RECORDATION NO. 15596-L FILED

AUG 17 '04 2-05 PM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036

(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

August 17, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Re: PRR – L586

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are four (4) copies of a Memorandum of Sublease and Assignment, dated August 12, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents previously filed with the Board/Commission under Recordation Number 15596.

The names and addresses of the parties to the enclosed document are:

| | |
|---|---|
| Sublessor/ Assignor: | Consolidated Rail Corporation<br>1000 Howard Boulevard<br>Fourth Floor<br>Mt. Laurel, NJ 08054 |
| Sublessee: | PRR Newco, Inc.<br>110 Franklin Road, S.E.<br>Roanoke, VA 24042 |
| Guarantor: | Norfolk Southern Railway Company<br>110 Franklin Road, S.E.<br>Roanoke, VA 24042 |
| [Assignee: | U.S. Bank National Association] |

A description of the railroad equipment covered by the enclosed document is:

18 locomotives PRR 4800 – PRR 4817 (formerly within the series CR 5063 – CR 5089).

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

Memorandum of Sublease and Assignment

Also enclosed is a check in the amount of $30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/anr
Enclosures

MEMORANDUM OF SUBLEASE AND ASSIGNMENT PRR-L586, by

CONSOLIDATED RAIL CORPORATION ("**Conrail**")
1000 Howard Boulevard, Fourth Floor
Mt. Laurel, New Jersey 08054

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SURFACE TRANSPORTATION BOARD

PRR NEWCO, INC. (the "**Company**")
110 Franklin Road, S.E.
Roanoke, Virginia 24042

and

NORFOLK SOUTHERN RAILWAY COMPANY (the "**Railroad**")
110 Franklin Road, S.E.
Roanoke, Virginia 24042

Conrail is leasing certain units of railroad equipment pursuant to the agreement identified in Schedule A hereto as the "**Senior Lease**" with the party named in Schedule A hereto as the "**Senior Lessor**," which agreement was recorded with the Interstate Commerce Commission and assigned the recordation number shown on said Schedule A.

The Senior Lessor has assigned the Senior Lease to the party named as "**Security Trustee**" in Schedule A hereto pursuant to the agreement identified as the "**Security Agreement**" in said Schedule A, which agreement was recorded with the Interstate Commerce Commission and assigned the recordation number shown on said Schedule A.

The parties hereto hereby wish to evidence for the public record the following transactions with respect to such units of the railroad equipment covered by the above-named agreements as are listed in Schedule B hereto:

1. The Sublease of Railroad Equipment PRR-L586 between Conrail, sublessor, and the Company, sublessee.

2. The assumption of the obligations of the Company as sublessee under the above-named sublease by the Railroad, pursuant to the Assumption Agreement PRR-L586 by the Railroad in favor of Conrail.

3. The assignment by Conrail, assignor, of the sublease named in item 1 to the Senior Lessor, assignee, as security for Conrail's obligations under the Senior Lease, pursuant to the Assignment of Sublease PRR-L586 by Conrail in favor of the Senior Lessor.

4. The reassignment by the Senior Lessor, assignor, of the sublease named in item 1 to the Security Trustee, assignee, as additional security for the Senior Lessor's obligations under the Security Agreement pursuant to the Reassignment of Sublease PRR-L586 by the Senior Lessor in favor of the Security Trustee.

5. The assignment by the Railroad, assignor, of its subleasehold interest under sublease named in item 1 to CSX Transportation, Inc., assignee, pursuant to the Cross-Assignment of Lease and Agreement among such parties and Conrail, as security for the Railroad's obligations for reimbursement thereunder.

IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers thereunto duly authorized:

CONSOLIDATED RAIL CORPORATION

by .....

PRR NEWCO, INC

by .....

NORFOLK SOUTHERN RAILWAY COMPANY

by .....

STATE OF NEW YORK )
) SS.:
COUNTY OF NEW YORK )

On this 12th day of August, 2004, before me personally appeared Joseph Rogers, to me personally known, who, by me being duly sworn, says that he is CFO & Treasurer of CONSOLIDATED RAIL CORPORATION, and that the foregoing instrument was signed 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

My commission expires

CIRILA STEPHENS
NOTARY PUBLIC, State of New York
No. 01ST6088536
Qualified in Kings County
Commission Expires March 3, 2007

STATE OF NEW YORK )
) SS.:
COUNTY OF NEW YORK )

On this 12th day of August, 2004, before me personally appeared William P. Romig, to me personally known, who, by me being duly sworn, says that he is V.P. and Treasurer of PRR NEWCO, INC., and that the foregoing instrument was signed 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

My commission expires

DWAYNE DeFREITAS
NOTARY PUBLIC, State of New York
No. 01DE6097123
Qualified in Kings County
Commission Expires Aug. 18, 2007

STATE OF NEW YORK )
) SS.:
COUNTY OF NEW YORK )

On this 12th day of August, 2004, before me personally appeared William P. Romig, to me personally known, who, by me being duly sworn, says that he is V.P. and Treasurer of NORFOLK SOUTHERN RAILWAY COMPANY, and that the foregoing instrument was signed 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

My commission expires

DWAYNE DeFREITAS
NOTARY PUBLIC, State of New York
No. 01DE6097123
Qualified in Kings County
Commission Expires Aug. 18, 2007

SCHEDULE A
SENIOR TRANSACTION L586

**Senior Lease:**

Lease Agreement #1 dated as of April 1, 1988, as amended, between The Connecticut National Bank (succeeded by U.S. Bank National Association), not in its individual capacity but solely as owner trustee, and Consolidated Rail Corporation.

Recorded with the Interstate Commerce Commission on April 22, 1988, and assigned recordation number 15596.

**Senior Lessor:**

U.S. Bank National Association (successor to The Connecticut National Bank), not in its individual capacity but solely as owner trustee

**Security Agreement**

Equipment Trust Agreement #1 dated as of April 1, 1988, as amended, between between The Connecticut National Bank (succeeded by U.S. Bank National Association), not in its individual capacity but solely as owner trustee, and Mercantile-Safe Deposit and Trust Company (succeeded by The Bank of New York).

Recorded with the Interstate Commerce Commission on April 22, 1988, and assigned recordation number 15596.

**Security Trustee:**

The Bank of New York, successor to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as equipment trust trustee.

# *Schedule "B" Equipment*
## Lease L586

**Description: B40 -8 Locomotives**

| Count | Original Locomotive Unit Numbers | Current Locomotive Unit Numbers |
|---|---|---|
| 1 | 5063 | PRR 4800 |
| 2 | 5064 | PRR 4801 |
| 3 | 5066 | PRR 4802 |
| 4 | 5067 | PRR 4803 |
| 5 | 5068 | PRR 4804 |
| 6 | 5069 | PRR 4805 |
| 7 | 5072 | PRR 4806 |
| 8 | 5073 | PRR 4807 |
| 9 | 5077 | PRR 4808 |
| 10 | 5078 | PRR 4809 |
| 11 | 5079 | PRR 4810 |
| 12 | 5081 | PRR 4811 |
| 13 | 5082 | PRR 4812 |
| 14 | 5083 | PRR 4813 |
| 15 | 5084 | PRR 4814 |
| 16 | 5085 | PRR 4815 |
| 17 | 5088 | PRR 4816 |
| 18 | 5089 | PRR 4817 |
| | **18 Total Units** | |