OSTER
Researching Services
12897 Colonial Dr. • Mt. Airy, Md. 21771
301-253-6040

3-189A005

18305

JUL 8 1993 9 45 AM

INTERSTATE COMMERCE COMMISSION

JUL 8 9 42 AM '93

MOTOR OPERATING UNIT

Counterparts - Mary A Ost

July 8, 1993

Ms. Mildred Lee
Recordations Unit
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. Lee:

Enclosed is a Lease Agreement dated May 19, 1993, between the following parties:

Lessor: Electro-Motive Division,
General Motors Corporation
LaGrange, IL 60525

Lessee: Consolidated Rail Corporation
2001 Market Street
Philadelphia, PA 19101

The equipment involved in this transaction includes:

Equipment: 30, SD60M Locomotives
#5545-5574

Please file this agreement as a primary document. The filing fee of $16 is enclosed. Thank you for your assistance.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

7/8/93

OFFICE OF THE SECRETARY

Mary AnnOster
Research Consultant
Oster Researching Services
12897 Colonial Drive
Mt. Airy, MD. 21771

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/8/93 at 9:45AM, and assigned recordation number(s). 18305.

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

ELECTRO-MOTIVE
Division of General Motors Corporation

LaGrange, Illinois 60525

18305
RECORDATION NO. _____ FILED 1425

JUL 8 1993 9-45AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS AGREEMENT, made and entered into as of this 18th day of May 1993 by and between Electro-Motive Division, General Motors Corporation, a Delaware corporation, hereinafter called "Owner", and Consolidated Rail Corporation, a Pennsylvania Corporation, hereinafter called "User".

OWNER AND USER HEREBY AGREE AS FOLLOWS:

1. Daily Rentals: User agrees to rent from Owner on a daily basis for a period not to exceed 270 days the Locomotives described in Exhibit A, together with all additions and accessories incorporated therein and/or affixed thereto (the "Locomotives"). Rental shall start immediately upon the execution of a "Certificate of Acceptance", Exhibit B. User shall return the Locomotives to Owner at a point on User's lines designated by Owner at the end of such term.

   User will cause the Locomotives to be kept numbered with the identification numbers thereon at the time of their delivery hereunder and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of the Locomotive, in letters not less than one inch in height, the words "General Motors Corporation, Electro-Motive Division - Owner". User will not place any Locomotive in operation or exercise any control or dominion over the same unless such words are so marked and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. User will not change the identification number of any Locomotive unless and until a statement of the new number to be substituted therefor shall have been filed with Owner and duly filed and deposited by User in all public offices where this Agreement shall have been filed and deposited.

   User will not allow the name of any person, association or corporation to be placed on any Locomotive as a designation that might be interpreted as a claim of ownership during the term of this Lease. Unless previously terminated in accordance with the provisions of Section 22 herein, Lease will terminate on the 270th day following the date hereof provided all Locomotives have been returned and all rentals have been paid pursuant to the terms hereof.

2. Rent: This Agreement and the rent payable hereunder shall commence with respect to each Locomotive when it is delivered and accepted by User F.O.B. Elkhart, Indiana or F.O.B. LaGrange, Illinois, as directed by User, (the "Commencement Date") and shall continue until the final rental payment is made. The Daily Rental per Locomotive is $800.00.

   Such rent shall be payable at lease termination.

   User shall not be entitled to any reduction of rent, abatement, setoff, counterclaim, recoupment or defense against rent or any other amount payable hereunder for any reason whatsoever, including, but not limited to, reductions, setoffs, counterclaims, recoupments or defenses due or alleged to be due by reason of any past, present or future claims of User against Owner or any other person for any reason whatsoever, except as otherwise provided herein; nor shall this Agreement terminate or the obligations of User be otherwise affected by reason of any defect in the condition, design, operation or fitness for use of the Locomotive or damage to or loss of possession or use or destruction of such Locomotive from whatever cause and of whatever duration, except as otherwise provided herein. User acknowledges that: Owner has no knowledge or information as to the condition or suitability for User's purpose of the Locomotives and Owner's decision to enter into this Agreement is made in reliance on User's undertakings herein, including User's express agreement not to assert against Owner any claims, defenses, setoffs or counterclaims it may now or hereafter have against Owner.

3. Warranties and Representations: Owner warrants and incorporates by reference herein the obligations and warranties as described in the certain Purchase Agreement dated November 12, 1992 as amended between the User and Owner. There are no warranties, expressed or implied, made by Owner except the foregoing.

4. Place of Payment of Rent: User shall direct payment of the rent to the following address:

   Electro-Motive Division
   General Motors Corporation
   c/o 1st National Bank of Chicago
   Account No. 50-63191
   "Rental Income Account"
   Attn: Assistant Comptroller

5. Recordkeeping; Inspection: User agrees to keep and maintain and make available to Owner such record of User's use, operation, inspection, repairs and maintenance of the Locomotives while in its possession as shall be reasonably required by Owner.

   If requested, within five (5) days of the end of the term of this Agreement, User will furnish to Owner a certificate signed by the chief mechanical officer of User setting forth

the repairs performed on the Locomotives during the term hereof, and such other information regarding the condition and state of repair of the Locomotives as Owner may reasonably request. Owner, at its sole expense, shall have the right by its agents to enter upon the property of User to inspect the Locomotives and the User's records with respect thereto at such reasonable times as Owner may request during the term of this Agreement.

User shall promptly notify Owner of any occurrence of an event of default as defined in Section 18 hereof or default, specifying such event of default or default and the nature and status thereof.

6. Loss or Destruction: In the event that a Locomotive during the term hereof shall become lost, stolen, destroyed, irreparably damaged, permanently rendered unfit for use, or, in the reasonable opinion of User, worn out or damaged beyond the economic limit of repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term hereof, or by any other government or governmental entity resulting in the loss of possession by User for a period of 30 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), User shall notify Owner of such Casualty Occurrence. On the payment date next following the date of such Casualty Occurrence, User shall pay to Owner any unpaid amount due on or prior to such date. In addition, the proceeds of any insurance, any condemnation payment and any other payment received by User in respect of a Casualty Occurrence shall be immediately paid to Owner provided, however, that in no event shall Owner receive less than $1,515,058.00 with respect to any one Locomotive.

7. Indemnity: User agrees to indemnify, protect and hold harmless Owner from and against all losses, damages, injuries, liabilities, claims (including, without limitations, claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent, trademark and copyright liabilities, penalties, and interest, arising from or caused directly by: (a) User's failure to promptly perform any of its obligations under the provisions of Sections 1, 2, 6, 7, and 17 of this Agreement, or (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation of any Locomotive or its location or condition, or (c) inadequacy of any Locomotive, or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against Owner, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Owner in any such action or actions; provided, however, that (i) Owner shall give User written notice of any such claim or demand, and (ii) User shall not be required to indemnify, protect, hold harmless

and defined Owner for any loss, damage, injury, liability, claim, demand or expense to the extent it results from the gross negligence or willful misconduct of Owner or to the extent such arises from Owner's failure to meet any of its problem correction, performance guarantee, or warranty obligations under Section 3 hereunder. The indemnities arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the expiration or termination of this Agreement.

Except as otherwise expressly provided in this Agreement and subject to the same types of limitations set forth in clause (ii) of the first paragraph of this Section 7, User shall bear the responsibility and risk for, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of the Locomotives.

8. Compliance with Law; Repair and Maintenance: User shall comply with the FRA, and all other applicable laws, regulations and requirements with respect to use, maintenance and operation of the Locomotives during the term of this Agreement. User shall use the Locomotives only in the manner for which they were designed so as to subject them only to ordinary wear and tear.

   User shall at its own cost and expense, maintain and service the Locomotives in accordance with prudent industry practice including testing and repair of the Locomotives so that the Locomotives will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), and (b) in compliance with any and all applicable laws and regulations. In no event shall the Locomotives be maintained or scheduled for maintenance on a basis less frequent than the maintenance or maintenance scheduling basis employed as of the date hereof by User for similar equipment. Any parts installed or replacements made by User upon the Locomotives shall be considered accessions to the Locomotives and title thereto shall be immediately vested in Owner, without cost or expense to Owner; provided, however, User may remove from the Locomotives any (a) communications equipment, (b) train control, (c) end of train telemetry, and (d) recording devices, which User paid for and installed but only if such removal may be accomplished without damage to the Locomotives.

9. Assignment by User: User shall not assign or sublet its interest, or any parts thereof, under this Agreement, or permit the use or operation of the Locomotives subject to this Agreement by any other person, firm or corporation, other than wholly owned subsidiaries, without the prior written consent of Owner. Owner expressly consents to incidental operation and use on railroads other than Lessee's.

10. Unless otherwise specifically provided, any notices to be given under this Agreement or any other communications between the parties shall be given by certified mail, postage prepaid in the following manner:

(a) Notices from Owner to User shall be sent to:

J. T. Whatmough, Vice President Materials & Purchasing
Consolidated Rail Corporation
2001 Market Street
Philadelphia, PA 19101

with a copy to:

T. J. McGraw, Director - Financing
Consolidated Rail Corporation
2001 Market Street, Room 25-A
Philadelphia, PA 19101-1425

or to such other address as User may from time to time indicate by written notice to Owner.

(b) Notices from User to Owner shall be sent to:

Electro-Motive Division
General Motors Corporation
LaGrange, Illinois 60525
Attention: Comptroller

11. Quiet Enjoyment: So long as User makes its aforesaid rental payments and otherwise complies with the terms and provisions hereof, User shall be entitled to the use and possession of the Locomotives according to the terms hereof without interference by Owner or by any party lawfully claiming by or through Owner.

12. Authority: The undersigned signatories herewith represent and warrant that they are fully authorized to execute this Agreement and bind the respective parties to the terms and provisions hereof.

13. Protection of Owner's Title: User shall cause this Agreement to be duly filed, registered or recorded in conformity with Section 11303 of the Interstate Commerce Act. User will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all further instruments or reasonably requested by Owner, for the purpose of protecting Owner's title to the Locomotives.

14. Taxes: User, or Owner at User's expense, shall report, pay and discharge when due all license and registration fees, assessments, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Locomotives including without limitation amounts payable under Sections 2, 6 and 7, hereof and other taxes (excluding

any tax measured by Lessor's net income), together with any penalties or interest thereon, imposed by any state, federal or local government upon the Locomotives and whether or not the same shall be assessed against or in the name of Owner or User.

15. Performance Obligations of User by Owner: In the event that the User shall fail duly and promptly to perform any of its obligations under the provisions of this Agreement, Owner may, at its option, perform the same for the account of User without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Owner in such performance, together with interest at the lessor of 1-1/2% per month or the highest amount allowed by law thereon until paid by the User to Owner, shall be payable by the User upon demand as additional rent hereunder.

16. Further Assurance: User shall execute and deliver to Owner, upon Owner's request such instruments and assurances as Owner deems necessary or advisable for the confirmation or perfection of this Agreement and Owner's rights hereunder.

17. User's Covenants: User will: (a) defend at User's own cost any action, proceeding or claim affecting the Locomotives except as stated in Section 7; (b) do everything necessary or expedient to preserve or perfect the Owner's interest in the Locomotives; (c) not misuse, fail to keep in good repair (ordinary wear and tear excepted), secrete, or, without the prior written consent of Owner and notwithstanding Owner's claim to proceeds, sell, rent, lend, encumber or transfer the Locomotives, except as provided in Subsection (e) of this Section; (d) agree that Owner may enter upon User's premises or wherever the Locomotives may be located at any reasonable time and upon reasonable notice to inspect the Locomotives; and (e) except as provided in Section 9 of this Agreement, not permit the use of the Locomotives by any other party, without Owner's consent to be granted in its sole discretion.

18. Default: An event of default shall occur if User: (a) fails to pay when due any installment of rent and such failure continues for a period of 15 days; (b) fails to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues uncured for 15 days after written notice thereof to User by Owner; and (c) ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, takes any action seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceedings, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties; (d) fails to have dismissed, within 60 days after the commencement thereof, any proceedings seeking the reorganization, arrangement, readjustment, liquidation or

dissolution of User or any similar relief under any present or future statute, law or regulation, (e) fails to vacate the appointment of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and propertieswithin 60 days; or (f) attempts to remove, sell, transfer, encumber, part with possession or sublet any of the Locomotives in a manner prohibited hereunder without the consent of Owner.

Upon the occurrence of an event of default, Owner, at its option, may: (a) declare all sums due and to become due hereunder immediately due and payable; (b) proceed by appropriate court action or action or other proceedings either at law or equity to enforce performance by the User of any and all covenants of this Agreement and to recover damages for the breach thereof; and (c) demand that User deliver all or any of the Locomotives forthwith to Owner at User's expense at such place as Owner may designate on User's Line. If any statute governing any proceedings hereunder specifies the amount of Owner's deficiency or other damages for breach of this Agreement by the User, Owner shall be entitled to provide as and for damages for the breach an amount equal to that allowed under such statute in lieu of any other damages for breach of this Agreement. The provisions of this paragraph shall be without prejudice to any rights given to Owner by such statute to provide for any amounts allowed thereby. Should any proceedings be instituted by or against Owner for monies due to Owner hereunder and/or for possession of any Locomotive or for any other relief, User shall pay a reasonable sum as attorneys' fees.

The remedies in this Agreement provided in favor of Owner shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. User hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. User hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the User or on its behalf. Owner and User agree that Owner shall be entitled to all rights (such rights being fundamental to the willingness of Owner to enter into this Agreement) provided for in the Bankruptcy Code or of any other bankruptcy act, so that Owner shall have the right to take possession of any or all of the Locomotives upon any event of default under this Agreement regardless of whether User is in reorganization.

No failure by Owner to exercise, and no delay by Owner in exercising, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege by Owner preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

19. Choice of Law: This Agreement shall be governed in all respect by the Law of the Commonwealth of Pennsylvania.

20. Miscellaneous: All transportation charges incurred after acceptance by User shall be borne by User. If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. This Agreement is irrevocable for the full term hereof and for the aggregate rental herein reserved. User admits the receipt of a true copy of this Agreement.

21. Purchase Agreement of November 12, 1992: Except as stated in this Section 21and Section 3 hereof, nothing herein shall be deemed to alter, amend or affect the respective rights and obligations of the parties under the Purchase Agreement dated November 12, 1992 as amended. The lease of the Locomotives specified in Exhibit A shall not disqualify such Locomotives for purposes of being "new" under the Purchase Agreement dated November 12, 1992.

22. Purchase Option: This Lease may be terminated at any time during the lease term upon notice by User. Further, Owner commits to transfer unencumbered title to the Locomotives to User, or User's designee upon payment of the purchase price and any rentals due under this Lease and to execute, at the appropriate times and in recordable form, the Lease Agreement Terminations attached as Exhibit B hereto. The purchase price will be computed using the formula contained in Amendment No. 2 to the Purchase Agreement, which was executed on May 19, 1993.

Date: May 19, 1993

Electro-Motive Division
General Motors Corporation

Attest: _____

By: _____
Director of Treasury and Finance

Title: Assistant Secretary

Attest: _____

Consolidated Rail Corporation

By: _____

Title: Director - Financing

State of Illinois
County of Cook } §

On this 19th day of May, 1993, before me personally appeared Keith McAnness, to me personally known, who, being by me duly sworn, did say that he is a Assistant Secretary of Electro-Motive Division, General Motors Corporation, that the instrument was signed on behalf of such 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 such corporation.

A. E. Powers
Notary Public

"OFFICIAL SEAL"
A. E. Powers
Notary Public, State of Illinois
My Commission Expires 3/23/97

My commission expires:

3-23-97

State of Pennsylvania
County of Philadelphia } §

On this 19th day of MAY, 1993, before me personally appeared Thomas J. McGraw, to me personally known, who, being by me duly sworn, did say that he is a Director - Financing of the Consolidated Rail Corporation, that the instrument was signed on behalf of such 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 such corporation.

Anthony Richard DiGrazia
Notary Public

My commission expires:

NOTARIAL SEAL
ANTHONY RICHARD DIGRAZIA
Notary Public, Phila., Phila. Co.
My Commission Expires Sept. 10, 1995

EXHIBIT A

ELECTRO-MOTIVE

Type of Equipment	Quantity	Road Numbers
SD60M Diesel Electric Locomotives Conrail Specification 2010B dated October 15, 1992	Thirty (30)	5545 thru 5574

Delivery: First Half, 1993