

RECORDATION NO 26985-E FILED  
MARCH 11, 2014 12:00 PM  
SURFACE TRANSPORTATION BOARD

T 312.845.3000  
D 312.845.2991  
F 312.701.2361  
robson@chapman.com

March 11, 2014

Chief  
Section of Administration  
Office of Proceedings  
Surface Transportation Board (the "Board")  
395 E Street, S.W.  
Washington, DC 20423-0001

Re: Bank of Montreal-Watco Companies  
Partial Release of Security Agreement

Dear Chief:

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two (2) executed copies of the Partial Release of Security Agreement, dated as of March 11, 2014, from Bank of Montreal, as secured party, in favor of the Debtors (as defined therein). The enclosed document relates to the Security Agreement dated April 30, 2007, as amended and restated pursuant to the Amended and Restated Security Agreement dated March 22, 2013, by and among the Debtors and the Secured Party, a memorandum of which was recorded with the Surface Transportation Board on May 25, 2007 at 4:10 P.M. under recordation number 26985 with an amended and restated equipment description being recorded with the Surface Transportation Board on (i) February 16, 2011 at 3:10 P.M. under recordation number 26985-A, (ii) February 9, 2012 at 8:00 A.M. under recordation number 26985-C and (iii) March 22, 2013 at 4:00 P.M. under recordation number 26985-D.

The name and address of the party to the enclosed document is as follows:

Secured Party: Bank of Montreal  
111 West Monroe Street  
Chicago, Illinois 60603

The equipment covered as of the date hereof by the aforesaid Partial Release of Security Agreement consists of the following:

1 GP-35 Locomotive bearing the reporting mark WAMX 3517;

14 GP-38 Locomotives bearing the reporting marks within the series WAMX 3803 through WAMX 3820;

Chapman and Cutler LLP

1 GP-38 Locomotive bearing the reporting mark  
WSOR 3806/WAMX 3865; and

1 GP-38 Locomotive bearing the reporting mark  
WSOR 3807/WAMX 3866.

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

Partial Termination of Security Agreement.

A fee of forty-four dollars (\$44.00) is enclosed. Please time and date stamp the enclosed copy of the enclosed document along with the extra copy of this letter as proof of filing and recordation of the enclosed document and return the original and any extra copies of such document and this letter not needed by the Board for recordation to:

Edward M. Luria, Esq.  
Alvord and Alvord  
1050 Seventeenth Street, N.W.  
Suite 301  
Washington, D.C. 20036

If you have any questions or need further information, please do not hesitate to contact the undersigned (312) 845-2991.

Sincerely,

CHAPMAN AND CUTLER LLP

By: Michael D. Robson

MDR:dk  
Enclosure

**PARTIAL RELEASE OF SECURITY AGREEMENT**

Memorandum of Partial Release of Security Agreement, effective as of March 11, 2014, from Bank of Montreal, a chartered bank of Canada, acting through its Chicago branch, as secured party ("*Secured Party*") in favor of Watco Companies, L.L.C., Watco Transportation Services, L.L.C., Eastern Idaho Railroad, L.L.C., South Kansas and Oklahoma Railroad, Inc., Kansas & Oklahoma Railroad, L.L.C., Timber Rock Railroad, L.L.C., PRCCR, Inc., Pennsylvania Southwestern Railroad, L.L.C., Kaw River Railroad, L.L.C., Alabama Southern Railroad, L.L.C., Arkansas Southern Railroad, L.L.C., Vicksburg Southern Railroad, L.L.C., Louisiana Southern Railroad, L.L.C., Yellowstone Valley Railroad, L.L.C., Mississippi Southern Railroad, L.L.C., Mission Mountain Railroad, L.L.C., Palouse River and Coulee City Railroad, L.L.C., Millennium Rail, Inc., MBF Industries, Inc., Dome Acquisition Corp., Hockley Rail Car, Inc., Madonna Corp., Watco Transportation Holdings, Inc., Pacific Sun Railroad, L.L.C., Austin Western Railroad, L.L.C., Fitzgerald Railcar Services, Inc., Railcar Services and Logistics Corporation, Reload Express, Inc., Watco Mechanical Services, L.L.C., Watco Mechanical Corp., Kansas City Switching Company, L.L.C., Alabama Warrior Railway, L.L.C., Grand Elk Railroad, Inc., Boise Valley Railroad, L.L.C., Watco Dock & Rail, L.L.C., Watco Transloading, L.L.C., CAF, L.L.C., Watco Railroad Company Holdings, Inc., Great Northwest Railroad, L.L.C., Baton Rouge Southern Railroad, L.L.C., Autauga Northern Railroad, L.L.C., Swan Ranch Railroad, L.L.C., Birmingham Terminal Railway, L.L.C., Watco Dock & Rail II, L.L.C., Wisconsin & Southern Railroad, L.L.C., Watco-Cudahy Mechanical Services, L.L.C., Watco Compliance Services, L.L.C., Watco International Holdings, L.L.C., Pecos Valley Permian Railroad, L.L.C., San Antonio Central Railroad, L.L.C., Watco Alabama Port Services, L.L.C., Ann Arbor Railroad, Inc. and Watco Finance Corp. (collectively referred to herein as the "*Debtors*" and each individually as a "*Debtor*").

**WITNESSETH:**

1. The undersigned have entered into that certain Security Agreement, dated as of April 30, 2007 (the "*Original Security Agreement*"), as amended by the Amended and Restated Security Agreement, dated as of March 22, 2013 (the "*Amended and Restated Security Agreement*"), together with the Original Security Agreement and any amendments, supplements or modifications to each of the Original Security Agreement and the Amended and Restated Security Agreement being referred to herein as the "*Security Agreement*"), by which each Debtor has granted to Secured Party a security interest in certain railroad equipment bearing reporting marks as listed on Schedule G attached to the Security Agreement in order to secure such Debtor's performance of its obligations as described in the Security Agreement. Capitalized terms used herein without definition have the meanings assigned to them in the Indenture.

2. The Security Agreement (or a memorandum thereof) was recorded with Surface Transportation Board on May 25, 2007 at 4:10 P.M. under recordation number 26985 pursuant to Section 11301 of Title 49 of the United States Code. A memorandum of amended and restated equipment description relating to the Security Agreement was recorded with the Surface Transportation Board on (i) February 16, 2011 at 3:10 P.M. under recordation number 26985-A,

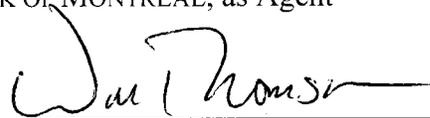
(ii) February 9, 2012 at 8:00 A.M. under recordation number 26985-C and (iii) March 22, 2013 at 4:00 P.M. under recordation number 26985-D, in each case, pursuant to Section 11301 of Title 49 of the United States Code

3. The Security Agreement is terminated effective as of the date hereof solely with respect to the locomotives set forth on Exhibit A attached hereto.

4. This Partial Release of Security Agreement shall neither impair nor terminate the rights and obligations of the parties under the Security Agreement which expressly survive this partial release.

IN WITNESS WHEREOF, the undersigned has caused this memorandum to be duly executed by its officers duly authorized as of the date and year first above written.

BANK OF MONTREAL, as Agent

By  \_\_\_\_\_

Name: William Thomson

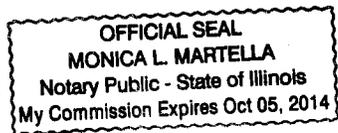
Title: Senior Vice President \_\_\_\_\_

Executed on this 7th day of March, 2014.

STATE OF ILLINOIS            )  
  ) SS.:  
COUNTY OF COOK            )

On this, the 7 day of March, 2014, before me, a Notary Public in and for said County and State, personally appeared William Thomson, who being by me duly sworn, says that (s)he is the Senior Vice President of BANK OF MONTREAL, that said instrument was signed on March 7, 2014 on behalf of said association by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Monica L. Martella  
Name: \_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_  
Residing in \_\_\_\_\_

(SEAL)

**EXHIBIT A**

**UNITS**

EQUIPMENT	QUANTITY	REPORTING MARKS
GP-35 Locomotive	1	WAMX 3517
GP-38 Locomotives	14	WAMX 3803 WAMX 3805 through WAMX 3808, inclusive WAMX 3811 through WAMX 3816, inclusive WAMX 3818 through WAMX 3820, inclusive
GP-38 Locomotive	2	WSOR 3806/WAMX 3865 WSOR 3807/WAMX 3866

**CERTIFICATION**

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: March 11, 2014

*Edward M. Luria*

\_\_\_\_\_  
Edward M. Luria