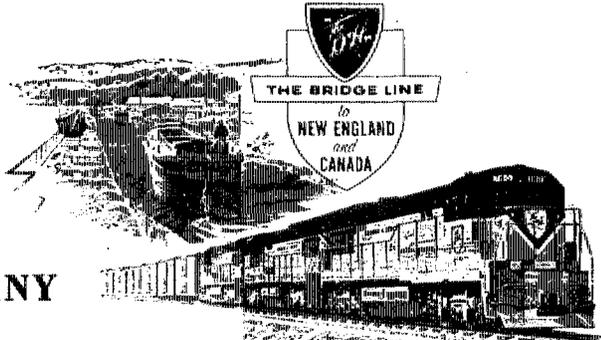


DELAWARE AND HUDSON RAILWAY COMPANY

ALBANY, NEW YORK 12207



Dependable Transportation Since 1823

March 9, 1978

THOMAS W. EAGAN

Vice President - Finance
& Governmental Affairs

RECORDATION NO. *8241-B* Filed & Recorded

MAR 15 1978 - 1 45 AM

INTERSTATE COMMERCE COMMISSION

Mr. Robert L. Oswald
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Sir:

There are submitted herewith for recording pursuant to Section 20c of the Interstate Commerce Act and to the Commission's General Rules and Regulations, Part 1116 - Recordation of Documents, an original and two executed counterparts of Second Supplemental Indenture dated February 9, 1978, between the mortgagor, Delaware and Hudson Railway Company, 40 Beaver Street, Albany, New York 12207, and United States Railway Association, 2100 Second Street, SW, Washington, DC 20595, as mortgagee under Mortgage dated March 15, 1976, of Delaware and Hudson Railway Company. The Second Supplemental Indenture has been acknowledged in a form authorized by the District of Columbia, the place where the document was executed.

The Mortgage dated March 15, 1976, was filed with the Commission at 9:15 A.M., March 19, 1976, Recordation Number 8241. The Supplemental Indenture dated January 11, 1978, was filed with Commission at 3:45 P.M., January 30, 1978, Recordation Number 8241-A.

Included in the property covered by the aforesaid Mortgage and Supplements is the equipment described in the letter of transmittal dated March 18, 1976.

A check of Delaware and Hudson Railway Company payable to the order of the Commission in the amount of \$10.00 is also enclosed to cover the required recordation fee.

RECEIVED
MAR 15 1 36 PM '78
CERTIFICATION UNIT

8-074A084

MAR 15 1978

Date

Fee \$ *10*

ICC Washington, D. C.

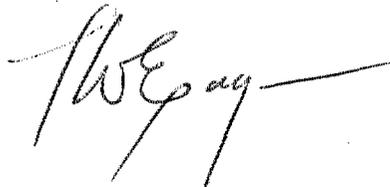
Mr. Robert L. Oswald

March 9, 1978

Page 2

The original document should be returned to the undersigned at
40 Beaver Street, Albany, New York 12207.

Very truly yours,



Encs.

Interstate Commerce Commission
Washington, D.C. 20423

3/15/78

OFFICE OF THE SECRETARY

Thomas W. Eagan
Delaware And Hudson Railway Company
40 Beaver Street
Albany, New York 12207

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 3/15/78 at 1:45pm and assigned recordation number(s)

8241-B

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

RECORDATION NO. *8241-B* Filed & Recorded

MAR 15 1978 -1 45 AM

INTERNATIONAL COMMERCE COMMISSION

SECOND SUPPLEMENTAL INDENTURE

DATED FEBRUARY 9, 1978

DELAWARE AND HUDSON RAILWAY COMPANY

TO

UNITED STATES RAILWAY ASSOCIATION

AND

THE UNITED STATES OF AMERICA

SUPPLEMENTING THE MORTGAGE

OF THE DELAWARE AND HUDSON RAILWAY COMPANY

TO UNITED STATES RAILWAY ASSOCIATION

DATED MARCH 15, 1976

TO SECURE ADDITIONAL INDEBTEDNESS

AND ADD UNITED STATES OF AMERICA

AS A MORTGAGEE

THIS SECOND SUPPLEMENTAL INDENTURE dated February 9, 1978, between the mortgagor, DELAWARE AND HUDSON RAILWAY COMPANY, a Delaware corporation having its principal office at 40 Beaver Street, Albany, New York 12207, organized and existing under the laws of the State of Delaware (the "Corporation"), and the mortgagees, UNITED STATES RAILWAY ASSOCIATION ("USRA"), established pursuant to Section 201 of the Regional Rail Reorganization Act of 1973 as a nonprofit government corporation organized under the District of Columbia Non-Profit Corporation Act and having its principal office at 2100 Second Street, S.W., Washington, D.C. 20595, and the UNITED STATES OF AMERICA ("United States"), acting through the Administrator of the FEDERAL RAILROAD ADMINISTRATION, by a delegation of authority from the Secretary of Transportation published at 49 C.F.R. 1.49(u) ("Administrator").

W I T N E S S E T H :

WHEREAS, the Corporation has heretofore made, executed and delivered to USRA, its Mortgage dated March 15, 1976, ("Mortgage") of properties of the Corporation therein described or mentioned to secure the due and punctual payment by the Corporation of the principal of and interest on the Corporation's notes ("Notes") issued pursuant to a loan agreement dated March 15, 1976 ("Loan Agreement") under which USRA agreed to loan the Corporation up to an aggregate amount of \$28,000,000 upon the terms and conditions set forth in the Loan Agreement;

WHEREAS, the Corporation delivered to USRA a Supplemental Indenture dated January 11, 1978 to secure the due and punctual

payment by the Corporation of the principal of and interest on a Note issued pursuant to a supplement to the Loan Agreement dated December 29, 1977 under which USRA agreed to increase the maximum aggregate amount of the loan to the Corporation from \$28,000,000 to \$30,000,000; and

WHEREAS, the Corporation and the United States have entered into an agreement dated February 9, 1978 ("Financing Agreement"), pursuant to which the Administrator has agreed to guarantee a note ("FFB Note") issued by the Corporation to the Federal Financing Bank ("FFB") in the principal amount of \$7,962,067; and

WHEREAS, pursuant to the requirements of the Financing Agreement, the Corporation desires to mortgage and pledge the properties of the Corporation described in the Mortgage to the United States to secure the due and punctual payment by the Corporation of the principal of and interest on the FFB Note and the performance by the Corporation of all its other obligations under the Financing Agreement; and

WHEREAS, USRA is willing to have the United States become a party to the Mortgage subject to the terms and conditions of this Second Supplemental Indenture; and

WHEREAS, the Board of Directors of the Corporation has duly authorized and directed the execution and delivery of this Second Supplemental Indenture; and

WHEREAS, all conditions and requirements necessary to make this Second Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been done, performed and fulfilled, and the execution and delivery hereof has in all respects been duly authorized.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, in consideration of the execution of the Financing Agreement by the Administrator, of the Guarantee Agreement to be executed by the Administrator and FFB pursuant to the Financing Agreement, and of the payments to be made to USRA pursuant to the Financing Agreement, in order to secure the payment of the principal of and interest on the FFB Note when and as the same shall become payable, and to secure the payment of all other amounts due pursuant to, and the performance and observance of all the agreements, undertakings, covenants, and conditions contained in the FFB Note and the Financing Agreement; and in order to charge with such payment and with such performance and observance certain of its properties, the Corporation has executed and delivered this Second Supplemental Indenture and has mortgaged, pledged, granted, given, bargained, sold, aliened, remised, released, conveyed, confirmed, assigned, transferred and set over and by these presents does mortgage, pledge, grant, give, bargain, sell, alien, remise, release,

convey, confirm, assign, transfer and set over unto the United States and to its successors and assigns, the properties of the Corporation described in the Granting Clauses of the Mortgage, but not including properties excepted and reserved from the grants made by the lien of the Mortgage by the Excepted Properties Clause thereof.

TO HAVE AND TO HOLD the Mortgaged Property forever;

SUBJECT, HOWEVER, (a) as to the properties (whether now owned or hereafter acquired) embraced therein or affected thereby, to the First Mortgage to the extent that the lien thereof attaches; (b) in respect of loans made or to be made under the Loan Agreement in an aggregate principal amount not to exceed \$30,000,000, to the lien of USRA under the Mortgage; (c) to Excepted Encumbrances; (d) in respect of existing Equipment, to Equipment Agreements now in effect or hereafter executed in accordance with the provisions of the Mortgage; and (e) in respect of property or Equipment acquired after the date of this Mortgage, to liens thereon permitted by the provisions of the Mortgage.

BUT IN TRUST NEVERTHELESS for the benefit and security of the present and any future holder of the FFB Note, and for the enforcement of the payment of the principal of the FFB Note and interest thereon, as and when payable, and the payment of all other amounts due pursuant to, and the performance of and compliance

with the agreements, undertakings, covenants and conditions of, the Mortgage, this Second Supplemental Indenture and the Financing Agreement.

AND IT IS HEREBY COVENANTED AND DECLARED that the Mortgaged Property is to be held and disposed of by the United States, upon and subject to the covenants, conditions, uses and trusts hereinafter set out.

ARTICLE ONE

Section 1. The terms defined in Section 1.01 of the Mortgage, whenever used in this Second Supplemental Indenture, shall, unless the context shall otherwise require, have the respective meanings specified in Section 1.01 of the Mortgage and shall include the plural as well as the singular with the following modifications and additions:

"Events of Default" shall mean the events enumerated in Section 7.01 of the Loan Agreement and Section 11.01 of the Financing Agreement, continued for the period of time, if any, therein designated.

"FFB Note" shall mean the Note issued by the Corporation to the Federal Financing Bank pursuant to the Financing Agreement.

"Financing Agreement" shall mean the financing agreement dated February 9, 1978 between the United States and the Corporation.

"Administrator" shall mean the Administrator of the Federal Railroad Administration, an agency of the United States.

"Administrator's Release" shall have the meaning set forth in Section 3.02 of the Mortgage.

"Loan Agreement" shall mean the loan agreement, dated March 15, 1976, between USRA and the Corporation and any supplements thereto heretofore or hereafter executed.

"Mortgage" shall mean the Mortgage dated March 15, 1976 by and between the Corporation, as mortgagor, and USRA and, commencing February 9, 1978, the United States, as mortgagees.

"Note" shall mean any Class A Note issued and delivered by the Corporation pursuant to Article III of the Loan Agreement and the FFB Note delivered by the Corporation pursuant to the Financing Agreement to evidence a borrowing of the Corporation under the Loan Agreement or the Financing Agreement as the case may be.

"Officers' Certificate" shall mean a certificate signed (a) by the Chairman of the Board, the President or a Vice President of the Corporation and (b) by the chief finance officer, chief accounting officer, Comptroller or Treasurer of the Corporation, or by an assistant Comptroller or assistant Treasurer of the Corporation, and dated not more than thirty days prior to the date when such certificate is filed with USRA or the Administrator.

"Opinion of Counsel" shall mean a written opinion of counsel satisfactory to the mortgagee (USRA or the Administrator) to whom it is required to be furnished, who may be counsel for the Corporation.

ARTICLE TWO

Articles Two through Seven of the Mortgage are amended so that references to USRA shall apply to both USRA and the United States, acting through the Administrator, except that until USRA executes, or becomes obligated to execute, a release and satisfaction pursuant to Article 6.02 of the Mortgage, (a) the delivery to USRA by or on behalf of the Corporation of securities pursuant to Section 2.03 or Article Four of the Mortgage shall constitute full compliance by the Corporation with its obligation to deliver the securities to be pledged; and (b) the option exercisable by the mortgagee under Section 2.12 of the Mortgage and the option relating to the application of the net proceeds of released property to reduction of advances or prepayment of notes under Section 3.02 of the Mortgage shall be exercisable solely by USRA. In the event USRA executes, or becomes obligated to execute, a release and satisfaction pursuant to Article 6.02 of the Mortgage, the Administrator shall exercise all rights formerly executed by USRA under the Mortgage.

ARTICLE THREE

The reference to Events of Default in Section 5.01 of the Mortgage shall include Events of Default as defined in Section 7.01 of the Loan Agreement and in Section 11.01 of the Financing Agreement.

ARTICLE FOUR

Section 5.09 of the Mortgage is hereby amended to read as follows:

"Section 5.09. The purchase money, proceeds and avails of any such sale shall be applied as follows:

"First. To the payment of the costs and expenses of such sale, including reasonable compensation to the agents and attorneys of USRA and the United States, and of all expenses, liabilities and advances made or incurred by USRA and the United States under this Mortgage and to the payment of all taxes, assets and Prior Liens, except taxes, assessments and Prior Liens, if any, subject to which the property shall have been sold;

"Second. In case the principal of the Class A Notes and the FFB Note then outstanding shall not have become due and payable by declaration or automatically, to the payment of interest on the Class A Notes and the FFB Note at the rates specified therein and to the payment of the principal of the Class A Notes and the FFB Note in accordance with their terms;

"Third. In case the principal of the Class A Notes and the FFB Note then outstanding shall have become due and payable by declaration or automatically, to the payment of the whole amount then owing and unpaid upon all Class A Notes and the FFB Note then outstanding for principal and interest, and, in case such money shall be insufficient to pay in full the whole amount so due and payable, first to the payment of the Class A Notes, and after all principal and interest due thereon has been paid, to the payment of the FFB Note; and in case such moneys shall be insufficient to pay in full the whole amount so due and payable with respect to a particular class, to the payment of such principal and interest ratably within the class, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Note within the class over any other Note within the class, ratably to the aggregate of such principal and accrued and unpaid interest;

"Fourth. To the payment in full of all other obligations of the Corporation under this Mortgage, the Loan Agreement, all other Loan Documents, and the Financing Agreement;

"Fifth. To the payment of the surplus, if any, to the Corporation, its successors or assigns, or to whosoever may be lawfully entitled to receive the same."

ARTICLE FIVE

SECTION 1. USRA and the United States shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or the due execution hereof by the Corporation or for or in respect of the recitals contained herein, all of which recitals are made by the Corporation solely. No implied covenant or obligation shall be read into this Second Supplemental Indenture or the Mortgage against USRA or the United States, but the duties and obligations of USRA and the United States shall be determined solely by the provisions of the Mortgage and of this Second Supplemental Indenture. In general, each and every term and condition contained in the Mortgage shall apply to and form a part of this Second Supplemental Indenture with the same force and effect as if the same were herein set forth in full.

SECTION 2. This is a supplemental indenture to the Mortgage and each and every part of this Second Supplemental Indenture and each and every covenant contained herein shall be and become a part of the Mortgage and each of the covenants and obligations of the Corporation herein contained shall be, except as herein otherwise provided, subject to the provisions of the Mortgage.

SECTION 3. This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall together constitute one and the same instrument.

SECTION 4. Nothing in the Mortgage or this Second Supplemental Indenture shall impair any rights of the United States as guarantor of USRA obligations incurred in connection with the Loan Agreement.

ARTICLE SIX

Pursuant to Section 259 of the Tax Law of the State of New York, the Corporation hereby certifies that the amount which at the time of the execution and delivery of this Supplemental Indenture has been advanced or accrued hereon or is secured hereby is the sum of \$37,962,067.

IN WITNESS WHEREOF, the said DELAWARE AND HUDSON RAILWAY COMPANY has caused this Supplemental Indenture to be signed in its Corporate name by THOMAS W. EAGAN, its Vice President, attested by RICHARD E. LONG, its Secretary, and GEORGE H. KLEINBERGER, its Assistant Secretary, and its corporate seal to be hereunder affixed, on the date first hereinabove set forth, and does hereby constitute and appoint THOMAS W. EAGAN, its true and lawful attorney-in-fact, for it and in its name to acknowledge and deliver these presents as its act and deed; and the said UNITED STATES RAILWAY ASSOCIATION has caused these presents to be signed in its corporate name by ALAN L. DEAN, its Vice President, attested by ALBERT J. FRANCESE, its Secretary, and EDWIN RECTOR, its Assistant Secretary, and its corporate seal to be hereunto affixed, on the date first hereinabove set forth, and does hereby constitute and appoint ALAN L. DEAN its true and lawful attorney-in-fact, for it and in its name

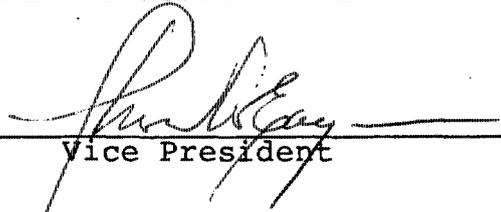
to acknowledge and deliver these presents as its act and deed;
and the United States has caused these presents to be signed
by John M. Sullivan, Federal Railroad Administrator, and
witnessed by Robert Vermut and Jeffrey K. Mercer, and does
hereby constitute John M. Sullivan, its true and lawful
attorney-in-fact, for it and in its name to acknowledge
and deliver these presents as its act and deed.

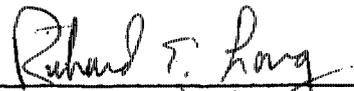
(CORPORATE SEAL)

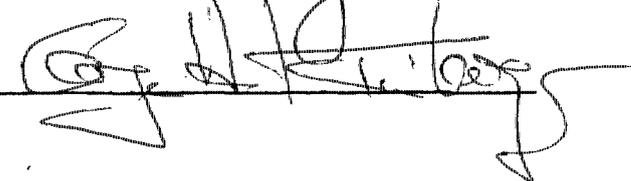
DELAWARE AND HUDSON RAILWAY COMPANY

ATTEST:

BY


Vice President





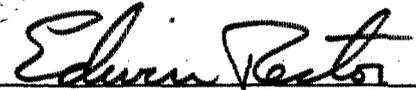
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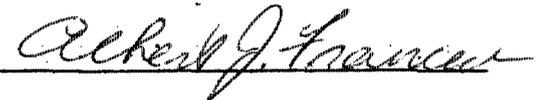
UNITED STATES RAILWAY ASSOCIATION

ATTEST:

By

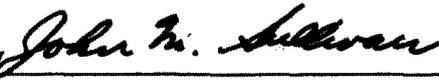

Vice President

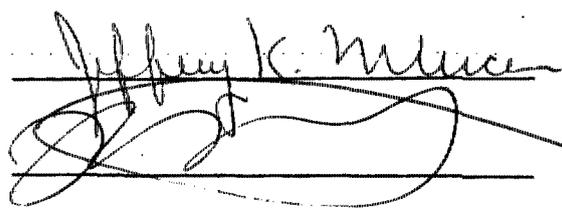




THE UNITED STATES OF AMERICA

By





MORTGAGEES' CERTIFICATE

The undersigned, the mortgagees described in the foregoing instrument, hereby certify that the precise residence of the mortgagees entitled to interest thereunder is:

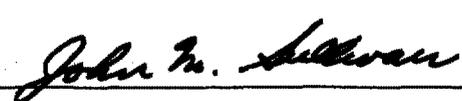
(1) UNITED STATES RAILWAY ASSOCIATION, 2100 Second Street, S.W., Washington, D.C. 20595

UNITED STATES RAILWAY ASSOCIATION

By: 

(2) The UNITED STATES OF AMERICA acting through the Administrator, Federal Railroad Administration, 400 Seventh Street, S.W., Washington, D.C. 20590.

UNITED STATES OF AMERICA
By the
SECRETARY OF TRANSPORTATION
Acting Through
The Administrator of the
Federal Railroad Administration.



CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

I, Harold E. Finney, a notary public in and for the District of Columbia, do hereby certify that T. W. EAGAN, being personally well-known to me as the person who executed the foregoing instrument, bearing date on the ninth day of February, 1978, personally appeared before me in said District of Columbia and, being by me duly sworn, acknowledged that he is Vice President-Finance and Governmental Affairs of DELAWARE AND HUDSON RAILWAY COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors and that the execution of the foregoing instrument was the free act and deed of such corporation and of himself.

Given under my hand and seal this ninth day of February, 1978.

Harold E. Finney
Notary Public

(SEAL)

My Commission expires:

February 14, 1980

CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS.

On the ninth day of February, in the year 1978, before me personally came T. W. EAGAN, to me known, who, being by me duly sworn, did depose and say that he resides at 21 Park Place, Delmar, New York; that he is the Vice President-Finance and Governmental Affairs of DELAWARE AND HUDSON RAILWAY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

Harold E. Finney
Notary Public

(SEAL)

My Commission expires:

February 14, 1980

CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

On this, the ninth day of February, 1978, before me, Harold E. Finney, the undersigned officer, personally appeared T. W. EAGAN, who acknowledged himself to be the Vice President-Finance and Governmental Affairs of DELAWARE AND HUDSON RAILWAY COMPANY, a corporation, and that he, as such Vice President being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President-Finance and Governmental Affairs.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Harold E. Finney
Notary Public

(SEAL)

My Commission expires:

February 14, 1980

CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

I, Barbara M. Bisset, a notary public in and for the District of Columbia, do hereby certify that ALAN L. DEAN, being personally well-known to me as the person who executed the foregoing instrument, bearing date on the ninth of February, 1978, personally appeared before me in said District and, being by me duly sworn, acknowledged that he is the Vice-President of UNITED STATES RAILWAY ASSOCIATION, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and that the execution of the foregoing instrument was the free act and deed of such corporation and of himself.

Given under my hand and seal this ninth day of February, 1978.



Notary Public

(SEAL)

My Commission expires:

2/28/82

CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

On this, the ninth day of February, 1978, before me, Barbara Bisset, the undersigned officer, personally appeared ALAN L. DEAN, who acknowledged himself to be the Vice-President of UNITED STATES RAILWAY ASSOCIATION, a corporation, and that he, as such Vice-President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice-President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

(SEAL)

My Commission expires:

2/28/82

CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

On the ninth day of February, in the year 1978, before me personally came ALAN L. DEAN, to me known, who, being by me duly sworn, did depose and say that he resides at 3037 North Stafford Street, Arlington, Virginia; that he is Vice-President of UNITED STATES RAILWAY ASSOCIATION, the corporation described in and which executed the above instrument; that he knows the seal of such corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.



Notary Public

(SEAL)

My Commission expires:



CERTIFICATE OF ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA: SS

On the 8th day of February, in the year 1978, before me personally came JOHN M. SULLIVAN, to me known, who, being by me duly sworn, did depose and say that he resides at 1703 Maple Hill Drive, Alexandria, Virginia; that he is Administrator of the FEDERAL RAILROAD ADMINISTRATION, an agency of the United States of America; and that acting by delegation of authority from the Secretary of Transportation (49 CFR 1.49(u)), he has signed his name to the above instrument.



Notary Public

(SEAL)

My commission expires:

My Commission Expires May 1, 1982
