

RECORDATION NO. 19299-M FILED

AUG 15 '97

2-05 PM

SECURITY AGREEMENT SUPPLEMENT NO. 5

This SECURITY AGREEMENT SUPPLEMENT NO. 5 dated as of August 15, 1997 is made by and between Bangor and Aroostook Railroad Company, a Maine corporation (together with its successors and assigns, "Debtor") and The CIT Group/Equipment Financing, Inc., a New York corporation (together with its successors and assigns, "Secured Party").

RECITALS:

WHEREAS, Debtor and Secured Party have entered into a certain Security Agreement dated as of March 15, 1995, as amended by four prior Security Agreement Supplements (collectively the "Security Agreement") that was recorded with the Interstate Commerce Commission on March 17, 1995 at 11:00 a.m. and given recordation number: 19299-A, pursuant to which Debtor granted a security interest in the Collateral to secure Debtor's obligations to Secured Party; and

WHEREAS, Debtor has repaid in full the Loan made by Secured Party to Debtor on or about March 17, 1995; and

WHEREAS, Debtor and Secured Party have entered into a certain Credit Extension Agreement relating to the Loan dated as of March 15, 1995, as modified by a certain Modification to Credit Extension Agreement of near or even date herewith (collectively, the "Credit Extension Agreement") which Modification provides, inter alia, for the release of certain collateral under the Security Agreement; and

WHEREAS, Debtor and Secured Party desire to further supplement the Security Agreement by releasing said collateral and making certain other modifications as set forth herein.

NOW THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees with Secured Party as follows:

1. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given to them in the Credit Extension Agreement.

2. In consideration of repayment of the Loan, Secured Party agrees to release all collateral pledged under the Security Agreement by Debtor other than certain rolling stock and leases of rolling stock and locomotives as described hereinbelow. Accordingly, the Security Agreement is hereby amended by deleting Section 2 in its entirety and replacing with the following new Section 2:

SECTION 2: Grant of Security Interest. To secure the prompt and complete payment and performance when due of all of Debtor's or Guarantor's obligations, indebtedness and liabilities to Secured Party arising under or connected with the Operative Agreements, including without limitation, the Credit Extension Agreement, the Lease and that certain Contingent Interest Note of near or even date herewith (the "Contingent Interest Note") in the original principal amount of \$1,350,000.00 executed by Debtor in favor of Secured Party, whether for principal, interest, rent, fees, expenses or otherwise (collectively, the "Obligations"), Debtor hereby assigns and pledges to Secured Party and grants to Secured Party a security interest and lien in the following (the property described below being referred to herein and for purposes of the Credit Extension Agreement and all Operative Agreements as the "Collateral");

(a) all of Debtor's interest in and to the rolling stock described in Schedule 5 hereto;

(b) all of Debtor's leasehold interest in the Equipment subject to the Lease; and

(c) all replacements, additions, substitutions, proceeds and products relating to the foregoing and all proceeds of any of the foregoing including proceeds from the sale, exchange or other disposition of the foregoing and all insurance proceeds now or hereafter payable (whether or not Debtor is loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to any item of Collateral or any proceeds thereof.

3. Schedule 5 to the Security Agreement is hereby deleted and replaced with the new Schedule 5 attached hereto. Schedule 2 to the Security Agreement is hereby deleted.

4. (a) Secured Party hereby terminates and releases its lien on all collateral and assets of Debtor previously pledged to Secured Party pursuant to the Security Agreement other than the assets described in amended Section 2 of the Security Agreement as set forth in paragraph 2 above. Concurrently with the execution of this Supplement No. 5 and the delivery of the Contingent Interest Note to Secured Party, Secured Party shall at Debtor's cost and expense execute and deliver to Debtor all UCC termination statements, Surface Transportation Board lien releases and other filings (to be prepared by Debtor's counsel and delivered to Secured Party) necessary to terminate all record filings against such released collateral, which termination statements and lien releases may be filed immediately in the office of record by Debtor. In addition, Debtor shall promptly record this Supplement No. 5 with the United States Surface Transportation Board and with the Registrar General of Canada, it being the intent of the

parties that Secured Party shall have no interest in any property or assets of Debtor other than the Collateral described in paragraph 2 above.

(b) Secured Party agrees, upon request from Debtor, to release its lien on any rolling stock Collateral which becomes obsolete, unfit for service or irreparably damaged; provided, however, that the total value of Collateral so released shall not in the aggregate exceed 5% of the value of all Collateral pledged hereunder which such value the parties hereby agree is \$2,800,000.00 for purposes of this Section 4(b). The proceeds from the sale or other disposition of such rolling stock Collateral shall be used to prepay the Contingent Interest Note on the next scheduled installment payment date and shall be applied by Secured Party against the principal payments thereunder in the inverse order of maturity.

5. Section 8 of the Security Agreement is hereby deleted in its entirety.

6. Section 13(b) of the Security Agreement is hereby deleted in its entirety.

7. Upon payment in full of the Contingent Interest described in Section 3.11 of the Credit Extension Agreement and as evidenced by the Contingent Interest Note, and provided no Event of Default or Lease Event of Default shall have occurred and be continuing, all security interests and liens granted under the Security Agreement, as amended hereby, shall terminate and all rights to the Collateral shall revert to Debtor; provided, however, that nothing in this Supplement No. 5 shall have any effect, or be deemed to have any effect, on Debtor's obligations under the Lease owing to Secured Party or on Secured Party's ownership interest in the Equipment subject to the Lease. Upon any such termination, Secured Party shall execute and deliver, at Debtor's expense, such documents as Debtor shall reasonably request to evidence such termination.

8. Additionally, Secured Party shall from time to time, at Debtor's expense, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that Debtor may reasonably request, in order to terminate and release the liens to be terminated and released hereunder, including without limitation, UCC termination statements and lien releases.

9. Secured Party and Debtor agree that all provisions of the Security Agreement, as amended hereby, shall apply only to the Collateral, as amended hereby, and shall have no force or effect with respect to any other property or assets of Debtor.

10. On and after the date of this Supplement No. 5, each reference in the Security Agreement to "this Agreement," "hereunder," "hereof," "herein", or words of like import, and each reference to the Security Agreement in the other Operative Agreements, shall mean a reference to the Security Agreement as supplemented hereby. All of the terms, provisions and conditions of the Security Agreement, except as modified or supplemented by this Supplement, are hereby incorporated herein and made a part hereof as if set forth in full herein. Except as specifically supplemented above, the

Security Agreement shall remain in full force and effect and is hereby ratified and confirmed. Without limiting the generality of the foregoing, the Security Agreement and all Collateral (as such term is redefined by this Supplement) continue, until repayment in full of the Contingent Interest Note, to secure Debtor's obligations under the Credit Extension Agreement and the Operative Agreements. The execution, delivery and effectiveness of this Supplement shall not operate as a waiver of any right, power or remedy of Secured Party under the other Operative Agreements, except as the same may be amended by writing signed by both parties.

11. This Supplement may be amended only by an agreement in writing duly executed by the parties hereto. This Supplement shall be governed by and construed and enforced in accordance with the laws of the State of Maine and shall be binding upon the parties hereto, their successors and assigns. This Supplement may be executed in several counterparts, each of which when executed and delivered shall be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused the Security Agreement Supplement No. 5 to be duly executed and delivered by their respective officers thereunto duly authorized as of the date and year first written above.

WITNESS:

BANGOR AND AROOSTOOK
RAILWAY COMPANY

Kimberly B Thompson

By: *John A. Scott*
Its: VICE PRESIDENT

WITNESS:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: _____
Its: _____

STATE OF MAINE)

COUNTY OF PENOBSCOT)

On this 13th day of August, 1997, before me personally appeared John A. Scott, to me personally known, who being by me duly sworn, says that he/she is VICE PRESIDENT of BANGOR AND AROOSTOOK RAILROAD COMPANY, a Maine corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she

BANGOR & AROOSTOOK COLLATERAL VALUE - APRIL 1997

ROLLING STOCK RETAINED IN CIT COLLATERAL POOL (Based on 1/1/97 unit inventory)

Series	Description	Number - a	Estimated Current FMV	Collateral Value
500-599	50' Cushion Box	21	\$6,000	\$126,000
6500-6699	50' Cushion Box	7	\$6,500	\$45,500
6800-6999	50' Cushion Box	52	\$6,500	\$338,000
9070-9099	50' Cushion Box	5	\$6,500	\$32,500
19100-19149	50' Cushion Box	4	\$6,500	\$26,000
19200-19249	50' Cushion Box	5	\$6,500	\$32,500
24000-24999	50' Cushion Box	31	\$12,000	\$372,000
4000-4005	40' Plain Box	3	\$2,000	\$6,000
10000-10999	50' Plain Box	76	\$2,500	\$190,000
1484-1810	64' Rack Plate	39	\$8,000	\$312,000
3370-3849	44' Rack Plate	167	\$2,000	\$334,000
34001-34099	40' Chip Cars	216	\$2,500	\$540,000
60-68	57-66' Low-side Gondolas	12	\$2,500	\$30,000
900-934	41' Covered Hopper	9	\$2,500	\$22,500
80-89	33' Open Top Hopper	3	\$2,000	\$10,000
	10,000 gal Tank	6	\$4,000	\$24,000
300-399	33' 44-54' Flat Work Equipment	8	\$2,000	\$16,000
Various	TOTAL EQUIPMENT	163	\$1,750	\$285,250
		829		\$2,742,250

Notes: a - a few units may have been destroyed or damaged since 1 January inventory; these will be reported under destruction clause in due course

4/16/97
Revised 5/29/97

SENT BY:

8-14-97 10:53AM ;

PIERCE ATWOOD-

2023932156:# 5/22

BAR	501	50' Cushion Box
BAR	503	50' Cushion Box
BAR	504	50' Cushion Box
BAR	506	50' Cushion Box
BAR	507	50' Cushion Box
BAR	511	50' Cushion Box
BAR	550	50' Cushion Box
BAR	551	50' Cushion Box
BAR	552	50' Cushion Box
BAR	553	50' Cushion Box
BAR	554	50' Cushion Box
BAR	555	50' Cushion Box
BAR	556	50' Cushion Box
BAR	557	50' Cushion Box
BAR	558	50' Cushion Box
BAR	559	50' Cushion Box
BAR	560	50' Cushion Box
BAR	561	50' Cushion Box
BAR	562	50' Cushion Box
BAR	563	50' Cushion Box
BAR	564	50' Cushion Box

21

SENT BY:

8-14-97 10:53AM :

PIERCE ATWOOD-

2023932156;# 6/22

BAR	6543	50' Cushion Box
BAR	6555	50' Cushion Box
BAR	6561	50' Cushion Box
BAR	6579	50' Cushion Box
BAR	6593	50' Cushion Box
BAR	6634	50' Cushion Box
BAR	6659	50' Cushion Box

7

BAR	6801	50' Cushion Box
BAR	6803	50' Cushion Box
BAR	6805	50' Cushion Box
BAR	6807	50' Cushion Box
BAR	6808	50' Cushion Box
BAR	6813	50' Cushion Box
BAR	6818	50' Cushion Box
BAR	6819	50' Cushion Box
BAR	6820	50' Cushion Box
BAR	6825	50' Cushion Box
BAR	6826	50' Cushion Box
BAR	6835	50' Cushion Box
BAR	6837	50' Cushion Box
BAR	6842	50' Cushion Box
BAR	6845	50' Cushion Box
BAR	6847	50' Cushion Box
BAR	6848	50' Cushion Box
BAR	6855	50' Cushion Box
BAR	6857	50' Cushion Box
BAR	6859	50' Cushion Box
BAR	6863	50' Cushion Box
BAR	6867	50' Cushion Box
BAR	6868	50' Cushion Box
BAR	6871	50' Cushion Box
BAR	6879	50' Cushion Box
BAR	6880	50' Cushion Box
BAR	6881	50' Cushion Box
BAR	6882	50' Cushion Box
BAR	6898	50' Cushion Box
BAR	6905	50' Cushion Box
BAR	6908	50' Cushion Box
BAR	6912	50' Cushion Box
BAR	6916	50' Cushion Box
BAR	6917	50' Cushion Box
BAR	6922	50' Cushion Box
BAR	6928	50' Cushion Box
BAR	6933	50' Cushion Box
BAR	6935	50' Cushion Box
BAR	6936	50' Cushion Box
BAR	6937	50' Cushion Box
BAR	6941	50' Cushion Box
BAR	6952	50' Cushion Box
BAR	6961	50' Cushion Box
BAR	6964	50' Cushion Box
BAR	6969	50' Cushion Box
BAR	6974	50' Cushion Box
BAR	6978	50' Cushion Box
BAR	6979	50' Cushion Box
BAR	6989	50' Cushion Box
BAR	6995	50' Cushion Box
BAR	6997	50' Cushion Box
BAR	6998	50' Cushion Box

SENT BY:

8-14-97 10:53AM ;

PIERCE ATWOOD-

2023932156;# 8/22

BAR	9075	50' Cushion Box
BAR	9076	50' Cushion Box
BAR	9077	50' Cushion Box
BAR	9078	50' Cushion Box
BAR	9080	50' Cushion Box

5

SENT BY:

8-14-97 10:53AM :

PIERCE ATWOOD→

2023932156:# 9/22

BAR	19103	50' Cushion Box
BAR	19112	50' Cushion Box
BAR	19118	50' Cushion Box
BAR	19134	50' Cushion Box

4

SENT BY:

8-14-97 :10:54AM :

PIERCE ATWOOD-

2023932156:#10/22

BAR	19206	50' Cushion Box
BAR	19208	50' Cushion Box
BAR	19210	50' Cushion Box
BAR	19219	50' Cushion Box
BAR	19221	50' Cushion Box

5

BAR	24011	50' Cushion Box
BAR	24017	50' Cushion Box
BAR	24021	50' Cushion Box
BAR	24023	50' Cushion Box
BAR	24035	50' Cushion Box
BAR	24042	50' Cushion Box
BAR	24045	50' Cushion Box
BAR	24049	50' Cushion Box
BAR	24055	50' Cushion Box
BAR	24056	50' Cushion Box
BAR	24057	50' Cushion Box
BAR	24060	50' Cushion Box
BAR	24063	50' Cushion Box
BAR	24070	50' Cushion Box
BAR	24075	50' Cushion Box
BAR	24081	50' Cushion Box
BAR	24084	50' Cushion Box
BAR	24090	50' Cushion Box
BAR	24096	50' Cushion Box
BAR	24107	50' Cushion Box
BAR	24111	50' Cushion Box
BAR	24113	50' Cushion Box
BAR	24116	50' Cushion Box
BAR	24120	50' Cushion Box
BAR	24121	50' Cushion Box
BAR	24126	50' Cushion Box
BAR	24133	50' Cushion Box
BAR	24136	50' Cushion Box
BAR	24139	50' Cushion Box
BAR	24143	50' Cushion Box
BAR	24147	50' Cushion Box

SENT BY:

8-14-97 10:54AM

PIERCE ATWOOD

20238321567#12/22

BAR	4001	40' Plain 'Box
BAR	4003	40' Plain 'Box
BAR	4005	40' Plain 'Box
	3	

BAR	10010	50' Plain 'Box	BAR	10453
BAR	10013	50' Plain 'Box	BAR	10458
BAR	10030	50' Plain 'Box	BAR	10460
BAR	10035	50' Plain 'Box	BAR	10461
BAR	10036	50' Plain 'Box	BAR	10462
BAR	10065	50' Plain 'Box	BAR	10464
BAR	10071	50' Plain 'Box	BAR	10465
BAR	10083	50' Plain 'Box	BAR	10466
BAR	10104	50' Plain 'Box	BAR	10470
BAR	10107	50' Plain 'Box	BAR	10471
BAR	10111	50' Plain 'Box	BAR	10472
BAR	10132	50' Plain 'Box	BAR	10473
BAR	10135	50' Plain 'Box	BAR	10475
BAR	10137	50' Plain 'Box	BAR	10479
BAR	10139	50' Plain 'Box	BAR	10480
BAR	10153	50' Plain 'Box	BAR	10481
BAR	10158	50' Plain 'Box	BAR	10483
BAR	10170	50' Plain 'Box	BAR	10484
BAR	10184	50' Plain 'Box	BAR	10486
BAR	10192	50' Plain 'Box	BAR	10489
BAR	10193	50' Plain 'Box	BAR	10490
BAR	10195	50' Plain 'Box	BAR	10500
BAR	10206	50' Plain 'Box		76
BAR	10229	50' Plain 'Box		
BAR	10235	50' Plain 'Box		
BAR	10236	50' Plain 'Box		
BAR	10238	50' Plain 'Box		
BAR	10244	50' Plain 'Box		
BAR	10252	50' Plain 'Box		
BAR	10257	50' Plain 'Box		
BAR	10260	50' Plain 'Box		
BAR	10271	50' Plain 'Box		
BAR	10326	50' Plain 'Box		
BAR	10337	50' Plain 'Box		
BAR	10338	50' Plain 'Box		
BAR	10347	50' Plain 'Box		
BAR	10353	50' Plain 'Box		
BAR	10356	50' Plain 'Box		
BAR	10357	50' Plain 'Box		
BAR	10362	50' Plain 'Box		
BAR	10363	50' Plain 'Box		
BAR	10364	50' Plain 'Box		
BAR	10366	50' Plain 'Box		
BAR	10369	50' Plain 'Box		
BAR	10375	50' Plain 'Box		
BAR	10376	50' Plain 'Box		
BAR	10384	50' Plain 'Box		
BAR	10385	50' Plain 'Box		
BAR	10395	50' Plain 'Box		
BAR	10399	50' Plain 'Box		
BAR	10405	50' Plain 'Box		
BAR	10415	50' Plain 'Box		
BAR	10417	50' Plain 'Box		
BAR	10418	50' Plain 'Box		

BAR	1001	64' Rack Flats
BAR	1002	64' Rack Flats
BAR	1003	64' Rack Flats
BAR	1004	64' Rack Flats
BAR	1005	64' Rack Flats
BAR	1006	64' Rack Flats
BAR	1008	64' Rack Flats
BAR	1009	64' Rack Flats
BAR	1010	64' Rack Flats
BAR	1011	64' Rack Flats
BAR	1012	64' Rack Flats
BAR	1013	64' Rack Flats
BAR	1014	64' Rack Flats
BAR	1015	64' Rack Flats
BAR	1016	64' Rack Flats
BAR	1017	64' Rack Flats
BAR	1018	64' Rack Flats
BAR	1019	64' Rack Flats
BAR	1020	64' Rack Flats
BAR	1021	64' Rack Flats
BAR	1022	64' Rack Flats
BAR	1023	64' Rack Flats
BAR	1024	64' Rack Flats
BAR	1025	64' Rack Flats
BAR	1026	64' Rack Flats
BAR	1027	64' Rack Flats
BAR	1028	64' Rack Flats
BAR	1029	64' Rack Flats
BAR	1030	64' Rack Flats
BAR	1031	64' Rack Flats
BAR	1032	64' Rack Flats
BAR	1033	64' Rack Flats
BAR	1034	64' Rack Flats
BAR	1035	64' Rack Flats
BAR	1036	64' Rack Flats
BAR	1037	64' Rack Flats
BAR	1038	64' Rack Flats
BAR	1039	64' Rack Flats
BAR	1040	64' Rack Flats

SENT BY:

8-14-97 10:56AM ;

PIERCE ALWOOD-

2023932156:#17/22

BAR 34001 57-66' Low-side Gondolas
BAR 34002 57-66' Low-side Gondolas
BAR 34003 57-66' Low-side Gondolas
BAR 34004 57-66' Low-side Gondolas
BAR 34005 57-66' Low-side Gondolas
BAR 34006 57-66' Low-side Gondolas
BAR 34011 57-66' Low-side Gondolas
BAR 34012 57-66' Low-side Gondolas
BAR 34013 57-66' Low-side Gondolas
BAR 34014 57-66' Low-side Gondolas
BAR 34015 57-66' Low-side Gondolas
BAR 34016 57-66' Low-side Gondolas

12

SENT BY:

8-14-97 10:56AM ;

PIERCE ATWOOD-

2023932156;#18/22

BAR	60	41' Covered Hopper
BAR	61	41' Covered Hopper
BAR	62	41' Covered Hopper
BAR	63	41' Covered Hopper
BAR	64	41' Covered Hopper
BAR	65	41' Covered Hopper
BAR	66	41' Covered Hopper
BAR	67	41' Covered Hopper
BAR	68	41' Covered Hopper

9

SENT BY:

8-14-97 10:57AM :

PIERCE ATWOOD-

2023932156;#19/22

BAR	910	33 Open Top Hopper
BAR	920	33 Open Top Hopper
BAR	922	33 Open Top Hopper
BAR	923	33 Open Top Hopper
BAR	934	33 Open Top Hopper

5

SENT BY:

8-14-97 10:57AM

PIERCE AIRWOOD

2023832156/F20/22

.BAR	80	10,000 gal Tank
BAR	82	10,000 gal Tank
BAR	83	10,000 gal Tank
BAR	84	10,000 gal Tank
BAR	88	10,000 gal Tank
BAR	89	10,000 gal Tank

6

SENT BY:

8-14-97 10:58AM

PIERCE ATWOOD-

2023932156;#21/22

BAR	351	33' 44-54' Flat
BAR	352	33' 44-54' Flat
BAR	353	33' 44-54' Flat
BAR	357	33' 44-54' Flat
BAR	358	33' 44-54' Flat
BAR	359	33' 44-54' Flat
BAR	360	33' 44-54' Flat
BAR	390	33' 44-54' Flat

8

50 X	Snow Plow	609 X	Generator Car	3264 X	Ballast Hopper
51 X	Snow Plow	791 X	Mtl & Supply Car	3265 X	Ballast Hopper
52 X	Snow Plow	800 X	Mtl & Supply Car	3266 X	Ballast Hopper
60 X	Snow Plow	1056 X	Tool Car	3267 X	Ballast Hopper
72 S	Supply Car	1083 X	Mtl & Supply Car	3268 X	Ballast Hopper
74 S	Supply Car	1084 X	Mtl & Supply Car	3269 X	Ballast Hopper
75 X	Snow Plow	1087 X	Jordan Spreader Car	3270 X	Ballast Hopper
76 X	Snow Plow	1088 X	Mtl & Supply Car	3271 X	Ballast Hopper
100 P	Not in list	1089 X	Mtl & Supply Car	3272 X	Ballast Hopper
103 S	Scrap Car	1093 X	Mtl & Supply Car	3273 X	Ballast Hopper
126 X	Madawaska Crane	1094 X	Mtl & Supply Car	3274 X	Ballast Hopper
131 X	Trackmobile	1096 X	Mtl & Supply Car	3276 X	Ballast Hopper
132 X	Trackmobile	1098 X	Mtl & Supply Car	3277 X	Ballast Hopper
133 X	Trackmobile	1099 X	Electrical Storage Car	3278 X	Ballast Hopper
134 X	Trackmobile	1100 X	Mtl & Supply Car	3279 X	Ballast Hopper
190 X	Boom Car	1102 X	Mtl & Supply Car	3280 X	Ballast Hopper
191 X	Truck Panel Car	1103 X	Mtl & Supply Car	3281 X	Ballast Hopper
192 X	Truck Panel Car	1105 X	Mtl & Supply Car	3283 X	Ballast Hopper
194 X	Tie/Rail Car	1106 X	Mtl & Supply Car	3284 X	Ballast Hopper
195 X	Truck Car	1108 X	Mtl & Supply Car	3285 X	Ballast Hopper
199 X	Bulldozer Car	1110 X	Mtl & Supply Car	3286 X	Ballast Hopper
201 S	Burro Crane	1111 X	Mtl & Supply Car	3400 X	Ballast Hopper
225 X	Jordan Spreader	1112 X	Mtl & Supply Car	3401 X	Ballast Hopper
235 X	Probably a Scale Test Car	1113 X	Mtl & Supply Car	3402 X	Ballast Hopper
238 X	Scale Test Car	1119 X	Cook Car	3403 X	Ballast Hopper
300 X	Scrap Car - Return from S104 to	1217 X	Mtl & Supply Car	3405 X	Ballast Hopper
305 X	Mtl & Supply Car	1224 X	Living & Cook Car	3406 X	Ballast Hopper
308 X	Mtl & Supply Car	1225 X	Living & Cook Car	3407 X	Ballast Hopper
310 X	Flat Car - Material	1230 X	Mtl & Supply Car	3408 X	Ballast Hopper
331 X	Mtl & Supply Car - Flat	2356 X	Unlisted	3409 X	Ballast Hopper
334 X	Mtl & Supply Car - Flat	2378 X	Mtl & Supply Car	3410 X	Ballast Hopper
339 X	Mtl & Supply Car - Flat	3001 X	Storage Car NMJ	3411 X	Ballast Hopper
340 X	Mtl & Supply Car - Flat	3230 X	Rip Rap Car	3500 X	Air Side Dump Car
341 X	Mtl & Supply Car - Flat	3231 X	Rip Rap Car	3501 X	Air Side Dump Car
344 X	Mtl & Supply Car - Flat	3232 X	Rip Rap Car	3502 X	Unlisted
345 X	Mtl & Supply Car - Flat	3233 X	Rip Rap Car	3503 X	Sand Car
346 X	Mtl & Supply Car - Flat	3234 X	Rip Rap Car	3504 X	Sand Car
347 X	Mtl & Supply Car - Flat	3235 X	Rip Rap Car	3505 X	Sand Car
348 X	Mtl & Supply Car - Flat	3236 X	Rip Rap Car	3506 X	Sand Car
350 X	Braking Car - NMJ	3237 X	Rip Rap Car	3507 X	Sand Car
355 X	Fire truck - right-of-way	3250 X	Ballast Hopper	4002 X	REN BAR4002 TO WO
356 X	Old no.356	3251 X	Ballast Hopper	4003 X	Added in March 1989
381 X	Machinery Car	3252 X	Ballast Hopper	4004 X	Oil & Supply Car
382 X	Old no 382	3253 X	Ballast Hopper	4202 X	Mtl & Supply Car
398 X	Link Belt Shovel Car	3254 X	Ballast Hopper	4403 X	Mtl & Supply Car
398 X	Burro Crane	3255 X	Ballast Hopper	5002 X	Salt Car
445 X	Jordan Spreader	3256 X	Ballast Hopper	5103 X	Mtl & Supply Car
524 X	Unlisted	3257 X	Ballast Hopper	5306 X	Salt Car
551 X	Old No 551	3258 X	Ballast Hopper	8206 X	Salt Car
569 X	Old No 569	3259 X	Ballast Hopper	8207 X	Salt Car
608 X	Generator Car	3260 X	Ballast Hopper	8309 X	Salt Car
		3261 X	Ballast Hopper	10000 X	Equipment included wit
		3262 X	Ballast Hopper	10001 X	Equipment
		3263 X	Ballast Hopper	10002 X	Ramp
				10003 X	Lights

Security Agreement shall remain in full force and effect and is hereby ratified and confirmed. Without limiting the generality of the foregoing, the Security Agreement and all Collateral (as such term is redefined by this Supplement) continue, until repayment in full of the Contingent Interest Note, to secure Debtor's obligations under the Credit Extension Agreement and the Operative Agreements. The execution, delivery and effectiveness of this Supplement shall not operate as a waiver of any right, power or remedy of Secured Party under the other Operative Agreements, except as the same may be amended by writing signed by both parties.

11. This Supplement may be amended only by an agreement in writing duly executed by the parties hereto. This Supplement shall be governed by and construed and enforced in accordance with the laws of the State of Maine and shall be binding upon the parties hereto, their successors and assigns. This Supplement may be executed in several counterparts, each of which when executed and delivered shall be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused the Security Agreement Supplement No. 5 to be duly executed and delivered by their respective officers thereunto duly authorized as of the date and year first written above.

WITNESS:

BANGOR AND AROOSTOOK
RAILWAY COMPANY

By: _____
Its: _____

WITNESS:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

Jane M. Wickham

By: *Nancy Nardella Cibulko*
Its: *VP*

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 1997, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he/she is _____ of BANGOR AND AROOSTOOK RAILROAD COMPANY, a Maine corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she

acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Norma J. Griffiths
Notary Public

My Commission Expires: 5/13/2000

[SEAL]

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 1997, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation, that the foregoing 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.

Notary Public

My Commission Expires: _____

[SEAL]

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