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RECORDED 19582-C
SEP 10 1996
U.S. DEPARTMENT OF TRANSPORTATION

September 10, 1996

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 10 3 10 PM '96

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Room 2214
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301 are one original and three executed counterparts of the First Amendment to Collateral Assignment and Agreement (Locomotive Leases) hereinafter described, a secondary document. The primary document to which it relates is the Collateral Assignment and Agreement (Locomotive Leases) recorded on August 31, 1995 under Recordation No. 19582. This document relates to railroad equipment identified below.

First Amendment to Collateral Assignment and Agreement (Locomotive Leases), dated as of September 10, 1996 between (1) MK Rail Corporation, as Debtor/assignor and (2) BankAmerica Business Credit, Inc., as Secured Party/assignee.

The leases subject to this document are listed on Schedule 1 thereto, and the equipment subject to this document consists of the locomotives listed on Schedule 2 thereto. A copy of said Schedules 1 and 2 is attached as Attachment A hereto.

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

| | |
|---------------------|---|
| Debtor/ Assignor | MK Rail Corporation 200 Reedsdale Street Pittsburgh, PA 15233 |
|---------------------|---|

Counterparts - [Signature]

Honorable Vernon A. Williams
September 10, 1996
Page 2

Secured Party/ BankAmerica Business Credit, Inc.
Assignee 231 South LaSalle
16th Floor
Chicago, Illinois 60697

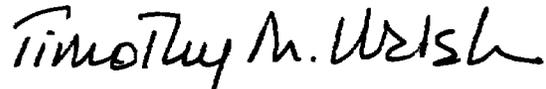
Please file and record the document with indexing
under the foregoing names.

A fee of \$21.00 is enclosed for the recordation.
Please return the original and any extra copies not needed by the
Commission for recordation to the person presenting this letter.

A short summary of the document to appear in the index
follows:

First Amendment to Collateral Assignment and Agreement
(Locomotive Leases), dated as of September 10, 1996
between (1) MK Rail Corporation, as Debtor/assignor,
and (2) BankAmerica Business Credit, Inc., as Secured
Party/assignee, covering all of the leases listed on
Schedule 1 thereto and all of the locomotives listed on
Schedule 2 thereto.

Very truly yours,



Timothy M. Walsh
Attorney for MK Rail
Corporation

Enclosures

SCHEDULE 1

To Collateral Assignment and Agreement

- 1. Locomotive Lease Agreement dated as of April 1, 1994, by and between MK Rail Corporation and the Atchison, Topeka and Santa Fe Railway Company concerning the lease of ten (10) locomotives, as amended from time to time.**

SCHEDULE 2

To Collateral Assignment and Agreement

Description of Locomotives Mortgaged:

| <u>Model</u> | <u>AAR Designation</u> | <u>Road Number</u> | <u>Serial Number</u> | <u>Identifying Mark*</u> |
|--------------|------------------------|--------------------|----------------------|--------------------------|
| SD45 | D126 | ATSF 5356 | 32062 | Santa Fe |
| F45 | D126 | ATSF 5978 | 34064 | Santa Fe |
| F45 | D126 | ATSF 5979 | 34065 | Santa Fe |
| F45 | D126 | ATSF 5980 | 34066 | Santa Fe |
| F45 | D126 | ATSF 5986 | 34072 | Santa Fe |
| F45 | D126 | ATSF 5987 | 34073 | Santa Fe |
| F45 | D126 | ATSF 5988 | 34074 | Santa Fe |
| F45 | D126 | ATSF 5989 | 34075 | Santa Fe |
| F45 | D126 | ATSF 5983 | 34069 | Santa Fe |
| F45 | D126 | ATSF 5985 | 34071 | Santa Fe |

Legend to be placed on each unit in one-inch letters:

Ownership subject to a security agreement filed with the Interstate Commerce Commission.

* 1. Units currently identified with "Santa Fe" markings are, per AT&SF instructions, to have such markings painted out.

2. All Locomotives above are leased pursuant to the lease referenced to on Schedule 1.

19582-C
SEP 10 1996

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

**BY
MK RAIL CORPORATION,
a Delaware corporation,**

Debtor

AND

**BANKAMERICA BUSINESS CREDIT, INC.,
as Agent for the Lenders**

Dated: as of September 10, 1996

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

THIS FIRST AMENDMENT TO COLLATERAL ASSIGNMENT AND AGREEMENT (LOCOMOTIVES LEASES) (this "First Amendment"), dated as of this 10th day of September, 1996, is made by and between MK RAIL CORPORATION, a Delaware corporation having an office and place of business at 1200 Reedsdale Street, Pittsburgh, PA 15233 (the "Debtor"), and BANKAMERICA BUSINESS CREDIT, INC., a Delaware corporation, having an office and place of business at 231 South LaSalle, 16th Floor, Chicago, Illinois 60697, individually and as agent (in such capacity, the "Agent") for the financial institutions which may from time to time become Lenders under the Amended and Restated Loan and Security Agreement (as defined below).

RECITALS

WHEREAS, on August 31, 1995, Debtor, Motor Coils Manufacturing Co., MK Engine Systems Co., Inc. Clark Industries, Inc., Power Parts Company (therein called "Power Parts, Inc."), Touchstone, Inc., Power Parts Sign Co., and Alert Mfg. & Supply Co. (collectively the "Corporations") entered into that certain Loan and Security Agreement by and among the Corporations, the financial institutions named therein and the Agent (the "Existing Loan Agreement") under which certain loans and financial accommodations were extended to the Corporations under the terms and conditions therein contained;

WHEREAS, pursuant to the terms and conditions of the Existing Loan Agreement, the Debtor entered into that certain Collateral Assignment and Agreement (Locomotive Leases) with the Agent, dated as of August 30, 1995, which collateral assignment was recorded with the Interstate Commerce Commission ("ICC") on August 31, 1995 and assigned ICC Recordation Number 19582 (the "Original Assignment");

WHEREAS, on the date first above written the Existing Loan Agreement was amended and restated under the terms and conditions contained in the certain Amended and Restated Loan and Security Agreement (the "Amended and Restated Loan and Security Agreement") by and among the financial institutions named therein

(the "Lenders"), the Agent, as agent for the Lenders and the Debtor, Motor Coils Manufacturing Co., MK Engine Systems Company, Inc., Clark Industries, Inc., Power Parts Company, Touchstone, Inc. and Power Parts Sign Co.;

WHEREAS, the Debtor and the Agent desire to conclusively establish that the Original Assignment secures the Obligations contained in the Amended and Restated Loan and Security Agreement, and the Debtor and the Agent desire to amend the Original Assignment as hereinafter provided.

NOW THEREFORE, in consideration of the premises and the terms and conditions contained herein, the receipt and sufficiency of which consideration is hereby acknowledged, the Original Assignment is hereby amended as follows:

1. From and after the date first above written, all references in the Original Assignment to the "Loan and Security Agreement," shall be deemed to mean and refer to the Amended and Restated Loan and Security Agreement.

2. The first (1st) recital of the Original Assignment shall be deemed to be deleted, and the following recital shall be deemed to be placed in its stead:

"WHEREAS, pursuant to that certain Amended and Restated Loan and Security Agreement (the Amended and Restated Loan and Security Agreement, and all extensions, renewals, amendments, substitutions or replacements thereto, referred to herein as the "Credit Agreement") by and among the Debtor, Touchstone, Inc., a Tennessee corporation ("TI"), MK Engine Systems Company, Inc., a New York corporation ("MKES"), Motor Coils Manufacturing Co., a Pennsylvania corporation ("MCMC"), Power Parts Company, a Nevada corporation ("PPC"), Power Parts Sign Co., an Illinois corporation ("PPS"), and Clark Industries, Inc., an Illinois corporation ("CII"), as the borrowers (the Debtor, TI, MKES, MCMC, PPC, PPS and CII, are herein referred to individually as a "Loan Party", and collectively as the "Loan Parties"), the Agent and the financial institutions named therein (herein referred to individually as a

"Lender" and collectively as the Lenders"), agreed to make available to the Loan Parties, upon the terms and conditions set forth in the Credit Agreement, a revolving credit facility in an amount not to exceed SIXTY-SEVEN MILLION DOLLARS (\$67,000,000.00) and a term loan of EIGHT MILLION DOLLARS (\$8,000,000.00)."

3. Schedule 1 of the Original Assignment shall be deemed to be deleted, and Schedule 1 hereto shall be deemed to be placed in its stead.

4. From and after the date first above written, all references in the Original Assignment to "Schedule 1" shall be deemed to mean and refer to Schedule 1 hereto.

5. Schedule 2 of the Original Assignment shall be deemed to be deleted, and Schedule 2 hereto shall be deemed to be placed in its stead.

6. From and after the date first above written, all references in the Original Assignment to "Schedule 2" shall be deemed to mean and refer to Schedule 2 hereto.

7. The phrase on the fourteenth (14th) line of the second (2d) recital of the Original Assignment that reads "which Assigned Agreements initially concern the lease of 90 locomotives specifically identified" shall be deemed to be deleted and the following phrase shall be deemed to be placed in its stead: "which Assigned Agreements concern the lease of the locomotives specifically identified".

8. The Debtor hereby represents to the Agent that no consent of any lessee is required in connection with this First Amendment.

9. Except as otherwise expressly provided herein, nothing herein contained shall in any way (a) impair or affect the validity and priority of the Original Assignment; (b) alter, waive, annul or affect any provision, condition or covenant in the Original Assignment; or (c) affect or impair any rights, powers or remedies under the Original Assignment. It is the intent of the parties hereto that all the terms and provisions of the Original Assignment shall continue in full force and effect, except as amended by this First Amendment.

10. In the event any one or more of the provisions contained in this First Amendment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this First Amendment, and this First Amendment shall be construed as if such provision had not been contained herein.

11. All of the terms and provisions of this First Amendment shall apply to, bind and inure to the benefit of the Debtor, the Agent and their respective successors and assigns.

12. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

13. The Original Assignment, as herein modified and amended, is hereby ratified and in full force and effect.

14. Unless otherwise defined herein, all capitalized terms shall have the same meaning as set forth in the Original Assignment as modified by this First Amendment.

IN WITNESS WHEREOF, this First Amendment has been duly executed by the Debtor and the Agent and is effective as of the date first above written.

Debtor:

MK RAIL CORPORATION,
a Delaware corporation

By: Thomas P. Lyons
Name: Thomas P. Lyons
Title: Treasurer

Agent:

**BANKAMERICA BUSINESS CREDIT,
INC., a Delaware corporation,
individually and as Agent
for the Lenders**

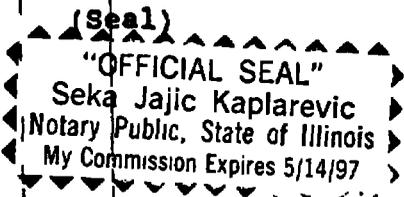
By: Thomas E. Sullivan
Name: Thomas E. Sullivan
Title: V.P.

ACKNOWLEDGMENT

State of Illinois)
) SS:
County of Cook)

On this 9 day of September, 1996 before me, a Notary Public of the State of Illinois, personally appeared, THOMAS P. LYONS, to me personally known, who being by me duly sworn, says that he or she is the Treasurer of MK Rail Corporation, a Delaware corporation, and acknowledges that he or she signed, executed, sealed with the corporate seal the foregoing instrument and delivered the same as such officer as aforesaid, and that the foregoing instrument is the voluntary act and deed of such corporation, made by authority of its Board of Directors.

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



Seka Jajic Kaplarevic
Notary Public

My Commission expires _____

ACKNOWLEDGMENT

State of Illinois)
County of Cook) SS:
)

On this 9 day of September, 1996 before me, a Notary Public of the State of Illinois, personally appeared, Thomas G. Sullivan, to me personally known, who being by me duly sworn, says that he or she is the V.P. of BankAmerica Business Credit, Inc., a Delaware corporation, and acknowledges that he or she signed, executed, sealed with the corporate seal the foregoing instrument and delivered the same as such officer as aforesaid, and that the foregoing instrument is the voluntary act and deed of such corporation, made by authority of its Board of Directors.

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



Seka Jajic Kaplarevic
Notary Public

My Commission expires _____

SCHEDULE 1

To Collateral Assignment and Agreement

1. **Locomotive Lease Agreement dated as of April 1, 1994, by and between MK Rail Corporation and the Atchison, Topeka and Santa Fe Railway Company concerning the lease of ten (10) locomotives, as amended from time to time.**

SCHEDULE 2

To Collateral Assignment and Agreement

Description of Locomotives Mortgaged:

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