only amendment to the Original Agreement. Lessor and Lessee confirm that the Original Agreement, as amended by this Amendment, remains in full force and effect on the date hereof.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.

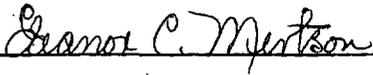
MELCORP LEASING, INC.
Lessor

By 

Title Harry R. Leggett
President

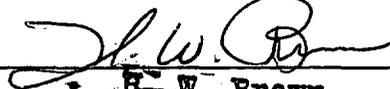
Address: 3629 Mellon Bank Building
Pittsburgh, Pennsylvania 15219

Attest:



[CORPORATE SEAL]

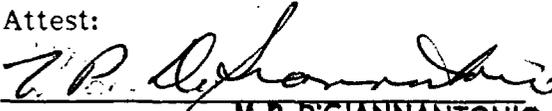
CONSOLIDATED RAIL CORPORATION
Lessee

By 

Title H. W. Brown
Asst. Treas. Fin. & Colls.

Address: 1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19104

Attest:


V. P. DIGIANNANTONIO

[CORPORATE SEAL] ASSISTANT SECRETARY

LEASE SCHEDULE II
to
AGREEMENT AND LEASE
dated as of April 16, 1979
as amended by
FIRST AMENDMENT TO
AGREEMENT AND LEASE
dated as of July 15, 1979
MELCORP LEASING, INC., Lessor
and CONSOLIDATED RAIL CORPORATION, Lessee

1. Description of Equipment: See Annex 1 hereto; provided, however, that items of personal property not shown on Annex 1 but of like nature to the items of personal property shown thereon may be leased hereunder, subject to the prior approval of Melcorp, to compliance with the other provisions of this Lease Schedule II (including paragraph 5) and to the satisfaction of the conditions set forth in Section 6.3 of the Agreement with respect to such items.
2. Location of Equipment: Tracks or other premises owned by Lessee or public highways within the Lessee's Service Area.
3. Final Delivery Date: December 31, 1979
4. Term:
 - a. Interim Term. From the first day of the first month following the month in which delivery of a Unit is accepted by Lessee as set forth in Attachment 1 to the Certificate of Acceptance with respect to such Unit executed and delivered by the parties until the commencement of the Base Term with respect to the Unit.
 - b. Base Term. A period of 84 months beginning January 1, 1980.
5. Lessor's Cost: Not to exceed \$7,500,000 in the aggregate.
6. Rent:
 - a. Interim Rent. On the Interim Rental Payment Date, Lessee shall pay to Lessor by wire transfer Interim Rent with respect to each Unit determined as follows:

$$C \times \frac{1.2 \times P}{360} \times D$$

As used in this formula, "C" means the Lessor's Cost of the Unit; "D" means the number of days in the Interim Term of the Unit, and "P" means the average during the Interim Term of the prime rate of interest per annum (expressed as a decimal) announced from time to time by Mellon Bank, N.A. at its principal office in Pittsburgh, Pennsylvania for new 90-day loans to commercial borrowers of substantial size and high credit standing.

b. Basic Rent. On the first Basic Rental Payment Date and on each of the 27 succeeding Basic Rental Payment Dates Lessee shall pay to Lessor by wire transfer Basic Rent equal to 4.1122% of the Lessor's Cost of the Unit. Each installment of Basic Rent shall be for the quarter immediately preceding the Basic Rental Payment Date on which such installment is due and payable.

7. Rental Payment Dates:

a. Interim Rental Payment Date: The first day of the Base Term.

b. Basic Rental Payment Dates: The ninetieth day of the Base Term and the last day of each succeeding quarter during the Base Term.

8. Bases for Computation of ITC and Depreciation Deductions:

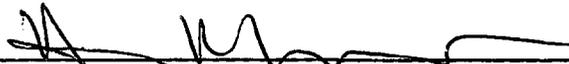
a. ITC. 10% of Lessor's Cost of each Unit available to Lessor in the calendar year in which Lessee and Lessor accept the Unit pursuant to Section 3.1 of the Agreement.

b. Depreciation Deduction. Double declining balance switching to straight-line over a "Useful Life" of 7 years. Salvage value 20% of Lessor's Cost, 10% ignored per Section 167(f) of the Code.

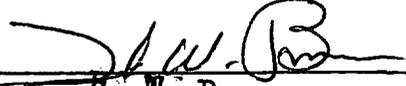
9. Stipulated Loss Value. See Annex 2 to this Lease Schedule.

APPROVED AND AGREED TO as of the 15th day of July, 1979 as the Lease Schedule to and forming a part of the above-described Agreement and Lease.

MELCORP LEASING, INC.
Lessor

By 
Title Harry R. Leggett
President

CONSOLIDATED RAIL CORPORATION
Lessee

By 
Title H. W. Brown
Asst. Treas. Fin. & Colls.

CONSOLIDATED RAIL CORPORATION

ROADWAY MACHINERY & WORK EQUIPMENT
MELCORP LEASING FINANCING - 1979

<u>MW No.</u>	<u>Useful Life (Years)</u>	<u>Quantity</u>	<u>Description</u>	<u>Estimated Cost</u>	
				<u>Per Unit</u>	<u>Total</u>
<u>Production Gang Equipment</u>					
MW 463	9	8	Auto Spikers	\$ 51,000	\$ 408,000
467	9	20	Track Wrench	5,300	106,000
470	9	10	Dual Spike Guns	10,000	100,000
472	9	1	Abrasive Saw (26")	15,000	15,000
474	9	4	Anchor Machines	15,000	60,000
475	9	2	Rail Heaters	17,000	34,000
476	9	4	Tie Sprayers	3,500	14,000
	Subtotal	49			\$ 737,000
<u>Track Maintenance Gang Equipment</u>					
MW 440*	9	145	Air Compressors	10,000	\$1,450,000
442	9	12	On-Track Cranes (12-1/2 ton)	188,000	2,256,000
446	9	3	Speed Swings	100,000	300,000
448	9	4	Brush Cutters (off track)	50,000	200,000
457	9	3	Hi-Rail Dump Trucks	56,000	168,000
450	9	3	Jet Snow Blowers	80,000	240,000
453	9	30	Grinders (P 22)	3,200	96,000
455	9	22	Hydraulic Rail Pullers	4,700	103,400
	Subtotal	222			\$4,813,400
MW 481*	9	11	Backhoes w/trailer)	29,000	\$ 319,000
482*	9	10	Backhoes 1-1/2 cu. yd.)	24,620	246,200
484	9	3	Front End Loaders (with snow fighting equipment)	168,300	504,900
483	9	35	Backhoes 1 yd.	22,600	791,000
	Subtotal	59			\$1,861,100
	TOTAL	330			\$7,411,500

Unit costs subject to adjustment upon placement of purchase orders.

* Requires licensing

MELCORP LEASING, INC.

"STIPULATED LOSS VALUES" OF ANY UNIT OF THE EQUIPMENT AS OF ANY PARTICULAR DATE SHALL MEAN THE PRODUCT DERIVED FROM MULTIPLYING (1) THE PERCENTAGE FIGURE OPPOSITE THE NOTATION FOR THE APPROPRIATE TIME PERIOD AS SET FORTH IN THE TABLE BELOW BY (2) THE PURCHASE PRICE OF SUCH UNIT.

CONRAIL

<u>Rental Payment Number</u>	<u>% of Price</u>
1	99.6305%
2	99.1257
3	98.4856
4	97.7103
5	96.7996
6	95.7537
7	94.5725
8	93.2561
9	91.8043
10	90.2173
11	88.4950
12	86.6374
13	78.4718
14	76.3436
15	74.0802
16	71.6815
17	69.1476
18	66.4783
19	63.6738
20	60.7340
21	51.4861
22	48.2758
23	44.9301
24	41.4492
25	37.8331
26	34.0816
27	30.1949
28	20.0000