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April 14, 1989

100 Washington, D. C.

RECORDATION NO 15289 FILED 1425

APR 17 1989 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

APR 17 10 49 AM '89
MOTOR OPERATING UNIT

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC

Re: Lease of Locomotives from NBB Pennsylvania
Lease Co., Ltd. to Consolidated Rail
Corporation

Dear Ms. McGee:

Enclosed are an original and two originally
executed counterparts of the document described below to be
recorded pursuant to Section 11303, Title 49, of the United
States Code.

This document is a Bank Security Agreement dated
as of April 14, 1989 between NBB Pennsylvania Lease Co.,
Ltd. and Barclays Bank PLC, Tokyo branch.

The names and addresses of the parties to the
Assignment Agreement are as follows:

NBB Pennsylvania Lease Co., Ltd.
1-12-11 Nihonbashi, Chuo-ku
Tokyo 103, Japan

Barclays Bank PLC
Tokyo Branch
CPO Box 466
Tokyo 100-91, Japan

Lisa M. Jones
[Signature]

MORGAN, LEWIS & BOCKIUS

Ms. Noreta R. McGee
April 14, 1989
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A description of the collateral covered by this document follows:

Rent to be paid in respect of twenty-five (25) General Electric Dash 8-40C diesel electric locomotives leased pursuant to the Lease Agreement recorded under Recordation No. ____.

A fee of Thirteen Dollars (\$13.00) is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

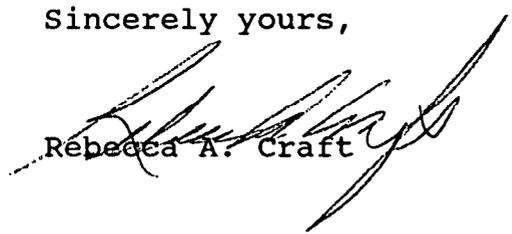
Rebecca A. Craft, Esquire
Morgan, Lewis & Bockius
2000 One Logan Square
Philadelphia, PA 19103

A short summary of the document to appear in the index follows:

Bank Security Agreement dated as of April 14 between NBB Pennsylvania Lease. Co., Ltd., 1-12-11 Nihonbashi, Chuo-ku, Tokyo 103, Japan and Barclays Bank PLC, Tokyo Branch, CPO Box 466, Tokyo 100-91, Japan, securing the payments of rent to be paid pursuant to the Lease Agreement recorded under Recordation No. ____ relating to twenty-five (25) General Electric Dash 8-40C diesel electric locomotives.

If you have any questions, please do not hesitate to call the undersigned.

Sincerely yours,


Rebecca A. Craft

RAC/bj

16289
RECORDATION NO _____ FILED 1425

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INTERSTATE COMMERCE COMMISSION

[EXECUTION COPY]

BANK SECURITY AGREEMENT

THIS BANK SECURITY AGREEMENT dated as of April 14, 1989 between NBB PENNSYLVANIA LEASE CO., LTD. (hereinafter called the "Borrower"), a corporation organized and existing under the laws of Japan, and BARCLAYS BANK PLC, a banking institution organized under the laws of England and acting through its branch in Tokyo, Japan (hereinafter called the "Lender").

Now, it is hereby agreed as follows:

Section 1. Definitions and Interpretation

1.1 Definitions. Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in Appendix A of this Agreement.

1.2 Interpretation. Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, persons shall include bodies corporate and vice versa, the headings are for convenience only and shall not affect the construction hereof, reference herein to any agreement, license or other instrument shall be deemed to include references to such agreement, license or other instrument as varied or replaced from time to time, references herein to any enactment shall be deemed to include references to such enactment as reenacted, amended or extended, references to sections and Exhibits are references, respectively, to sections of and Exhibits to this Agreement and references to the Borrower, the Lessee, the Permitted Obligor or the Lender shall, where relevant, be deemed to be references to or to include, as appropriate, their respective successors or assigns.

Section 2. Security

2.1 In order to secure the payment by the Borrower to the Lender of the Secured Obligations and the due and punctual performance by the Borrower of all of the terms, covenants, undertakings, conditions and provisions of this Agreement and the Loan Agreement, the Borrower hereby irrevocably and unconditionally pledges and grants to the Lender a security interest in the form of a pledge (shichiken) in all Borrower's right, title and interest in and to the Collateral, any proceeds thereof or rights with respect thereto, present and future, and in the Dollar

Account and any moneys from time to time credited thereto in favor of the Borrower together with all right, title and interest of the Borrower, present and future, thereto and therein.

2.2 The security interest granted pursuant to this Agreement shall not be released or discharged by payment or satisfaction of any part of the Secured Obligations but shall be a continuing security interest and shall extend to cover any sum or sums of money or other obligations which shall for the time being constitute the balance of the Secured Obligations until all of the Secured Obligations are discharged in full. Upon the payment in full of the Secured Obligations, the security constituted by this Agreement shall be released and discharged and any amounts remaining in the Dollar Account shall be disposed of at the discretion of the Borrower.

2.3 On the Delivery Date the Borrower shall dispatch to the Lender by international courier an originally executed counterpart of each of the Acknowledgments in the forms attached hereto as Exhibits A and B.

Section 3. Covenants

3.1 The Borrower hereby covenants as of the date hereof and as of the Closing and agrees that it has not heretofore assigned or permitted any Lien to subsist over, and that throughout the Security Period it shall not hereafter assign or cause any Lien to subsist over, the Dollar Account or the Collateral, insofar as the Collateral relates to amounts payable in U.S. Dollars, save for the security interests hereby constituted.

3.2 The Borrower hereby covenants and agrees that throughout the Security Period that the Borrower shall (a) maintain the Collateral and the Dollar Account and (b) take all reasonable actions to ensure that (i) each U.S. Dollar amount paid by the Lessee pursuant to the Lease Agreement (to the extent required to be paid into the Dollar Account) or by the Permitted Obligor pursuant to a Confirmation (to the extent required to be paid into the Dollar Account), is paid into the Dollar Account, and (ii) all the proceeds of the sale of the Items of Equipment required in the Lease Agreement to be credited to the Dollar Account are credited to the Dollar Account.

3.3 The Borrower will promptly furnish to the Lender such information and reports concerning the Collateral as the Lender may from time to time reasonably require.

3.4 The Borrower agrees that it shall not consent to, or permit any amendment, termination, waiver, consent or other modification of any of the Collateral without the written consent of the Lender, and that upon the occurrence and continuance of a Bank Event of Default, the Lender may directly exercise all the power and authority of the Borrower to give or withhold consents, grant any waivers or approvals or make any determinations with respect to the Collateral under the Operative Documents or give any notice thereunder in its own interest (and with no obligation to the Borrower). Under no circumstances will the Borrower take any steps to enforce or exercise any of its rights or remedies under or in respect of any of the Collateral or take any actions with respect to the Collateral which would materially adversely affect the interest of the Lender. Further, promptly after giving or receiving any notice, document or other writing or communication respecting the Collateral, the Borrower shall furnish the Lender with a copy thereof. In addition, the Borrower hereby irrevocably agrees not to exercise and not to permit any of its Affiliates to exercise, and hereby waives any right which it may now or hereafter have to assert, in any set-off or counterclaim against or with respect to any of the Collateral. Notwithstanding the foregoing, the Borrower may request the prior written consent of the Lender to amendments, terminations, waivers, consents or other modifications of the Collateral by the Borrower or the prior written consent of the Lender to the enforcement or exercise by the Borrower of any of its rights or remedies under the Operative Documents in respect of any of the Collateral, which consent of the Lender shall not be unreasonably withheld.

Section 4. Payments. Upon the occurrence and during the continuance of a Bank Event of Default all cash, proceeds, checks, drafts, orders and other instruments for the payment of money received by the Borrower on account of any Collateral shall be delivered promptly in the form received (properly endorsed but without recourse for collection where required) to the Lender, and the Borrower agrees not to commingle any such collections or proceeds with its other funds or property and agrees to hold the same in trust for or on behalf of the Lender until delivered.

Section 5. Remedies; Application of Proceeds of Sale

5.1 Remedies. If a Bank Event of Default shall have occurred and be continuing, the Lender shall have and may exercise, with respect to the Collateral, all the rights and remedies of a secured party under any applicable law in Japan (regardless of whether or not the same is in effect in the jurisdiction in which such exercise occurs); and in

addition, the Lender may do any or all of the following: (a) instruct the Lessee or any other obligor with respect to all or any part of the Collateral to make payments thereunder directly to the Lender's account specified in such instruction or, to the fullest extent permitted by law upon reasonable notice to the Borrower, sell or transfer the Collateral or any interest therein at public or private sale, for cash or upon credit and for immediate or future delivery and for such price and on such terms as the Lender shall reasonably deem appropriate, and negotiate, endorse, assign, transfer and deliver to the purchaser or purchasers thereof (which may be the Lender) the Collateral so sold, each purchaser at any sale to hold the property sold absolutely free from any claim or right on the part of the Borrower; (b) retain the Collateral in satisfaction of the Secured Obligations by the giving of notice to such effect to the Borrower; or (c) upon reasonable notification to the Borrower, proceed by suit or suits to foreclose on the Collateral and sell or transfer the Collateral or any portion thereof pursuant to judgment or decree of a court or courts having jurisdiction. Notwithstanding anything herein to the contrary, in all events, recourse shall be limited to the Collateral as provided in Section 4.3 of the Loan Agreement.

5.2 Application of Proceeds. The proceeds of any sale or transfer or other application of the whole or any part of the Collateral, and any moneys collected in respect of the Collateral, shall be applied as follows:

First, to the payment of accrued and unpaid interest on the Loan;

Second, to the payment of principal of the Loan then due and unpaid; and

Third, to the payment in full of all other Secured Obligations.

Any surplus remaining after such applications shall be remitted to the Borrower or as a court of competent jurisdiction may otherwise direct.

Section 6. General Authority. The Borrower hereby constitutes and appoints the Lender, upon the occurrence and during the continuance of a Bank Event of Default, as its true and lawful attorney-in-fact, with full power of substitution, in the Lender's name or otherwise, for the purposes of carrying out the provisions of this Agreement and taking any action or executing or filing any instrument, or any of the foregoing, necessary to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing,

the Lender shall have the right, upon the occurrence and during the continuance of a Bank Event of Default, in its own name or in the Borrower's name or otherwise from time to time to exercise any or all of the powers of the Borrower with respect to any of the Collateral; provided, however, that the Lender shall not have any obligation whatsoever to exercise any of such powers hereby conferred upon it or to make any demand or any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice or take any other action whatsoever with respect to the Collateral. No action taken by the Lender or omitted to be taken by it in good faith shall give rise to any defense, counterclaim or offset in favor of the Borrower or otherwise affect any of the Secured Obligations.

Section 7. Miscellaneous

7.1 No Waiver, Etc. No failure on the part of the Lender to exercise, and no delay in exercising, and no course of dealing with respect to, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise of the same or any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7.2 Documents, Records. The Borrower agrees to deliver to the Lender the passbook (if any) and any and all other documentary evidence or records in respect of the Dollar Account.

7.3 Security Interest. The security interest created by this Agreement shall be in addition to and without prejudice to any other securities or guarantees from time to time held by the Lender in respect of the Secured Obligations and this Agreement shall remain in full force and effect until payment and discharge in full of the Secured Obligations, notwithstanding the liquidation, bankruptcy, insolvency or reorganization of the Borrower or any other fact or contingency whatsoever.

7.4 GOVERNING LAW. THIS AGREEMENT SHALL TAKE EFFECT UNDER AND BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF JAPAN.

7.5 Notices. All notices, requests and demands hereunder shall be given or made in the manner provided for in Section 7.3 of the Loan Agreement.

7.6 Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that the

Borrower may not assign its rights or obligations hereunder without the prior written consent of the Lender.

7.7 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

7.8 Books of the Lender. Subject to any evidence to the contrary and in the absence of manifest error, the books of the Lender shall be determinative of any amount owed to the Lender and of all matters relating to this Agreement.

7.9 Amendments. This Agreement may not be amended or modified except by an instrument in writing signed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

Borrower:

NBB PENNSYLVANIA LEASE CO., LTD.

By: 
Name: Leonard B. Shavel
Its Attorney-in-fact

Lender:

BARCLAYS BANK PLC
Tokyo Branch

By: 
Name: Lesley Bek
Its Attorney-in-fact



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS,

That I, Hisaaki Iekura, Representative Director of NBB PENNSYLVANIA LEASE CO., LTD. ("NBB Pennsylvania") do hereby constitute and appoint Eric J. Lucas, Peter Turbott, James Fantaci, Robert L. Falkenberg and Leonard B. Shavel jointly or any of them individually, in connection with the purchase by NBB Pennsylvania from General Electric Company (the "Manufacturer") of twenty-five diesel electric locomotives (the "Items of Equipment") and the subsequent lease thereof to Consolidated Rail Corporation (the "Lessee"), as my true and lawful agents and attorneys-in-fact, each with full power of substitution and revocation, to perform each and all of the following acts for and on behalf of me as Representative Director of NBB Pennsylvania in connection with the purchase and lease of the Items of Equipment as aforesaid:

1. to execute the Lease Agreement between NBB Pennsylvania, as lessor, and the Lessee dated as of April 14, 1989 and to deliver or cause to be delivered such Lease Agreement to the Interstate Commerce Commission for recordation pursuant to 49 U.S.C. § 11303 (1988) and to the Registrar General of Canada for recordation under Section 90 of the Railway Act of Canada and for distribution to the parties at closing in connection therewith;
2. to execute Lease Supplement No. 1 dated April 14, 1989 between NBB Pennsylvania, as lessor, and the Lessee and to deliver or cause to be delivered such Lease Supplement No. 1 to the Interstate Commerce Commission for recordation pursuant to 49 U.S.C. § 11303 (1988) and to the Registrar General of Canada for recordation under Section 90 of the Railway Act of Canada and for distribution to the parties at closing in connection therewith;
3. to execute the Assignment Agreement dated as of April 14, 1989 between the Lessee and NBB Pennsylvania and the Consent, Agreement and Limited Joinder dated as of April 14, 1989 among the Manufacturer, the Lessee and NBB Pennsylvania (together, the "Agreements") and to deliver or cause to be delivered such Agreements to the Interstate Commerce Commission for recordation pursuant to 49 U.S.C. § 11303 (1988) and to the Registrar General of Canada for recordation under Section 90 of the Railway Act of Canada and for distribution to the parties at closing in connection therewith;

4. to execute the Bank Security Agreement dated as of April 14, 1989 between NBB Pennsylvania and Barclays Bank PLC, as lender, (the "Agreement") and to deliver or cause to be delivered such Agreement to the Interstate Commerce Commission for recordation pursuant to 49 U.S.C. § 11303 (1988) and to the Registrar General of Canada for recordation under Section 90 of the Railway Act of Canada and for distribution to the parties at closing in connection therewith;
5. to execute and deliver a Participation Agreement and Loan Agreement in connection with the Items of Equipment;
6. to execute and deliver any and all such agreements, undertakings, consents and other documents, instruments and papers as may be necessary in connection therewith, and otherwise to do any and all other acts and things that may be necessary in such connection and to accept delivery of the Items of Equipment and any and all such agreements, undertakings and other documents, instruments and papers from the Manufacturer or the Lessee or anybody else whomsoever in connection with the purchase and lease of the Items of Equipment as aforesaid; and
7. to appoint one or more sub-attorneys to act on behalf of NBB Pennsylvania with respect to all the powers granted hereinabove, fully to effect the powers hereby granted, all on behalf of NBB Pennsylvania.

And I do hereby ratify all that such agents and attorneys-in-fact may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of this day of April, 1989.


Name: Hisaaki Iekura
Title: Representative Director
NBB PENNSYLVANIA LEASE
CO., LTD.

POWER OF ATTORNEY

1. Barclays Bank PLC ("Barclays"), hereby appoints Mehrdad Noorani, Assistant Vice President of Barclays, New York, Richard W. Griffiths, Assistant Vice President of Barclays, New York, Lesley Bek, Assistant Vice President of Barclays, New York, acting singly for, in the name of and on behalf of Barclays, operating out of its New York, Tokyo or Grand Cayman Branches, to execute and deliver any and all documents to which Barclays is a party to be executed and delivered in connection with the delivery of twenty-five General Electric Dash 8-40C Diesel Electric Locomotives, including (without limitation):
 - (a) a Loan Agreement dated as of 14th April, 1989 between Barclays (acting through its Tokyo Branch) and NBB Pennsylvania Lease Co., Limited;
 - (b) a Bank Security Agreement dated as of 14th April, 1989 between Barclays (acting through its Tokyo Branch) and NBB Pennsylvania Lease Co., Limited and to deliver or cause to be delivered such Bank Security Agreement to the Interstate Commerce Commission for recordation pursuant to 49 U.S.C. 11303 (1988) and to the Registrar General of Canada for recordation under Section 90 of the Railway Act of Canada and for distribution to parties at closing in connection with the transactions contemplated by this Power of Attorney;
 - (c) a Participation Agreement dated as of 14th April, 1989 between Barclays (acting through its Tokyo Branch), NBB Pennsylvania Lease Co., Limited and Consolidated Rail Corporation;
 - (d) an Assumption Agreement No. 2 dated as of 14th April, 1989 between Barclays (acting through its Grand Cayman Branch) and Consolidated Rail Corporation; and
 - (e) a Confirmation and Agreement No. 2 dated as of 14th April, 1989 between Barclays (acting through its Grand Cayman Branch) and NBB Pennsylvania Lease Co., Limited,

all with such terms and conditions as may be agreed to by any of said Mehrdad Noorani, Richard W. Griffiths or Lesley Bek and to execute and deliver such collateral documents as may be necessary or advisable in the circumstances, and do hereby ratify and confirm all that any of said Mehrdad Noorani, Richard W. Griffiths or Lesley Bek shall do or cause to be done by virtue of the power granted hereunder.

2. This Power of Attorney is given for the specific transaction referred to in Paragraph 1 above and shall terminate on 30th April, 1989.

THE COMMON SEAL

of Barclays Bank PLC was
hereunto affixed in the presence of



Assistant Secretary
Authorized Sealing Officer R48656