

12317-5

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INTERSTATE COMMERCE COMMISSION

May 6, 1985

5-127A073

BY HAND DELIVERY

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C.

No. _____

Date MAY 7 1985

Fee \$ 10.00

ICC Washington, D.C.

Dear Mr. Bayne:

Enclosed herewith for filing and recordation pursuant to the provisions of 49 U.S.C. §11303 are six (6) fully executed counterparts of a Partial Release of Collateral and Agreement to Substitute Collateral dated March 15, 1985, a "secondary document" as that term is defined in 49 C.F.R. §1177.1(b).

The enclosed document relates to a Security Agreement dated October 8, 1980 (Recordation Number 12317, recorded at 3:15 p.m. on October 16, 1980), as amended and restated by Amended and Restated Security Agreement dated as of October 15, 1980 (Recordation Number 12317-B, recorded at 12:40 p.m. on November 21, 1980) and Security Agreement dated as of July 1, 1983 (Recordation Number 12317-D, recorded at 12:00 p.m. on September 26, 1983).

A description of the railroad equipment covered by the enclosed document is set forth in Schedules A and B attached hereto and made a part hereof.

The names and addresses of the parties to the enclosed document are:

Secured Party: Manufacturers Hanover Trust
Company
350 Park Avenue
New York, New York 10022

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

Handwritten signature: C. J. Korshak

Mr. James H. Bayne
Page Two
May 6, 1985

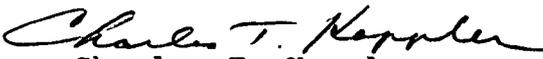
Kindly return five (5) stamped copies of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 16th Street, N.W., Washington, D.C., 20006.

Also enclosed is a check in the amount of \$10.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

A short summary of the enclosed secondary document to appear in the Commission's Index is:

Partial Release of Collateral and Agreement to Substitute Collateral dated March 15, 1985 between Manufacturers Hanover Trust Company, Secured Party, and The Pittsburgh and Lake Erie Railroad Company, Debtor, covering the exchange of five (5) locomotives identified by PLE mark and numbers for six (6) locomotives formerly identified by CR marks and numbers to be designated by PLE mark and numbers.

Very truly yours,


Charles T. Kappler

CTK/mlt
Enclosures

SCHEDULE A

The Pittsburgh and Lake Erie Railroad Company Locomotives
RELEASED:

Five (5) - 1500 horsepower, Model MP-15, Diesel
Electric Locomotives bearing P&LE mark and numbers 1584, 1587,
1588, 1596, and 1598.

SCHEDULE B

Former C.I.T. Financial Locomotives ADDED:

Six (6) General Motors Corporation (Electro-Motive Division) Model GP-38, 2000 horsepower Diesel Electric Locomotives formerly bearing PC/CR 7748, 7753, 7757, 7766, 7776, and 7782 to be designated by P&LE mark and numbers 2034 through 2039, both inclusive.

MAY 7 1985 · i 40 PM

INTERSTATE COMMERCE COMMISSION

PARTIAL RELEASE OF COLLATERAL
AND AGREEMENT TO SUBSTITUTE COLLATERAL

THIS PARTIAL RELEASE OF COLLATERAL AND AGREEMENT TO SUBSTITUTE COLLATERAL, dated this 15th day of March, 1985, made between MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation (the "Bank"), and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation (the "Company").

WITNESSETH:

WHEREAS, the Company and the Bank are parties to (i) the Security Agreement, dated as of October 15, 1980, as heretofore amended, and (ii) the Security Agreement, dated as of July 1, 1983 (collectively, as amended, the "Security Agreement"),; as supplemented by (iii) the letter of intent, dated August 7, 1984 (the "Letter of Intent"); and

WHEREAS, pursuant to the Security Agreements, as supplemented, the Company granted and created in favor of the Bank a security interest under Section 11303 of the Interstate Commerce Act in certain railroad equipment as described in the Schedules attached to the respective Security Agreements, which railroad equipment constitutes "Collateral" as defined in said agreements; and

WHEREAS, the Security Agreements were duly filed and recorded in the Office of the Interstate Commerce Commission and assigned Recordation No. 12317; and

WHEREAS, there are five (5) locomotives, bearing Identification Numbers P&LE 1584, 1587, 1588, 1596 and 1598 (the "Locomotives"), constituting Collateral which the Company desires to dispose of by exchanging them for other locomotives owned by C.I.T. Financial (C.I.T.), a subsidiary of the Bank, pursuant to a letter agreement, dated February 15, 1985 (the "Letter Agreement") between the Company and Helm Financial Corporation, agent for C.I.T.; and

WHEREAS, the Company desires to have the Locomotives released from the security interest of the Bank and to contemporaneously grant and create a security interest in the six (6) locomotives to be exchanged to the Company, which exchanged locomotives will be designated as bearing Identification Numbers P&LE 2034, 2035, 2036, 2037, 2038 and 2039 (the "Substitute Locomotives"); and

WHEREAS, the Substitute Locomotives are of comparable

value to the Locomotives.

NOW, THEREFORE, in consideration of the premises and the exchange of locomotives pursuant to the Letter Agreement, the parties agree as follows:

1. The Bank hereby releases its security interest under Section 11303 of the Interstate Commerce Act in the Locomotives having Identification Numbers P&LE 1584, 1587, 1588, 1596 and 1598.

2. The Company grants and creates, subject to the Security Agreements, as supplemented, a security interest in favor of the Bank under Section 11303 of the Interstate Commerce Act in the Substitute Locomotives bearing Identification Numbers P&LE 2034, 2035, 2036, 2037, 2038 and 2039.

3. Except as provided hereinabove the Security Agreements, as supplemented, are, in all respects, ratified and confirmed and all the terms, conditions and provisions thereof shall be and will remain in full force and effect.

4. The Company will cause this Partial Release of Collateral and Agreement to Substitute Collateral to be filed and recorded in the Office of the Interstate Commerce Commission pursuant to the provisions of Section 11303 of the Interstate Commerce Act and will furnish to the Bank a certificate or other evidence satisfactory to the Bank of such filing and recording.

5. This Partial Release of Collateral and Agreement to Substitute Collateral may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

6. This PARTIAL Release of Collateral and Agreement to Substitute Collateral will become effective only when counterparts hereof have been executed by the Company, the Bank and Pleco Inc.

IN WITNESS WHEREOF, the parties have caused this Partial Release of Collateral and Agreement to Substitute Collateral to be signed in their respective corporate names by their respective officers thereunder duly authorized and their

respective corporate seals to be hereunder affixed and duly attested as of the day and year first above written.

ATTEST:

Mirinda Moscow
ASST SECRETARY

MANUFACTURERS HANOVER TRUST
COMPANY

By Richard A. Kelley
Geo. V. ...

ATTEST:

Edward ...
ASSISTANT SECRETARY

THE PITTSBURGH AND LAKE ERIE
RAILROAD COMPANY

By Garlan E. Henschel
EXECUTIVE VICE PRESIDENT

CONSENTED TO:

PLECO INC.

By [Signature]
EXECUTIVE VICE PRESIDENT

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this 9th day of April, 1985, before me personally appeared Richard J. Sweeney, to me personally known, who being by me duly sworn, says that he is a Vice President of Manufacturers Hanover Trust Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Melinda L. Moscow
Notary Public

My Commission Expires: 3/30/86

MEJINDA L. MOSCOW
Notary Public, State of New York
No. 31-4630560
Qualified in New York County
Commission Expires March 30, 1986.

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF ALLEGHENY)

On the 15th day of March, 1985, before me personally appeared _____ 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 one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Terri Stebner-Wilson
Notary Public

My Commission Expires: _____
TERRI STEBNER-WILSON, NOTARY PUBLIC
BRENTWOOD BORO, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MAY 13, 1985
Member, Pennsylvania Association of Notaries

CERTIFICATION

I, H. C. CHRISTIE, Chief Mechanical Officer of The Pittsburgh and Lake Erie Railroad Company (P&LE), do hereby certify that the locomotives bearing numbers 7748, 7753, 7757, 7766, 7776 and 7782 being acquired by P&LE from C.I.T. Financial will be redesignated after acquisition by P&LE as P&LE Nos. 2034, 2035, 2036, 2037, 2038 and 2039.


H. C. Christie

Sworn to and subscribed before
me this 29th day of March, 1985.


Notary Public

My Commission Expires: 10/26/87

DONNA L. WOSHNER, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES OCT. 26, 1987
Member, Pennsylvania Association of Notaries