

**TUCKER  
ARENSBERG, P.C.**  
ATTORNEYS

2100583072

Writer's Direct Dial:

(412) 594-5576

April 3, 1995

Mr. Vernon Williams, Secretary  
Interstate Commerce Commission  
12th and Constitution Avenue N.W.  
Washington, D.C. 20423

19252-C

APR 5 1995  
LICENSING DIVISION

Dear Mr. Williams:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document is a First Amendment to Collateral Assignment and Agreement dated as of March 31, 1995 (the "First Amendment"). This document is a secondary document. The primary document to which this First Amendment is connected is recorded at Recordation No. 19252.

The names and addresses of the parties to the document is as follows:

- Debtor: MK Rail Corporation  
1200 Reedsdale Street  
Pittsburgh, Pennsylvania 15233
- Agent: PNC Bank, National Association, as Agent  
One PNC Plaza  
Fifth Avenue and Wood Street  
Pittsburgh, Pennsylvania 15265  
Attention: Gregory A. Steve

Type of Equipment Covered: Locomotives

Type of Instrument: Operating Leases

A fee of \$21 is enclosed. Please return the original copy not needed by the Interstate Commerce Commission to the undersigned at 1500 One PPG Place, Pittsburgh, Pennsylvania 15222.

1500 ONE PPG PLACE PITTSBURGH, PENNSYLVANIA 15222 412-566-1212 FACSIMILE 412-594-5619

Airport Professional Office Center 1150 Thorn Run Road Extension Moon Township, Pennsylvania 15108 412-262-3730  
Harrisburg Office 116 Pine Street Harrisburg, Pennsylvania 17101 717-238-2900

Counterparts - Emil Freund

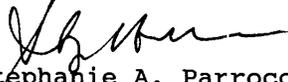
TUCKER  
ARENSBERG, P.C.  
ATTORNEYS

Mr. Vernon Williams, Secretary  
Interstate Commerce Commission  
April, 3, 1995  
Page 2

This document is a First Amendment of the Collateral Assignment and Agreement dated as of February 16, 1995 and recorded at Recordation No. 19252-A granted to PNC Bank, National Association, as Agent, by MK Rail Corporation. and all property, and rights to property, encumbered by the terms of the Collateral Assignment and Agreement recorded at Recordation No. 19252-A remain subject to the liens and other charges of such Collateral Assignment and Agreement.

Sincerely,

TUCKER ARENSBERG, P.C.

  
Stephanie A. Parroccini  
Legal Assistant

SAP/tal

BF26941.1:4/3/95:

19252-C  
1995-1-10 PM

**FIRST AMENDMENT TO  
COLLATERAL ASSIGNMENT AND AGREEMENT  
(LOCOMOTIVE LEASES)**

THIS FIRST AMENDMENT TO COLLATERAL ASSIGNMENT AND AGREEMENT ("First Amendment") dated as of March 31, 1995 is made by and between MK RAIL CORPORATION, a Delaware corporation having an office and place of business at 1200 Reedsdale Street, Pittsburgh, Pennsylvania 15233 (the "Debtor") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, having an office and place of business at One PNC Plaza, Pittsburgh, Pennsylvania 15265, as agent (in such capacity, the "Agent") for the Lenders (as defined below) and the L/C Issuer (as defined below), and amends that certain COLLATERAL ASSIGNMENT AND AGREEMENT dated as of February 16, 1995 by and between Debtor and Agent (the "Original Collateral Assignment"), which such Original Collateral Assignment is recorded at Interstate Commerce Commission No. 19252-A.

WITNESSETH:

WHEREAS, contemporaneously with the execution of this First Amendment, the Debtor, TOUCHSTONE, INC., a Tennessee corporation, MK ENGINE SYSTEMS COMPANY, INC., a New York corporation, MOTOR COILS MANUFACTURING CO., a Pennsylvania corporation, POWER PARTS COMPANY, a Nevada corporation, POWER PARTS SIGN CO., an Illinois corporation, ALERT MFG. & SUPPLY CO., an Illinois corporation, and CLARK INDUSTRIES, INC., an Illinois corporation, together with each other hereafter created or acquired directly or indirectly wholly owned domestic Subsidiary of the Debtor which executes a Joinder Agreement and related documents, as the borrowers (collectively, the "Loan Parties"), and PNC BANK, NATIONAL ASSOCIATION, as a lender under the Amended Credit Agreement, as such term is defined below (PNC Bank, National Association in the capacity of a lender under the Amended Credit Agreement together with each financial institution which joins such Amended Credit Agreement as a lender is herein referred to as a "Lender"; and collectively as the "Lenders"), and PNC BANK, NATIONAL ASSOCIATION, a national banking association, in the capacity of the issuer of certain letters of credit under the terms of the Amended Credit Agreement (in such capacity, the "L/C Issuer"), and the Agent, as agent for the Lenders and the L/C Issuer, will enter into, and will execute, that certain Amended and Restated Revolving Credit and Letter of Credit Issuance Agreement dated as of the date hereof (the "Amended Credit Agreement"); and

WHEREAS, the Amended Credit Agreement amends and restates that certain Revolving Credit and Letter of Credit Issuance Agreement dated as of September 30, 1994 by and among

the Debtor, TOUCHSTONE, INC., a Tennessee corporation, MK ENGINE SYSTEMS COMPANY, INC., a New York corporation, MOTOR COILS MANUFACTURING CO., a Pennsylvania corporation, POWER PARTS COMPANY, a Nevada corporation, and CLARK INDUSTRIES, INC., an Illinois corporation, as the borrowers, and PNC BANK, NATIONAL ASSOCIATION, as the original lender under such Revolving Credit and Letter of Credit Issuance Agreement, PNC BANK, NATIONAL ASSOCIATION, as the issuer of certain letters of credit under such Revolving Credit and Letter of Credit Issuance Agreement, and the Agent, as amended by that certain letter agreement dated October 24, 1994 and as further amended by that certain letter agreement dated February 7, 1995 (such Revolving Credit and Letter of Credit Issuance Agreement, as so amended by such letter agreements herein referred to as the "Original Credit Agreement");

WHEREAS, Debtor has heretofore executed and delivered to the Agent the Original Collateral Assignment in order to secure the payment in full of the indebtedness, liabilities and other obligations of the Debtor, Touchstone, Inc., MK Engine Systems Company, Inc., Motor Coils Manufacturing Co., Power Parts Company and Clark Industries, Inc., pursuant to the terms of the Original Credit Agreement and various other agreements with PNC Bank, National Association, as a lender, as the issuer of letters of credit and as agent for certain financial institutions; and

WHEREAS, the Agent, the Lenders and the L/C Issuer are unwilling to execute and deliver the Amended Credit Agreement unless the Debtor enters into this First Amendment.

NOW, THEREFORE, in consideration of the premises (each of which is incorporated herein by reference) and the mutual promises and the mutual covenants made herein and in the Original Collateral Assignment and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I  
AMENDMENTS TO ORIGINAL COLLATERAL ASSIGNMENT

Section 1.01 Amendment and Restatement of the "Whereas Clauses" of the Original Collateral Assignment. The "Whereas Clauses" of the Original Collateral Assignment are hereby amended and restated in their entirety and shall read as follows:

WHEREAS, pursuant to that certain Revolving Credit and Letter of Credit Issuance Credit Agreement dated as of

September 30, 1994 by and among the Debtor, TOUCHSTONE, INC., a Tennessee corporation, MK ENGINE SYSTEMS COMPANY, INC., a New York corporation, MOTOR COILS MANUFACTURING CO., a Pennsylvania corporation, POWER PARTS COMPANY, a Nevada corporation, and CLARK INDUSTRIES, INC., an Illinois corporation, as the borrowers (collectively, the "Original Loan Parties"), and PNC BANK, NATIONAL ASSOCIATION, as the original lender under such Revolving Credit and Letter of Credit Issuance Agreement (PNC Bank, National Association, in the capacity of a lender under such Revolving Credit and Letter of Credit Issuance Agreement together with each financial institution which joins such agreement as a lender is herein referred to as an "Original Lender"; and collectively as the "Original Lenders"), and PNC BANK, NATIONAL ASSOCIATION, a national banking association, in the capacity of the issuer of certain letters of credit under the terms of such Revolving Credit and Letter of Credit Issuance Agreement (in such capacity, the "Original L/C Issuer"), and the Agent, as agent for the Original Lenders and the Original L/C Issuer, as amended by that certain letter agreement dated October 24, 1994 and as further amended by that certain letter agreement dated February 7, 1995 (such Revolving Credit and Letter of Credit Issuance Agreement, as so amended by such letter agreement herein referred to as the "Original Credit Agreement"), the Original Lenders agreed to commit to lend to the Original Loan Parties on a revolving credit basis, upon the terms and conditions set forth in the Original Credit Agreement, an amount not to exceed FIFTY MILLION DOLLARS (\$50,000,000.00), and the Original L/C Issuer agreed to issue certain letters of credit, from time to time, for the account of one or more of the Original Loan Parties with an aggregate stated amount not to exceed TWENTY MILLION DOLLARS (\$20,000,000.00);

WHEREAS, pursuant to that certain Amended and Restated Revolving Credit and Letter of Credit Issuance Agreement dated as of March 31, 1995 (the Amended and Restated Revolving Credit and Letter of Credit Issuance Agreement, and all additional extensions, renewals, amendments, substitutions or replacements thereto referred to herein as the "Amended Credit Agreement") by and among the Debtor, the other Original Loan Parties, and POWER PARTS SIGN CO., an Illinois corporation, ALERT MFG. & SUPPLY CO., an Illinois corporation, as the borrowers (the Original Loan Parties together with Power Parts Sign Co., Alert Manufacturing Mfg. & Supply Co., and each party executing a Joinder Agreement as a Co-Borrower, as such terms are defined in the Amended Credit Agreement, are herein referred to collectively, the "Loan Parties"; and the term "Loan Party" shall mean any of the Loan Parties), and the Original Lenders, the Original L/C Issuer, and the Agent, the Loan Parties, the Original Lenders (each such Original Lender, together with each financial institution which joins such Amended Credit Agreement as a lender herein referred

to as a "Lender"; and collectively as the "Lenders"), the Original L/C Issuer (such Original L/C Issuer is hereinafter referred to as the "L/C Issuer") and the Agent agreed to amend and restate the Original Credit Agreement; and pursuant to the terms of such Amended Credit Agreement, the Lenders agreed to commit to lend to the Loan Parties on a revolving credit basis, upon the terms and conditions set forth in the Amended Credit Agreement, an amount not to exceed FIFTY MILLION DOLLARS (\$50,000,000.00); and pursuant to the terms of such Amended Credit Agreement, the L/C Issuer agreed to issue certain letters of credit, from time to time, for the account of one or more of the Loan Parties with an aggregate stated amount not to exceed TEN MILLION DOLLARS (\$10,000,000.00);

WHEREAS, in compliance with the provisions of the Amended Credit Agreement, and in order to provide further security for the Lender Obligations (as defined in the Amended Credit Agreement) and certain other obligations and liabilities of the Loan Parties to the Lenders, the L/C Issuer and the Agent and as an inducement to the Lenders, the L/C Issuer and the Agent to provide the credit accommodations set forth in the Amended Credit Agreement and the other Transaction Documents, the Debtor has agreed to assign all its right, title and interest in and relating to all lease agreements entered into by Debtor providing for the lease of any locomotive held by Debtor to any third party intended for use in any manner relating to interstate commerce, including without limitation those lease agreements described on Schedule 1 hereto together with those lease agreements described from time to time on schedules to Supplemental Collateral Assignments (as such term is defined below) (collectively referred to herein as the "Assigned Agreements"), which Assigned Agreements initially concern the lease of 84 locomotives specifically identified on Schedule 2 hereto and incorporated herein by reference, and will concern the lease of locomotives specifically identified from time to time on schedules to Supplemental Collateral Assignments;

WHEREAS, Debtor has good and marketable right, title and interest in and to all the property which is subject to this Collateral Assignment; and

WHEREAS, each of the terms used herein (including the preamble and these recitals to this Collateral Assignment) as a defined term which is not defined herein but which is defined in the Amended Credit Agreement shall have the meaning herein ascribed to such term in the Amended Credit Agreement.

Section 1.02 References to Credit Agreement. Each reference to the term "Credit Agreement" in the Original

Collateral Assignment is hereby deemed to be, and include, a reference to the term "Amended Credit Agreement".

ARTICLE II  
SUPPLEMENTAL LIENS AND SECURITY INTEREST

Section 2.01 Grant of Liens and Security Interest. In order to secure the prompt, full and complete payment when due of all of the Secured Obligations of the Loan Parties to the Lenders, the L/C Issuer and the Agent, the Debtor hereby grant to the Agent, for the benefit of the Lenders and the L/C Issuer, a security interest in, and mortgage, pledge and assign as collateral security thereto, each and all of the Debtor's rights, title, interest, estate, claims and demands in, to and under, or derived from, the Assigned Rights, whether now owned or hereafter acquired.

Section 2.02 Confirmation. The Debtor hereby confirms in all respects the grant of the security interest in the Assigned Rights pursuant to the Original Collateral Assignment. Except as expressly amended by this First Amendment and except (with respect solely to the representations and warranties contained in the Original Collateral Assignment) as provided in Article III hereof, the Original Collateral Assignment and the grants, assignments and pledges of liens and security interests made therein, all rights, privileges, remedies, powers and immunities of the Agent, the L/C Issuer and each Lender contained therein and all other terms, conditions, representations, warranties, covenants and agreements set forth therein are hereby specifically ratified and confirmed by the Debtor and shall remain in full force and effect and shall be made and accepted as of the date of this First Amendment as well as at the time they were first made and accepted.

ARTICLE III  
SUPPLEMENTAL REPRESENTATIONS

The Debtor hereby represents and warrants to the Agent, the Lenders and the L/C Issuer which representations and warranties shall survive the execution and delivery of this First Amendment, as follows:

Section 3.01 Incorporation by Reference. The Debtor hereby incorporates herein by reference and repeats herein for the benefit of the Agent, the Lenders and the L/C Issuer the representations and warranties made by the Debtor in paragraph 2 of the Original Collateral Assignment and for purposes hereof

such representations and warranties shall be deemed to extend to and cover this First Amendment.

ARTICLE IV  
MISCELLANEOUS

Section 4.01 Ratification and Continuation. This First Amendment shall be construed in connection with and as part of the Original Collateral Assignment; and the Original Collateral Assignment is hereby modified to include this First Amendment. Nothing contained in this First Amendment shall be construed to release, cancel, terminate, postpone or otherwise impair the status, perfection date or priority of the liens and security interests created by the Original Collateral Assignment to secure the payment and performance of the Secured Obligations as such term is defined in the Original Collateral Assignment. All such liens and security interests created by the Original Collateral Assignment shall continue to exist under the terms of the Original Collateral Assignment as amended by this First Amendment.

Section 4.02 Counterparts. This First Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this First Amendment by telecopier shall be effective as of delivery of a manually executed counterpart of this First Amendment.

Section 4.03 Capitalized Terms. Except for proper nouns and as otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Original Collateral Assignment, as amended hereby.

Section 4.04 Effective Date. From and after the date first above written, all references in the Original Collateral Assignment to such Original Collateral Assignment shall be deemed to be references to such Original Collateral Assignment as amended hereby.

Section 4.05 References. All notices, communications, agreements, certificates, documents and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Original Collateral Assignment without making specific reference to this First Amendment, but nevertheless all such references shall include this First Amendment unless the context requires otherwise.

Section 4.06 Entire Agreement. This First Amendment contains the entire agreement between the parties hereto relating to the subject matter hereof; there are merged herein all prior representations, promises and conditions, whether oral or written, in connection with the subject matter hereof, and any representations, promises or conditions not incorporated herein shall not be binding upon the parties hereto.

Section 4.07 Severability. Whenever possible each provision of this First Amendment shall be interpreted in such manner as to be effective and valid under applicable law but if any provision of this First Amendment or any part of such provision shall be prohibited by or invalid under applicable law, such provision or part thereof shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this First Amendment.

Section 4.08 Governing Law. **THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAW.**

Section 4.09 Headings. The headings of this First Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning thereof.

Section 4.10 Voluntary Actions. This First Amendment is freely and voluntarily given to the Agent, the L/C Issuer and the Lenders by the Debtor without any duress or coercion after the Debtor has either consulted with counsel or been given an opportunity to do so, and the Debtor has carefully and completely read all of the terms and provisions of this First Amendment.

Section 4.11 No Other Amendments. The amendments to set forth in herein, do not either implicitly or explicitly alter, waive or amend, except as expressly provided in this First Amendment, the other provisions of the Original Collateral Assignment. The amendments set forth herein do not waive, now or in the future, compliance with any other covenant, term or condition to be performed or complied with nor do they impair any rights or remedies of the Agent, any Lender or the L/C Issuer under the Original Collateral Assignment with respect to any such violation.

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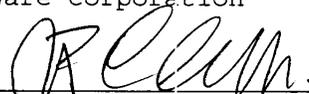
IN WITNESS WHEREOF, and intending to be legally bound hereby, this First Amendment to Locomotive Mortgage and Security Agreement has been duly signed and delivered by the undersigned the day and year specified at the beginning hereof.

DEBTOR

Attest: (Seal)

MK RAIL CORPORATION, a  
Delaware corporation

By   
Name: Michael A. Weiss  
Title: Secretary

By   
Name: James F. Cleary, Jr.  
Executive Vice  
President-Finance &  
Administration

AGENT

PNC BANK, NATIONAL  
ASSOCIATION, as Agent for L/C  
Issuer and the Lenders

By   
Name: Gregory A. Steve  
Title: Commercial Banking  
Officer

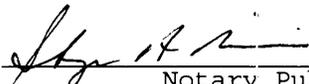
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CERTIFICATE OF ACKNOWLEDGEMENT

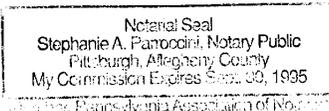
COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF ALLEGHENY )

On this 31<sup>st</sup> day of March, 1995 officer, personally appeared James F. Cleary, Jr. who acknowledged himself to be the Executive Vice President-Finance & Administration of MK Rail Corporation, a Delaware corporation, and that he as such Executive 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 Executive Vice President.

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

  
\_\_\_\_\_  
Notary Public

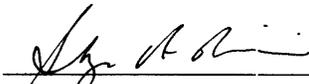
My Commission Expires:



COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF ALLEGHENY )

On this 31<sup>st</sup> day of March, 1995 officer, personally appeared Gregory A. Steve who acknowledged himself to be the Commercial Banking Officer of PNC Bank, National Association, a national banking association and that he as such Commercial Banking Officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association, as agent as above described, by himself as Commercial Banking Officer.

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

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

BF 26686.2

