

No. 61 11/11/87
T.M.

SLADE & PELLMAN

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7-051A045

RECORDATION NO. 01 5172
Filed & Recorded

FEB 20 1987 12-1 5 PM

INTERSTATE COMMERCE COMMISSION

February 10, 1987

RECORDATION NO. 01 5172
Filed & Recorded

FEB 20 1987 12-1 5 PM

INTERSTATE COMMERCE COMMISSION

ICC OFFICE OF
THE SECRETARY
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MOTOR OPERATING UNIT

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ANTHONY P. COLES
NEAL DITTERSDORF
ELLEN A. GIBSON
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MEGAN LESSER L. WYSE
STEVEN M. MANKET
PEGGY A. MARKS
KRISTINE M. REDDINGTON
ERIC D. STATMAN

Office of the Secretary
Recordation Office
Interstate Commerce Commission
Twelfth and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Recordation and Filing of Fourteen Security
Agreements pertaining to various Leases and
Assignments of Railcars

Dear Sir:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177 of Title 49 of the Code of Federal Regulations, we request that the enclosed documents be recorded and filed by the Interstate Commerce Commission (the "Commission").

A. Description of the Documents and the Parties
There to

Enclosed herewith are one original and one copy of each of the documents listed below. We request that the copy of each document be recorded and filed in the order listed below and that the original be stamped to evidence recordation and returned to us.

Enclosed are:

Fourteen Security Agreements, each dated as of December 19, 1986, each between Wilmington Trust Company ("WTC"), as agent, Secured Party, the Maryland & Pennsylvania Railroad Company (the "M&P"), Debtor, as follows:

Counterparts
CA Kappeler

Office of the Secretary
February 10, 1987
Page 2

New Number

- (a) Security Agreement relating to Lease dated as of December 19, 1986 between the M&P as lessor and Canadian Pacific Limited ("CP") as lessee for four hundred fifty (450) boxcars;
- A (b) Security Agreement relating to Lease dated as of October 10, 1984, between the M&P as lessor and CP as lessee, for two hundred seventy-five (275) boxcars;
- B (c) Security Agreement relating to Lease dated as of October 10, 1984, between the M&P as lessor and CP as lessee, for three hundred twenty-five (325) boxcars;
- C (d) Security Agreement relating to Lease dated as of January 1, 1985, between the M&P as lessor and Peoria and Pekin Union Railway, as lessee, for twenty (20) gondola freight cars;
- D (e) Security Agreement relating to Assignment consisting of four letter agreements dated December 21, 1979 (as amended October 21, 1981), May 13, 1983, May 2, 1984 and September 16, 1985 respectively, between the M&P as assignor and Canadian National Railways as assignee, for two hundred ninety-nine (299) boxcars;
- E (f) Security Agreement relating to Assignment dated as of December 3, 1984 between the M&P as assignor and CP as assignee, for sixty-six (66) boxcars;
- F (g) Security Agreement relating to Assignment dated as of June 29, 1979 (as supplemented July 17, 1979, April 16, 1980 and February 26, 1982) between the M&P as assignor and Seaboard Coast Line Railroad Company as assignee and a related agreement dated June 29, 1979 between the M&P and Procter & Gamble Paper Products Company, covering three hundred (300) boxcars;
- G (h) Security Agreement relating to Agreement dated as of November 1, 1984 between the M&P and Seaboard System Railroads, Inc. ("SSR"), covering two hundred fifty-five (255) boxcars;

Office of the Secretary
February 10, 1987
Page 3

- H (i) Security Agreement relating to Agreement dated as of January 2, 1985 (as amended January 22, 1986 and July 2, 1986) between the M&P and SSR, covering fifty-five (55) boxcars;
- I (j) Security Agreement relating to Assignment dated as of November 26, 1985, effective January 1, 1986, between the M&P as assignor and Consolidated Rail Corporation as assignee, for forty (40) boxcars;
- J (k) Security Agreement relating to Assignment dated as of July 2, 1985 between the M&P as assignor and CP as assignee, for thirteen (13) gondola freight cars;
- K (l) Security Agreement relating to Assignment dated as of November 22, 1983 between the M&P as assignor and CP as assignee, for fifty-nine (59) boxcars;
- L (m) Security Agreement relating to Assignment dated as of February 18, 1986 between the M&P as assignor and Southern-Pacific Transportation Co. as assignee, for sixty-seven (67) gondola freight cars;
- M (n) Security Agreement relating to Assignment dated as of December 7, 1979 between the M&P as assignor and Louisville and Nashville Railroad Company as assignee, for fifty (50) boxcars.

The names and addresses for the parties to the transaction are:

Debtor: The Maryland and Pennsylvania Railroad Company
One West Market Street
York, Pennsylvania 17401
Attn: Mr. Robert Grossman

Secured Party: Wilmington Trust Company, as agent
Rodney Square North
Wilmington, Delaware 19890
Attn: Ms. Donna P. Closs

Office of the Secretary
February 10, 1987
Page 4

B. Procedural Matters

It is hereby respectfully requested that each of the following names be inserted in the Commission Index established pursuant to Section 1177.5(b) of Title 49 of the Code of Federal Regulations:

Maryland & Pennsylvania Railroad Company
Wilmington Trust Company, as agent for:
Bamerilease, Inc.
Bamerilease Capital Corp.
BT Leasing Services, Inc.
BT Equipment Leasing, Inc.
Chase Manhattan B-Air Holding Corporation
Chemical Bank
— The Connecticut Bank & Trust Company, N.A.
Chase Manhattan Services Corp.
— ET Railcar Corporation
Equitable Bank, N.A.
Fidelity Bank, N.A.
Hamilton Bank
Life Insurance Company of Virginia
Manufacturers Hanover Leasing Corp.
Meridian Bank
MHGGAA Corporation
UTC Equipment Corporation
Union-Tidewater Financial Company

A check in the amount of \$140 has been enclosed with this letter of transmittal to cover the recordation fee.

Please stamp and return the enclosed copy of this letter of transmittal.

A short summary of the enclosed primary documents to appear in the Commission's Index is:

Fourteen Security Agreements each dated as of December 19, 1986, each between the Maryland & Pennsylvania Railroad Company, Debtor, and Wilmington Trust Company, as agent, Secured Party, relating to various Leases and Assignments.

SLADE & PELLMAN

Office of the Secretary
February 10, 1987
Page 5

If there are any questions with respect to the enclosed or the transactions described therein, please telephone Michael W. Stamm of this Office.

Very truly yours,

A handwritten signature in cursive script that reads "Slade & Pellman". The signature is written in black ink and is positioned above the printed name of the firm.

SLADE & PELLMAN

Enclosures

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RECORDATION No. 1 5172 ^A filed & Recorded

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SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT dated as of December 19, 1986, between WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890, in its capacity as Agent (the "Agent") pursuant to the Intercreditor Agreement attached hereto as Exhibit A (the "Intercreditor Agreement") and THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "Company").

W I T N E S S E T H:

Pursuant to a Lease Agreement dated as of October 10, 1984, between the Company, as lessor, and Canadian Pacific Limited ("CP"), as lessee (the "CP Sublease"), the Company currently leases to CP two hundred seventy-five (275) boxcars.

Pursuant to the Master Leases (as such term is defined in the Intercreditor Agreement), the Lessors (as such term is defined in the Intercreditor Agreement) have severally (but not jointly) leased to the Company, and the Company has agreed to hire from the Lessors, one hundred seventy-six (176) boxcars (the "Cars"), with the understanding that the Cars will be subleased to CP pursuant to the CP Sublease.

NOW THEREFORE, the parties hereto agree:

(1) As an inducement to the Lessors to execute the Master Leases and to consent to, among other things, the inclusion of the Cars in the CP Sublease (and in consideration thereof), the Company hereby sells, assigns, transfers, pledges and sets over unto the Agent (for the benefit of the Lessors) the Company's right, title and interest in and to the CP Sublease and in and to rent to become due and payable from time to time under the CP Sublease, and the proceeds thereof, as collateral security for the payment and performance of all obligations and duties of the Company to the Lessors arising under or by virtue of the Master Leases.

(2) Except as otherwise provided in the Intercreditor Agreement, upon the occurrence of any Event of Default (as such term is defined in the Master Leases) by the Company, unless such Event of Default shall have been waived by the Lessor which is a party to such Master Lease, the Agent shall have the right, upon giving CP written notice of such default, but without notice to or consent of the Company, to instruct CP to

pay all Net Rental Revenues (as such term is defined in the Intercreditor Agreement), to the Agent.

(3) The execution by each Lessor of the Intercreditor Agreement shall be a condition precedent to the effectiveness of this Security Agreement as to such Lessor.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

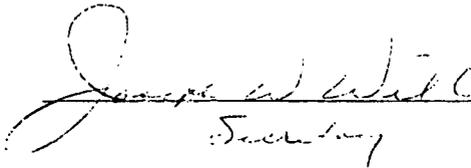
ATTEST:



WILMINGTON TRUST COMPANY, as Agent

By: 
Title: Avf

ATTEST:


Secretary

THE MARYLAND AND PENNSYLVANIA RAILROAD COMPANY

By: 
Title: President

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RECORDATION NO.

01 5172 - A

FEB 20 1987

Exhibit A

INTERCREDITOR AGREEMENT

Agreement entered into as of the 19th day of December, 1986, among WILMINGTON TRUST COMPANY, a Delaware state banking association with an office at Rodney Square North, Wilmington, Delaware 19890 ("WTC") , as agent hereunder ("Agent"), HAMILTON BANK, a state banking association with an office at 1097 Commercial Avenue, Lancaster, Pennsylvania 17604 ("Hamilton"), MANUFACTURERS HANOVER LEASING CORPORATION, a New York corporation with an office at 270 Park Avenue, New York, New York 10017 ("MHL"), UTC EQUIPMENT CORPORATION, a Maryland corporation with an office at 7 St. Paul Street, Baltimore, Maryland 21202 ("UTC", and together with Hamilton and MHL, the "Lessors"), The MARYLAND AND PENNSYLVANIA RAILROAD COMPANY, a Maryland and Pennsylvania corporation with an office at 1 West Market Street, York, Pennsylvania 17401 (the "M&P") and EMONS INDUSTRIES, INC., a New York corporation with an office at 1 West Market Street, York, Pennsylvania 17401 ("Emons").

Pursuant to a Lease Agreement (the "CP Sublease") dated as of the date hereof between the M&P, as lessor, and Canadian Pacific Limited ("CP"), the M&P currently leases to CP two hundred seventy-five (275) boxcars.

Pursuant to three Lease Agreements dated as of the date hereof described on Schedule A attached hereto, between the several Lessors and the M&P, as lessee (collectively, the "Master Leases"), the Lessors have leased to the M&P a total of one hundred seventy-six (176) boxcars with the understanding that those cars will be subleased pursuant to the CP Sublease.

It is currently contemplated that each Lessor will enter into a Management Agreement with Emons (collectively, the "Management Agreements"), and each will instruct the M&P to pay to Emons, as Manager, all rent due under the Master Lease to which such Lessor is a party, so long as no Event of Default by the M&P has occurred and is continuing thereunder.

Pursuant to a Security Agreement dated as of the date hereof, the M&P has granted to the Agent, for the benefit of the Lessors, a collateral assignment of all right, title and interest of the M&P in and to the CP Sublease and the rent due and payable from time to time thereunder as security for the several obligations of the M&P to the Lessors under the Master Leases.

The Lessors wish, on the terms and conditions set forth herein, to provide, among other things, for the manner of exercise of the rights which they will jointly hold in the CP Sublease.

NOW THEREFORE, the parties hereto agree:

(1) Definitions. In addition to the words and terms defined elsewhere in this Agreement, the following terms shall have the following meanings when used herein:

"Trust Funds" shall mean any funds received by the Agent, at any time or from time to time, pursuant to Section 2 of this Agreement.

"Gross Allocated Portion" as to each Lessor shall mean a portion of any Trust Funds which may be held from time to time by the Agent which represent hourly, mileage or similar car hire fees, equal to either

(i) if the Actual Car Performance Accounting Election provided for in Section 4 below is not in effect at such time, the Pro-Rated Amount of such Trust Funds; or

(ii) if the Actual Car Performance Accounting Election provided for in Section 4 below is in effect at such time, the Actual Car Performance Amount of such Trust Funds.

"Net Allocated Portion" as to each Lessor shall mean the Gross Allocated Portion of any Trust Funds which may be from time to time held by the Agent less an amount equal to the due and payable (but unpaid) Total Expenses, if any, under the Management Agreement to which such Lessor is a party.

"Mileage Rate" and "Hourly Rate" shall mean, respectively, the mileage and hourly car hire rates then in effect and applicable to the boxcars subject to the CP Sublease, (as published in Appendix R to Circular OT-10 of the Official Railway Equipment Register, as such Appendix may hereafter from time to time be revised or amended (or in any other publication hereafter used to promulgate Car Hire Rate Tables applicable to railroad cars)).

"Mileage Rate Pro-Ration Factor" with respect to any Lessor shall mean a fraction:

(i) the numerator of which shall be the product derived by multiplying the number of boxcars

which such Assignee owns or holds under lease and which are then subject to the CP Sublease ("such Lessor's Boxcars") by the average Mileage Rate then applicable to such Lessor's Boxcars, and

(ii) the denominator of which shall be the product derived by multiplying the total number of boxcars then subject to the CP Sublease by the average Mileage Rate of all boxcars then subject to the CP Sublease.

"Hourly Rate Pro-Ration Factor" with respect to any Lessor shall mean a fraction:

(i) the numerator of which shall be the product derived by multiplying the number of such Lessor's Boxcars by the average Hourly Rate of such Lessor's Boxcars; and

(ii) the denominator of which shall be the product derived by multiplying the total number of boxcars then subject to the CP Sublease by the average Hourly Rate of all boxcars then subject to the CP Sublease.

The "Pro-Rated Hourly Car Hire Amount" payable at any time to any Lessor shall be determined by multiplying

(i) the total amount of Trust Funds which are then held by the Agent and which represent hourly car hire fees and similar fees earned by the boxcars then subject to the CP Sublease by

(ii) the Hourly Rate Pro-Ration Factor then applicable to such Lessor.

The "Pro-Rated Mileage Amount" payable at any time to any Lessor shall be determined by multiplying

(i) the total amount of Trust Funds which are then held by the Agent and which represent mileage fees earned by the boxcars then subject to the CP Sublease, by

(ii) the Mileage Pro-ration Factor then applicable to such Lessor.

The term "Pro-Rated Amount" as to each Lessor shall mean a portion of any Trust Funds held by the Agent which represent hourly, mileage or similar car hire fees equal to the sum of the Pro-Rated Mileage Amount thereof and the Pro-Rated Hourly Car Hire Amount.

The term "Actual Car Performance Amount" as to any Lessor shall mean a portion of any Trust Funds held by the Agent which represent hourly, mileage or similar car hire fees equal to the portion thereof which represents the sum of all hourly, mileage and similar car hire fees actually attributable to the operation of such Lessor's Boxcars.

The term "Secured Obligation", when used with reference to any Lessor, shall mean any obligation of the M&P to pay money to such Lessor pursuant to the Master Lease to which such Lessor is a party.

The term "Total Expenses" shall have the meaning ascribed to it in the Management Agreements.

(2) Appointment of Agent and Payment of Trust Funds.

(a) The Lessors appoint WTC to serve as agent hereunder, and WTC accepts such appointment.

(b) Upon the occurrence and during the continuance of any Event of Default (as defined in each of the Master Leases), unless such Event of Default shall have been waived by the Lessor that is a party to the Master Lease under which such Event of Default has occurred, such Lessor shall have the right to direct CP to pay to the Agent all rents payable to the M&P pursuant to the CP Sublease.

(3) Disbursement of Trust Funds. (a) Promptly after receiving any Trust Funds which represent hourly, mileage or similar car hire fees, the Agent shall distribute such Trust Funds by disbursing

(i) to each Lessor a portion of such Trust Funds equal to such Lessor's Net Allocated Portion; and

(ii) to Emons, as manager under the Management Agreements, a portion of such Trust Funds equal to the due and payable (but unpaid) Total Expenses under the Management Agreements.

(b) Promptly after receiving any Trust Funds which represent a settlement payment with respect to a lost, stolen or destroyed boxcar pursuant to Interchange Rules of the Association of American Railroads or any other payment with respect to a lost, stolen or destroyed boxcar, the Agent shall pay such amount to the Lessor which owns such destroyed boxcar less any amount payable to Emons pursuant to Section 7(d) of the Management Agreement to which such Lessor is a party.

(c) All funds paid by the Agent to any Lessor shall be applied to the obligations of the M&P to such Lessor or shall be applied as otherwise provided by law.

(4) Actual Car Performance Accounting Election. The M&P shall deliver to the Agent and each Lessor not later than sixty days after the end of each calendar year during the term of the CP Sublease a written report (an "Annual Accounting Report") setting forth with respect to all payments made with respect to the Master Leases the Pro Rated Amount and Actual Car Performance Amount for each Lessor. If in any calendar year during term of the CP Sublease the aggregate Actual Car Performance Amount for any Lessor for such year exceeds the aggregate Pro-Rated Amount for such Lessor for such year by an increment which is greater than ten (10%) percent of the Pro Rated Amount for such Lessor for such year, such Lessor shall have the right, at its option (exercisable by the delivery by such Lessor to each of the parties hereto of a written notice to such effect not later than thirty days after the receipt by such Lessor of the Annual Accounting Report), to require that thereafter for the remaining term of the Master Leases, the Gross Allocated Amount for each Lessor shall be determined for purposes of this Agreement and each Master Lease on the basis of the Actual Car Performance Amount (rather than the Pro-Rated Amount).

(5) Lease Administration Matters. Emons shall deliver to the Agent and each Lessor not later than ninety days after the end of each calendar year during the term of the CP Sublease a notice (i) setting forth any right which may exist at such time under the CP Sublease to remove surplus cars from the CP Sublease pursuant to Section 8(b) thereof and (ii) if any such right to remove surplus cars exists at such time, specifying with respect to each Lessor for the calendar year then ended, the quotient (the "Annual Actual Per Car Amount") determined by dividing the aggregate Actual Car Performance Amount for such Lessor for such year by the number of such Lessor's cars which were subject to the CP Sublease during such year. Each Lessor agrees that if at any time there exists a right to remove surplus cars from the CP Sublease pursuant to Section 8(b) thereof, such right, to the extent permitted by the CP Sublease or otherwise consented to by CP, shall be made available for exercise first to the Lessor which had the lowest Annual Actual Per Car Amount for the calendar year then ended and, if not fully exercised by such Lessor, then made available to the other Lessors in inverse order of the respective Annual Actual Per Car Amounts of such Lessors for such year.

(6) Reliance. The Agent may rely upon any written notice, instruction or other advice or communication received by it from any Lessor pursuant to this Agreement and need not question the validity of such notice, instruction or other advice or communication or the qualifications of the party giving the same, and the Agent shall not have any liability to the parties hereto for any action taken or omitted in good faith reliance on any such written notice, instruction or other

advice or communication, in the absence of gross negligence or willful misconduct. Moreover, where relevant, any such notice, instruction or other advice or communication shall contain complete instructions as to any action to be taken and the Agent shall, to the extent appropriate in accordance with this Agreement, comply with such instructions. Notwithstanding anything to the contrary provided herein, in the event that the Agent shall for any reason be uncertain as to his duties or rights hereunder, or shall receive instructions from any of the parties hereto with respect to any Trust Funds which, in its opinion, are in conflict with applicable law or with any of the provisions of this Agreement, it may refrain from taking any action other than to keep safe the Trust Funds until it shall be directed otherwise by joint written instructions of the parties hereto or by final unappealable order of a court of competent jurisdiction.

(7) Limitations on Duties. The Agent shall have no duties or responsibilities except those expressly set forth herein and shall have no liability to the parties hereto for any action taken or omitted in good faith which does not constitute gross negligence or willful misconduct. The Agent may consult with counsel and shall have no liability to any party hereto with respect to any action taken or omitted in good faith on advice of such counsel. This Agreement sets forth the entire understanding of the parties hereto. The Agent shall not be bound by any amendment of this Agreement unless in writing and signed by the other parties hereto and, if the Agent's duties hereunder are affected, unless it shall have given prior written consent thereto.

(8) Notices. Any notice, instruction or other advice or communication required or permitted to be given hereunder shall be in writing and shall be mailed by registered or certified mail, return receipt requested, or delivered against receipt to the party to which it is to be given at the address set forth in the first paragraph of this Agreement, (or to such other address as the party in question shall have furnished in writing in accordance with the provisions hereof). Any notice, direction or other advice or communication given by registered or certified mail shall be deemed given at the time of mailing hereof.

(9) Expenses. The Lessors shall promptly pay the fees of the Agent and reimburse the Agent for all reasonable expenses which it incurs in connection with the performance of its duties hereunder.

(10) Additional Lessor. The Lessors' Cars account for 176 of the 275 cars provided for in the CP Sublease. It is contemplated that the M&P will as soon as possible after the date hereof obtain ninety-nine (99) additional Cars for

inclusion in the CP Sublease. As a condition precedent to the inclusion of such additional cars in the CP Sublease, each owner thereof shall be required to execute a supplement to this Agreement, whereupon such owner shall become a Lessor hereunder.

(11) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(12) Termination of Prior Agreement. Hamilton, MHL, UTC and Emons confirm, each on its own behalf only, that the Intercreditor Agreement dated as of July 28, 1981 among them, Walter E. Heller & Company and North American Car Corporation is terminated in all respects.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By *Robert Grossman*
President

THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By *Robert Grossman*
President

HAMILTON BANK

By _____

MANUFACTURERS HANOVER
LEASING CORPORATION

By _____

UTC EQUIPMENT CORPORATION

By _____

WILMINGTON TRUST COMPANY, as
agent

By *[Signature]*

0497E

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By _____

THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By _____

HAMILTON BANK

By _____

MANUFACTURERS HANOVER
LEASING CORPORATION

By  _____

UTC EQUIPMENT CORPORATION

By _____

WILMINGTON TRUST COMPANY, as
agent

By _____

0497E

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By _____

THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By _____

HAMILTON BANK

By Ernest L. Moore V. Pres.

MANUFACTURERS HANOVER
LEASING CORPORATION

By _____

UTC EQUIPMENT CORPORATION

By _____

WILMINGTON TRUST COMPANY, as
agent

By _____

0497E

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized, as of the date first above written.

EMONS INDUSTRIES, INC.

By _____

THE MARYLAND AND PENNSYLVANIA
RAILROAD COMPANY

By _____

HAMILTON BANK

By _____

MANUFACTURERS HANOVER
LEASING CORPORATION

By _____

UTC EQUIPMENT CORPORATION

By *Audrey Hopwood L. Treas*

WILMINGTON TRUST COMPANY, as
agent

By _____

0497E