

RECORDATION NO. *12317 F* SHAM, LINCOLN & BEALE  
COUNSELORS AT LAW

32-691032

SEP 26 1983 -12 00 PM

INTERSTATE COMMERCE COMMISSION

THREE FIRST NATIONAL PLAZA  
CHICAGO, ILLINOIS 60602  
TELEPHONE 312 558-7500  
TELEX: 2-5288

EDWARD S. ISHAM, 1872-1902  
ROBERT T. LINCOLN, 1872-1889  
WILLIAM G. BEALE, 1885-1923

RECORDATION NO. *12317 A* Filed 1425  
WASHINGTON OFFICE  
1120 CONNECTICUT AVENUE, N.W.  
SUITE 840  
WASHINGTON, D.C. 20036  
202 833-9730

No. **SEP 26 1983** September 23, **SEP 26 1983 -12 00 PM**

Date .....

Fee \$ **70.00** .....

INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

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

RECORDATION NO. *12317 F* Filed 1425  
**SEP 26 1983 -12 00 PM**

Attention: Secretary

INTERSTATE COMMERCE COMMISSION

Dear Secretary:

RECEIVED  
SEP 26 11 55 AM '83  
FEE OPERATION BR  
I.C.C.

Enclosed herewith for filing and recording, pursuant to 49 U.S.C. §11303, are one original and four copies of the following:

(1) Security Agreement dated as of July 1, 1983 between The Pittsburgh and Lake Erie Railroad Company and Manufacturers Hanover Trust Company;

(2) Amendment of Term Loan Agreement and Existing Security Agreement dated as of July 1, 1983, made by The Pittsburgh and Lake Erie Railroad Company to Manufacturers Hanover Trust Company. This Amendment amends the Amended and Restated Security Agreement dated as of October 15, 1980, recorded with the Interstate Commerce Commission on November 21, 1980 and assigned Recordation No. 12317-B, as amended by a First Amendment to the Amended and Restated Security Agreement dated as of September 1, 1982, recorded with the Interstate Commerce Commission on November 2, 1982 and assigned Recordation No. 12317-C; and

(3) Release of Collateral made between The Pittsburgh and Lake Erie Railroad Company and Manufacturers Hanover Trust Company, dated August 22, 1983. The Release releases certain collateral pledged under a Security Agreement dated as of October 8, 1980 between The Pittsburgh and Lake Erie Railroad Company and Manufacturers Hanover Trust Company, recorded on October 16, 1980 and assigned Recordation No. 12317, and under the documents described above with Recordation Nos. 12317-B and 12317-C.

*Countryman & ...*

The Security Agreement contains a grant of a security interest in the railroad equipment identified in Schedule A thereto and the Release of Collateral contains a release of the railroad equipment identified in Schedule 1 thereto. Copies of said Schedules are attached to this letter.

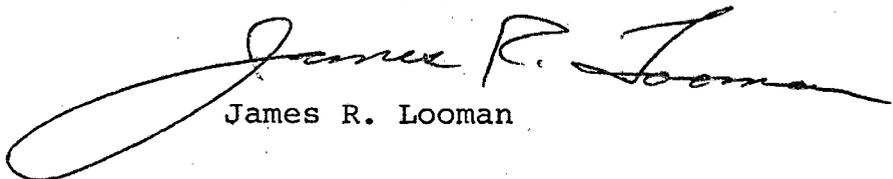
The Security Agreement is a primary document and the Amendment and the Release of Collateral are secondary documents. All three of these documents relate to the Security Agreement filed under Recordation No. 12317, and all three documents should be filed sequentially under Recordation No. 12317. Enclosed is our check in the amount of \$70.00 in payment of the applicable recording fees.

For your records, the names and addresses of the parties to the several documents are as follows:

The Pittsburgh and Lake Erie  
Railroad Company  
Four Station Square  
Pittsburgh, Pennsylvania 15219  
Attention: Treasurer

Manufacturers Hanover Trust Company  
350 Park Avenue  
New York, New York 10022  
Attention: Michael T. Schlegel

Very truly yours,

  
James R. Looman

JRL:mb  
Enclosures

ORIGINAL

RECORDATION NO. 12317-E Filed 1425

SEP 26 1983 - 12 00 P<sup>MA</sup>

INTERSTATE COMMERCE COMMISSION

AMENDMENT OF TERM LOAN AGREEMENT AND  
EXISTING SECURITY AGREEMENT

AMENDMENT, dated as of July 1, 1983, (this "Amendment"), to the Amended and Restated Security Agreement dated as of October 15, 1980, amended by a First Amendment dated as of September 1, 1982 (as so amended, the "Original Security Agreement"), made by THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation (the "Company") to MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation (the "Bank") and to the Term Loan Agreement, dated as of October 15, 1980, amended by a First Amendment dated as of September 1, 1982 (as so amended, the "Original Term Loan Agreement") between the Company and the Bank.

W I T N E S S E T H:

WHEREAS, the Company and the Bank are parties to the Original Term Loan Agreement pursuant to which the Bank has agreed to make term loans in an aggregate amount not to exceed \$30,000,000 to the Company;

WHEREAS, the Bank has made available to the Company a \$10,000,000 secured line of credit under a line letter dated August 11, 1982 (as the same may be amended, renewed or extended, the "Line Letter");

WHEREAS, the Original Security Agreement secures loans made under the Original Term Loan Agreement and under the Line Letter;

WHEREAS, on June 1, 1983 and on June 3, 1983 the Bank made loans in the amounts of \$650,000 and \$350,000, respectively, to the Company (collectively, the "June 1983 Loans"); and

WHEREAS, the Company and the Bank wish to amend the Original Term Loan Agreement and the Original Security Agreement to provide for certain changes necessitated by the making of the June 1983 Loans and the security agreement related thereto;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company hereby agrees with the Bank to amend the Original Term Loan Agreement and the Original Security Agreement as follows:

### I. Definitions

1.1 The Original Term Loan Agreement, as amended by this Amendment, shall be referred to as the Term Loan Agreement.

1.2 The Original Security Agreement, as amended by this Amendment, shall be referred to as the Existing Security Agreement.

### II. Amendment of Original Term Loan Agreement

2.1 Section 1 of the Original Term Loan Agreement is hereby amended by deleting from subsection 1.1 thereof the definitions of the terms "Appraisal", "Collateral" and "Fair Market Value" and by (i) adding the following definitions to subsection 1.1 thereof in proper alphabetical order:

"Appraisal": (a) with respect to the New Railroad Equipment Collateral, the reports from time to time prepared by either one or two independent appraisers (as set forth below), neither of whom shall be a manufacturer of any of the New Railroad Equipment Collateral, each of which reports shall (i) identify each item of New Railroad Equipment Collateral, (ii) set forth the Fair Market Value of each such item of New Railroad Equipment Collateral and (iii) briefly describe the basis of such Appraisal. Not less than fifteen days prior to any date as of which an Appraisal is required to be rendered, the Company shall deliver a written notice to the Bank designating the independent appraiser which it has selected to render such Appraisal. Within fifteen days after receipt of such notice the Bank shall deliver a written notice to the Company, either appointing its own additional appraiser or notifying the Company that

the appraisal may be rendered solely by the appraiser appointed by the Company. If two appraisers are so appointed, and if within thirty days after appointment of the second, the two appraisers are unable to agree upon any amount in question, such amount shall be definitively determined by averaging the respective decisions of the two appraisers, and, thereafter, such amount shall be binding and conclusive on the Company and the Bank. The Company shall pay the fees and expenses of all the appraisers so appointed; and (b) with respect to the Old Railroad Equipment Collateral, the reports from time to time prepared by either one or two independent appraisers (as set forth below), neither of whom shall be a manufacturer of any of the Old Railroad Equipment Collateral, each of which reports shall (i) identify each item of Old Railroad Equipment Collateral, (ii) set forth the Fair Market Value of each such item of Old Railroad Equipment Collateral and (iii) briefly describe the basis of such Appraisal. Not less than fifteen days prior to any date as of which an Appraisal is required to be rendered, the Company shall deliver a written notice to the Bank designating the independent appraiser which it has selected to render such Appraisal. Within fifteen days after receipt of such notice the Bank shall deliver a written notice to the Company, either appointing its own additional appraiser or notifying the Company that the Appraisal may be rendered solely by the appraiser appointed by the Company. If two appraisers are so appointed, and if within thirty days after appointment of the second, the two appraisers are unable to agree upon any amount in question, such amount shall be definitively determined by averaging the respective decisions of the two appraisers, and, thereafter, such amount shall be binding and conclusive on the Company and the Bank. The Company shall pay the fees and expenses of all of the appraisers so appointed. "Appraisals" shall be the collective reference to the Appraisal listed in clause (a) above plus the Appraisal listed in clause (b) above."

"Bank's Aggregate Credit Exposure": at any time, the sum of (i) the amount of the June 1983 Loans

outstanding at such time, (ii) the principal amount of the loans outstanding hereunder at such time and (iii) the amount of the line of credit in effect at such time under the Line Letter."

"Collateral": the Old Railroad Equipment Collateral plus the New Railroad Equipment Collateral."

"Fair Market Value": the amount which would be obtainable in an arm's-length transaction between an informed and willing buyer or user (other than a lessee currently in possession) under no compulsion to buy and an informed and willing seller under no compulsion to sell. If the Company and the Bank are unable to agree upon a determination of Fair Market Value with respect to any item or items of Collateral, such Fair Market Value shall be the value determined by the independent Appraisal pursuant to the terms of the New Railroad Equipment Security Agreement or of the Security Agreement, as the case may be."

"New Railroad Equipment Collateral": the railroad equipment described in Schedule A to the New Railroad Equipment Security Agreement and also any additional or substitute railroad equipment made subject to the security interest described in Section 2 of the New Railroad Equipment Security Agreement together with all additions, replacement parts, improvements and accessions, if any, thereto, pursuant to Section 5 of the New Railroad Equipment Security Agreement, all leases and other rental agreements to which such railroad equipment may be subject from time to time and all cash and non-cash proceeds (as those terms are defined by the Code) thereof."

"New Railroad Equipment Security Agreement": the Security Agreement dated as of July 1, 1983, by the Company in favor of the Bank, as the same may be amended, supplemented or otherwise modified."

"June 1983 Loans": the loans, aggregating \$1,000,000, made by the Bank to the Company on June 1, 1983 and June 3, 1983."

"Old Railroad Equipment Collateral": the railroad equipment described on Schedule 1 to the Security Agreement, and any additional or substitute railroad equipment made subject to the security interest described in Section 2 of the Security Agreement pursuant to Section 5 of the Security Agreement, together with all additions, replacement parts, improvements and accessions, if any, thereto, all leases and other rental agreements to which such railroad equipment may be subject from time to time and all cash and non-cash proceeds (as those terms are defined by the Code) thereof."

and (ii) by deleting the words "or supplemented" from the definition of "Line Letter" and substituting the following language in lieu thereof:

", supplemented, extended or renewed."

2.2 Section 2 of the Original Term Loan Agreement is hereby amended by deleting subsection 2.3(b) in its entirety and substituting the following provisions in lieu thereof:

"(b) Upon any optional prepayment of principal by the Company pursuant to this subsection 2.3 or any payment of principal in respect of the June 1983 Loans or any reduction in the available amount under the Line Letter, the Company, if it so elects and notifies the Bank, shall be entitled to have that proportion of the Collateral released from the lien of the Security Agreement or the New Railroad Equipment Security Agreement, as the case may be, as the amount so reduced, paid or prepaid, as the case may be, is of the Bank's Aggregate Credit Exposure immediately prior to such reduction or prepayment, subject to the conditions herein specified. The percentage of each type of equipment to be so released will be that percentage which the amount so reduced, paid or prepaid, as the case may be, is of the Bank's Aggregate Credit Exposure immediately prior to such reduction or prepayment, and the equipment of each type to be released will have the same approximate average life and average fair market

value as the total equipment of such type listed and described in (a) Schedule I to the Security Agreement and (b) Schedule A to the New Railroad Equipment Security Agreement, provided that the requirement listed above as to the average life and average Fair Market Value of the equipment to be released may be waived by the Bank in writing prior to such release. The Company shall not be entitled to have any Collateral released from the lien of the Security Agreement or the lien of the New Railroad Equipment Security Agreement pursuant to this subsection 2.3, unless the Fair Market Value of the Collateral not so released from the lien of the Security Agreement or the lien of the New Railroad Equipment Security Agreement, on the date of such release, is not less than 150% of the Bank's Aggregate Credit Exposure on the date of such release. Compliance with the requirement set forth in the preceding sentence regarding Fair Market Value shall be demonstrated by Appraisals dated not more than 120 days before, and not less than 5 days before, such release, provided that if either of such Appraisals is dated more than 5 days before such release, it shall be accompanied by a certificate of the Company certifying to the Bank at the time of the proposed release that the Company has no reason to believe that there has been any material change in the Fair Market Value of the Collateral from that set forth in such Appraisal, and that the Company believes the foregoing condition is met with respect to the remaining Collateral."

2.3 Section 3.7 of the Original Loan Agreement is hereby amended by adding the following language prior to the period at the end thereof:

"and the Lien of the New Railroad Equipment Security Agreement."

2.4 Section 5 of the Original Term Loan Agreement is hereby amended by deleting subsection 5.2 in its entirety and substituting in lieu thereof:

"5.2 Fair Market Value Ratio. Not permit the aggregate Fair Market Value of the Collateral at any

time to be less than an amount equal to 150% of the Bank's Aggregate Credit Exposure at such time."

2.5 Section 5.4 of the Original Loan Agreement is hereby amended by adding the following language prior to the semicolon at the end of clause (a) thereof:

"and under the New Railroad Equipment Security Agreement."

### III. Amendment of Original Security Agreement

3.1 Section 1 of the Original Security Agreement is hereby amended by deleting subsections (b), (d) and (e), relettering subsection (c) as subsection (b), relettering subsection (f) as subsection (c), relettering subsection (g) as subsection (d) and relettering subsection (h) as subsection (e).

3.2 Section 3 of the Original Security Agreement is hereby amended by deleting the first four sentences and substituting in lieu thereof the following language:

"The Company warrants that as of March 31, 1983 the Old Railroad Equipment Collateral had a Fair Market Value of at least \$60,000,000. The Company warrants and covenants that at all times during the term of this Agreement the Fair Market Value of the Collateral will be at least equal to 150% of the Bank's Aggregate Credit Exposure at such times. The Company warrants that it has and covenants that it will continue to have good and marketable title to the Old Railroad Equipment Collateral from time to time owned by it or in its possessions, free and clear of all liens, encumbrances, pledges and security interests (except the security interest created hereby and will defend such title against the claims and demands of all persons whomsoever. The Company further covenants that it will not sell, lease (except for leases of less than 5 years made in the ordinary course of the Company's business through the railroad interchange system), mortgage, pledge or encumber the Collateral or any part thereof, permit

its identity to be lost, permit it to be levied upon or attached under any legal process, create any security interest therein, voluntarily or involuntarily sell or otherwise dispose of the same or any rights therein."

3.3 Section 5 of the Original Security Agreement is hereby amended by deleting clause (iii) from the third sentence and substituting in lieu thereof the following language:

"(iii) the Company is in compliance with the ratio of Fair Market Value of Collateral to the Bank's Aggregate Credit Exposure immediately following such substitution, such compliance to be demonstrated by an Appraisal with respect to such substitute Collateral."

3.4 Section 6 of the Original Security Agreement is hereby amended by deleting said Section in its entirety and substituting in lieu thereof the following:

Biannual Appraisal; Quarterly Certificates. The Company shall submit Appraisals on or before the last day of each March and September in each year during the term of this Agreement, commencing September 30, 1983, and at any other time at the reasonable request of the Bank. The Company shall also submit quarterly certificates dated three months after the submission of each biannual Appraisal, and submitted to the Bank two weeks after the date of the certificate, certifying to the Bank that as of the date of the certificate there has been no material change in the Fair Market Value of the Collateral since the date of the last biannual Appraisal or, if there has been a material change, setting forth in detail the nature of such change."

3.5 Section 11 of the Original Security Agreement is hereby amended by deleting said Section in its entirety and substituting in lieu thereof the following:

"11. Release of Collateral. As provided in subsection 2.3 of the Loan Agreement, portions of the Collateral may be released from the security interest described in Section 2 hereof or in Section 2 of the New Railroad Equipment Security Agreement upon the making of certain payments and prepayments with respect to the Loan or the June 1983 Loans, the reduction in the amount of the line of credit available under the Line Letter, upon satisfaction of the conditions specified in said subsection 2.3. It is a condition to any such release that the Fair Market Value of the Collateral not so released from the security interest described in Section 2 hereof or in Section 2 of the New Railroad Equipment Security Agreement, immediately following any such release, be not less than 150% of the Bank's Aggregate Credit Exposure at the time of such release."

3.6 Section 12 of the Existing Security Agreement is hereby amended by deleting clauses (ii), (iii), (iv), (v), (vi) and (vii) from the last paragraph and substituting in lieu thereof the following language:

"(ii) to the payment of accrued interest on the outstanding principal amount of the Obligations, in such order as the Bank in its sole discretion may determine, (iii) to the repayment of the unpaid principal amount of the Obligations, in such order as the Bank in its sole discretion may determine, (iv) to the repayment of all other amounts due and unpaid in respect of the Obligations, and (v) to pay the balance, if any, to the Company."

3.7 The Original Security Agreement is hereby amended by inserting the words "Old Railroad Equipment" immediately preceding the word "Collateral" wherever the word "Collateral" appears in the following provisions of the Original Security Agreement:

Section 2, the last sentence of section 3, section 4, section 5 (except for clause (iii) thereof, which is amended as set forth above), sections 7, 9, 10 and 12.

IV. MISCELLANEOUS.

4.1 This Amendment shall be effective as of the date first above written when this Amendment is executed by the Company and the Bank.

4.2 Except as expressly amended and modified hereby, the Original Security Agreement and the Original Term Loan Agreement shall continue to be, and shall remain, in full force and effect in accordance with their respective terms.

4.3 This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first above written.

[Corporate Seal]

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By Gordon E. Neumann  
Title: EXECUTIVE VICE PRESIDENT

MANUFACTURERS HANOVER TRUST  
COMPANY

By Michael T. Schlegel  
Title: Vice President

CONSENTED TO:

PLECO INC.

By [Signature]  
Title: EXECUTIVE VICE PRESIDENT

COMMONWEALTH OF PENNSYLVANIA )

SS.

COUNTY OF ALLEGHENY )

On this 1<sup>st</sup> day of September, 1983, before me personally appeared GORDON E. NEUENSCHWANDER, to me personally known, who, being by me duly sworn, says that he is EXECUTIVE VICE PRESIDENT of THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, that the seal affixed to the foregoing instrument beside his signature is the corporate seal of said corporation and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathleen G. Cavanaugh  
Notary Public

My commission expires:

KATHLEEN G. CAVANAUGH, NOTARY PUBLIC  
PITTSBURGH, ALLEGHENY COUNTY  
MY COMMISSION EXPIRES SEPT. 1, 1986  
Member, Pennsylvania Association of Notaries

