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RECORDATION NO. 19582- F FILED 1425

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March 3, 1997

BY HAND

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 a Second Amendment to Collateral Assignment and Agreement (Locomotive Leases), 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. It relates to the railroad equipment and leases identified in Schedules 1 and 2 of the primary document, as amended by the Second Amendment. Copies of the amended schedules are attached as Attachment A hereto.

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

Secured Party

Bank of America National Trust
and Savings Association
(as Agent for certain lenders)
1455 Market Street
12th Floor
San Francisco, California 94103

Counterparts - Noted

RECEIVED
SURFACE TRANSPORTATION
BOARD
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Honorable Vernon A. Williams
March 3, 1997
Page 2

Debtor

MotivePower Industries, Inc.
1200 Reedsdale Street
Pittsburgh, PA 15233

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

A fee of \$24.00 is enclosed for the recordation. Please return the original and any extra copies not needed by the Board for recordation to the person presenting this letter.

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

Second Amendment to Collateral Assignment and Agreement (Locomotive Leases), covering the locomotives and leases identified in Schedules 1 and 2 of the primary document, as amended by the Second Amendment.

Very truly yours,

Timothy A. Wzsl

Attorney for MotivePower
Industries, Inc.

Enclosures

SCHEDULE 1

To Collateral Assignment and Agreement

February 27, 1997

1. Locomotive Lease Agreement effective as of November 1, 1996 by and between MotivePower Industries, Inc. (formerly MK Rail Corporation) and Utah Railway Company concerning the lease of six (6) locomotives, as amended from time to time.
2. Locomotive Lease Agreement dated as of April 1, 1994, by and between MotivePower Industries, Inc. (formerly 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

February 27, 1997

Description of Locomotives Mortgaged:

<u>Model</u>	<u>AAR Designation</u>	<u>Road Number</u>	<u>Former Road Number (if Applicable)</u>	<u>Serial Number</u>	<u>Identifying Mark*</u>	<u>Former Identifying Mark (if Applicable)</u>
F45	D126	MPEX 5525	MKCX 5525	34036	Utah Rail	MKCX
F45	D126	MPEX 5527	MKCX 5527	34044	Utah Rail	MKCX
F45	D126	MPEX 5529	MKCX 5529	34054	Utah Rail	MKCX
SD45	D126	MPEX 9502	MKCX 9502	36379	Utah Rail	MKCX
SD45	D126	MPEX 9532	MKCX 9532	35489	Utah Rail	MKCX
SD45	D126	MPEX 9541	MKCX 9541	32532	Utah Rail	MKCX
SD45	D126	ATSF 5356	N/A	32062	Santa Fe	N/A
F45	D126	ATSF 5978	N/A	34064	Santa Fe	N/A
F45	D126	ATSF 5979	N/A	34065	Santa Fe	N/A
F45	D126	ATSF 5980	N/A	34066	Santa Fe	N/A
F45	D126	ATSF 5986	N/A	34072	Santa Fe	N/A
F45	D126	ATSF 5987	N/A	34073	Santa Fe	N/A
F45	D126	ATSF 5988	N/A	34074	Santa Fe	N/A
F45	D126	ATSF 5989	N/A	34075	Santa Fe	N/A
F45	D126	ATSF 5983	N/A	34069	Santa Fe	N/A
F45	D126	ATSF 5985	N/A	34071	Santa Fe	N/A

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. The first six (6) Locomotives above are leased pursuant to the first lease referenced on Schedule 1 hereto; the remaining ten (10) Locomotives above are leased pursuant to the second lease referenced on Schedule 1 hereto.

RECORDATION NO. 19582-F FILED 1025
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**SECOND AMENDMENT TO COLLATERAL ASSIGNMENT AND AGREEMENT
(LOCOMOTIVE LEASES)**

**BY
MOTIVEPOWER INDUSTRIES, INC.
(f/k/a MK RAIL CORPORATION),
a Delaware corporation,**

Debtor

AND

**BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (as
successor by assignment from BANKAMERICA BUSINESS CREDIT, INC.),
as Agent for the Lenders**

Dated: as of February 27, 1997

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

THIS SECOND AMENDMENT TO COLLATERAL ASSIGNMENT AND AGREEMENT (LOCOMOTIVES LEASES) (this "Second Amendment"), dated as of this 27th day of February, 1997, is made by and between MOTIVEPOWER INDUSTRIES, INC. (f/k/a MK RAIL CORPORATION), a Delaware corporation having an office and place of business at 1200 Reedsdale Street, Pittsburgh, PA 15233 (the "Debtor"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association (the "Agent"), having an office and place of business at 1455 Market Street, 12th Floor, San Francisco, CA 94103, individually and as agent for the financial institutions which may from time to time become Lenders under the Second Amended and Restated Credit 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 BankAmerica Business Credit, Inc. ("BABC"), individually and as agent for certain financial institutions identified therein (as amended, the "Original 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 Original Loan Agreement, the Debtor entered into that certain Collateral Assignment and Agreement (Locomotive Leases) with BABC, 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 September 10, 1996, the Original Loan Agreement was amended and restated under the terms and conditions contained in that certain Amended and Restated Loan and Security Agreement (as amended, the "Amended Loan Agreement") by and among the financial institutions named therein, BABC, as agent for the

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financial institutions, 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, pursuant to the terms and conditions of the Amended Loan Agreement, the Debtor and BABC entered into that certain First Amendment to Collateral Assignment and Agreement (Locomotive Leases), dated as of September 10, 1996, which was filed with the Surface Transportation Board ("STB") (formerly the ICC) on September 10, 1996 and assigned STB Recordation Number 19582-C (the "Amended Assignment") (the Original Assignment, as amended by the Amended Assignment, the "Existing Assignment");

WHEREAS, Debtor has changed its name from MK Rail Corporation to "MotivePower Industries, Inc.";

WHEREAS, BABC has, immediately prior to the effectiveness of the Existing Credit Agreement (as hereinafter defined), assigned to Agent and the Lenders under the Existing Credit Agreement all of BABC's rights, duties and obligations (including, without limitation, assigning to Agent its rights as agent) under the Amended Loan Agreement;

WHEREAS, the Amended Loan Agreement was amended and restated under the terms and conditions contained in that certain Second Amended and Restated Credit Agreement, made as of the date first above written (as amended, modified and restated from time to time, the "Existing Credit Agreement"), by and among the financial institutions from time to time party to the Existing Credit Agreement (the "Lenders"), the Agent, as agent for the Lenders, and Debtor;

WHEREAS, the Debtor and the Agent desire to conclusively establish that the Existing Assignment continues to secure the Obligations contained in the Existing Credit Agreement, and the Debtor and the Agent desire to amend the Existing 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 are hereby acknowledged, the Existing Assignment is hereby amended as follows (the amendments set forth in Sections 1 through 7 hereof being effective from and after the effective date of this Second Amendment):

1. Section 1 of the Amended Assignment is deemed deleted in its entirety and replaced with the phrase "intentionally deleted," and all references in the Original Assignment to the "Loan and Security Agreement" are deemed to mean and refer to the Existing Credit Agreement.

2. All references in the Existing Assignment to the "Agent" or "BABC" are deemed to mean and refer to Bank of America National Trust and Savings Association in its capacity as Agent, and all references to "Debtor" are deemed to mean and refer to MotivePower Industries, Inc.

3. All references in the Existing Assignment to "Loan Party" or "Loan Parties" are deemed to mean and refer to the Debtor.

4. Section 2 of the Amended Assignment is deemed deleted in its entirety and replaced with the phrase "intentionally deleted." The first (1st) recital of the Original Assignment is deemed deleted, and the following recital placed in its stead:

WHEREAS, pursuant to that certain Second Amended and Restated Credit Agreement (the Second Amended and Restated Credit Agreement, and all extensions, renewals, amendments, substitutions or replacements thereto, referred to herein as the "Credit Agreement") by and among the Debtor, the Agent and the financial institutions from time to time party to the Credit Agreement (herein referred to individually as a "Lender" and collectively as "the Lenders"), each agreed to make available to the Debtor, upon the terms and conditions set forth in the Credit Agreement, its pro rata share of certain credit facilities in an aggregate amount up to SEVENTY-FIVE MILLION DOLLARS (\$75,000,000.00), consisting of a revolving credit facility of up to FIFTY-FIVE MILLION DOLLARS (55,000,000.00) and a term loan of up to TWENTY MILLION DOLLARS (\$20,000,000.00) and the Agent agreed to take reasonable steps to cause the Issuing Bank to issue certain letters of credit (and credit support or

enhancement) up to an aggregate amount of
FIFTEEN MILLION DOLLARS (\$15,000,000.00).

5. Section 4(e) of the Original Assignment is deemed deleted and the following placed in its stead:

(e) Debtor will mark each Assigned Agreement with a conspicuous legend as follows: "All right, title and interest in and to this Lease Agreement and the locomotives covered hereby on the part of MotivePower Industries, Inc. has been assigned to and is subject to a security interest in favor of Bank of America National Savings and Trust Association, as agent on behalf of certain lenders, under the Collateral Assignment and Agreement dated as of August 30, 1995, as subsequently amended.

6. Section 8 of the Original Assignment is deemed deleted in its entirety and replaced with the phrase "intentionally deleted."

7. All references in the Existing Assignment to Schedule 1 are deemed to mean and refer to Schedule 1 attached hereto and all references in the Existing Assignment to Schedule 2 are deemed to mean and refer to Schedule 2 attached hereto. Debtor expressly acknowledges that Debtor's right, title and interest in any Assigned Agreements listed on Schedule 1 attached hereto, but not assigned and pledged to Agent prior to the effective date hereof and all Debtor's rights, title and interest, powers, privileges and benefits thereunder, and all amendments, modifications or substitutions thereto or thereof, are subject to the lien, encumbrance and mortgage created by the Existing Assignment as amended hereby.

8. The Debtor hereby represents to the Agent that no consent of any Lessee is required in connection with this Second 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 Existing Assignment; (b) alter, waive, annul or affect any provision, condition or covenant in the Existing Assignment; or (c) affect or impair any rights, powers or remedies under the Existing Assignment. It is the intent of the parties hereto that all the terms and provisions of

the Existing Assignment shall continue in full force and effect, except as amended by this Second Amendment.

10. In the event any one or more of the provisions contained in this Second 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 Second Amendment, and this Second Amendment shall be construed as if such provision had not been contained herein.

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

12. This Second 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 Existing Assignment as herein additionally 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 Existing Assignment as modified by this Second Amendment.

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

Debtor:

MOTIVEPOWER INDUSTRIES, INC.,
a Delaware corporation

By: 
Name: Thomas P. Lyons
Title: Vice President and Treasurer

Agent:

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS
ASSOCIATION,
a national banking
association, individually
and as Agent for the Lenders

By: 
Name: WILLIAM T. STAFFELL
Title: VICE PRESIDENT

ACKNOWLEDGMENT

State of Illinois)
) SS:
County of Cook)

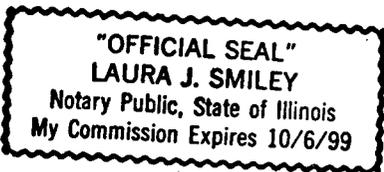
On this 27th day of February, 1997 before me, a Notary Public of the State of Illinois, personally appeared, Thomas P. Lyons, to me personally known, who being by me duly sworn, says that he ~~or she~~ is the Vice President and Treasurer of MotivePower Industries, Inc., a Delaware corporation, and acknowledges 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.

(Seal)

Laura J. Smiley
Notary Public

My Commission expires 10-6-99



ACKNOWLEDGMENT

State of Illinois)
) ss:
County of Cook)

On this 27th day of February, 1997 before me, a Notary Public of the State of Illinois, personally appeared, William J. Stafeil, to me personally known, who being by me duly sworn, says that he ~~or she~~ is the Vice President of Bank of America National Trust and Savings Association, a national banking association, 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.

(Seal)

Laura J. Smiley
Notary Public

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