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SEP 27 1976
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ICC Washington, D. C.

CONSOLIDATED RAIL CORPORATION

SIX PENN CENTER PLAZA
PHILADELPHIA, PENNSYLVANIA 19104

September 27, 1976

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

RECORDATION NO. 8494 Filed & Recorded

SEP 27 1976 1 10 PM

INTERSTATE COMMERCE COMMISSION

Subject: Lease of Four Locomotives
from General Electric Company

Dear Sir:

Will you please record as provided in Section 20c of the Interstate Commerce Act, Lease of Railroad equipment dated as of September 15, 1976, between General Electric Company and Consolidated Rail Corporation. Four counter-part originals of the Lease are enclosed with this letter of transmittal, together with a check in the amount of \$50.00.

The information required for such recordation by order of the Interstate Commerce Commission is as follows:

1116.4(b) - The names and addresses of the parties to the transaction:

RECEIVED
SEP 27 1 03 PM '76
I. C. C.
FREE OPERATION BR.

Lessor: General Electric Company
2901 East Lake Road
Erie, Pennsylvania 16531

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

1116.4(c) - General description of the equipment:

<u>Type of Unit</u>	<u>A.A.R. Mechanical Designation</u>	<u>No. of Units</u>	<u>Marked</u>	<u>Numbered</u>
U36B 3600 H.P. Diesel Locomotives	B-B	4	Conrail*	2971-2974 both inclusive

*The units will bear the following legend: "General Electric Company, Owner and Lessor"

Honorable Robert L. Oswald
September 27, 1976
Page Two

1116.4(d) - The Lease has not been previously recorded with the Commission.

1116.4(e) - Two counterpart originals of the Agreement being recorded should be returned to the undersigned at 1138 Six Penn Center Plaza, Philadelphia, Pennsylvania, 19014, in the hands of the messenger presenting this.

Very truly yours,

A handwritten signature in cursive script, appearing to read "David A. Walker". The signature is written in dark ink and is positioned above the printed name.

David A. Walker
Assistant Corporate Counsel

DAW:smg
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

9/27/76

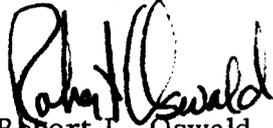
OFFICE OF THE SECRETARY

Mr. David A. Walker
Assistant Corporate Counsel
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia Pennsylvania 19104

Dear

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 **9/27/76** at **1:10pm** and assigned recordation number(s) **8494**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

0494
RECORDATION NO. Filed & Recorded
SEP 27 1976 -1 20 PM
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

FROM

GENERAL ELECTRIC COMPANY
LESSOR

TO

CONSOLIDATED RAIL CORPORATION
LESSEE

4 U36B DIESEL-ELECTRIC LOCOMOTIVES

LEASE OF RAILROAD EQUIPMENT dated as of September 15, 1976 between CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation (hereinafter called the "Lessee"), and GENERAL ELECTRIC COMPANY, a New York Corporation, (hereinafter called the "Lessor").

WHEREAS, the Lessor has available for lease, four (4) U36B - 3600 HP Diesel-Electric Locomotives described in Schedule A hereto (hereinafter called the "Equipment"); and

WHEREAS, the Lessee desires to lease such number of units of the Equipment at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions:

1. Delivery

The Lessor will deliver the Units of Equipment to the Lessee f.o.t. Erie, Pa. On delivery of each Unit of Equipment by the Lessor, the Lessee will execute a Certificate of Acceptance in the form attached hereto as Schedule B and, subject to the provisions of Sections 8 and 12 hereof, will assume the responsibility and risk of loss with respect to such unit so delivered whereupon such Unit shall be subject thereafter to all the terms and conditions of this Lease.

2. Amount and Date of Payment

The Lessee agrees to pay to the Lessor, as rental for each unit subject to this Lease, a daily rental, calculated on the basis of a 360 day year, at the rate of \$300 per day. Rental for each Unit shall commence on the day of acceptance of each unit in accordance with Section 1 hereof. Rental payments shall be made in arrears on the first of each month starting with the first of the month following acceptance of each unit in accordance with Section 1 hereof of each unit of Equipment.

If any first of the month, on which a payment is due, is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York or Philadelphia are authorized or obligated to remain closed.

All installments of rent shall be paid by Lessee to Lessor at 2901 East Lake Road, Erie, Pa., 16531, or at such other place as may mutually be agreed on from time to time by the parties in writing.

Anything to the contrary notwithstanding, it is agreed that if any amounts remain unpaid after the same shall have become due and payable pursuant to the terms of this Lease, the Lessee shall pay interest at the rate of 10% per annum (or the lawful rate, whichever is less) on the overdue rentals for the period of time which they are overdue, it being expressly understood that this provision shall be in addition to (and not in derogation of) any other rights which Lessor may have under this agreement in the event Lessee fails to make all payments when due and payable.

3. Term of Lease

The term of this Lease as to each Unit shall begin on the date of acceptance of each unit in accordance with Section 1 hereof by the Lessee, f.o.t. Erie, Pa. and, subject to the provisions of sections 8, 13 and 14 hereof, shall continue until May 31, 1977.

3A. Extended Term

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee has the option of extending this lease on a month-to-month basis by notifying the Lessor in writing not less than sixty (60) days prior to the expiration of the original term or any extended monthly term of this Lease with respect to any of the Units. There is a maximum of eight (8) monthly extensions on the original term.

4. Conversion Option

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may at any time during the term of this Lease convert this Lease to a long-term Lease, to a sale/purchase agreement, or purchase any or all units of the Equipment.

Lessor agrees for the purpose of such conversion or purchase to a value per unit of Equipment of \$418,800 which value includes all modifications agreed upon by Lessor and Lessee prior to the execution of this Lease. Lessor further agrees that Lessee shall be entitled to select another source for financing the long term lease or the sale/purchase agreement, but that if Lessor is the financing agent for the long term lease, lease financing shall be 2% above the prime rate at the time of conversion. Prime rate for the purpose of this section shall be the rate charged by Citibank on 90-day loans to Commercial borrowers with the highest credit ratings.

Upon conversion to a long term Lease, sale/purchase agreement or a purchase by Lessee, Lessor shall refund to Lessee \$142 per unit per day for each day such unit was subject to the terms of this short-term lease.

5. Identification Marks

Upon or before the delivery to the Lessee of each of the Locomotives, the Lessor shall cause to be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of such Unit, a metal plate or stencilling bearing the name of the Lessor, followed by the words "Owner and Lessor" or other appropriate words designated by the Lessor, or such words shall be otherwise plainly, distinctly and conspicuously marked on each side of such Unit, in either case in letters not less than one inch in height. In case, during the continuance of this Lease, any such plate or mark shall at any time be removed, defaced or destroyed on any Unit, the Lessee shall immediately cause the same to be restored or replaced. The Lessee shall not allow the name of any person, association or corporation to be placed on any of the Locomotives as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than the Lessor; but the Locomotives may be lettered with the names or initials or other insignia customarily used by the Lessee on its equipment of the same or a similar type for convenience of identification of the rights to use and operate the Equipment under this Lease.

6. Numbering

On or prior to the time of delivery of each Unit to the Lessee, the Lessee will cause to be assigned and placed on each Unit an identifying number, as set forth in Section A annexed hereto. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii)

the Lessee shall have furnished the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor in such Units; provided, however, that Lessee may place additional markings or numbers on the Units for operating convenience.

7. Taxes and Liens

- a) The Lessee agrees that, during the continuance of this Lease, it will promptly pay, as additional rentals, all taxes, assessments and other governmental charges levied or assessed against the Lessor, any assignee, or any subsequent assignee, as the case may be, on account of its ownership of the Equipment, or on account of the use or operation thereof, or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the rentals herein provided), including any sales or similar taxes payable on account of the leasing of the Equipment hereunder; but the Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof, unless thereby, in the judgment of the Lessor, the rights or interests of the Lessor will be materially endangered. In the event any tax reports are required to be made on the basis of individual Units, the Lessee will either make such reports in such manner as to show the ownership of such Units by the Lessor or will notify the Lessor of such requirement and will make such report in such manner as shall be satisfactory to the Lessor.
- b) The Lessee will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim against the Lessee which, if unpaid, might become a lien or charge upon or against the title of the Lessor to any of the Units or which might have the effect of

altering in any way the rights of the Lessor in such Units under this Lease; but the Lessee shall not be required to pay or discharge any such debt, tax charge, assessment, or obligation or claim so long as the validity or amount thereof shall be contested in good faith and by appropriate legal or administrative proceedings, unless such contest will, in the judgment of the Lessor, materially endanger the rights of interests of the Lessor.

8. Responsibility for Equipment

- a) The Lessee agrees that, during the continuance of this Lease, it will, at its own cost and expense, maintain and keep all of the Equipment in good order and repair, applying thereto the same standards and procedures, and to the same proportionate degree, for maintenance, repair, replacement of parts and rebuilding, as the Lessee normally applies in respect to equipment of comparable type, age and usage that are owned or otherwise leased by Lessee, it being understood that any replacement components, and parts thereof, shall be in accordance with Lessor's specifications therefor, and it being further understood that Lessee will make such reasonable changes in the aforesaid standards and procedures as may be recommended from time to time by the Lessor. The Lessor shall at all times have the right at its own risk and expense to inspect the Equipment, but shall be under no obligation to inspect them, and the Lessee's obligation to keep all the Equipment in good repair shall not be affected in any manner by the failure of Lessor to inspect the Equipment. Except for alterations or changes required by law or regulatory authorities, the Lessee shall not effect any change in the design, construction or specifications of the Equipment, body or electrical equipment, or components thereof, without the prior authority and approval of the Lessor.

- b) In the event any Unit shall become lost, or worn out, destroyed or damaged beyond repair during the term of this Lease, the Lessee shall give prompt notice thereof to the Lessor and on the first day thereafter upon which rental is required to be paid in respect of the Unit pursuant to Section 2 hereof, the Lessee shall pay such rent in full to Lessor for such period. In addition to such rent, the Lessee shall at that time pay the Lessor damages, in lieu of any further claim of the Lessor for rent on account of such Unit, \$418,800 less accumulated depreciation calculated on a straight line basis at 5% per annum.
- c) In the event any Unit shall, during the term of this Lease, or any extension thereof, be partly destroyed or partly damaged, the Lessee shall elect whether to repair and rebuild such Unit or whether to regard such Unit as damaged or destroyed beyond the point where repairs are economically desirable. If the Lessee determines to repair such Unit, it shall, at its own expense, restore the Unit to good operating condition, and the standards set forth in paragraph (a) hereof shall apply. It is expressly understood that during the period while such repairs are being effected, Lessee's obligation to pay the full rent, as provided in Section 2 of this agreement, shall continue. The Lessor shall at all times have the right, at its own risk and expense to inspect such Unit, but shall be under no obligation to inspect it, and the Lessee's obligation to restore the Unit to good operating condition shall not be affected in any manner by the failure of the Lessor to inspect the Unit. If the Lessee elects to regard the Unit as destroyed or damaged beyond the point of economic repair, the Unit shall be regarded as destroyed or damaged beyond repair and the terms of paragraph (b) hereof shall apply to such Unit.

- d) Any and all parts installed or replacements made by the Lessee upon any Unit pursuant to either paragraph (a) or paragraph (c) of this Section, or otherwise, shall be considered accessions to such Unit, and title thereto shall immediately be vested in the Lessor, without cost or expense to the Lessor, except that this shall not apply to communications equipment permitting contact with wayside stations, cabooses or other trains or to cab signal or speed control equipment.
- e) In the event any Unit shall become worn out, destroyed or damaged beyond repair, as provided in paragraph (b) hereof, or in the event that the Lessee shall elect to regard any Unit partly destroyed or damaged as destroyed or damaged beyond repair, in accordance with paragraph (c) hereof Lessee, upon payment to the Lessor of the amount specified in paragraph (b) hereof; shall acquire title to such Unit, it being understood, however, that Lessee shall not subsequently undertake to repair or use such Unit as an operating locomotive, nor shall any parts or components salvaged from such Unit be utilized except as locomotive replacement parts or on applications other than locomotive applications.
- f) It is expressly understood that, except as provided in Section 12 hereof, the Lessee shall bear the entire risk of loss or damage, whether in whole or in part, to the Equipment from any cause whatsoever, after the acceptance of delivery thereof by the Lessee, and, except as specifically provided in paragraphs (b) and (c) of this Section, such loss or destruction shall not relieve Lessee from any of its obligations during the term of this Lease. With respect to any Unit which shall become lost, or worn out, destroyed or damaged beyond repair, or any Unit partly destroyed or damaged which Lessee shall elect to regard as destroyed or damaged beyond repair, when Lessee has made all the payments required in this Section with respect to such Unit, and has also performed its obligation as set forth in paragraph (e) hereof, then such Unit shall no longer be covered by this Lease.

9. Annual Report

In the event that Lessee converts this agreement to a long-term lease, the Lessee will furnish to the Lessor before April 1st of each year, an accurate statement, signed by a Vice President, Chief Mechanical Officer, or an Assistant Chief Mechanical Officer, of the Lessee, stating as of December 31 of the preceding year, (a) the locomotive Road numbers of the Equipment then subject to this Lease, (b) the locomotive Road Numbers of all Equipment that have become lost, or worn out, destroyed or damaged beyond repair since the date of the previous report (or since the date hereof in the case of the first such report), (c) the locomotive Road Numbers of all Equipment partly destroyed or damaged which Lessee has elected to regard as damaged or destroyed beyond repair, in accordance with Section 10 (c) hereof, since the date of the previous report (or since the date hereof in the case of the first such report), (d) the locomotive Road Numbers of all serviceable Equipment (e) the locomotive Road Numbers of all Equipment being repaired or awaiting repairs, and (f) that the metal plates affixed to or the letters marked upon the Equipment as required by Section 5 hereof have remained and presently are affixed to or marked on each side of each Locomotive. The Lessor shall have the right, by its agents, to inspect, at any time after reasonable notice, the Lessee's records with respect to the Equipment.

10. Compliance with Laws and Rules

The Lessee agrees to comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment.

In the event such laws or rules require the alteration of the Equipment, the Lessee will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that the Lessee may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor as owner hereunder.

11. Indemnification

The Lessee hereby agrees to indemnify, reimburse, and hold the Lessor harmless from any and all claims, demands, suits, judgments or causes of action for, or on account of, injury to, or death of, persons or for loss or damage to property which may result in any way from, or grow in any manner out of the presence, use, inspection, repair, maintenance or operation of the Equipment under this Lease, whether due in whole in part to the negligence of Lessor, Lessee, or otherwise; provided, however, that the foregoing shall not apply in the event of injury to, or the death of, any officer or employee of Lessor occurring on the premises of Lessee and while such officer or employee is performing inspection or other work in connection with the Equipment, whether due in whole or in part to the negligence of Lessee, and in any such event Lessor shall indemnify and hold Lessee harmless from any liability or expense in respect of any claim arising out of injury to, or death of, any such officer or employee of Lessor.

12. Representations and Responsibility of Lessor

The Lessor warrants to the Lessee that each locomotive furnished by it hereunder will be free from defects in material, workmanship and title under normal use and service, and will be of the kind and quality designated or described in the proposal. The foregoing warranty is exclusive and in lieu of all other warranties, whether written, oral, implied or statutory (except as to title). NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR PURPOSE SHALL APPLY.

If it appears within the term of this Lease or two (2) years from the date of shipment by the Lessor or within 250,000 miles of operation, whichever event shall first occur, that the locomotive delivered hereunder does not meet the warranties, specified above, and the Lessee notifies the Lessor promptly, the Lessor, after verification as to condition and usage, shall correct any defect including nonconformance with the specifications, at its option, either by repairing any defective part or parts made available to the Lessor, or by making available at the Lessor's plant or warehouse, a repaired or replacement part. If requested by the Lessor, the Lessee will ship the defective part or parts, with shipping charges prepaid, to the plant or warehouse designated by the Lessor.

The liability of the Lessor to the Lessee (except as to title) arising out of the supplying of any locomotive hereunder, or its use, whether on warranty, contract or negligence, shall not in any case exceed the cost of correcting defects in the locomotive as herein provided, and upon the expiration of the warranty period

specified above, all such liability shall terminate. The Lessor shall have no liability for any locomotive or part thereof which becomes defective by reason of improper storage or application, misuse, negligence, accident or improper operation, maintenance, repairs or alterations on the part of the Lessee, or any third party other than the Lessor. The foregoing shall constitute the sole remedy of the Lessee and the sole liability of the Lessor.

It is understood that the Lessor has the right to make any changes in design and add improvements to equipment at any time without incurring any obligations to install, at Lessor's expense, the same on other locomotives leased by said Lessor.

13. Responsibility For Patent Infringement

Except in cases of designs specified by the Lessee and not developed or purported to be developed by the Lessor, and articles and materials specified by the Lessee and not manufactured by the Lessor, the Lessor warrants that Items of Equipment furnished hereunder, and any part thereof, shall be delivered free of any rightful claim of any third party for infringement of any United States patent. If notified promptly in writing and given authority, information and assistance, Lessor shall defend, or may settle, at its expense, any suit or proceeding against Lessee so far as based on a claimed infringement which would result in a breach of this warranty and Lessor shall pay all damages and costs awarded therein against Lessee due to such breach. In case any Item of Equipment or part thereof is in such suit or proceeding found to constitute such an infringement and the use of said Item of Equipment or part thereof is

enjoined, Lessor shall, at its expense and option, either procure for the Lessee the right to continue using said Item of Equipment or part thereof, or replace same within six months of such injunction with a non-infringing Item of Equipment or part thereof acceptable to the Lessor, or modify same so it becomes non-infringing, or remove the Item of Equipment or part thereof and any transportation costs separately paid by the Lessee, but in each case without impairing the operational capability of such Item of Equipment. The preceding shall not apply to the use of any Item of Equipment or part thereof furnished hereunder in conjunction with any other product in a combination not furnished by Lessor as a part of this transaction. As to any such combination, Lessor assumes no liability whatsoever for patent infringement and the Lessee will hold Lessor harmless against any infringement claims arising therefrom. The foregoing states the entire liability of the Lessor for patent infringement by said Items of Equipment or any part thereof. The Lessor will give notice to the Lessee of any claim known to such Lessor from which liability may be charged against Lessee hereunder and the Lessee will give notice to the Lessor of any claim known to the Lessee from which liability may be charged against Lessor hereunder. It is understood that, notwithstanding any suits or proceedings which may be brought against Lessor or Lessee based on a claim that any Locomotive, or any part thereof, furnished under this Lease, constitutes an infringement of any patent of the United States, Lessee's obligation to pay rent with respect to such Unit, as provided in Section 2 hereof, shall continue for the term of this Lease, unless and until Lessor elects to withdraw such unit from the provisions of this Lease as provided in this Section.

14. Default

If, after the effective date and during the continuance of this Lease, or any extension thereof, one or more of the following events (hereinafter sometimes referred to as "Events of Default"), shall occur:

- a) default shall be made in the payment of any part of the rental provided in Section 2 hereof, and such default shall continue for five (5) days after written notice from Lessor;
- b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Equipment, or any Unit, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment, or of such Unit, within thirty (30) days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;
- c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied; or
- d) the admission in writing by the Lessee of its inability to pay its debts; the appointment with the consent of the Lessee of a receiver or trustee for it of substantially all of its

property; the appointment of such a receiver or trustee without its consent, if such receiver or trustee is not discharged within sixty (60) days; the institution by or against it of proceedings not contested by it, under any law relating to bankruptcy, insolvency or the reorganization or relief of debtors, excluding proceedings under a law which does not permit any alteration or adjustment of the rentals payable hereunder or the termination of this Lease; the institution of such proceedings (other than said excluded proceedings) contested by it, if such proceedings are not dismissed or stayed within sixty (60) days; or the issuance or levying against substantially all of its property of any writ of attachment or execution or any similar process which is not released, stayed, bonded or vacated within sixty (60) days after its issue or levy;

then, in any such case, the Lessor, at its option, may -

- 1) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or
- 2) by notice in writing to the Lessee, terminate this Lease forthwith, whereupon all right of the Lessee to the use and possession of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee or its successors or assigns, to use the Equipment for any purposes whatever; but the Lessor shall,

nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due and owing to Lessor. In addition, if the Event of Default occurs during the original term of this Lease, the Lessor shall also recover forthwith from the Lessee, as damages for loss of the bargain and not as a penalty, a sum with respect to each unit equal to the unpaid portion of the rentals due during the initial term of this Lease.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such a waiver is permitted by law.

15. Return of Equipment

- a) Upon the expiration of the term of this Lease, thereof with respect to any Unit, or upon the earlier termination of this Lease pursuant to the provisions in Sections 13 and 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor in good order and Repair, ordinary wear and tear excepted. For the purpose of delivering possession of any Unit to the Lessor as above required, the Lessee shall, at its own cost and expense, forthwith return and redeliver such Unit to the Lessor at Erie, Pennsylvania, or, at the direction of the Lessor and at the cost and expense of the Lessee, (1)

forthwith place such Unit upon such storage tracks of the Lessee as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, (2) permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days at the risk of the Lessor, and (3) transport the same, at any time within such 90-day period, to any place on the lines of railroad operated by it or to any connecting carrier for shipment, all as directed by the Lessor. The delivery, storage and transporting of the Equipment, as hereinbefore provided, are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to deliver, store and transport the Equipment.

- b) Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomever shall be at the time in possession of such Unit.

16. Assignment By Lessee

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment, in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer

its leasehold interest under this Lease in the Equipment or any Unit and shall not encumber its leasehold interest in the Equipment or any Unit in any way which might have the effect of altering the rights of the Lessor in such Equipment or any Unit under this Lease. The Lessee shall not, without the prior written approval of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any Unit, or part thereof, (except for short periods of time not to exceed thirty (30) days), but nothing herein contained shall be deemed to prevent the use thereof in joint facility operations with other carriers or in the usual interchange of traffic.

Nothing in this Section shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

17. Assignment By Lessor

All, or any of the rights, benefits and advantages of Lessor, including the right to the rent or to any other payment under this Lease, and title to the Equipment, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time; provided, however, that no such assignment shall subject any such assignee to, or relieve the Lessor from, any of Lessor's representations or any of its other obligations contained in this Lease relating to the Equipment. In the event Lessor assigns its rights to receive any payments under this Lease and Lessee receives

written notice thereof from Lessor, together with a counterpart of such assignment, stating the identity and post office address of the assignee, all payments thereafter to be made by Lessee under this Lease shall, to the extent so assigned, be made to the assignee against proper receipt thereof in form satisfactory to Lessee. In the event of any assignment by Lessor of its rights to receive any payments under this Lease, the rights of such assignee to such payments as may be assigned, together with any other rights hereunder which can be and are so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Lessor in respect of the Equipment or the manufacture, construction, delivery, representations thereof or in respect of any other obligation or commitment contained in this Lease, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to Lessee by Lessor. Any and all such obligations, howsoever arising, shall be and remain enforceable by Lessee, its successors and assigns, only against original Lessor.

18. Recording

The Lessee, at its own expense, will cause this Lease, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file,

register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor.

19. Notices

Any notice required or permitted to be given to the Lessor shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: General Electric Company, 2901 East Lake Road, Erie, Pennsylvania, 16531 or at such other address as may have been furnished in writing to the Lessee by the Lessor.

Any notice required or permitted to be given to the Lessee shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows: Consolidated Rail Corporation, Six Penn Center Plaza, Philadelphia, Pennsylvania, 19104, or at such other address as may have been furnished in writing to the Lessor by the Lessee.

20. Miscellaneous

Any other provision contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 11, 14, 15, 23, and 25 of the Lease shall survive the termination of the leasing of the Locomotives under the terms of this Lease.

21. Execution in Counterparts

This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

22. Law Governing

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the interstate Commerce Act and Section 86 of the Railway Act of Canada.

23. Representations and Warranties

- a. The Lessor represents and warrants that it will be the true and lawful owner of each Unit delivered to the Lessee in accordance with Section 1 hereof and that each Unit will be free and clear of all liens and encumbrances of any nature whatsoever, it being understood that this provision shall not restrict the right of Lessor to assign title to the Equipment, as provided in Section 17.
- b. The Lessee represents and warrants that:
 - i) The Lessee is a duly organized and validly existing corporation in good standing under the laws of the State of Pennsylvania; is qualified to do business in such jurisdictions as are necessary to carry out the transactions contemplated by this Lease; and has power and authority to own its properties and carry on its business as now conducted.

- ii) The execution and delivery of this Lease is within its corporate authority, has been authorized by proper corporate proceedings and will not contravene any provision of law or of its charter, by-laws or any agreement or other instrument binding upon it, and the Lease is a valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms.
- iii) No governmental authorizations are required for the execution and delivery of this Lease or for the validity and enforceability thereof or the leasing of the Equipment hereunder for the rentals and on the other terms and conditions provided for herein; or, if any such authorizations are required, they have been obtained.
- iv) No litigation or administrative proceedings are pending or to the knowledge of the Lessee, threatened against the Lessee, the adverse determination of which would affect the validity of this Lease or the rights of the Lessor hereunder.
- v) No prior mortgages or similar security arrangements of the Lessee will be in existence as of the date of this Lease, or during the continuance of the Lease, the terms of which will or may subject the Equipment, or any of the Units, or the leasehold interest of the Lessee, to the lien thereof in any way which will or may have the effect of altering the rights of the Lessor in the Equipment or any of the Units under this Lease.

24. Opinions of Counsel

a) Prior to the delivery of the first Unit hereunder, the Lessee will deliver to the Lessor an opinion of counsel for Lessee, in five copies and in form and substance satisfactory to counsel for Lessor, to the effect that (i) the Lessee is a duly organized and validly existing corporation in good standing under laws of the State of Pennsylvania; is qualified to do business in such jurisdictions as are necessary to carry out the transactions contemplated by this Lease; and has the power and authority to own its properties and carry on its business as now conducted: (ii) no prior mortgages or similar security arrangements of the Lessee are in existence, the terms of which will or may subject the Equipment, or any of the Units, or the leasehold interest of the Lessee, to the lien thereof in any way which will or may have the effect of altering the rights of the Lessor in the Equipment or any of the Units under this Lease; (iii) this Lease has been duly authorized, executed and delivered by the Lessee; has been filed and recorded in such Federal public offices, and such State public office, as may be necessary for the full protection of the rights of the Lessor and assignees of the Lessor; and is valid, binding and legally enforceable against the Lessee in accordance with its terms, subject to any applicable bankruptcy or insolvency laws; and (iv) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of this Lease, or if any such authority is necessary that it has been obtained.

b) Concurrently with the delivery of each unit of Equipment, the Lessee will deliver to the Lessor an opinion of counsel for Lessee, in five copies and in form and substance satisfactory to counsel for Lessor, to the effect that (i) this Lease is valid, binding and legally enforceable against the Lessee in accordance with its terms, subject to any applicable bankruptcy or insolvency laws, and (ii) appropriate action has been taken hereunder so that the Units are held by the Lessee subject to the terms and conditions of this Lease, including the payment of the rentals provided for herein to the Lessor or assignee of Lessor, as the case may be.

25. Entire Agreement

This instrument contains the entire and only agreement between the parties relating to the subject matter hereof, there being merged herein all prior and collateral representations, promises and conditions in connection with said subject matter. Except as specifically provided for under the terms of this Lease, no modification, extension, waiver, renewal or termination of this Lease, or any of the provisions thereof, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of said party.

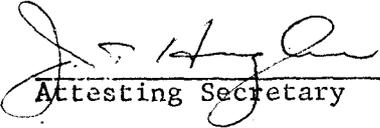
IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their respective corporate names, by their respective officials, and have caused their respective corporate seals to be hereunto affixed and attested as of the day and year first above written.

General Electric Company

By: 
General Manager
Locomotive Department

SEAL

Attest:


Attesting Secretary

Consolidated Rail Corporation

By: 
President

SEAL

Attest:


Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss.:
COUNTY OF ERIE

On the 23rd day of September 1976, before me personally appeared S. G. Hamilton, to me personally known, who being by me duly sworn, says that he is General Manager, Locomotive Department of General Electric Company, that one of the seals 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 acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Margaret M. Frew

MARGARET M. FREW, NOTARY PUBLIC
ERIE, ERIE COUNTY, PENNSYLVANIA
MY COMMISSION EXPIRES JUNE 7, 1980

COMMONWEALTH OF PENNSYLVANIA ss.:
CITY AND COUNTY OF PHILADELPHIA

On this 24th day of SEPTEMBER 1976, before me personally appeared Richard D. Spence, to me personally known, who, being by me duly sworn, says that he is President and Chief Operating Officer of Consolidated Rail Corporation, that one of the seals 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 acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Alfonso J. DiGregorio
ALFONSO J. DIGREGORIO

Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires August 7, 1980

DESCRIPTION OF EQUIPMENT

The equipment covered by this lease consists of four(4) new Model U36B, 3600 horsepower, four (4)-axle locomotives built by General Electric Company. Each bears an identification plate acknowledging General Electric Company as owner and lessor, and displays one of the following road numbers to be assigned to these four units by Conrail:

2971

2972

2973

2974

CERTIFICATE OF ACCEPTANCE

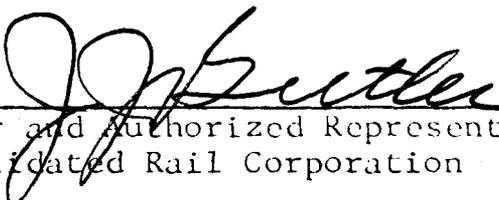
A. I, the duly authorized representative of CONSOLIDATED RAIL CORPORATION ("Lessee") do hereby certify that I have received, inspected, approved, and accepted delivery on behalf of Lessee the following locomotive ("equipment") under a Lease of Railroad Equipment dated as of September 15, 1976 between Lessee and General Electric Company.

Equipment Number

Type

Date Accepted

B. I do further certify that (1) the foregoing equipment is in good order and condition, and (2) by execution of this Certificate of Acceptance each unit of equipment pursuant to, and are subject to all the terms and provisions of said Lease of Railroad Equipment.



Inspector and Authorized Representative
of Consolidated Rail Corporation

Dated _____