

Alan A. Rudnick
Assistant General Attorney

RECORDATION NO. 11501 Filed 1425

February 15, 1980

FEB 19 1980 - 10 00 AM
INTERSTATE COMMERCE COMMISSION



Law Department
Terminal Tower
P. O. Box 6419
Cleveland, Ohio 44101
216 623 2471

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

0-050A021

Attention: Mrs. M. R. Lee, Room 2303
Recordation Unit

No. _____
Date: FEB 19 1980
Fee \$ 50.00

Dear Ms. Mergenovich:

ICC Washington, D. C.

Enclosed are executed counterparts Nos. 1 through 5 of the Conditional Sale Agreement dated as of February 1, 1980, between Manufacturers Hanover Trust Company, Trustee, 40 Wall Street, New York, New York 10015 (Seller) and The Chesapeake and Ohio Railway Company, P.O. Box 6419, Cleveland, Ohio 44101 (Buyer).

The equipment covered by the above documents consists of:

- 6 General Electric Company Model B30-7 3000 H.P. Diesel Electric Locomotives.

The above equipment will be lettered "Chessie System", "C&O", or in some other appropriate manner, and will also be marked:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COMMISSION".

Also enclosed is a draft of The Chesapeake and Ohio Railway Company in the amount of \$50 representing the required recording fee.

Pursuant to the Commission's rules and regulations for the recordation of certain documents under 49 USC Sec. 11303 (formerly Sec. 20c of the Interstate Commerce Act), as currently administered, you are hereby requested to file one of the enclosed counterparts for record in your office and to return the remaining copies to me at my above address.

Thank you in advance for your cooperation.

Sincerely,

Alan A Rudnick
Alan A. Rudnick

AAR:aj
Enclosures



C. H. Kumbel

Interstate Commerce Commission
Washington, D.C. 20423

2/19/80

OFFICE OF THE SECRETARY

Alan A. Rudnick
Chessie System
Terminal Tower
P.O.Box 6419
Cleveland, Ohio 44101

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/19/80 at 10:00am, and assigned re-
recording number(s). 11501

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11501
RECORDATION NO. Filed 1425

FEB 19 1980 - 10 00 AM

INTERSTATE COMMERCE COMMISSION

EXECUTED IN 8 COUNTERPARTS

OF WHICH THIS IS NO. 1

CONDITIONAL SALE AGREEMENT

Dated as of February 1, 1980

Between

Manufacturers Hanover Trust Company, Trustee

and

The Chesapeake and Ohio Railway Company

Conditional Sale Agreement dated as of February 1, 1980, by and between MANUFACTURERS HANOVER TRUST COMPANY, a New York corporation, as Trustee under the First and Second Consolidated Mortgages of The Chesapeake and Ohio Railway Company, each dated January 20, 1890, on its Richmond and Alleghany Railway Division, and as Trustee under the First Consolidated Mortgage of The Hocking Valley Railway Company, dated March 1, 1899, (hereinafter called the "Seller"), and THE CHESAPEAKE AND OHIO RAILWAY COMPANY, a Virginia corporation (hereinafter called the "Buyer").

RECITALS

The Seller has acquired, or has arranged to acquire, title to the new standard gauge railroad rolling stock (hereinafter called the "Equipment") more particularly described in Schedule A annexed hereto and hereby made a part hereof, from General Electric Corporation, the manufacturer thereof (hereinafter called the "Manufacturer"), and has agreed, and does hereby agree, to sell the same to the Buyer, and the Buyer has agreed, and does hereby agree, to purchase the same from the Seller, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the Seller and the Buyer do hereby agree as follows:

1. Sale. Subject to the receipt by the Seller of the items specified in clauses (a) to (h), inclusive, of Section 3 hereof, the Seller will sell (at the Full Purchase Price, as defined in Section 3 of this Agreement) and deliver the Equipment, or cause the same to be delivered, to the Buyer and the Buyer will purchase the same from the Seller and accept delivery thereof as hereinafter provided and pay therefor as hereinafter set forth.

2. Delivery and Acceptance. The Seller, at or about the time when it shall acquire title to the Equipment or any unit or group of units thereof, will deliver the same to, or cause the same to be delivered to, the Buyer on the tracks of the Buyer at the place or places of delivery specified in Schedule A (or at such other place or places, respectively, as the Buyer shall designate in writing to the Seller).

Upon delivery of each unit of Equipment to the Buyer, the Buyer will assume the responsibility and risk of loss with respect thereto. As between the Seller and the Buyer, the Seller shall at no time, whether prior or subsequent to their delivery to the Buyer, be responsible for, or assume any risk of loss with respect to, any units of the Equipment.

The Buyer shall accept each unit of the Equipment upon its delivery at the place designated by the Buyer in accordance with this Section 2, and an authorized representative of the Buyer shall thereupon execute a certificate of acceptance (hereinafter called "Certificate of Acceptance") stating that such unit has been accepted by him on behalf of the Buyer as conforming in all respects to the requirements and provisions of this Agreement and has been duly delivered hereunder and that such unit is marked in accordance with the requirements of Section 5 hereof. Such Certificate of Acceptance shall constitute conclusive evidence that such unit has been duly delivered to the Buyer by the Seller and is acceptable to the Buyer in all details. Any number of units may be included in any such Certificate of Acceptance.

3. Payment of Purchase Price. The Buyer shall pay to the Seller the full price of the Equipment, which price shall be shown on invoices to be provided to Seller pursuant to Sections 3(f) and (g) of this Agreement. Such full price, with freight charges included, shall hereinafter be called the Full Purchase Price. The estimated purchase price of the Equipment is set forth in Schedule A and includes all freight charges to Willard, Ohio. The Seller shall pay directly to the Manufacturer freight charges for the transportation of the Equipment thereof from the plant of the Manufacturer to the point of delivery thereof to the Buyer as shown on invoices approved by Buyer.

The Buyer's payments to the Seller of the amount of the Full Purchase Price shall hereinafter be called the Deferred Purchase Price and shall be paid in fifteen (15) annual installments which shall be as nearly equal as possible, together with interest, payable semi-annually, on the portion thereof from time to time remaining unpaid at the rate of twelve (12%) per annum from the date of payment for such unit by the Seller to the Manufacturer. The first of such annual installments of principal shall become due and be payable on February 1, 1981, subsequent installments to become due and be payable on each first day of February thereafter to and including February 1, 1995. The first of such semi-annual installments of interest shall become due and payable on August 1, 1980, subsequent installments to become due and be payable on each first day of August and February thereafter to and including February 1, 1995.

Total funds to be used by Seller in acquiring the Equipment from the Manufacturer have been or shall be obtained from the railroad mortgage trusts described in the first paragraph of this Agreement in the following proportions subject to the provisions of the fourth and fifth paragraphs of this Section 3: (a) from the First and Second Consolidated Mortgages of The Chesapeake and Ohio Railway Company, each dated January 20, 1890, on its Richmond and Alleghany Railway Division (hereinafter called "R&A Mortgage"), eighty per cent (80%) of the Full Purchase Price; and (b) from the First Consolidated Mortgage of The Hocking Valley Railway Company (hereinafter called "Hocking Valley Mortgage"), dated March 1, 1899, twenty per cent (20%) of the Full Purchase Price. Seller shall prorate each and every payment made to it by Buyer between and for the account of each of said mortgage trusts in such ratio, except as such ratio may be changed pursuant to the fourth and fifth paragraphs of this Section 3.

The estimated purchase price as set forth in Schedule A is based upon recent agreements between the Buyer and the Manufacturer and is subject to adjustment for, among other things, changes in specifications in the Equipment which may be prescribed by the Buyer. If the Full Purchase Price of any unit or units of Equipment as finally determined and shown on the Manufacturer's invoice therefor shall exceed the estimated purchase price as set forth in Schedule A, Buyer shall have the right to require Seller, as Trustee under the Hocking Valley Mortgage, to increase the amount of its investment herein to the extent that such funds are then available or can be made available by an amount not to exceed ten per cent (10%) of such estimated purchase price. Buyer shall pay any of the amount of the Full Purchase Price which exceeds ten percent (10%) of the estimated purchase price or such lesser amount as Seller shall be obligated to pay pursuant to the provisions of this Section 3. In either such event, the proration of payment between the mortgage trusts, as described in the third paragraph of this Section 3, shall be adjusted in order to reflect accurately the ratios which the investment of each mortgage trust bears to the Full Purchase Price.

If the Full Purchase Price of any unit or units of the Equipment as finally determined and shown on the Manufacturer's invoice therefor shall be less than the estimated purchase price as set forth in Schedule A, Buyer shall have the right to require Seller, as Trustee under the Hocking Valley Mortgage, to decrease the amount of its investment herein as may be required to pay such balance of the Full Purchase Price as is required after funds available from the R&A Mortgage are applied to said Full Purchase Price. In such event, the proration of payment between the mortgage trusts, as described in the third paragraph of this Section 3, shall be adjusted in order to reflect accurately the ratios which the investment of each mortgage trust bears to the Full Purchase Price.

Anything herein contained to the contrary notwithstanding, in no event shall the Seller be obligated hereunder to pay to any manufacturer an amount in excess of the Full Purchase Price of the Equipment.

The Buyer on at least three (3) business days' written notice to the Seller may at any time and from time to time make anticipatory payments of installments of the Deferred Purchase Price, such payments to be applied against such installments in the order of their maturity. The Buyer may also at any time upon giving the Seller at least three (3) business days' written notice of its intention so to do, pay the entire principal balance then remaining unpaid on account of this Agreement.

All payments hereunder shall be made at the office of the Seller at 40 Wall Street, in New York, New York 10015, or at such other office of the Seller in New York, New York, as shall be designated by the Seller.

Except as hereinafter more particularly provided, all payments required under this Agreement will be made by the Buyer in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Seller covenants and agrees with the Buyer that the Seller will upon delivery to the Buyer, and the acceptance by the Buyer, of each unit or units of the Equipment pay the purchase price of such units to the Manufacturer thereof from, and to the extent that Seller then has on hand, proceeds of sale or condemnation of properties released by the Seller from the aforesaid mortgages or funds theretofore deposited with the Seller by the Buyer in anticipation of receipt of such proceeds, provided the Seller shall have first received all the following:

- (a) an original counterpart of the purchase order or contract with all amendments thereto, if any, between the Buyer and the Manufacturer pursuant to which the Equipment was ordered by the Buyer from the Manufacturer, together with an assignment by the Buyer to the Seller, in form and substance satisfactory to the Seller, of all the Buyer's right, title and interest in and under such purchase order or contract and in and to all amendments thereto, if any; such assignment to provide that the Buyer shall remain liable to the Manufacturer for all obligations and liabilities of the Buyer to the Manufacturer under such purchase order or contract and any amendment thereto and that the Seller shall in no event by virtue of such assignment assume, or be deemed to have assumed, any such

obligations and liabilities of the Buyer to the Manufacturer, except only as provided in this Agreement with respect to the Seller's obligation to pay to the Manufacturer the purchase price of the Equipment;

(b) a bill of sale, in form and substance satisfactory to the Seller, from the Manufacturer to the Seller transferring to the Seller title to the units of the Equipment delivered hereunder, and warranting to the Seller that at the time of delivery to the Buyer, the Manufacturer had legal title to all such units and good and lawful right to sell the same and that the title to all such units transferred to the Seller by such bill of sale was, at the time of delivery of such units to the Buyer, free of all claims, liens and encumbrances of any nature, except only the rights of the Buyer under this Agreement;

(c) the Manufacturer's warranty to the Seller and to the Buyer that each such unit has been built in accordance with the applicable specifications and that each such unit is free from defects in material (except as to specialties, if any, incorporated therein which were specified by the Buyer and were not manufactured by the Manufacturer) and construction under normal use and service;

(d) the Manufacturer's agreement regarding claims for United States' patent infringement;

(e) a Certificate of Acceptance signed by an authorized representative of the Buyer containing the statements required by the provisions of the third paragraph of Section 2 hereof;

(f) a duplicate of the Manufacturer's invoice or invoices covering all such units so accepted, stating the Full Purchase Price (which shall include freight charges) thereof;

(g) a certificate executed by the Buyer, stating that the amount of the Full Purchase Price is the amount shown on the invoice or invoices therefor hereinabove in subparagraph (f) referred to; and

(h) the Manufacturer's bill of lading showing shipment from the Manufacturer's plant to point of delivery;

(i) an opinion of counsel for the Buyer (which may be based to the extent deemed necessary or appropriate upon certificates of an officer or officers of the Buyer, upon resolutions of the Board of Directors of the Buyer, and upon an examination of such documents, records and files of the Buyer and upon such information as officers and officials of the Buyer may in the ordinary course of their duties furnish to such counsel as to any facts which counsel may deem material for the purpose of giving such opinions) to the effect (i) that the Buyer is a duly organized and existing corporation in good

standing under the laws of its State of incorporation and has the power and authority to own its properties and to carry on its business as now conducted, (ii) that this Agreement has been duly authorized, executed and delivered by the Buyer and, assuming due authorization, execution and delivery by the Seller, is a valid and binding instrument in accordance with its terms, (iii) that this Agreement has been duly filed, recorded or deposited with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 and with the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada, and notice of deposit thereof with the Registrar General of Canada will be duly published in accordance with said Section 86, and that no further filing, recording or depositing of this Agreement is necessary in order to perfect or protect Seller's title to such units of Equipment or its rights under this Agreement, (iv) that title to such units of the Equipment is validly vested in the Seller, free of all claims, liens and encumbrances except the rights of the Buyer under this Agreement, and (v) that no approval of the Interstate Commerce Commission or of any other governmental authority is necessary for the execution and delivery of this Agreement; such opinion may state that it is subject to qualification in respect of the effect of certain laws and judicial decisions upon the remedies provided in Section 15 of this Agreement without materially interfering with the practical realization of the benefits of the security provided by this Agreement and to the qualification that the rights and remedies of the Seller are also subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights.

4. Taxes and Liens. All payments to be made by the Buyer hereunder will be free of expenses to the Seller for collection or other charges and of the amount of any local, State or Federal taxes and of any licenses hereafter levied or imposed directly upon, or measured by, this Agreement and/or upon any sale, use, payment, shipment or delivery under the terms hereof, all of which expenses, taxes and licenses the Buyer assumes and agrees to pay in addition to the Full Purchase Price of the Equipment (which price shall include freight charges). The Buyer will also pay promptly all taxes and assessments which may be imposed upon the Equipment after delivery to, and acceptance by, the Buyer or for the use thereof or upon the earnings arising therefrom or the operation thereof or upon the Seller by reason of its ownership thereof by any jurisdiction in which the Equipment or any unit thereof is operated by the Buyer and will keep at all times after their delivery to, and acceptance by, the Buyer, all and every part of the Equipment free and clear of all taxes, assessments, liens and encumbrances which might in any way affect the title of the Seller, except the lien of taxes and assessments not due and payable, provided, however, that the Buyer shall not be required to pay or discharge any such taxes, assessments, liens or encumbrances so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not, in the judgment of the Seller, adversely affect the Seller's title in and to the Equipment. If any such expenses, charges, taxes or licenses shall properly and pursuant to lawful requirements have been paid by the Seller, the Buyer shall promptly reimburse the Seller on presentation of invoice, and any sums of money so paid by the Seller shall be secured by and under this Agreement.

5. Title to and Marking of the Equipment. The Seller shall and hereby does retain the full legal title to and property in all units of the Equipment until the Buyer shall have made all of the payments and shall have kept and performed all of the covenants in this Agreement provided to be made, kept or performed by the Buyer notwithstanding the delivery of the Equipment to, and the possession and use thereof by, the Buyer as provided in Section 10 hereof. Any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

The Buyer will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMISSION", or the name of the Seller followed by the words "TRUSTEE, OWNER", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Seller's interest in the Equipment and its right under this Agreement. The Buyer will not place any such unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Buyer will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Seller by the Buyer and filed, recorded and deposited by the Buyer in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Buyer will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Buyer may cause the Equipment to be lettered with the names or initials or other insignia of the Buyer or its affiliates.

When and only when the Buyer shall have paid the full purchase price (which shall include freight charges) of the Equipment, together with any and all other payments as herein provided, and all of the Buyer's covenants and conditions herein contained shall have been performed by the Buyer, right to the possession of, title to and property in the Equipment, subject, however, to the liens of the mortgages named in the first paragraph of this Agreement under which the Seller is Trustee and of such other mortgages, if any, as may also constitute liens thereon, shall pass to and vest in the Buyer without further transfer or action on the part of the Seller except that the Seller will, if requested by the Buyer so to do and at the Buyer's expense, execute and deliver to the Buyer a bill of sale of the Equipment transferring the title thereto and property therein to the Buyer free and clear of all liens and encumbrances created or retained hereby but subject to the liens of said mortgages and will execute for record or for filing in public office at Buyer's expense such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Buyer to the Equipment.

6. Replacement. In the event of loss or destruction of or irreparable damage to any unit of the Equipment from any cause whatsoever (hereinafter called a "Casualty Occurrence") until the Deferred Purchase Price shall have been paid in full by the Buyer, the Buyer shall promptly and fully inform the Seller in regard to such loss, destruction or irreparable damage; the Buyer shall at its election either (a) promptly pay to the Seller a sum equal to the then unpaid balance of the Deferred Purchase Price applicable to such unit (in which event all succeeding annual installments of the Deferred Purchase Price shall be correspondingly reduced), or (b) promptly replace such unit at its own cost with a unit or units of rolling stock of substantially as good material and construction as that lost, destroyed or irreparably damaged and having a cost or fair value (whichever is less) at least equal to the fair value of the unit replaced immediately prior to the time of loss, destruction or irreparable damage. The Buyer will cause any unit so acquired for replacement to be marked as provided in Section 5 hereof. Any and all such replacements of units and of all and any parts of units of the Equipment shall constitute accessions to the Equipment and shall be subject to all of the terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and included in the word "Equipment" as used in this Agreement. Title to all such replacement units shall be free and clear of all other liens and encumbrances and shall be taken initially and shall remain in the name of the Seller, subject to the provisions hereof. The Buyer will execute and deliver to the Seller, and will file, record and deposit wherever necessary or appropriate, such instrument or instruments as Seller shall reasonably request for the purpose of perfecting the Seller's interest in and title to all such replacement units. All such replacement units shall be guaranteed and warranted by the manufacturer thereof in like manner as the original Equipment delivered hereunder, and the manufacturer or seller of such replacement units shall, if other than the Manufacturer, duly consent to the subjection thereof to this Agreement and shall agree to be bound by all the terms and provisions contained herein with respect to such replacements in like manner as the Manufacturer is with respect to the original Equipment delivered hereunder.

7. Maintenance and Repairs. The Buyer will, after the delivery and acceptance of each unit of the Equipment, at all times maintain the same in good order and repair at its own expense.

8. Reports and Inspections. On or before November 1 in each year, commencing with the year 1981, the Railroad will furnish to the Seller an accurate statement, as of the preceding June 30, (a) showing the amount, description and number of the Equipment then covered hereby, the amount, description and numbers of all units of the Equipment that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the date of delivery hereunder of the Equipment, in case of the first such statement), and such other information regarding the condition and state of repair of the Equipment as the Seller may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, such Equipment is marked as required by Section 5 hereof.

The Seller may, but shall be under no obligation to, inspect the Equipment at any reasonable time or times until the total purchase price herein provided has been fully paid by the Buyer.

9. Compliance With Laws, Rules and Regulations. Until the total purchase price herein provided for and all other sums of money payable by the Buyer hereunder shall have been fully paid by the Buyer, the Buyer will comply in all respects with all applicable laws of the United States, Canada and of the States in which its operations

involving the Equipment may extend, and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment. In the event that said laws or rules require the alteration of the Equipment, the Buyer will comply therewith at its expense and will maintain the Equipment in proper condition for operation under such laws and rules until the total purchase price herein provided shall have been fully paid by the Buyer; provided, however, that the Buyer may, in good faith, contest in any reasonable manner the application of any such law or rule and of any requirements for the payment of governmental charges which does not, in the judgment of the Seller, affect the Seller's title in and to the Equipment.

10. Possession and Use. The Buyer, so long as it shall not be in default under this Agreement, shall be entitled to the possession of the Equipment and the use thereof, in the United States and Canada, in the usual course of its business and in customary interchange of traffic with other railroads, but only upon and subject to all the terms and conditions of this Agreement.

11. Buyer's Indemnities. The Buyer will save, indemnify and keep harmless the Seller from and against all losses, damages, injuries, claims (including without limitation claims for patent infringements) and demands whatsoever, regardless of the cause thereof, arising on account of the Equipment, Seller's title thereto or the use or operation thereof, or on account of any act of Seller arising out of its obligations under this Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the purchase price and the conveyance of the Equipment, as provided in Section 5 hereof, or the termination of this Agreement in any manner whatsoever.

12. Assumption of Liability. The Buyer will bear the risk and shall not be released from its obligations hereunder in the event of any damage to, or the destruction or loss of, any or all of the Equipment after delivery thereof to, and acceptance by, the Buyer.

13. Successors to and Assignments by the Buyer. Nothing contained in this Agreement shall prevent any merger of the Buyer into, or consolidation of the Buyer with, any other corporation and the transfer of all the Buyer's rights under this Agreement and the sale, lease or transfer of possession of the Equipment to such corporation into which the Buyer shall have merged or with which the Buyer may have been consolidated, if, as a condition to any such merger or consolidation, such other corporation (1) shall be organized and existing under the laws of the United States of America or of one or more States thereof and (2) shall expressly assume by written agreement the due and punctual payment of all indebtedness evidenced by this Agreement and the due and punctual performance and observance of all of the obligations, duties and covenants specified in this Agreement to be performed by the Buyer.

Except in the case of the merger or consolidation of the Buyer into or with such other corporation upon the conditions above set forth, the Buyer will not sell, assign, transfer or otherwise dispose of the Equipment or any unit thereof or its rights under this Agreement to any other firm, person or corporation; provided, however, that if the Buyer shall certify to the Seller that any units of the Equipment have become unprofitable or no longer necessary to retain for use in Buyer's railroad operations, all provisions of Section 6 hereof shall apply to such units in the same manner as if they had been destroyed, and, upon Buyer's compliance with such provisions, the Seller shall, at the expense of the Buyer, release such units from the operation of this Agreement.

14. Defaults. In the event that any one or more of the following events of default shall occur, to wit:

(a) The Buyer fails to pay in full for more than ten (10) days after the same shall become due any installment of the Deferred Purchase Price at the time and in the manner hereinbefore contracted to be paid as provided in Section 3 hereof; or

(b) The Buyer fails to pay in full for more than thirty (30) days after the same shall become due any installment of interest at the time and in the manner hereinbefore contracted to be paid as provided in Section 3 hereof; or

(c) The Buyer shall, for more than thirty (30) days after the Seller shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement on its part to be kept and performed, other than the covenants referred to in subdivisions (a), (b) and (e) of this Section 14; or

(d) A petition for reorganization under Chapter 11 of the Bankruptcy Act, as now constituted or as said Chapter 11 may be hereafter amended, is filed by or against the Buyer and the trustee or trustees appointed in such proceedings for reorganization shall fail to adopt this Agreement within sixty (60) days of the date of his or their appointment, unless such petition is dismissed prior to the expiration of such sixty (60) days; or

(e) Any proceedings are commenced by or against the Buyer for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and the trustee or trustees or receiver or receivers appointed for the Buyer or for its property in connection with such proceedings shall fail to adopt and assume and agree to perform the terms and obligations of this Agreement within sixty (60) days of the date of his or their appointment, unless such proceedings are dismissed prior to the expiration of such sixty (60) days; or

(f) The Buyer transfers or attempts to transfer its interest in or under this Agreement without the consent of the Seller if pursuant to Section 13 hereof such consent be required;

then at any time after the occurrence of any such an event or default, the Seller may, upon written notice to the Buyer and upon compliance with any legal requirements then in force and applicable to such action by the Seller, declare the unpaid balance of the Deferred Purchase Price of the Equipment together with all other charges and expenses the payment of which is secured by this Agreement, immediately due and payable, without further demand, and thereafter the Seller shall be entitled to judgment for the whole amount so due from the Buyer, together with costs and expenses incurred by the Seller, including reasonable attorneys' fees, and to collect said judgment out of any of the Buyer's property.

The Seller may at its election (and, if before sale of all or any of the Equipment under the provisions of Section 15 hereof, all costs and expenses of the Seller incidental to any such default and to the enforcement by the Seller of the provisions hereof, including reasonable attorneys' fees, and all sums which shall then have become due and payable by the Buyer hereunder, other than such part of said purchase price as shall have become due only because of a declaration under this paragraph as aforesaid, shall have been paid by the Buyer, and all other existing defaults shall have been remedied, or provision therefor satisfactory to the Seller shall have been made, then and in every such case the Seller will) waive any such event of default and its consequences and rescind and annul any such declaration or termination by notice to the Buyer in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such cured default had existed and no such declaration or termination had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Buyer that no such waiver, rescission or annulment shall limit or affect the Seller's right, upon any other default, or impair any rights or remedies consequent thereon.

15. Remedies. If the Buyer makes default as hereinabove provided, then at any time thereafter during the continuance of such default the Seller may, without further notice or demand except to the extent necessary in order to comply with any legal requirements, take or cause to be taken by its agent or agents immediate possession of the Equipment, or any units or parts thereof, and/or any replacements thereof and improvements thereto and all present and future attachments thereto and accessories thereof, without liability to return to the Buyer any sums theretofore paid and free from all claims of the Buyer whatsoever, except as hereinafter in this Section 15 expressly provided, and may remove the same from the use and possession of the Buyer and for such purpose may enter upon the premises where the Equipment may be located, and may use and employ in connection with such removal any supplies, services and aids, and any available facilities or means of the Buyer, with or without process of law; and in addition on demand of Seller the Buyer shall deliver the Equipment with all replacements, improvements, equipment, attachments and accessories thereto at its own cost at such place or places as the Seller may reasonably designate. It is hereby expressly agreed by the Buyer that performance of this Agreement to deliver the Equipment as hereinbefore provided is of the essence of the Agreement between the parties and that, upon application to any court of equity having jurisdiction in the premises, the Seller shall be entitled to a decree against the Buyer requiring specific performance hereof. It is further expressly agreed by the Buyer that, until the Seller shall have given notice of its election to retain possession of the Equipment or until the sale thereof as hereinafter provided in this Section 15, the Buyer shall not be released from any of its obligations hereunder, including, but not by way of limitation, its obligations under Section 4 hereof.

If the Buyer makes default as hereinabove provided, then at any time thereafter during the continuance of such default and after declaring interest, other charges and the unpaid balance of the Deferred Purchase Price immediately due and payable the Seller, after notice to Buyer as hereinafter provided in this Section 15 (after retaking possession of the Equipment as hereinbefore in this Section 15 provided), may at its election retain the Equipment as its own and make such disposition thereof as the Seller shall deem fit, and in such event all the Buyer's rights in the Equipment will thereupon terminate and all payments made by the Buyer may be retained by the Seller as compensation for the use of the Equipment by the Buyer; or the Seller, with

or without retaking possession thereof, may, at its election, sell the Equipment, or any unit thereof, and any such replacements, improvements, equipment, attachments and accessories, free from any and all claims of the Buyer, or of any other party claiming by, through or under it at law or in equity, at public or private sale and with or without advertisement as the Seller may determine, all subject to and in compliance with any legal requirements then in force and applicable to such sale; and the proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Seller in taking possession of, removing, storing and selling the Equipment, shall be credited on the amount due to the Seller under the provisions of this Agreement, including taxes and other charges imposed upon the Seller in connection with said Equipment. Written notice of the Seller's election to retain the property for its own use may be given to the Buyer by telegram or registered mail to the Buyer, at any time during a period of thirty (30) days after declaring the entire purchase price immediately due and payable as hereinbefore provided; and if no such notice is given the Seller shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Section 15.

To the extent permitted by any such legal requirements any sale hereunder may be held or conducted at such places and at such time or times as the Seller may fix, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Seller may determine in compliance with any such legal requirements, provided that the Buyer shall be given written notice of such sale as provided in any such applicable legal requirements, but in any event no less than ten (10) days prior thereto, by telegram or registered mail to the Buyer. If such sale shall be a private sale permitted by such legal requirements, it shall be subject to the right of the Buyer to purchase or provide a purchaser within ten (10) days after notice of the proposed sale, at the same or better price as offered by the intending purchaser. To the extent not prohibited by any legal requirements then in force and applicable to such sale, the Seller may itself bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale without accountability to the Buyer (except to the extent of surplus money received as hereinafter provided in this Section 15), and in payment of such purchase price the Seller shall be entitled to the extent aforesaid to have credited on account thereof all sums due to the Seller by the Buyer hereunder.

If, after applying all sums of money realized by the Seller under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Buyer shall, and it hereby undertakes and promises to, pay the amount of such deficiency to the Seller upon demand, and if the Buyer fails to pay such deficiency the Seller may bring suit therefor and shall be entitled to recover a judgment therefor against the Buyer. If, after applying as aforesaid all sums realized by the Seller, there shall remain a surplus in the possession of the Seller, such surplus shall be applied in accordance with the provisions of the aforesaid Mortgages.

The Buyer will pay all reasonable attorneys' fees incurred by the Seller in enforcing its remedies under the terms of this Agreement. In the event that the Seller brings any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Seller may recover reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

Each and every power or remedy hereby specifically given to the Seller shall be in addition to every other power or remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be

exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Seller. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Seller in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy, or shall be construed to be a waiver of any default or an acquiescence therein.

In the event of any conflict between applicable provisions of law in effect at the time or times aforesaid and any right, power or remedy hereinbefore in this Section 15 conferred upon the Seller, such provisions of law shall control and any such right, power or remedy shall be ineffective, without modifying the remaining provisions hereof.

The Buyer, to the fullest extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, including notice of intention to take possession of the Equipment and to sell the same and any other requirements with respect to the enforcement of the Seller's rights hereunder, except such notices as are expressly required by the terms of this Agreement, and any and all rights of redemption.

16. Prohibition Against Liens. The Buyer will pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under the Buyer or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any unit thereof, equal or superior to the title of the Seller thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Seller, adversely affect the property or rights of the Seller hereunder.

17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any State, or which by any applicable law of any State would convert this Agreement into any instrument other than an agreement of conditional sale, shall as to such State be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable State law may be waived, they are hereby waived by the Buyer to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

18. Extension Not a Waiver. Any extension of time granted by the Seller to the Buyer for the payment of any sum due under this Agreement, whether that extension be for an intermediate payment or a final payment, shall not be deemed a waiver of the title of the Seller reserved hereunder nor of any of its rights and remedies hereunder or otherwise existing.

19. Filing and Recording. The Buyer will cause this Agreement and any supplements hereto to be filed, recorded or deposited wherever required in the United States of America and Canada for the proper protection of the Seller's title to the Equipment and of its rights hereunder; and the Buyer will from time to time do and perform any other act and will execute, acknowledge, deliver, file and record wherever required in the United States of America and Canada any and all further instruments required by

law or reasonably requested by the Seller for the purpose of proper protection, to the satisfaction of counsel for the Seller, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Buyer will promptly furnish to the Seller certificates or other evidences of such filing and recording, and an opinion or opinions of counsel for the Buyer with respect thereto, satisfactory to the Seller.

20. Payment of Expenses. The Buyer will pay all costs, taxes, charges and expenses incident to the preparation, execution, acknowledgement, filing, registering and recording of this Agreement, of any instrument supplemental hereto or amendatory hereof and of all other documents incident to the transactions contemplated hereby and all other expenses of the Seller, including the reasonable fees and expenses of its counsel.

21. Warranties and Defenses. This Agreement is made without representation or warranty, express or implied, on the part of the Seller. The rights of the Seller shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation or obligations of the Manufacturer or any other manufacturer of the Equipment (or any unit or component parts thereof) to the Buyer. Any and all such obligations, however arising, shall be and remain enforceable by the Buyer against, and only against, the Manufacturer, and no breach of any obligation shall affect the responsibility of the Buyer to make the payments required hereunder to the Seller.

22. Notice. Any notice hereunder to the Buyer shall be deemed to be properly served if delivered or mailed to the Buyer at 100 North Charles Street, Baltimore, Maryland 21201, or at such other address as may have been furnished in writing to the Seller by the Buyer. Any notice hereunder to the Seller shall be deemed to be properly served if delivered or mailed to the Seller at 40 Wall Street, New York, New York 10015, Attention: Corporate Trust Department, or at such other address as may have been furnished in writing to the Buyer by the Seller.

23. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together will constitute but one and the same contract, which will be sufficiently evidenced by any such original counterpart. Although this Agreement is dated for convenience 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.

24. Section Headings. All section headings are inserted for convenience only and will not affect any construction or interpretation of this Agreement.

25. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and by Section 86 of the Railway Act of Canada.

26. Reference to Parties. Each reference herein to the Seller shall in every instance, except where the context otherwise requires, be deemed to include its successors and assigns, in whose favor the provisions hereof shall likewise inure; and all provisions hereof shall be binding upon the Buyer and its successors and assigns.

IN WITNESS WHEREOF, MANUFACTURERS HANOVER TRUST COMPANY, as Trustee as aforesaid, has caused these presents to be executed and its seal to be affixed by its duly elected and authorized officers; and THE CHESAPEAKE AND OHIO RAILWAY COMPANY has caused these presents to be executed and its seal to be affixed by its duly elected and authorized officers, all as of the day, month and year first above written.

MANUFACTURERS HANOVER TRUST
COMPANY, as Trustee

Attest:

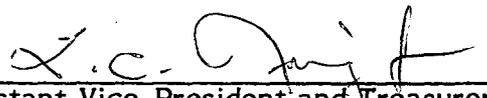

Assistant Secretary


ASSISTANT VICE PRESIDENT (Title)

THE CHESAPEAKE AND OHIO RAILWAY
COMPANY

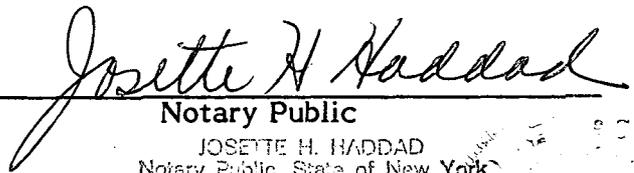
Attest:


Deputy Corporate Assistant Secretary


Assistant Vice-President and Treasurer

State of New York)
County of New York) ss.:

On this 14th day of FEBRUARY, 1980, before me personally came DANIEL A. URSITTI, to me known, who, being by me duly sworn, did depose and say that he resides at 26 Evergreen Lane, New Hyde Park, New York; that he is Assistant Vice President of MANUFACTURERS HANOVER TRUST COMPANY, the Corporation described in, and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.


Notary Public

JOSETTE H. HADDAD
Notary Public, State of New York
No. 24-4678544
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1980



State of Ohio)
County of Cuyahoga) ss.:

On this 12TH day of FEBRUARY, 1980, before me personally appeared L. C. ROIG, JR., to me personally known, who, being by me duly sworn, says that he is an Assistant Vice-President and Treasurer of THE CHESAPEAKE AND OHIO RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.




Notary Public

CLARA MASUGA, Notary Public
State of Ohio - Cuyahoga County
My Commission Expires April 21, 1984

SCHEDULE A

Number of Units: Six (6)

Buyer's Identification Numbers: C&O 8265 to 8270, inclusive

Description: General Electric Company Model B30-7
3000 h.p. diesel electric locomotives

Estimated Purchase Price Per Unit:	\$645,903.36	
Unit Cost:		\$642,725.00
Prepaid Freight to Willard, Ohio		\$ 3,178.36

Estimated Aggregate Purchase Price: \$3,875,420.16

Manufacturer: General Electric Company

Place of Manufacture and Delivery: Erie, Pennsylvania

Estimated Delivery Dates: February, 1980