

CONRAIL

RECORDATION NO. **9302** Filed & Recorded

MAR 31 1978 -8 40 PM

INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

March 30, 1978

Robert L. Oswald, Secretary
Interstate Commerce Commission
12th and Constitution Avenue
Washington, D. C. 20423

Dear Mr. Oswald:

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INTERSTATE COMMERCE COMMISSION

Pursuant to Section 20c of the Interstate Commerce Act and as provided by Volume 49 Code of Federal Regulations Sections 1116.1 through 1116.4 we present the following documents for recordation.

1. Lease of Railroad Equipment, dated as of December 23, 1977.

Lessor: Manufacturers National Bank of Detroit,
as Trustee of Conrail 1978 Trust No. 1
100 Renaissance Center
Detroit, Michigan 48243

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

2. Revolving Loan Agreement, dated as of December 23, 1977

Borrower: Conrail 1978 Trust No. 1,
Manufacturers National Bank of Detroit, as
Trustee
100 Renaissance Center
Detroit, Michigan 48243

Lender: First Pennsylvania Bank N.A.
First Pennsylvania Tower
Centre Square Building
Philadelphia, Pennsylvania 19101

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INTERSTATE COMMERCE COMMISSION

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CERTIFICATION UNIT

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

8-090A162

Date **MAR 31 1978**

Fee \$ **160 + 20 years**

ICC Washington, D. C.

Carolyn Shutzberger
Carolyn

3. Assignment and Security Agreement, dated as of December 23, 1977

Borrower: Conrail 1978 Trust No. 1,
Manufacturers National Bank of Detroit,
as Trustee
100 Renaissance Center
Detroit, Michigan 48243

Lender: First Pennsylvania Bank, N.A.
First Pennsylvania Tower
Centre Square Building
Philadelphia, Pennsylvania 19101

4. Consent to Assignment and Security Agreement

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

5. Assignment of Purchase Orders, dated as of December 23, 1977

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

Assignee: Manufacturers National Bank of Detroit,
as Trustee
100 Renaissance Center
Detroit, Michigan 48234

6. Consent to Assignment of Purchase Orders, dated as of December 23, 1977

Consent By: Greenville Steel Car Company
Greenville, Pennsylvania 16125

The Equipment covered by this transaction is:

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>No. of Units</u>	<u>Marked</u>	<u>Numbers Inclusive</u>
Box Cars	XL	312	Conrail	297601-297912
Auto Racks	None	200	Conrail	4201-4400

Enclosed is our check for \$180 to cover the recordation fee. These documents have not been previously recorded with the Interstate Commerce Commission.

After recording a counterpart original of these documents, please return the remaining copies, stamped with your recordation number to the individual presenting them for recordation. Thank you for your assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. Rowan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joseph T. Rowan
Assistant Corporate Counsel

JTR/mb
Enclosures

1/10/78
1/16/78
1/26/78
2/20/78
2/26/78
3/08/78
3/22/78
3/30/78

9302 - A
RECORDATION NO. _____ Filed & Recorded

MAR 31 1978 - 8 44 PM

INTERSTATE COMMERCE COMMISSION

REVOLVING LOAN AGREEMENT

THIS REVOLVING LOAN AGREEMENT, dated as of December 23, 1977, but executed and delivered on March ³⁰, 1978, by and between CONRAIL 1978 TRUST NO. I (the "Borrower") and FIRST PENNSYLVANIA BANK N.A. (the "Bank"),

W I T N E S S E T H:

Background. The Borrower is a trust, established under the Trust Agreement (as hereinafter defined), of which MANUFACTURERS NATIONAL BANK OF DETROIT is trustee (hereinafter referred to as the "Trustee") and FORD MOTOR CREDIT COMPANY, THE BUDD LEASING CORP. and GOULD LEASING INC. are the beneficiaries (hereinafter referred to individually as a "Beneficiary" and collectively as the "Beneficiaries").

The Borrower, as lessor, has entered into the Lease (as hereinafter defined) with ConRail (as hereinafter defined), as lessee, the Lease covering the Equipment (as hereinafter defined). The Borrower has requested that the Bank lend it \$15,130,700, to be used, together with the Investment (as hereinafter defined), to purchase the Equipment and pay the Transaction Costs (as hereinafter defined), and the Bank is willing to do so on the following terms and conditions.

NOW, THEREFORE, in consideration of the promises herein contained, and each intending to be legally bound hereby, the parties agree as follows:

SECTION I. DEFINITIONS.

When used herein:

1.01 "Acceptance Certificate" means a duly executed certificate in the form of Exhibit A, attached hereto and made a part hereof, with appropriate insertions.

1.02 "Assignment and Security Agreement" means a duly executed assignment and agreement, substantially in the form of Exhibit B, attached hereto and made a part hereof, with appropriate insertions.

1.03 "Assignment of Purchase Orders" means a duly executed assignment, substantially in the form of Exhibit C, attached hereto and made a part hereof, with appropriate insertions.

1.04 "Authorized Agreements" means the Participation Agreement, the Lease, the Assignment and Security Agreement, the Assignment of Purchase Orders and this Agreement.

1.05 "Auto Racks" means those certain 200 (or fewer) tri-level enclosed auto racks more fully described in Schedule I to the Assignment and Security Agreement.

1.06 "Box Cars" means those certain 312 (or fewer) hi-cube box cars more fully described in Schedule I to the Assignment and Security Agreement.

1.07 "Builders" means Whitehead & Kales Company, the manufacturer of the Auto Racks, and Greenville Steel Car Company, the manufacturer of the Box Cars.

1.08 "Builders' Delivery Certificate" means a duly executed certificate in the form of Exhibit D, attached hereto and made a part hereof, with appropriate insertions.

1.09 "Business Day" means any day on which both the Bank and the Trustee are open for business.

1.10 "Closing" means any, and includes all, of the First Closing, the Subsequent Closings and the Final Closing.

1.11 "Collateral" means the property so designated in Section 1 of the Assignment and Security Agreement.

1.12 "ConRail" means the Consolidated Rail Corporation, a corporation: (A) organized pursuant to the provisions of the Regional Rail Reorganization Act of 1973, 45 U.S.C.A. § 701, et seq.; and (B) existing under the Laws of the Commonwealth of Pennsylvania, with its principal offices and its chief place of business at Six Penn Center Plaza, Philadelphia, Pennsylvania 19104.

1.13 "Consent to Assignment and Security Agreement" means a duly executed consent, substantially in the form of Exhibit E, attached hereto and made a part hereof, with appropriate insertions.

1.14 "Consents to Assignment of Purchase Orders" means duly executed consents, substantially in the form of

Exhibits F and G, attached hereto and made a part hereof, with appropriate insertions.

1.15 "Cost of Equipment" means the aggregate of: (A) all amounts paid for the Equipment pursuant to the Invoices (as defined in the Participation Agreement); and (B) the Transaction Costs; but not more than an amount equal to the sum of \$5,720,000 plus the Transaction Costs allocable to the Auto Racks pursuant to Paragraph 1.42 shall be paid for the Auto Racks.

1.16 "Delivery Date" means any, and includes all, of the First Delivery Date, the Subsequent Delivery Dates and the Final Delivery Date.

1.17 "Equipment" means the Auto Racks and Box Cars, together with all parts, fittings, accessions, accessories, special tools and additions thereto, subject to ConRail's rights under §9 of the Lease.

1.18 "Event of Default" means an event specified in Paragraph 6.01.

1.19 "Final Closing" means the Closing held on July 10, 1978, or October 10, 1978, as the case may be, as provided by Paragraph 2.02(B).

1.20 "Final Delivery Date" means the date on which the applicable Builder delivers, and ConRail accepts, the last item of Equipment, which date shall be no later than September 30, 1978.

1.21 "First Closing" means the Closing at which the Bank makes the first disbursement of the Loan.

1.22 "First Delivery Date" means the date of delivery of the first item of any Equipment to ConRail by either of the Builders, and the acceptance of such Equipment by ConRail.

1.23 "Interim Note" means a duly executed note in the form of Exhibit H, attached hereto and made a part hereof, with appropriate insertions.

1.24 "Investment" means the aggregate amounts contributed by the Beneficiaries toward the Cost of Equipment.

1.25 "Invoiced Purchase Price" means the price for the Equipment described as such in paragraph 1 of the Participation Agreement.

1.26 "Laws" means all ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.

1.27 "Lease" means that certain lease dated as of December 23, 1977, by and between the Trustee and ConRail, a copy of which is attached hereto as Exhibit I, and made a part hereof, as the same may from time to time be supplemented, amended or modified.

1.28 "Loan" means the loan to be made by the Bank to the Borrower, pursuant to this Agreement.

1.29 "Notes" means the Interim Note and the Replacement Note.

1.30 "Obligations" means the obligation of the Borrower to pay the principal of and interest on the Notes in accordance with the terms hereof and to satisfy all of its other liabilities to the Bank under this Agreement, whether now existing or hereafter incurred, including any extensions, modifications, renewals thereof and substitutions therefor.

1.31 "Participation Agreement" means the agreement, dated as of December 23, 1977, by and among ConRail, the Bank, the Beneficiaries and the Trustee, a copy of which is attached hereto as Exhibit J and made a part hereof.

1.32 "Permitted Encumbrances" means:

- (A) Encumbrances in favor of the Bank;
- (B) ConRail's rights in and to the Equipment pursuant to the Lease;
- (C) Liens on the Equipment the existence of which is permitted by §6 of the Lease, but only so long as ConRail shall, with respect to such liens, comply with the requirements of such §6; and

(D) Rights of the Builders under the Purchase Orders.

1.33 "Person" means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture, court or government or political subdivision or agency thereof.

1.34 "Purchase Orders" means the purchase orders of ConRail with the Builders, copies of which are attached hereto as Exhibits K and L, and are made a part hereof.

1.35 "Rates" means the respective rates of interest specified in Paragraphs 2.05 (A) and (B).

1.36 "Rentals" shall have the same meaning as is given such term in Section 3 of the Lease.

1.37 "Replacement Note" means a duly executed note in the form of Exhibit M, attached hereto and made a part hereof, with appropriate insertions.

1.38 "Revolving Loan Commitment" means the commitment of the Bank to fund the Loan in accordance with the terms and conditions hereof.

1.39 "Revolving Loan Commitment Termination Date" means October 10, 1978.

1.40 "Subsequent Closing" means each Closing (other than the First Closing and the Final Closing) at which the Bank makes a disbursement of the Loan.

1.41 "Subsequent Delivery Date" means any date, other than the First Delivery Date or the Final Delivery Date, on which either of the Builders delivers, and ConRail accepts, any item of Equipment.

1.42 "Transaction Costs" means, as of the Final Closing, the lesser of:

(A) \$125,000; or

(B) All of the costs (except for the internal costs of the parties to the Participation Agreement) incurred in the purchase and lease of the Equipment, including, but without limitation, an amount equal to: (1) the aggregate amount of the fees theretofore paid or then owing by the Borrower to (a) Messrs. Schnader, Harrison, Segal & Lewis for their services in representing the Bank, (b) the Trustee for its services as Trustee under the Trust Agreement and for the services of its counsel, (c) Messrs. Sullivan & Cromwell for their services in representing the Beneficiaries, and (d) the Bank for the commitment fee and service fee provided for by Paragraph 2.11; less (2) an amount equal to the aggregate amount of such fees and expenses paid by Ford Credit Equity Corporation (the "Broker"), if any, pursuant to the Agency Agreement, dated November 16, 1977, as amended, between the Broker and ConRail.

The Transaction Costs allocable to the Auto Racks shall be an amount equal to the product of: (A) a fraction, the numerator of which is the aggregate Invoiced

Purchase Price of the Auto Racks and the denominator of which is the aggregate Invoiced Purchase Price of all of the Equipment delivered and accepted pursuant to the Lease; (B) multiplied by the aggregate Transaction Costs of all of the Equipment delivered and accepted pursuant to the Lease.

The Transaction Costs allocable to the Box Cars shall be an amount equal to the product of: (A) a fraction, the numerator of which is the aggregate Invoiced Purchase Price of the Box Cars and the denominator of which is the aggregate Invoiced Purchase Price of all of the Equipment delivered and accepted pursuant to the Lease; (B) multiplied by the aggregate Transaction Costs of all of the Equipment delivered and accepted pursuant to the Lease.

1.43 "Trust Agreement" means the agreement, restated and amended as of February 15, 1978, and dated as of December 23, 1977, among the Trustee and the Beneficiaries, a copy of which is attached hereto as Exhibit N and made a part hereof.

SECTION II. THE LOAN.

2.01 Amount of the Loan. Subject to the terms hereof, the Bank will lend the Borrower such sums as shall not exceed, in the aggregate principal amount, the sum of \$15,130,700.

2.02 Disbursement of the Loan.

(A) The Loan shall be disbursed by the Bank paying directly:

(1) To the appropriate Builders (for the account of the Trustee), at each Closing, in immediately available federal funds, sixty-five percent (65%) of the Invoiced Purchase Price of Equipment to which such Closing pertains, and the remaining thirty-five percent (35%) of such Invoiced Purchase Price of Equipment shall be paid by the Trustee to each Builder pursuant to the provisions of the Participation Agreement; and

(2) To the appropriate parties, at the Final Closing, in immediately available federal funds, sixty-five percent (65%) of such respective portions of the Transaction Costs as to which such parties shall then be entitled, and the remaining thirty-five percent (35%) of such respective portions shall be paid by the Trustee to such parties pursuant to the provisions of the Participation Agreement.

(B) Each Closing shall be held on the tenth day of a month (or if the tenth day of a month is not a Business Day, then on the next succeeding Business Day) following the calendar month in which Equipment is delivered by either Builder and accepted by ConRail and shall pertain

to such Equipment only. The First Closing shall be held on the tenth day of the calendar month next following the First Delivery Date. Each Subsequent Closing shall be held on the tenth day of the calendar month next following a Subsequent Delivery Date. The Final Closing shall be held on July 10, 1978, if the Final Delivery Date has occurred on or before June 30, 1978, or on October 10, 1978, if the Final Delivery Date has occurred after June 30, 1978.

2.03 The Interim Note. The total Revolving Loan Commitment shall be evidenced by an Interim Note in favor of the Bank. Amounts disbursed under the Interim Note shall be evidenced by receipts therefor.

2.04 Replacement of the Interim Note. At the Final Closing:

(A) The then entire outstanding principal balance of the Loan made under the Interim Note will be placed on a term loan basis;

(B) The Borrower will execute and deliver the Replacement Note to the Bank, in the principal amount of the Loan then outstanding under the Interim Note;

(C) The Borrower will pay all interest then accrued on the Interim Note; and

(D) Upon receipt of the Replacement Note, the Bank will return the Interim Note to the Borrower.

2.05 Interest Rates.

(A) So long as no Event of Default shall have occurred and shall be continuing:

(1) Interest on the principal amount of that portion of the Loan applied toward the purchase price of the Box Cars will be payable at the per annum rate of nine and one-half percent (9-1/2%); and

(2) Interest on the principal amount of that portion of the Loan applied toward the purchase price of the Auto Racks will be payable at the per annum rate of nine and one-quarter percent (9-1/4%).

(B) So long as any Event of Default shall have occurred and shall be continuing, interest on all Obligations the payment of which is past due will be payable at the per annum rate of ten and one-half percent (10-1/2%).

(C) Interest shall be calculated on the basis of a 360-day year of twelve thirty-day months.

(D) If, at any time, any of the Rates shall be deemed by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted by any applicable Laws, then, for such time as such Rate would be deemed excessive, application thereof shall be suspended and there shall be charged in lieu thereof the maximum rate of interest permissible under such Laws.

2.06 Payments of Principal and Interest. Each payment of interest on, or of principal of and interest on, the Loan shall be calculated by multiplying the respective percentages hereinafter set forth by the aggregate Cost of the Equipment to which such percentages pertain, as follows:

(A) With respect to that portion of the Loan applied toward the Cost of Equipment for Box Cars delivered to, and accepted by, ConRail on or before June 30, 1978:

(1) Interest only on such portion, in an amount equal to .017153% per day, shall be paid on July 10, 1978, for each day such portion is outstanding to, but not including, July 10, 1978;

(2) Eight (8) consecutive quarterly installments of interest only on such portion, each in an amount equal to 1.54375%, shall be paid commencing October 10, 1978; and

(3) Forty (40) consecutive quarterly combined installments of principal of and interest on such portion, each in an amount equal to 2.5351%, shall be paid commencing October 10, 1980.

(B) With respect to that portion of the Loan applied toward the Cost of Equipment for Box Cars delivered to, and accepted by, ConRail on or after July 1, 1978, but on or before September 30, 1978:

(1) Interest only on such portion, in an amount equal to .017153% per day, shall be paid on October 10, 1978, for each day such portion is outstanding to, but not including, October 10, 1978;

(2) Seven (7) consecutive quarterly installments of interest only on such portion, each in an amount equal to 1.54375%, shall be paid commencing January 10, 1979; and

(3) Forty (40) consecutive quarterly combined installments of principal of and interest on such portion, each in an amount equal to 2.5351%, shall be paid commencing October 10, 1980.

(C) With respect to that portion of the Loan applied toward the Cost of Equipment for Auto Racks delivered to, and accepted by, ConRail on or before June 30, 1978:

(1) Interest only on such portion, in an amount equal to .016701% per day, shall be paid July 10, 1978, for each day such portion is outstanding to, but not including, July 10, 1978; and

(2) Forty (40) consecutive quarterly combined installments of principal of and interest on such portion, each in an amount equal to 2.5083%, shall be paid commencing October 10, 1978.

(D) With respect to that portion of the Loan applied toward the Cost of Equipment for Auto Racks delivered to, and accepted by, ConRail on or after July 1, 1978, but on or before September 30, 1978:

(1) Interest only on such portion, in an amount equal to .016701% per day, shall be paid on October 10, 1978, for each day such portion is outstanding to, but not including, October 10, 1978; and

(2) Thirty-nine (39) consecutive quarterly combined installments of principal of and interest on such portion, each in an amount equal to 2.5477%, shall be paid commencing January 10, 1979.

When the provisions of the foregoing paragraphs require two or more payments to be made on the same day, such payments shall be combined into one. The Borrower shall direct ConRail to prepare and deliver at the Final Closing a schedule setting forth the respective amounts of all of the foregoing payments that are to be made after the Final Closing and the respective dates on which they are to be made. If the tenth day of any month on which any such payment is to be made is not a Business Day, such payment shall be made on the next succeeding Business Day.

2.07 Casualty Occurrence. If a Casualty Occurrence (as defined in Section 7 of the Lease) occurs, the unpaid

principal of the Loan allocable to the unit or units of Equipment suffering such Casualty Occurrence shall become due and payable, without penalty or premium if paid when due, together with accrued interest thereon, if any, and the same shall be paid by the Borrower, on the rental payment date on which the Casualty Value (as set forth in Section 7 of the Lease) is paid by ConRail pursuant to Section 7 of the Lease. Provided, however, that payments of principal of and interest on the Loan shall continue to be paid as provided in Paragraph 2.06 until payment of such Casualty Value, and, upon the making of such payment, the amount of the quarterly installments of interest or of principal and interest due after application of such payment shall be adjusted, so that the entire unpaid portion of principal of the Loan, and interest thereon, shall be paid in full by the payment of the remaining quarterly installments payable hereunder.

2.08 Prepayment. The Borrower may, without the payment of penalty or premium, prepay the Loan in whole or, from time to time, in part. All partial prepayments shall be applied against the principal element of the installments required by Paragraph 2.06, in the inverse order of the maturity thereof, and the interest element thereof shall be correspondingly adjusted.

2.09 Payment to the Bank. So long as any of the Obligations shall remain unpaid, the Borrower shall direct ConRail to make all payments otherwise required to be made to the Borrower under the Lease (excluding payments pursuant to §6 and §9 of the Lease or the Tax Indemnity Agreement referred to in the Participation Agreement) directly to the Bank in immediately available federal funds. The Bank shall apply all such payments: first, to payment of accrued interest on the Loan to the date of such payment; second to payment of the principal amount of the Loan then due; and third to other fees then due hereunder. After such application:

(A) If no Event of Default has occurred and is then continuing, any excess of such payments shall be paid promptly to the Borrower in immediately available federal funds; or

(B) If an Event of Default has occurred and is then continuing, any such excess may be retained by the Bank as further collateral for the Loan or may be deemed by the Bank to be a partial prepayment to be applied in the manner set forth in Paragraph 2.08.

If the Bank shall fail to receive any Rentals when due, it shall give prompt notice of such failure to the Borrower.

2.10 Limitations of Liability: All payments of principal, interest and other payments to be made by the Borrower hereunder, under the Interim Note and under the Replacement Note shall be made only from payments under the Lease, as provided for in Paragraph 2.09, or from other income and proceeds of the Trust Estate (as defined in the Trust Agreement) and only to the extent that such payments, income and proceeds are sufficient to make such payments in accordance with the terms hereof, of the Interim Note and of the Replacement Note. The Bank agrees that it will look solely to such payments, income and proceeds, and that neither the Trustee nor any Beneficiary is or shall be personally liable to the Bank for any amounts payable hereunder or under the Interim Note and under the Replacement Note, but, subject to and by virtue of the Assignment and Security Agreement, the Bank shall have all of the rights and remedies against ConRail that, except for such assignment, would have been available to the Borrower.

2.11 Commitment and Service Fees.

(A) From and after November 29, 1977, until the date of the Final Closing, the Borrower shall pay a commitment fee of one-half percent (0.5%) per annum on the average daily undisbursed amount of the Revolving Loan Commitment during such period.

(B) In addition to the foregoing commitment fee, the Borrower will pay the Bank a service fee of \$11,500.

(C) Each of the foregoing fees shall be paid at the Final Closing.

SECTION III. CONDITIONS PRECEDENT.

The obligation of the Bank to make a disbursement of the Loan at any Closing is subject to the conditions precedent set forth below with respect to such Closing:

3.01 Conditions for the First Closing.

(A) On or before the First Delivery Date, the Bank shall have received the following:

- (1) A duly executed copy of the Lease, designated as the original thereof;
- (2) The Assignment and Security Agreement;
- (3) Proof, satisfactory to the Bank, that the Authorized Agreements have been filed with the Interstate Commerce Commission;
- (4) Acknowledgement copies of precautionary financing statements on Form UCC-1, filed by the Borrower with respect to the Equipment, showing ConRail as "debtor," the Borrower as "secured party" and the Bank as "assignee", and duly stamped by the filing officer to show the office in

which filed, the date and time of filing and the filing number;

(5) A duly executed copy of each of the Purchase Orders;

(6) The Assignment of Purchase Orders;

(7) The Consent to Assignment and Security Agreement;

(8) The Consents to Assignment of Purchase Orders;

(9) An insurance certificate as required by §7 of the Lease;

(10) Acknowledgement copies of financing statements on Form UCC-1, filed with respect to the Bank's security interest in the Collateral, and duly stamped by the filing officer to show the office in which filed, the date and time of filing and the filing number;

(11) A duly executed copy of the Trust Agreement;

(12) A duly executed copy of the Participation Agreement;

(13) A certificate (dated the First Delivery Date) of the cashier or assistant cashier of the Trustee, as to the incumbency and signatures of the officers of the Trustee authorized to execute and deliver the Authorized Agreements;

(14) A certificate (dated the First Delivery Date) of an officer of the Trustee to the effect that:

(a) Neither the Trust nor the Trustee is in default under any of the Authorized Agreements; and

(b) The representations and warranties of the Borrower set forth in Paragraph 4.01 hereof are true and correct as of the First Delivery Date, as if made on such date;

(15) A certificate (dated the First Delivery Date) of an executive officer of ConRail to the effect that:

(a) ConRail is not in default under, and, to the knowledge of the signer of such certificate, there is no event which, with the passage of time, or the giving of notice, or both, would result in a default under the Participation Agreement, the Assignment of Purchase Orders, the Lease or the Consent to Assignment and Security Agreement; and

(b) The representations and warranties of ConRail set forth in paragraph 3 of the Participation Agreement are true and correct as of the First Delivery Date, as if made on such date.

(16) An opinion of Messrs. Bodman, Longley & Dahling, counsel for the Trustee, substantially as set forth in Exhibit O, attached hereto and made a part hereof, or with such changes thereto as to which such counsel and the Bank may agree;

(17) An opinion of Ronald Dietrich, Esquire, Vice President - Law of ConRail, substantially as set forth in Exhibit P, attached hereto and made a part hereof, or with such changes thereto as to which such counsel and the Bank may agree;

(18) An opinion of Messrs. Sullivan & Cromwell, special counsel for the Beneficiaries, substantially as set forth in Exhibit Q, attached hereto and made a part hereof, or with such changes thereto as to which such counsel and the Bank may agree;

(19) Opinions of counsel for each of the Builders, substantially as set forth in Exhibit R, attached hereto and made a part hereof, or with such changes thereto as to which such counsel and the Bank may agree;

(20) An Opinion of Messrs. Schnader, Harrison, Segal & Lewis, special counsel for the Bank, substantially as set forth in Exhibit S, attached hereto and made a part hereof, or with such changes thereto as to which such counsel and the Bank may agree.

(B) At the First Closing, the Bank shall receive the following, all of which (other than the Interim Note and the opinions referred to below) shall be with respect to the Equipment to which the First Closing pertains:

- (1) The Interim Note;
- (2) Acceptance Certificates;
- (3) Builders' Delivery Certificates;
- (4) Copies of invoices from the Builders;
- (5) Copies of bills of sale from the Builders;

(6) Executed waivers by the owners of the rolling stock to which the Auto Racks are to be attached, permitting their attachment and future removal pursuant to the Lease; and

(7) Opinions of the counsel referred to in Paragraph 3.01(A)(19), dated the date of the First Closing, each to the effect that, as of such date, the opinion delivered pursuant to the aforesaid paragraph remains true and correct.

3.02 Conditions for Each Subsequent Closing and the Final Closing.

(A) At each Subsequent Closing and the Final Closing, the Bank shall receive the following, all of which (other than the Replacement Note and the opinions referred

to below) shall be with respect to the Equipment to which such Closing pertains:

(1) Such supplements to the documents referred to in Paragraphs 3.01(A) (2), (4) and (10) and Paragraph 3.01(B)(6) as shall, in the judgment of special counsel for the Bank, be necessary or desirable to perfect the Bank's security interest in the Equipment to which such Closing pertains;

(2) Acceptance Certificates;

(3) Builders' Delivery Certificates;

(4) Copies of invoices from the Builders;

(5) Copies of bills of sale from the Builders;

(6) Executed waivers by the owners of the rolling stock to which the Auto Racks are to be attached, permitting their attachment and future removal pursuant to the Lease; and

(7) Opinions of the counsel referred to in Paragraph 3.01(A)(19), dated the date of such Closing, each to the effect that, as of such date, the opinion delivered pursuant to the aforesaid paragraph remains true and correct.

(B) In addition to the foregoing, at the Final Closing, the Bank shall receive the Replacement Note.

3.03 Conditions for all Delivery Dates: No unit of Equipment shall be delivered to, or accepted by, ConRail on any Delivery Date if:

(A) The documents required to be delivered pursuant to Paragraphs 3.01 and 3.02 on and with respect to such Delivery Date shall not have been delivered as required; or

(B) The Bank, Trustee and Beneficiaries shall not have received on the tenth day of the most recent calendar month (including the then current calendar month if such Delivery Date shall occur on or after the eleventh day thereof) following the First Delivery Date, in form and substance satisfactory to each of them:

(1) An opinion of Ronald Dietrich, Esq., Vice President - Law of ConRail, dated as of such tenth day, confirming that, as of such date, the opinion set forth in Paragraph 3.01(17) hereof is correct;

(2) A certificate of an executive officer of ConRail, dated as of such tenth day, confirming that, as of such date, the certificate set forth in Paragraph 3.01(15) hereof is correct; and

(3) A certificate of an officer of the Trustee, dated as of such tenth day, confirming that, as of such date, the certificate set forth in Paragraph 3.01(14) hereof is correct; or

(C) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall have been filed by or against ConRail, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue); or

(D) Any other proceedings shall be commenced by or against the Borrower, the Trustee or ConRail for any relief which includes, or might result in, any modification of the obligations of the Borrower, the Trustee or ConRail under this Agreement, the Assignment and Security Agreement, the Lease, the Consent to Assignment and Security Agreement, or the Assignment of Purchase Orders, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Borrower, the Trustee or ConRail under the documents mentioned above in this Paragraph (C)), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue); or

(E) An Event of Default (either under this Agreement or the Lease) or any event which with the lapse of time or the giving of notice or both could constitute such an Event of Default shall have occurred and be continuing; or

(F) A material adverse change shall have occurred in ConRail's financial condition from that set forth in the Memorandum for Private Investors from ConRail, dated February 15, 1978.

3.04 Qualifications of Opinions of Counsel. In giving the opinions specified in this Section, each counsel may:

(A) Qualify its opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and

(B) In giving any opinion with respect to matters governed by the laws of jurisdictions other than those in which such counsel are qualified to practice, rely upon the opinions of other counsel, including other counsel giving the opinions hereunder, provided that they state that they believe such reliance is justified.

SECTION IV. REPRESENTATIONS AND WARRANTIES.

4.01 Original. To induce the Bank to enter into this Agreement, the Borrower represents and warrants to the Bank as follows:

(A) The address of the only place of business of the Borrower is as set forth in Paragraph 7.04(A) and the Borrower has never changed its name or had any other place of business;

(B) The making and performance of the Authorized Agreements will not (immediately, with the passage of time, or with the giving of notice and the passage of time):

(1) Violate any Laws as now in effect or violate or result in a default under any other contract, agreement or instrument to which the Borrower is a party or by which it or its property is bound; or

(2) Result in the creation or imposition of any security interest in, or lien or encumbrance upon, any of the Collateral, except Permitted Encumbrances;

(C) The Borrower has the power and authority to enter into and perform the Authorized Agreements and to incur the obligations herein and therein provided for, and has taken all proper and necessary action to authorize the execution, delivery and performance of the Authorized Agreements;

(D) Assuming due authorization and execution by the other parties thereto, the Authorized Agreements are valid, binding and enforceable against the Borrower, in accordance with their respective terms, except to the extent that enforceability may be limited by Laws affecting the rights of creditors generally;

(E) To the best of the Borrower's knowledge, it has good and marketable title to the Collateral, subject to no security interest, encumbrance or lien, or the claim of any third person, except Permitted Encumbrances;

(F) No consent, approval or authorization of, or filing, registration or qualification with, any Person is required to be obtained by the Borrower in connection with the execution and delivery of the Authorized Agreements or the undertaking or performance by the Borrower of any obligation hereunder or thereunder, or, if required, has been obtained.

4.02 Survival. All of the representations and warranties set forth in Paragraph 4.01 shall survive until all Obligations are satisfied in full.

SECTION V. THE BORROWER'S COVENANTS.

The Borrower does hereby covenant and agree with the Bank that, so long as any of the Obligations remain unsatisfied, it will comply with the following covenants:

5.01 Affirmative Covenants.

(A) The Borrower will use the Investment for the purposes set forth in Paragraph 2.02(A).

(B) The Borrower will notify the Bank immediately if it has knowledge of the occurrence and continued existence of any Event of Default or of any fact, condition or event that, only with the giving of notice or passage of time or both, could become an Event of Default. As used in this Paragraph (B), "knowledge" means actual knowledge of any officer or trust administrator assigned to the Trustee's corporate agencies department.

(C) The Borrower will notify the Bank thirty (30) days in advance of any change in the location of its chief place of business.

(D) The Borrower will comply with each covenant, agreement, term or provision binding upon it under any of the Authorized Agreements.

5.02 Negative Covenants.

(A) The Borrower will not sell, transfer, lease (except to ConRail as provided by the Lease, or to the

Beneficiaries pursuant to §10.02 of the Trust Agreement) or otherwise dispose of any part of the Collateral without the written consent of the Bank, which consent shall not be unreasonably withheld.

(B) The Borrower will not mortgage, pledge, grant or permit to exist a security interest in or lien upon any of the Collateral, except Permitted Encumbrances.

SECTION VI. DEFAULT.

6.01 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(A) The Borrower shall fail to pay, or cause to be paid, when due, any installment of principal of or interest on the Loan, and such failure shall continue for thirty-five (35) days;

(B) The Borrower shall fail to observe or perform any other obligation to be observed or performed by it hereunder, and such failure shall continue for thirty-five (35) days after written notice thereof from the Bank;

(C) An Event of Default by ConRail under the Lease (including, but without limitation, an Event of Default resulting from the non-payment of Rentals) shall occur and

continue uncured by ConRail or the Borrower for ninety (90) days;

(D) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against ConRail and:

(1) Such petition shall not be dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue); or

(2) All the obligations of ConRail under the Lease and the Consent to Assignment and Security Agreement shall not be and shall not continue to be duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(E) Any other proceeding shall be commenced by or against ConRail for any relief which includes, or might result in, any modification of the obligations of ConRail under the Lease and the Consent to Assignment and

Security Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations); and

(1) Such proceedings shall not be dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue); or

(2) All the obligations of ConRail under the Lease and the Consent to Assignment and Security Agreement shall not be and shall not continue to be duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for ConRail or for its property, in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

6.02 Acceleration. At the option of the Bank, upon notice to the Borrower, after the occurrence of any Event of Default, all Obligations shall immediately become

due and payable (except such portion of the Obligations that constitutes interest on the Loan not earned as of the date on which all other Obligations are paid in full) without further action of any kind, and the Bank shall have, with respect to the Collateral, all rights and remedies provided for in the Assignment and Security Agreement.

SECTION VII. MISCELLANEOUS.

7.01 Construction. The provisions of this Agreement shall be in addition to those of any assignment or security agreement, note or other evidence of liability contemplated by this Agreement, now or hereafter held by the Bank, all of which shall be construed as complementary to each other. Nothing herein contained shall prevent the Bank from enforcing any or all other notes, assignments or security agreements in accordance with their respective terms.

7.02 Further Assurance. From time to time, the Borrower will execute and deliver to the Bank such additional documents and will provide such additional information as the Bank may reasonably require to carry out the terms of this Agreement and the Assignment and Security Agreement.

7.03 Enforcement and Waiver by the Bank. The Bank shall have the right at all times to enforce the provisions of this Agreement and all other documents required

hereunder in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Bank in refraining from so doing at any time or times. The failure of the Bank at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of this Agreement or as having in any way or manner modified or waived the same. All rights and remedies of the Bank are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

7.04 Notices. Any notices or consents required or permitted by this Agreement shall be in writing, shall be effective when delivered and shall be delivered in person, or by registered mail, postage prepaid, return receipt requested, or telegraph, as follows, unless such address is changed by written notice hereunder:

(A) If to the Borrower:

Manufacturers National Bank of Detroit
100 Renaissance Center, 6th Floor
Detroit, Michigan 48243

Attention: Donald E. Black
Vice President and Trust Officer

(B) If to the Bank:

First Pennsylvania Bank N.A.
First Pennsylvania Tower
Centre Square Building
Philadelphia, Pennsylvania 19101

Attention: Roger C. Baldwin
Vice President

The Bank will send each Beneficiary, at the address thereof set forth in the Participation Agreement, as amended from time to time, a copy of each notice sent to the Borrower, but each such notice shall be effective when delivered to the Borrower, as hereinabove provided, whether or not the Beneficiaries, or any of them, shall receive any such copy.

7.05 Waiver and Release.

(A) The Borrower waives notice and opportunity to be heard, after acceleration in the manner provided in Paragraph 6.02, before exercise by the Bank of the remedies of self-help, set-off, or of other summary procedures permitted by any applicable Laws or by any agreement with the Borrower or ConRail, and, except where required hereby or by any applicable Laws, notice of any other action taken by the Bank; and

(B) Each of Borrower and the Bank releases the other and the officers, attorneys, agents and employees thereof from all claims for loss or damage caused by any act or omission on the part of any of them except negligence or willful misconduct.

7.06 Applicable Law. The substantive law of the Commonwealth of Pennsylvania shall govern the construction of this Agreement and the rights and remedies of the parties hereto.

7.07 Binding Effect, Assignment and Entire Agreement. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and permitted assigns of the parties hereto, and shall be enforceable only against the Trust, and not against the Trustee or the Beneficiaries in their individual capacities. This Agreement, and the documents executed and delivered pursuant hereto, constitute the entire agreement between the parties, and may be amended only by a writing signed on behalf of each party.

7.08 Capacity of Trustee. This Agreement has been executed and delivered by the Trustee solely in the exercise of the powers conferred upon it under the Trust Agreement, and shall be enforceable against the Trustee solely in such capacity, and not personally, and not against the Beneficiaries.

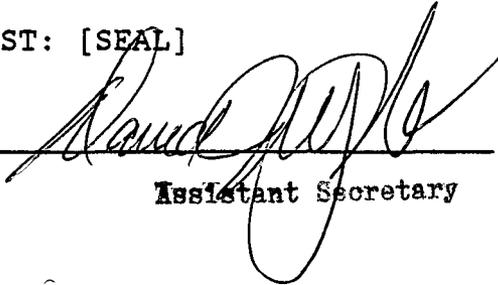
7.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

7.10 Seal. This Agreement is intended to take effect as an instrument under seal.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ATTEST: [SEAL]

By


Assistant Secretary

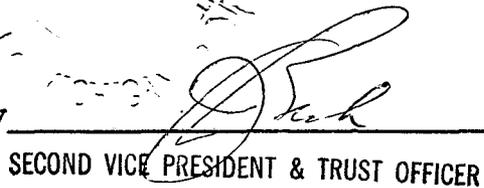
FIRST PENNSYLVANIA BANK N.A.

By


Vice President

ATTEST: [SEAL]

By


SECOND VICE PRESIDENT & TRUST OFFICER

By


SECOND VICE PRESIDENT & TRUST OFFICER

CONRAIL 1978 TRUST NO. I
[By Manufacturers National Bank of Detroit, Trustee under a Restated and Amended Trust Agreement, restated and amended as of February 15, 1978 and dated as of December 23, 1977]

SCHEDULE OF EXHIBITS

<u>Exhibit</u>	<u>Subject Matter</u>	<u>Reference</u>
A.	Form of Acceptance Certificate	1.01
B.	Form of Assignment and Security Agreement	1.02
C.	Form of Assignment of Purchase Orders	1.03
D.	Form of Builder's Delivery Certificate	1.08
E.	Form of Consent to Assignment and Security Agreement	1.13
F, G.	Forms of Consents to Assignment of Purchase Orders.	1.14
H.	Form of Interim Note	1.23
I.	Copy of Lease	1.27
J.	Copy of Participation Agreement	1.31
K, L.	Copies of Purchase Orders	1.34
M.	Form of Replacement Note	1.37
N.	Copy of Trust Agreement	1.43
O.	Form of opinion of the the Borrower's counsel	3.01(A)(16)

<u>Exhibit</u>	<u>Subject Matter</u>	<u>Reference</u>
P.	Form of opinion of ConRail's counsel	3.01(A)(17)
Q.	Form of opinion of the Beneficiaries' counsel	3.01(A)(18)
R.	Form of opinion of the Builders' counsel	3.01(A)(19)
S.	Form of opinion of the Banks' counsel	3.01(A)(20)

1/26/78
2/26/78
3/8/78
3/22/78

ACCEPTANCE CERTIFICATE UNDER
REVOLVING LOAN AGREEMENT, DATED AS OF DECEMBER 23, 1977,
BETWEEN CONRAIL 1978 TRUST NO. I AND FIRST
PENNSYLVANIA BANK N.A.

CONSOLIDATED RAIL CORPORATION ("ConRail") hereby certifies that:

(A) The units of railroad equipment listed below (the "Units") have been delivered to ConRail in accordance with the lease (the "Lease"), dated as of December 23, 1977, by and between ConRail and MANUFACTURERS NATIONAL BANK OF DETROIT, as trustee (the "Lessor") and accepted by ConRail on behalf of the Lessor pursuant to the Lease on the date hereof;

(B) The Units are in good order and condition and conform to all applicable Interstate Commerce Commission requirements and specifications, all standards recommended by the Association of American Railroads and all requirements of the Lease;

(C) The Units have been marked, permanently and conspicuously, with the legend:

"OWNERSHIP OF THIS [BOX CAR or AUTO RACK, as the case may be] SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c"; and

(D) The Units are subject to the terms and conditions of the Lease.

The Units to which this certificate pertains are:

<u>Serial No.</u>	<u>Manufacturer</u>	<u>Identifying No.</u>	<u>Place of Acceptance</u>
-------------------	---------------------	------------------------	----------------------------

Dated at _____, this _____ day
of _____, 1978.

CONSOLIDATED RAIL CORPORATION

By _____

1/26/78
2/26/78
3/8/78
3/22/78

ASSIGNMENT AND SECURITY AGREEMENT

THIS ASSIGNMENT AND SECURITY AGREEMENT, dated as of December 23, 1977, but executed and delivered on March , 1978, by and between CONRAIL 1978 TRUST NO. I (the "Borrower") and FIRST PENNSYLVANIA BANK N.A. (the "Bank"),

W I T N E S S E T H :

Background. The Borrower is a trust of which MANUFACTURERS NATIONAL BANK OF DETROIT is trustee (hereinafter referred to as the "Trustee") and FORD MOTOR CREDIT COMPANY, THE BUDD LEASING CORP. and GOULD LEASING INC. are the beneficiaries (hereinafter referred to individually as a "Beneficiary" and collectively as the "Beneficiaries"), under a Restated and Amended Trust Agreement, restated and amended as of February 15, 1978, and dated as of December 23, 1977.

The parties hereto are also parties to a Revolving Loan Agreement, dated as of December 23, 1977 (the "Loan Agreement"), pursuant to which the Bank agreed to lend the Borrower up to \$15,130,700 (the "Loan"). The Loan is to be used, together with the Investment (as defined in the Loan Agreement), to purchase the Equipment and pay the Transaction Costs (as each such term is defined in the Loan Agreement). In addition, the Borrower, as lessor, has

entered into the Lease (as defined in the Loan Agreement) with CONSOLIDATED RAIL CORPORATION ("ConRail") as lessee, providing for the lease of the Equipment to ConRail.

It is a condition precedent to the obligation of the Bank to make the Loan under the Loan Agreement that the Borrower execute and deliver this Assignment and, to induce the Bank to enter into the Loan Agreement and make the Loan, the Borrower is willing to do so.

NOW, THEREFORE, in consideration of the promises herein contained, and each intending to be legally bound hereby, the parties agree as follows:

SECTION 1. As collateral security for the prompt satisfaction of all Obligations (as defined in the Loan Agreement), the Borrower hereby assigns to the Bank and grants the Bank a lien on and security interest in all of the Borrower's right, title and interest in and to all of the following, wherever located, whether now owned or hereafter acquired, together with all replacements therefor and proceeds (including, but without limitation, insurance proceeds) thereof (collectively, the "Collateral"):

(A) The Purchase Orders (as defined in the Loan Agreement);

(B) The Equipment, including, but without limitation, the Equipment more fully listed and described in Exhibit A, attached hereto and made a part hereof;

(C) The Lease and all of the Borrower's right, title and interest, powers, privileges and other benefits thereunder, including but without limitation: the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Borrower from ConRail under or pursuant to the provisions of the Lease (excluding, however, the right of the Borrower to any payments from ConRail to the Borrower or the Beneficiaries pursuant to the provisions of § 6 and § 9 of the Lease, or of the Tax Indemnity Agreement dated as of December 23, 1977, between ConRail and the Beneficiaries), whether as rent, casualty payments, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and, upon the happening of an Event of Default specified in the Lease, the right to make all waivers and agreements, to give all notices, consents and releases, to take all action and to do any and all other things whatsoever which the Borrower is or may become entitled to do under the Lease; and

(D) All records pertaining to the Collateral described in the foregoing paragraphs.

It is the intention of the parties hereto that the foregoing liens shall be first and prior liens and shall be enforceable as such.

SECTION 2. After any acceleration, as provided for in Paragraph 6.02 of the Loan Agreement, the Bank shall have, in addition to the rights and remedies given it by the Loan Agreement and this Assignment, all those allowed by applicable laws, except that, without the written consent of the Borrower, the Bank may not retain the Collateral in satisfaction of the Obligations. Without limiting the generality of the foregoing, the Bank may immediately, without demand of performance and without other notice (except as specifically required by this Assignment) or demand whatsoever to the Borrower, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Philadelphia, Pennsylvania, or elsewhere, the whole or, from time to time, any part of the Collateral, or any interest which the Borrower may have therein. After deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), the Bank shall apply such proceeds toward the satisfaction of the Obligations. Any remainder of the proceeds after satisfaction in full of the Obligations shall, subject to mandatory provisions of any applicable laws, be paid over to the Borrower in immediately available federal funds. Notice of any sale or other disposition shall be given to the Borrower at least thirty (30) days

before the time of any intended public sale or of the time after which any intended private sale or other disposition of the Collateral is to be made, which the Borrower hereby agrees shall be reasonable notice of such sale or other disposition.

SECTION 3. In furtherance of the assignment and security interest provided for herein, the Borrower agrees as follows:

(A) The Borrower will abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Borrower. Without the written consent of the Bank, the Borrower will not: anticipate the rents under the Lease; waive, excuse, condone, forgive or in any manner release or discharge ConRail thereunder of or from the obligations, covenants and agreements to be performed by ConRail that are intended to satisfy the Obligations of the Borrower under the Loan Agreement, including, but without limitation, the obligation to make the Payments in the manner and at the time and place specified therein; terminate the Lease; or enter into any agreement amending or modifying the Lease, and the Borrower agrees that any such amendment or modification that adversely affects the rights of the Bank hereunder shall be void without the Bank's consent.

(B) At the Borrower's sole cost and expense, the Borrower will appear in and defend every action or proceeding arising under, growing out of, or in any manner connected with the obligations, duties or liabilities of the Borrower under the Lease.

(C) The Borrower will direct that, at the time of delivery of each unit of the Equipment to ConRail under the Lease, there will be plainly, distinctly, permanently and conspicuously marked by stencilling or otherwise on each side of each unit, the following legend:

"OWNERSHIP OF THIS [BOX CAR or AUTO RACK, as the case may be] SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c."

(D) Should the Borrower fail to do any act which this Assignment requires the Borrower to do, then the Bank, may (but without obligation so to do), after first making written demand upon the Borrower and affording the Borrower a reasonable period of time within which to do such act (but without releasing the Borrower from any obligation hereunder) make or do the same in such manner and to such extent as the Bank may deem necessary to protect the Collateral, including specifically, but without limitation, appearing in and defending any action or proceeding purporting to affect the Collateral or the rights or powers of the Bank, and performing and discharging each and every

obligation, covenant and agreement of the Borrower contained in the Lease. In exercising any such powers, the Bank may pay necessary and reasonable costs and expenses, employ counsel and incur and pay reasonable attorneys' fees and the Borrower will reimburse the Bank for such costs, expenses and fees on demand.

At any such sale or other disposition, the Bank may, to the extent permissible under applicable laws, purchase the whole or any part of the Collateral. Without limiting the generality of any of the rights and remedies conferred upon the Bank under this Section, the Bank may, after acceleration of the maturity of the Loan, to the full extent permissible by applicable laws, do all or any of the following:

- (A) Terminate the Lease;
- (B) Take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court of competent jurisdiction;
- (C) At the Bank's option, use, operate, manage and control the Collateral in any lawful manner;
- (D) Collect and receive all rents, income, revenue, earnings, issues and profits therefrom; and
- (E) Maintain, repair, renovate, alter or remove the Collateral as the Bank may determine in its discretion.

SECTION 4. This Assignment has been executed and delivered for the sole purpose of providing collateral security for the Obligations of the Borrower under the Loan Agreement and, accordingly:

(A) The execution and delivery of this Assignment shall not subject the Bank to, or transfer or pass or in any way affect or modify the liability of the Borrower under the Lease, and all obligations of the Borrower to ConRail shall be and remain enforceable by ConRail, its successors and assigns, against, and only against, the Borrower, its successors and assigns; and

(B) The Bank hereby agrees with the Borrower that, so long as no Event of Default under the Loan Agreement has occurred and is continuing:

(1) The Bank will not exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Borrower to the Bank by this Assignment, except the right to receive the Payments and apply them as provided in the Loan Agreement; and

(2) Subject to the terms of the Lease, the Loan Agreement and this Assignment, the Borrower may exercise or enforce, or seek to exercise or enforce, such rights, powers, privileges, authorizations or benefits.

SECTION 5. The Borrower does hereby constitute the Bank the Borrower's true and lawful attorney-in-fact, irrevocably, with full power, after the occurrence of an Event of Default, in the name of the Borrower, 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 Borrower is or may become entitled, to enforce compliance by ConRail 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 the Bank may deem to be necessary or advisable in the premises.

SECTION 6. Upon the full discharge and satisfaction of all the Borrower's Obligations under the Loan Agreement and the Notes (as defined in the Loan Agreement), this Assignment and all rights herein assigned to the Bank shall terminate, all estate, right, title and interest of the Bank in and to the Collateral shall revert to the Borrower, and the Bank shall do such acts and shall execute such filings and other documents as shall be required to give effect to the foregoing provisions of this section.

SECTION 7. The Borrower makes no representation or warranty as to the due execution of the Lease by ConRail

or, with respect to ConRail, the validity, sufficiency or enforceability thereof. Nor shall the Borrower be responsible for the performance or observance by ConRail of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease.

SECTION 8. The Borrower will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, re-register, re-record, or re-deposit whenever required) any and all further instruments required by law or reasonably requested by the Bank in order to confirm or further assure, the interests of the Bank hereunder. The obligations set forth in this section shall be satisfied if, where proper, performed by ConRail.

SECTION 9. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania, but the parties hereto shall be entitled to all of the rights conferred by Section 20c of the Interstate Commerce Act.

SECTION 10. This Assignment shall inure to the benefit of, and shall be binding upon, the respective successors and permitted assigns of the parties hereto,

and shall be enforceable only against the Trust, and not against the Trustee or the Beneficiaries in their individual capacities.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Assignment to be duly executed as of the date and year first above written.

FIRST PENNSYLVANIA BANK N.A.

By _____
Vice President

CONRAIL 1978 TRUST NO. I
[By Manufactures National
Bank of Detroit, Trustee
under a Restated and
Amended Trust Agreement,
restated and amended as of
February 5, 1978 and dated
as of December 23, 1977]

ATTEST: [CORPORATE SEAL]

Secretary

By _____

1/26/78
2/26/78
3/8/78
3/22/78

BUILDER'S DELIVERY CERTIFICATE UNDER
REVOLVING LOAN AGREEMENT DATED AS OF DECEMBER 23, 1977
BETWEEN CONRAIL 1978 TRUST NO. I AND FIRST
PENNSYLVANIA BANK N.A.

certifies that: ("Builder") hereby

(A) The units of railroad equipment listed below (the "Units") have been delivered to Consolidated Rail Corporation ("ConRail") in accordance with the purchase order dated _____, 1978, by and between Builder and ConRail (the "Purchase Order");

(B) The Units are in good order and condition and conform to all applicable Interstate Commerce Commission requirements and specifications, all standards recommended by the Association of American Railroads and all requirements of the Purchase Order;

(C) Such Units have been marked, permanently and conspicuously, with the legend:

"OWNERSHIP OF THIS [BOX CAR or AUTO RACK, as the case may be] SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c";
and

(D) Identifying numbers as specified in the Lease dated as of December 23, 1977, between ConRail and Manufacturers National Bank of Detroit have been attached or affixed to the Units. In the case of each Auto Rack such legend and identifying number were attached before such Auto Rack was assembled or affixed to a flat bed car.

The Builder represents and warrants to the Bank and the Trustee (as those terms are defined in the aforesaid Revolving Loan Agreement) that at the time of delivery of the Units, the Units were newly manufactured and were not used, it had legal title to the Units and good and lawful right to sell the Units and that the Trustee received title to the Units free of all claims, liens, security interests and other encumbrances of any nature, excepting only the rights of the Bank under the Assignment and Security Agreement (as defined in the said Revolving Loan Agreement) and the rights of ConRail under the Lease (as defined in the said Revolving Loan Agreement).

The Units to which this certificate pertains are:

<u>Serial No.</u>	<u>Identifying No.</u>	<u>Place of Acceptance</u>
-------------------	------------------------	----------------------------

Dated at
1978.

, , this day of ,

[BUILDER]

By _____

2/26/78
3/8/78
3/22/78

CONSENT TO ASSIGNMENT AND SECURITY AGREEMENT

The undersigned, a corporation duly incorporated under the laws of the Commonwealth of Pennsylvania, the lessee named in the lease (hereinafter called the "Lease") referred to in that certain Assignment and Security Agreement of even date herewith, by and between CONRAIL 1978 TRUST NO. I (the "Borrower") and FIRST PENNSYLVANIA BANK N.A. (the "Bank") (hereinafter called the "Assignment"), hereby acknowledges receipt of a copy of the Assignment and consents to all the terms and conditions of the Assignment.

As an inducement to the Bank to make the loan (the "Loan") described in the Revolving Loan Agreement referred to in the Assignment, by the proceeds of which the Borrower is partially financing the purchase of the units of railroad equipment (hereinafter called the "Units") being leased by the Borrower to the undersigned pursuant to the Lease, and in consideration of other good and valuable consideration, the undersigned:

(A) Agrees, subject to the terms and conditions of the Assignment, to pay all rentals, casualty payments, liquidated damages, and other moneys (other than pursuant to Sections 6 and 9 of the Lease or the Tax Indemnity Agreement referred to in the Assignment) provided for in the

Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease in respect of the Units leased thereunder, directly to the Bank (to be applied as provided in the Revolving Loan Agreement) at First Pennsylvania Tower, Centre Square Building, Philadelphia, Pennsylvania 19101, attention National Department (or to such other address as may be furnished in writing to the undersigned by the Bank);

(B) Agrees, subject to the terms and conditions of the Assignment, that the Bank shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease;

(C) Agrees that the Payments shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Borrower or otherwise, and the payment thereof to the Bank shall be final;

(D) Agrees that any rights acquired by the undersigned, by subrogation or otherwise, against the Borrower with respect to any of the Units by reason of any Payment made by the undersigned pursuant hereto, may not be exercised until the

1/26/78
2/26/78
3/8/78
3/22/78

INTERIM NOTE

\$15,130,700

Philadelphia, Pennsylvania

March , 1978

On or before the date of the Final Closing, as such term is defined in a Revolving Loan Agreement, dated as of December 23, 1977, by and between the undersigned and the payee hereof (the "Loan Agreement"), the undersigned promises to pay to the order of FIRST PENNSYLVANIA BANK N.A., at First Pennsylvania Tower, Centre Square Building, Philadelphia, Pennsylvania 19101, the principal amount of Fifteen Million One Hundred Thirty Thousand Seven Hundred Dollars (\$15,130,700) (or such lesser amount as shall then be owing by the undersigned to the payee hereof pursuant to the provisions of the Loan Agreement), by the delivery of the Replacement Note (as defined in the Loan Agreement), with interest in such amount and at such Rates as are provided by the Loan Agreement, to all of the provisions of which this Note is subject.

CONRAIL 1978 TRUST NO. I
[By Manufacturers National
Bank of Detroit, Trustee
under a Restated and
Amended Trust Agreement,
restated and amended as
of February 15, 1978 and
dated as of December 23,
1977]

By _____

The opinion of Messrs. Bodman, Longley & Dahling shall be to the effect that:

(A) The Borrower is a trust that has been duly created and is validly existing under the Laws of the State of Michigan;

(B) The Revolving Loan Agreement, the Notes and the Assignment and Security Agreement have been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by each other party thereto (if any), each such instrument is a legal, valid and binding instrument and is enforceable against the Borrower in accordance with its terms;

(C) The Trustee is a national banking association, duly chartered, validly existing, and in good standing under the Laws of the United States applicable to national banking associations; and

(D) The Trust Agreement, the Lease, the Assignment of Purchase Orders and the Participation Agreement have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by each other party thereto, each such instrument is a legal, valid and binding instrument and is enforceable against the Trustee in accordance with its terms.

The opinion of Ronald Dietrich, Esquire, Vice President - Law for ConRail, shall be to the effect that:

(A) The Participation Agreement, Purchase Orders, Assignment of Purchase Orders, Consent to Assignment and Security Agreement and Lease have been duly authorized, executed and delivered by ConRail and, assuming due authorization, execution and delivery by each other party thereto (if any), each such instrument is a legal, valid and binding instrument and is enforceable in accordance with its terms;

(B) Upon payment for each item of Equipment by the Trustee and the Bank, in accordance with the terms and conditions of the Revolving Loan Agreement, the Bank will have a valid, enforceable first lien on and security interest in such unit of Equipment;

(C) Appropriate Uniform Commercial Code filings have been made with respect to the Collateral; the Revolving Loan Agreement, the Lease, the Assignment and Security Agreement, the Consent to Assignment and Security Agreement, the Purchase Orders, the Assignment of Purchase Orders, and the Consents to Assignment of Purchase Orders have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and no other filing or recordation is necessary for the perfection of

the lien on and security interest of the Bank in the Collateral in any state of the United States or in the District of Columbia;

(D) No authorization or approval from any governmental or public body or authority of the United States, or, to the knowledge of said counsel, from any of the states thereof or the District of Columbia, is necessary for the due execution, delivery and enforceability of the Participation Agreement, the Revolving Loan Agreement, the Lease, the Purchase Orders, the Assignment of Purchase Orders, the Consents to Assignment of Purchase Orders, the Assignment and Security Agreement or the Consent to Assignment and Security Agreement;

(E) Under the circumstances contemplated by the Revolving Loan Agreement, it is not necessary to register the Revolving Loan Agreement, the Assignment of Purchase Orders, the Assignment and Security Agreement or any other document contemplated by the Revolving Loan Agreement under the Securities Act of 1933, as in effect on the date of such opinion, or to qualify the Revolving Loan Agreement, the Assignment of Purchase Orders, the Assignment and Security Agreement or any other document contemplated by the Revolving Loan Agreement under the Trust Indenture Act of 1939, as in effect on the date of such opinion;

(F) ConRail is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to do business in, and is in good standing in, all jurisdictions in which the failure to so qualify or be in good standing could impair its ability to perform its business and activities;

(G) Neither the execution and delivery of the Participation Agreement, the Purchase Orders, the Assignment of Purchase Orders, the Lease, the Consent to Assignment and Security Agreement, the Acceptance Certificates or the Tax Indemnity Agreement, nor the consummation of the transactions contemplated by the Revolving Loan Agreement, nor the fulfillment of, or compliance with, the terms and provisions of any such document, will conflict with, or result in a breach of, any Laws, or any of the terms, conditions or provisions of the charter (as amended) or the by-laws (as amended) of ConRail, or of any bond, debenture, note, mortgage, indenture, agreement or other instrument known to such counsel to which ConRail is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature whatsoever on any of the Collateral, except for Permitted Liens;

(H) No mortgage, deed of trust, security interest or other lien of any nature whatsoever which now covers or affects any property or interest therein of ConRail (other than Permitted Liens) now attaches or hereafter will attach to any of the Collateral or in any manner affects or will affect adversely the right, title and interest of the Trustee, the Beneficiaries or the Bank in and to the Collateral;

(I) Neither the Beneficiaries nor the Trustee will, as of any Closing, by virtue of the transactions contemplated by the Revolving Loan Agreement, be required to obtain any authorization or approval from any Person, nor, except with respect to the Equipment, will any of them be subject to regulation by any state of the United States or the Interstate Commerce Commission or any other federal governmental body or authority having jurisdiction over the Equipment; and

(J) There are no actions, suits or proceedings (whether or not purportedly on behalf of ConRail) pending or (to the knowledge of such counsel) threatened against or affecting ConRail, or any property rights of ConRail at law or in equity, or before any commission or other administrative agency, which could materially and adversely affect the condition (financial or otherwise) of ConRail, or its ability to perform its obligations under the Participation Agreement, the Assignment of Purchase Orders, the Consent to Assignment

and Security Agreement, the Tax Indemnity Agreement, the Acceptance Certificates or the Lease, except as described in: (1) Exhibit L to the placement memorandum dated November 14, 1977, from ConRail to prospective equity purchasers of the Equipment; and (2) in the memorandum of disclosure dated as of February , 1978; and ConRail is not (to the knowledge of such counsel) in default with respect to any order or decree of any court of governmental commission, agency or instrumentality.

The opinion of Messrs. Sullivan & Cromwell shall be to the effect that the Trust Agreement and the Participation Agreement have been duly authorized, executed and delivered by each of the Beneficiaries and, assuming due authorization, execution and delivery by each other party thereto, each such instrument is a legal, valid and binding instrument and is enforceable against each of the Beneficiaries in accordance with its terms.

The opinion of counsel for each Builder shall be to the effect that:

(A) Such Builder is a corporation, duly organized and existing and in good standing under the Laws of its state of incorporation, and such Builder has the power and authority to own its property and to conduct its business as now owned and conducted;

(B) The Purchase Orders and Consent to Assignment of Purchase Orders executed and delivered by such Builder, and the bills of sale and Builder's Delivery Certificates to be executed and delivered by such Builder, have been duly authorized by such Builder, and have been duly executed and delivered, or will be duly executed and delivered, as the case may be, by such Builder and, assuming due authorization, execution and delivery by each other party thereto, each such instrument is a legal, valid and binding instrument and is enforceable against such Builder in accordance with its terms; and

(C) Prior to the delivery thereof to ConRail, such Builder had good and marketable title to each unit of Equipment delivered by such Builder, and each such unit has been delivered to ConRail free and clear of all claims, liens, security interests or other encumbrances, excepting only Permitted Liens.

The opinion of Messrs. Schnader, Harrison, Segal & Lewis shall be to the effect that:

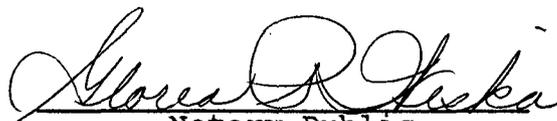
(A) The Revolving Loan Agreement, Assignment and Security Agreement, and the Participation Agreement, assuming due authorization, execution and delivery by each party thereto (including the Bank) are legally valid and binding instruments and are enforceable in accordance with their respective terms.

(B) Upon payment for each item of Equipment by the Trustee and the Bank, in accordance with the terms and conditions of the Revolving Loan Agreement, the Bank will have a valid, enforceable first lien on and security interest in such unit of Equipment.

STATE OF MICHIGAN
COMMONWEALTH OF PENNSYLVANIA :
 WAYNE : ss.
COUNTY OF PHILADELPHIA :

On this 30TH day of MARCH, 1978, before me, personally appeared ROGER C. BALDWIN, to me personally known, who, being by me duly sworn, says that he is VICE PRESIDENT

of FIRST PENNSYLVANIA BANK, N.A., 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.



Notary Public

GLORIA P. WALSBY

Notary Public, Wayne County, Mich.

My Commission Expires Mar. 13, 1979

