

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX  
RCA 233663  
WUD 125547  
WUI 620976

MAURICE T. MOORE  
WILLIAM B. MARSHALL  
RALPH L. McAFEE  
ROYALL VICTOR  
HENRY W. DEKOSMIAN  
ALLEN F. MAULSBY  
STEWART R. BROSS, JR.  
HENRY P. RIORDAN  
JOHN R. HUPPER  
SAMUEL C. BUTLER  
WILLIAM J. SCHRENK, JR.  
BENJAMIN F. CRANE  
FRANCIS F. RANDOLPH, JR.  
JOHN F. HUNT  
GEORGE J. GILLESPIE, III  
RICHARD S. SIMMONS  
WAYNE E. CHAPMAN  
THOMAS D. BARR  
MELVIN L. BEDRICK  
GEORGE T. LOWY  
ROBERT ROSENMAN  
JAMES H. DUFFY  
ALAN J. HRUSKA  
JOHN E. YOUNG  
JAMES M. EDWARDS  
DAVID G. ORMSBY

DAVID L. SCHWARTZ  
RICHARD J. HIEGEL  
FREDERICK A. O. SCHWARZ, JR.  
CHRISTINE BESHAR  
ROBERT S. RIFKIND  
DAVID BOIES  
DAVID O. BROWNWOOD  
PAUL M. DODYK  
RICHARD M. ALLEN  
THOMAS R. BROME  
ROBERT F. MULLEN  
ROBERT F. MULLEN  
ALLEN FINKELSON  
RONALD S. HOWE  
JOSEPH A. SAHID  
PAUL C. SAUNDERS  
MARTIN L. SENZEL  
DOUGLAS B. DOWNEY  
ALAN C. STEPHENSON  
RICHARD L. HOFFMAN  
JOSEPH A. MULLINS  
MAX R. SHULMAN  
WILLIAM P. DICKEY  
STUART W. GOLD  
JOHN W. WHITE

11952 B

RECORDATION NO. .... Filed 1425

JUN 30 1980 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

11952 C

RECORDATION NO. .... Filed 1425

JUN 30 1980 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

Consolidated Rail Corporation ("Conrail")  
Lease Financing Dated as of May 15, 1980  
15-1/2% Conditional Sale Indebtedness Due 1990

[CS&M Ref: 3909-204]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Consolidated Rail Corporation ("Conrail"), for filing and recordation, counterparts of the following:

(1) (a) Conditional Sale Agreement dated as of May 15, 1980, between The Philadelphia National Bank and Portec, Inc.; and

(b) Agreement and Assignment dated as of May 15, 1980, between Mercantile-Safe Deposit and Trust Company and Portec, Inc.

(2) (a) Lease of Railroad Equipment dated as of May 15, 1980, between Consolidated Rail Corporation and The Philadelphia National Bank; and

(b) Assignment of Lease and Agreement dated as of May 15, 1980, between The Philadelphia National Bank and Mercantile-Safe Deposit and Trust Company.

*New Member*

*- A*

*- B*

*- C*

*Counterpart Eduardo J. Solis*

11952

RECORDATION NO. .... Filed 1425

JUN 30 1980 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

COUNSEL  
CARLYLE E. MAW  
ALBERT R. CONNELLY  
FRANK H. DETWEILER  
GEORGE G. TYLER

ROSWELL L. GILPATRICK  
L. R. BRESLIN, JR.  
GEORGE B. TURNER  
JOHN H. MORSE  
HAROLD R. MEDINA, JR.  
CHARLES R. LINTON  
ALLEN H. MERRILL

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

33 THROMGORTON STREET  
LONDON, EC2N 2BR, ENGLAND  
TELEPHONE 01-606-1421  
TELEX: 5814901

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

11952 A

RECORDATION NO. .... Filed 1425

JUN 30 1980 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

JUN 26 1980

100.00

CS Washington, D. C.

June 30, 1980

FEE  
OPERATION BR.  
I. C. C.

JUN 30 3 37 PM '80

RECEIVED

The addresses of the parties to the aforementioned agreements are:

Lessor-Trustee:

The Philadelphia National Bank,  
1 North 5th Street,  
Philadelphia, Pennsylvania 19106.

Builder-Vendor:

Portec, Inc.,  
(Railcar Division),  
1800 Century Boulevard,  
Atlanta, Georgia 30345.

Lessee:

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

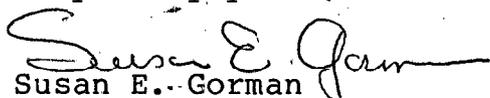
Agent-Vendor-Assignee:

Mercantile-Safe Deposit and Trust Company,  
Two Hopkins Plaza,  
Baltimore, Maryland 21203.

The equipment covered by the aforementioned agreements consists of 285 Bi-level Auto Racks bearing the road numbers of the Lessee CR2090-CR2374, both inclusive, and also bearing the legend "Owned by a Bank or Trust Company. Ownership Subject to a Conditional Sale Agreement Filed with the Interstate Commerce Commission and Subject to a Security Interest Under the Uniform Commercial Code".

Enclosed is our check for \$100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

Very truly yours,

  
Susan E. Gorman

As Agent for Consolidated  
Rail Corporation.

Agatha Mergenovich, Secretary,  
Interstate Commerce Commission,  
Washington, D. C. 20423

Encls.

28

RECORDATION NO. 11952 Filed 1425

JUN 30 1980 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 15, 1980 (this "Assignment"), between THE PHILADELPHIA NATIONAL BANK, not individually but solely as Trustee (the "Lessor") under a Trust Agreement dated as of May 15, 1980 (the "Trust Agreement"), with the parties named in Annex A thereto (the "Owners"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (together with its successors and assigns, the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement").

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

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

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

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

- 1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor under the CSA, all the Lessor's rights, titles and interests, powers, privileges, and other benefits in, to and under the Lease (including those inuring to the benefit of the Owners, but

not including those excepted below), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Lessee by the Lessor and any Owner under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys, except as set forth below, being hereinafter called the "Payments"), and the right to make all waivers, modifications and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under or with respect to the Lease; provided, however, that the term "Payments" as used herein shall not be deemed to include, at any time either before or after an Event of Default under the Lease shall have occurred and be continuing, payments by the Lessee to any Owner pursuant to § 6, 9 or 16 of the Lease or to the Lessor in its individual capacity. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor, or as attorney for the Lessor, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will apply such Payments first, to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor in immediately available funds by bank wire to the Lessor at its address specified in § 18 of the Lease or at such other address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease when due, the Vendor shall promptly notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA, except that the Vendor may not declare an event of

default under subparagraph (a) or (f) of Article 15 of the CSA arising solely by reason of the failure of the Lessee to make any rental payment which, pursuant to subparagraph (f) of Article 15 of the CSA, would not constitute an event of default thereunder if the Lessor complies with the provisions thereof, unless such event of default is not remedied within 10 business days after notification is given as aforesaid.

2. The assignment made by the Lessor hereunder is executed only as security and, therefore, the execution and delivery of this Assignment by the Lessor shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being agreed that, notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor. The Lessor shall appear in and defend every action in connection with its obligations or duties under the Lease at its sole cost.

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

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

4. The Lessor will faithfully abide by, perform and discharge each and every obligation and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, forgive or in any manner release or discharge the Lessee of or from the obligations, covenants, conditions and agreements to be performed by the Lessee thereunder, including, without

limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

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

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

7. The Lessor will pay and discharge any and all taxes, claims, liens, charges or security interests (other than those created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including income taxes arising out of the receipt of the rentals and other payments under the Lease and any other proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpay-

ment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

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

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

10. This Assignment shall be governed by the laws of the Commonwealth of Pennsylvania, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing or deposit hereof, if any, as shall be conferred by the laws of the several jurisdictions in which this Assignment shall be filed or deposited.

11. The Lessor shall cause copies of all notices and other documents received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the CSA, or at such other address as the Vendor shall designate in writing, unless the Lessor shall determine that the Vendor shall already have received the same.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, without the prior written consent of the Lessor, except the right to receive Payments under Paragraph 1 hereof and to enforce any right, power, agreement or indemnity under the Lease (other than any rights, powers, privileges, authorizations or benefits under §§ 6, 9 and 16 of the Lease to the extent they inure to the benefit of the Lessor or the Owners); provided, however, that if the Vendor does not seek to collect that portion of the Payments which would otherwise be paid to the Lessor pursuant to the second

paragraph of Paragraph 1 of this Assignment, the Lessor shall have the right, only so long as no event of default under the CSA has occurred and is continuing, to proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of such obligations or to recover damages for the breach thereof as provided in § 10(a) of the Lease, but may not, without the prior written consent of the holders of a majority in principal amount of the CSA Indebtedness, declare an Event of Default under or terminate the Lease. Notwithstanding the provisions of the Lease or this Assignment, should the Lessee default in the observance or performance of any obligations contained in § 6, 9 or 16 of the Lease to the extent made for the benefit of the Lessor, and such default shall continue for 30 days after written notice thereof from the Lessor to the Lessee, the Lessor shall have the right to proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of such obligations or to recover damages for the breach thereof as provided in § 10(a) of the Lease, but may not, without the prior written consent of the holders of a majority in principal amount of the CSA Indebtedness, declare an Event of Default under or terminate the Lease; provided, however, that the foregoing provision shall not be deemed to prohibit or limit in any way the right of the Vendor to enforce any of the rights and remedies under § 10(b) of the Lease. The right of the Lessor under the preceding sentence shall not affect the rights of the Vendor, before or after the occurrence of an event of default under the CSA, which arise under or with respect to § 6 or 9 of the Lease.

13. Anything in this Assignment to the contrary notwithstanding, each and all of the representations, undertakings and agreements in this Assignment made on the part of the Lessor are made and intended not as personal representations, undertakings and agreements by The Philadelphia National Bank or for the purpose or with the intention of binding it personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by it solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or responsibility is assumed by or shall at any time be enforceable against the said financial institution or the Owners on account of any representation, undertaking or agreement of the Lessor or the Owners hereunder (except as provided in the last paragraph of Article 12 of the CSA and in § 1.03 of the Trust Agreement), either

expressed or implied, all such personal liability, if any, being expressly waived by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Estate for the satisfaction of the same.

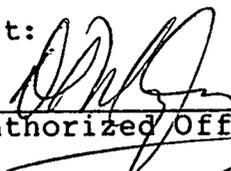
14. This Assignment may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee shall be deemed the original counterpart and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

THE PHILADELPHIA NATIONAL BANK,  
not individually but solely as  
Trustee,

by   
Authorized Officer

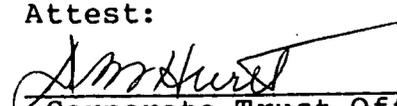
[Seal]

Attest:   
Authorized Officer

MERCANTILE-SAFE DEPOSIT AND TRUST  
COMPANY, as Agent,

by   
Assistant Vice President

[Corporate Seal]

Attest:   
ASSISTANT Corporate Trust Officer

STATE OF NEW YORK, )  
 ) ss.:  
COUNTY OF NEW YORK, )

On this *27<sup>th</sup>* day of *June* 1980, before me personally appeared *Richard Custer*, to me personally known, who, being by me duly sworn, says that he/she is an Authorized Officer of THE PHILADELPHIA NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank, and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

*Charles S. DePalma*  
\_\_\_\_\_  
Notary Public  
CHARLES S. DePALMA  
Notary Public, State of New York  
No. 31-5990695  
Qualified in New York County  
Commission Expires March 30, 1982

[Notarial Seal]

My Commission Expires

STATE OF NEW YORK, )  
 ) ss.:  
COUNTY OF NEW YORK, )

On this *26* day of *June* 1980, before me personally appeared *Russell C. Schreiber* to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

*Leone P. Wollenberg*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission Expires

LEONE P. WOLLENBERG  
NOTARY PUBLIC, State of New York  
No. 31-4041079  
Qualified in New York County  
Commission Expires March 30, 1981

## CONSENT AND AGREEMENT

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

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease, other than amounts not assigned to the Vendor (as hereinafter defined) pursuant to the Lease Assignment, due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment, by 11:00 a.m. Baltimore time, on the date such payment is due, by bank wire transfer of immediately available funds to The Annapolis Banking and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Agent's Account No. 52076-1, with a request that The Annapolis Banking and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that the funds are "RE: Conrail 5/15/80" (or at such other address as may be furnished in writing to the Lessee by the Vendor);

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

(3) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

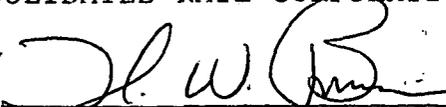
(4) the Vendor shall not, by virtue of the Lease Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

(5) the Lease shall not, without the prior written consent of the Vendor, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

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

CONSOLIDATED RAIL CORPORATION,

by

  
Vice President and Treasurer

[Corporate Seal]

Attest:

  
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of May 1980.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

  
Assistant Vice President