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CAMBRIDGE, MD
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FREDERICK, MD

January 15, 1998

RECORDATION NO. 21166 FILED

JAN 16 '98

12-11 PM

via FEDERAL EXPRESS

Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001
Attention: Mrs. Janice Fort
Recordation

Re: Our File No.: 258-1799

Dear Mrs. Fort:

Enclosed for recordation as a primary document pursuant to the provisions of 49 U.S.C. §11301(a) are one original and one notarized copy of the following document:

Bill of Sale dated as of December 31, 1997 by Penn Eastern Rail Lines, Inc. (96 S. George Street, York, Pennsylvania 17401) in favor of The First National Bank of Maryland (25 South Charles Street, Baltimore, Maryland 21201).

Also enclosed is a check in the amount of \$24.00 to cover the costs of recording this document.

Once this document has been recorded, please return the same to the undersigned.

Thank you for your prompt attention to this matter. If you have any questions, please call me at (410) 385-3425.

Sincerely,



Michele E. Sperato
Assistant to John A. Stalfort

Enclosures

JAN 16 12 11 PM '98
SURFACE TRANSPORTATION BOARD RECEIVED

STATE OF MARYLAND

SS:

CITY OF BALTIMORE

THIS IS TO CERTIFY that the attached Bill of Sale is a true and complete copy of such Bill of Sale.

WITNESS my hand and seal this 15th day of January, 1998.

Michelle E. Spirato
Notary Public

My Commission Expires: January 28, 2001

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12-11 PM

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that PENN EASTERN RAIL LINES, INC., a Delaware corporation, in consideration of the sum of \$10.00 to the undersigned to be paid by THE FIRST NATIONAL BANK OF MARYLAND pursuant to the terms of the Purchase and Sale Agreement dated December 31, 1997 between Penn Eastern Rail Lines, Inc. and The First National Bank of Maryland, have granted, bargained, sold, conveyed, transferred, and delivered and by these presents do bargain, sell, grant, convey, transfer, and deliver unto The First National Bank of Maryland the locomotives described on Schedule A attached hereto and made a part hereof.

To have and to hold the same unto The First National Bank of Maryland, its successors and assigns forever;

And the undersigned does for itself and its successors and assigns covenant and agree with The First National Bank of Maryland to warrant and defend title to the locomotives hereby sold unto The First National Bank of Maryland, its successors and assigns against all and every person and persons whomsoever.

And the undersigned does for itself and its successors and assigns warrant and represent to The First National Bank of Maryland that the title conveyed is good, its transfer is rightful; and the locomotives are, have been, or shall be delivered free from any security interest or other lien or encumbrance.

THE LOCOMOTIVES SHALL BE SOLD TO THE FIRST NATIONAL BANK OF MARYLAND BY PENN EASTERN RAIL LINES, INC. ON AN "AS-IS, WHERE-IS" BASIS, WITH ALL FAULTS, WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE LOCOMOTIVES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. IN NO EVENT SHALL PENN EASTERN RAIL LINES, INC. BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER.

IN WITNESS WHEREOF the undersigned has caused this Bill of Sale to be executed under seal this 31st day of December, 1997.

ATTEST:

PENN EASTERN RAIL LINES, INC.

Jay P. Keefer

By: Scott Ziegler
Name: Scott E. Ziegler
Title: VP-Finance & Controller

State of Pennsylvania County of York, TO WIT:

I HEREBY CERTIFY that on this 31st day of Dec., 1997, before me, the undersigned, a Notary Public of the State of PA, personally appeared Scott Ziegler, who acknowledged himself to be the VP-Finance of PENN EASTERN RAIL LINES, INC., a Delaware corporation, known (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Officer of said corporation by signing the name of the corporation by himself as Penn Eastern Rail Lines, Inc.

AS WITNESS my hand and Notarial Seal.

Kimberly B. Smith
Notary Public

(SEAL)

My Commission Expires:

NOTARIAL SEAL
KIMBERLY B. SMITH, Notary Public
York, York County, PA
My Commission Expires May 17, 1999

SCHEDULE A
to Bill of Sale

DESCRIPTION OF UNITS

1. EMD NW-2, Road No. CHTS 9008, Serial No. 4588
2. EMD GP-10, Road No. EPRY 75
3. EMD GP-10, Road No. LANO 57
4. GE U-28-B, Road No. LANO 261
5. GE 44 T, Road No. EPRY 4, Serial No. 31225
6. EMD SW 900, Road No. EPRY 52, Serial No. 649
7. EMD SW 900, Road No. EPRY 99
8. EMD NW-2, BITY 8203