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RECORDATION NO. 18252-B
FILED 1425
SEP 17 1996 - 11 22 AM
STATE BOARD OF TRANSPORTATION

September 17, 1996

Recordation No. 18252-B

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 17 11 28 AM '96

Dear Mr. Williams:

On behalf of The CIT Group/Equipment Financing, Inc., I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a secondary document, not previously recorded, entitled First Amendment to Loan and Security Agreement ("Agreement") made as of September 13, 1996.

The parties to the enclosed Amendment are:

The CIT Group/Equipment Financing, Inc. - SECURED PARTY
Suite 400
1400 Renaissance Drive
Park Ridge, Illinois 60068

Providence and Worcester Railroad Company - DEBTOR
75 Hammond Street
Worcester, Massachusetts 01610

The said Amendment, among other things, releases and adds collateral.

The released equipment covered by the instant Amendment is as identified in Exhibit A and the added equipment is as identified in Exhibit B thereto.

A short summary of the Amendment to appear in the Surface Transportation Board Index is as follows:

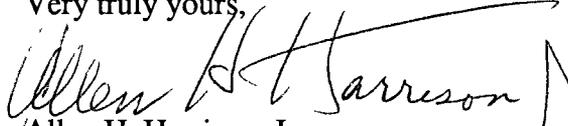
"Releases 6 locomotives, among other equipment,
and adds as collateral 5 locomotives, PW2205-2209.

Enclosed is a check in the amount of twenty-two dollars (\$22.00) in payment of the filing fee.

Counterparts - J. H. Hanson

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
*Attorney for the CIT Group/Equipment
Financing, Inc., for the purpose of this filing,*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Enclosures

BY HAND

8360-020

**SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001**

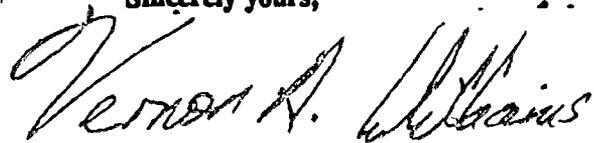
9/17/96

Allen H. Harrison, Jr.
Donelan, Cleary, Wood & Maser, PC
1100 New York Avenue, NW., Ste. 750
Washington, DC., 20005-3934

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/17/96 at 11:20AM, and assigned recordation number(s). 18252-B.

Sincerely yours,



Vernon A. Williams
Secretary

Enclosure(s)

\$ 22.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



178252-B

SEP 1 1996 -11 AM

**FIRST AMENDMENT TO
LOAN AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into as of this 31st day of September, 1996, by and between PROVIDENCE AND WORCESTER RAILROAD COMPANY, a Rhode Island corporation, with a mailing address of 75 Hammond Street, Worcester, Massachusetts 01610 ("Debtor"), and THE CIT GROUP/EQUIPMENT FINANCING, INC a New York corporation, with a mailing address of 1400 Renaissance Drive, Suite 400, Park Ridge, Illinois 60068 ("CIT")

RECITALS

A Debtor and HCFS Business Equipment Corporation ("HCFS") have entered into that certain Loan and Security Agreement dated as of June 2, 1993 (the "Loan Agreement"), pursuant to which HCFS made a \$5,000,000 a loan (the "Loan") to Debtor, and Debtor granted to HCFS a first priority security interest in certain assets of Debtor, as more fully described in the Loan Agreement (the "Collateral"), to secure the repayment of the Loan. The Loan Agreement was filed with the Interstate Commerce Commission on June 7, 1993 as Recordation No 18252

B Pursuant to a Purchase and Sale Agreement dated as of May 31, 1995 between HCFS and CIT, HCFS sold and assigned to CIT, and CIT purchased and assumed from HCFS, all right title and interest of HCFS in, to and under the Loan Agreement and all instruments, documents and other agreements relating thereto. This purchase and sale was evidenced by a Memorandum of Sale and Assignment between HCFS and CIT dated May 31, 1995 and filed with the Interstate Commerce Commission as Recordation No 18252-A

C Debtor has requested that CIT agree to release from its security interest the items of Collateral described on Exhibit A to this Amendment (the "Released Collateral"). In exchange for CIT's release of its security interest in the Released Collateral, Debtor proposes to grant CIT a security interest in the equipment described on Exhibit B to this Amendment, together with all proceeds thereof, all accessions and additions thereto and all replacements and substitutions therefor (the "New Collateral")

D CIT has agreed to permit Debtor to substitute the New Collateral for the Released Collateral on the terms and conditions set forth in this Amendment

1 Incorporation by Reference The foregoing Recitals are incorporated into this Amendment by reference as if set forth in full in the body of this Amendment. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement

2 Amendment to Loan Agreement (a) Exhibit B to the Loan Agreement is amended by deleting all references to the Released Collateral, and substituting in lieu thereof references to the

New Collateral Accordingly, all references to the term "Collateral" set forth in the Loan Agreement shall hereafter be deemed to include the New Collateral, and all terms and provisions of the Loan Agreement which apply to the Collateral, and all representations and warranties of Debtor contained in the Loan Agreement which apply to the Collateral, shall also apply to the New Collateral

(b) Exhibit E to the Loan Agreement is amended and restated in its entirety to read as set forth on Exhibit C to this Amendment

3 Grant of Security Interest in New Collateral As collateral security for the prompt and complete payment and performance when due of all the Obligations, and in order to induce CIT to release the Released Collateral, Debtor mortgages and grants to CIT a continuing and first priority security interest in all of Debtor's right, title and interest in, to and under the New Collateral

4 Reaffirmation of Covenants, Representations and Warranties Debtor hereby remakes and reaffirms all of Debtor's representations, warranties, covenants and agreements contained in the Loan Agreement, effective as of the date of this Amendment

5 Additional Representations and Warranties Regarding New Collateral Debtor represents and warrants to CIT that (a) Debtor has good and marketable title to all of the New Collateral, subject to no other liens, attachments or encumbrances, (b) the chief executive office of Debtor continues to be located at the address set forth in the first paragraph of this Amendment, and (c) upon the recording of this Amendment with the Surface Transportation Board and the filing of UCC-3 amendments describing the New Collateral with the Secretary of State of Massachusetts and the Clerk of the Town of Worcester, Massachusetts, CIT shall have a legal, valid and continuing first priority and exclusive security interest in the New Collateral

6 Existence of Defaults, Events of Default and Defenses Debtor hereby represents and warrants to CIT that (a) there existed no Defaults or Events of Default under any one of the Loan Agreement and the documents executed and delivered pursuant thereto immediately prior to the effectiveness of this Amendment, (b) upon the effectiveness of this Amendment, there shall exist no Defaults or Event of Default under the Loan Agreement and the documents executed and delivered pursuant thereto, and (c) Debtor has no defenses to the payment or performance of any of its obligations under the Loan Agreement

7 Conditions Precedent The conditions precedent to the effectiveness of this Amendment are set forth in the letter agreement of even date herewith between Debtor and CIT

8 Enforceability of Amendment Debtor hereby represents and warrants that this Amendment constitutes the legal, valid and binding obligation of Debtor enforceable against Debtor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general principles of equity which may limit the availability of equitable remedies

9 Reference to and Effect of Amendment, Reservation of CIT's Rights (a) Upon the effectiveness of this Amendment, (i) each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "hereby" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby, and (ii) each reference to the Loan Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Loan Agreement shall mean and be a reference to the Loan Agreement as amended hereby

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of CIT under the Loan Agreement, nor constitute a waiver of noncompliance with or a modification of any term or provision contained therein

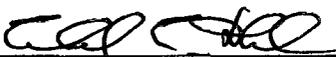
(c) Except as expressly modified by this Amendment, all of the terms and provisions of the Loan Agreement are, and shall remain, in full force and effect and shall apply with such force and effect to this Amendment, and CIT hereby expressly reserves all rights, remedies, powers and privileges contained therein and in any other document executed and delivered pursuant thereto

10 Governing Law THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS AND DECISIONS OF THE STATE OF ILLINOIS

11 Execution in Counterparts This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument

IN WITNESS WHEREOF, the parties have set their hands hereunto effective as of the day and year first above written

THE CIT GROUP/EQUIPMENT
FINANCING, INC

By 
Its **MICHAEL M. ALCH**
VICE PRESIDENT

PROVIDENCE AND WORCESTER
RAILROAD COMPANY

By 
Its Treasurer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Maria E. Lowe, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Michael M. Alch, who is personally known to me to be the _____ Vice President of The CIT Group/Equipment Financing, Inc., a corporation of the State of New York, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as _____ Vice President of said corporation, pursuant to authority given by the Board of Directors of said corporation, as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11th day of September __, 1996.

Maria E. Lowe
Notary Public

My Commission Expires:

11-21-98

STATE OF MASSACHUSETTS)
) SS
COUNTY OF Worcester)



I, Joyce S. Brown, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Robert J. Easton who is personally known to me to be the Treasurer of Providence & Worcester Railroad Company, a corporation of the State of Rhode Island, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as Treasurer of said corporation, pursuant to authority given by the Board of Directors of said corporation, as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 13th day of September __, 1996.

Joyce S. Brown
Notary Public

My Commission Expires:

4-1-99

JOYCE S. BROWN
Notary Public
My Commission Expires 4/1/1999

EXHIBIT A

Released Collateral

<u>Description</u>	<u>Year Purchased</u>
One (1) John Deere 644E Loader	1989 (New)
One (1) John Deere JD410 Backhoe	1980 (New)
One (1) M of W Boom Hi-Rail (1980) International	1980 (New)
One (1) M of W Boom Ford (1985)	1985 (New)
Five (5) MLW 2000 hp locomotives with cab signals (PW 2001-2005)	1974/1975 (New)
One (1) G P 9 1700 hp locomotive (PW 1702)	1983 (Used 1957)
Canron Mark II Torsion Beam Switch Tamper	1978 (New)
Canron BEB Ballast Regulator	1989 (New)

EXHIBIT B

New Collateral

<u>Description</u>	<u>Identifying Marks</u>
Four (4) 1977 and One (1) 1975 G E Model U23-B 2250 hp locomotives (Serial Nos 41585, 41592, 41591, 41589 and 1444-11, respectively)	PW2205-2209

EXHIBIT C

EXHIBIT E

COLLATERAL IDENTIFYING MARKS

(Page 1 of 2)

<u>A.</u>	<u>ROLLING STOCK NOT IN INTERLINE SERVICE</u>	<u>Identifying Marks</u>
	<u>P&W Owned Tank Car</u>	
	1. (1) 1260 gallon Tank Car	PW 94460
	<u>P&W Owned Passenger Equipment</u>	
	1. Safety Car	CSXT951553
	2. Observation Car	PW 90
	3. Dining Car	PW 8340
	4. Power Car	PW 51
	5. Passenger Coaches	PW 4587, 4592
	<u>P&W Owned Gondolas</u>	
	1. (12) 70 Ton M of W Gondolas @ \$800	PWMW 3-27
	<u>P&W Owned Ballast Cars</u>	
	1. (13) 70 Ton Enterprise Cars @ \$8,500	PWMW 253-284
	2. (14) 70 Ton M.K. Cars @ \$9,000	PWMW 201-214
	<u>P&W Owned Flat Cars</u>	
	1. (1) Bulkhead Flat Car	PW 406
	2. (1) Flat Car at \$1,500 ea. 50 Ton	PW 403
	3. (2) Flat Cars @ \$6,000 ea. 100 Ton	PW 404, 405
	4. (2) Flat Cars @ \$1,500 ea. 50 Ton	PW 401, 402
	<u>P&W Owned Cabooses</u>	
	1. (2) Cabooses	PW 2116, 2117

EXHIBIT C

EXHIBIT E

COLLATERAL IDENTIFYING MARKS

(Page 2 of 2)

<u>B. ROLLING STOCK USED IN INTERLINE SERVICE</u>	<u>Identifying Marks</u>
<u>P&W Owned Locomotives</u>	
1. G.E. 1800 hp	PW 1801
2. EMD G.P.38-2 2000 hp with cab signals	
1 @ \$750,000	PW 2007
1 @ \$525,000	PW 2006
	PW 2008
	PW 2009
3. EMD G.P. 38-2000 hp 2 @ \$260,000 ea. with cab signals	PW 2010
	PW 2011
4. SW7 - 1200 hp 2 @ \$100,000 with cab signals	PW 1201
	PW 1202
5. (4) G.E. 2250 hp with cab signals	PW 2201
	PW 2202
	PW 2203
	PW 2204
6. (4) 1977 and (1) 1975 G.E. Model U23-B 2250 hp	PW 2205
	PW 2206
	PW 2207
	PW 2208
	PW 2209
<u>P&W Owned Gondolas</u>	
1. (37) 100 Ton 5' sided Gondolas @ \$30,000 ea.	PW 20001 - 20037