

MARTIN LIPTON
 HERBERT M. WACHTELL
 LEONARD M. ROSEN
 GEORGE A. KATZ
 BERNARD MINDICH
 THEODORE GEWERTZ
 BERNARD W. NUSSBAUM
 BERTRAM M. KANTOR
 WILLIAM C. STERLING, JR.
 RICHARD D. KATCHER
 JAMES H. FOGELSON
 DOUGLAS S. LIEBHAFSKY
 PETER D. MCKENNA
 LAURENCE D. CHERKIS
 STEVEN M. BARNA
 CHARLES T. MEDERRICK
 LAWRENCE LEDERMAN
 CHAIM J. FORTGANG
 MICHAEL W. SCHWARTZ
 ALLAN A. MARTIN
 DENIS F. CRONIN
 ERICA H. STEINBERGER
 HAROLD S. HANDELSMAN
 H. NEIL BRODER
 ALAN D. HANDLER
 PETER C. HEIN
 HAROLD S. NOVIKOFF
 MARC H. ROSENBAUM

WACHTELL, LIPTON, ROSEN & KATZ
 299 PARK AVENUE
 NEW YORK, N.Y. 10017

RECORDATION NO. 8452
 AUG 26 1976
 INTERSTATE COMMERCE COMMISSION
 M. CARR FERGUSON, JR.
 LAWRENCE P. KING
 OF COUNSEL
 TELEPHONE: 371-9200
 AREA CODE 212
 TELE ADDRESS
 TELLROSE NEW YORK
 TELEX: WU: 127829
 RCA: 237968

6-2394111
 AUG 26 1976
 Fee \$ 50-
 ICC Washington, D. C.

Secretary of the Interstate Commerce Commission
 12th Street and Constitution Avenue, N.W.
 Washington, D.C. 20423

RECEIVED
 AUG 26 9 17 AM '76
 T.C.C.
 FEE OPERATION BR.

Dear Sir:

We herewith submit to you, for filing with the Interstate Commerce Commission, two fully executed original counterparts and one photocopy of the Mortgage and Security Agreement dated as of August 18, 1976 between Walter E. Heller & Company, Inc., ITT Rayonier, Incorporated and Avtex Fibers Inc.

You are hereby authorized and instructed to file said Mortgage and Security Agreement pursuant to the provisions of Section 20c of the Interstate Commerce Act, as amended.

The enclosed documents have been acknowledged in forms substantially as set forth in Section 1116.3(c)(2) of Title 49, Code of Federal Regulations, by John N. Gregg on behalf of Avtex Fibers Inc., by Edmund M. Duncan on behalf of Walter E. Heller & Company, Inc. and by Michael A. Brown on behalf of ITT Rayonier, Incorporated.

We are enclosing herewith a check in the amount of \$50, payable to your order, which covers the recordation fee.

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

- Mortgagee -- Walter E. Heller & Company, Inc.
 200 Park Avenue
 New York, New York 10017
- ITT Rayonier, Incorporated
 605 Third Avenue
 New York, New York 10016

INTERSTATE
 COMMERCE COMMISSION
 RECEIVED
 AUG 25 1976
 ADMINISTRATIVE SERVICES
 MAIL UNIT

Secretary of the Inter-
State Commerce Commission

-2-

August 18, 1976

Mortgagor -- Avtex Fibers Inc.
600 North Jackson Street
Media, Pennsylvania 19063

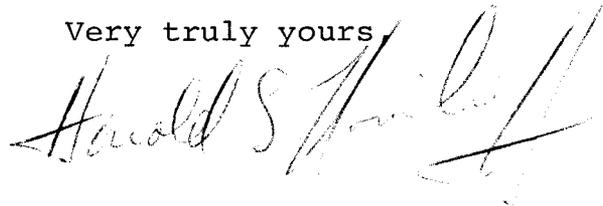
Grantor -- None.

The general description of the equipment covered
by said Mortgage and Security Agreement is as follows:

- (1) 1 (one) 1943 model G.E. diesel locomotive -
65 ton, 500 horsepower - rebuilt in 1972 -
Serial Number 18010
- (2) 1 (one) 1943 model G.E. diesel locomotive -
65 ton, 500 horsepower - rebuilt in 1971 -
Serial Number 18009
- (3) 1 (one) 1947 model G.E. locomotive - 65 ton,
400 horsepower - rebuilt in 1969 - Serial
Number 28660
- (4) 1 (one) 1942 model G.E. locomotive - 44 ton,
200 horsepower - Serial Number 15757
- (5) 1 (one) brown track crane - 1949 model -
25 ton - no serial number.

We understand that the two enclosed original counter-
parts will be retained in the Commission's files and that the
photocopy, with the recording date stamped thereon, will be re-
turned in accordance with our request. Please return said
photocopy to this writer.

Very truly yours



Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

8/26/76

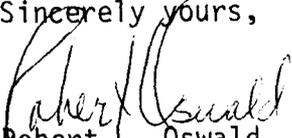
OFFICE OF THE SECRETARY

- Harold S. Handelsman
Wachtell, Lipton, Rosen & Katz
299 Park Ave.
New York, N.Y. 10017
-

Dear Sir:

The enclosed document was recorded pursuant to the provisions of Section 20c of the Interstate Commerce Act, 49 U.S.C. 20c, on **8/26/76** at **9:25am**, and assigned recordation number **8452**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure

SE-39
(2/75)

AUG 26 1976-9 AM
INTERSTATE COMMERCE COMMISSION

Mortgage And Security Agreement

THIS DOCUMENT confirms portions of a Security Agreement dated as of August 18, 1976 (herein, as at any time hereafter amended or supplemented, called the "Security Agreement") entered into by and among AVTEX FIBERS INC., a New York corporation ("Avtex"), with its principal place of business at 600 North Jackson Street, Media, Pennsylvania 19063 and WALTER E. HELLER & COMPANY, INC., a Delaware corporation ("Heller"), having an office at 200 Park Avenue, New York, New York 10017 and ITT RAYONIER, INCORPORATED, a Delaware corporation ("ITT"), having an office at 605 Third Avenue, New York, New York 10016. Heller and ITT are sometimes hereinafter referred to collectively as "Secured Party".

THIS DOCUMENT conforms in all respects with the Security Agreement and is executed for the purposes of providing a convenient document for recording in the Office of the Secretary of the Interstate Commerce Commission.

WITNESSETH:

WHEREAS, substantially contemporaneously herewith and hereafter Avtex is or may be incurring indebtedness and liabilities to Heller pursuant to that certain Factoring Agreement of even date between Heller and Avtex (the "Factoring Agreement") and the Security Agreement and is or may be incurring indebtedness and liabilities to ITT pursuant to that certain Financing Agreement of even date between ITT and Avtex (the "Financing Agreement", which together with the Security Agreement and the Factoring Agreement are hereinafter referred to collectively as the "Agreements"); and

WHEREAS, Avtex owns all right, title and interest in and to the items of rolling stock set forth in Exhibit A attached hereto and made a part hereof.

NOW, THEREFORE, in order to secure the indebtedness and liabilities now or hereafter arising under the Agreements, including interest thereon, and the performance of all obligations and agreements of Avtex herein and in the Agreements, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Avtex hereby irrevocably grants,

bargains, mortgages, pledges, sells, creates a security interest in, conveys, transfers, assigns, sets over and confirms, as and by way of a mortgage and security interest having priority over all other security interests except as hereinafter set forth, with power of sale to the extent permitted by law, all of Avtex's right, title, and interest in and to all goods, including without limitation, all railroad cars, locomotives and other rolling stock now, or hereafter owned by Avtex, including, without limitation, the items of rolling stock listed in Exhibit A annexed hereto and made a part hereof;

TO HAVE AND TO HOLD the same unto Secured Party, their successors and assigns, forever; provided, however, that these presents are upon the express condition, that if Avtex shall pay and discharge the indebtedness evidenced by said promissory note in accordance with the terms thereof, and all other sums that may be secured thereby, then this Mortgage and the estate and rights hereby granted shall cease, determine and be void, and the entire right, title and interest in said railroad cars, locomotives and rolling stock shall be reassigned, revert to and be vested in Avtex, otherwise this Mortgage is to remain in full force and effect.

Avtex agrees (a) in addition to the property referred to specifically in the Security Agreement, the term "Collateral" as used in the Security Agreement shall include any railroad cars, locomotives and other rolling stock referred to herein, and (b) in addition to the rights and remedies given to Secured Party under the Security Agreement upon the occurrence of any default provided for therein, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code.

Secured Party shall suffer Avtex to repossess, control, and manage the goods including the rolling stock aforesaid, and to receive and use the income, revenue, and profits arising from said goods and rolling stock in the same manner and with the same effect as if this Mortgage had not been made so long as Avtex shall pay the indebtedness secured by this Mortgage in accordance with the terms of the Agreements.

IN WITNESS WHEREOF, Avtex and Secured Party have caused this Mortgage and Security Agreement to be duly executed as of the day and year first above written.

(Corporate Seal)

AVTEX FIBERS INC.

By

John D. Guzy
President
(Title)

Attest:

Stephen E. Jacobs
Secretary

(Corporate Seal)

WALTER E. HELLER & COMPANY, INC.

By

Ed. Zassebaum
VICE PRESIDENT
(Title)

Attest:

Albert H. Hissman
ASST Secretary

(Corporate Seal)

ITT RAMONIER INCORPORATED

By

Walter A. Hissman
W. PRES
(Title)

Attest:

R. E. Klein
ASST Secretary

Exhibit A

Rolling Stock Owned By Avtex

(1) 1 (one) 1943 model G.E. diesel locomotive - 65 ton, 500 horsepower - rebuilt in 1972 - Serial Number 18010

(2) 1 (one) 1943 model G.E. diesel locomotive - 65 ton, 500 horsepower - rebuilt in 1971 - Serial Number 18009.

(3) 1 (one) 1947 model G.E. locomotive - 65 ton, 400 horsepower - rebuilt in 1969 - Serial Number 28660.

(4) 1 (one) 1942 model G.E. locomotive - 44 ton, 200 horsepower - Serial Number 15757.

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