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March 26, 2008

Hon. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423
Attn: Recordations

RECORDATION NO. 27114-B FILED

MAR 27 '08

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SURFACE TRANSPORTATION BOARD

Dear Madam Secretary:

I am enclosing for recordation pursuant to the provisions of 49 U.S.C. 11301 an original and one copy of the document described below, a Partial Release of a Locomotive Security Agreement dated March 13, 2008, a secondary document under the Board's rules.

This document is a Partial Termination and Release of Security Interests and Liens. The primary document to which this document is connected, a Locomotive Security Agreement dated July 12, 2007, was recorded August 14, 2007 under Recordation Number 27114.

The names and addresses of the parties to the enclosed document are:

Borrowers: National Railway Equipment Co.
NREC Power Systems, Inc.,
NRE Wheelworks, Inc.,
N.R.E. Acquisition Co., L.L.C.,
NRE ALCO Locomotives of Canada, Inc.,
ALCO Locomotives Company, and
NRE-ALCO Locomotives of Canada Co.,
14400 S. Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Lender: LaSalle Bank National Association
As Administrative Agent for Lenders
135 So. LaSalle Street
Chicago, IL 60603

A description of the railroad equipment covered by the enclosed document is:

Three General Motors Electromotive Division Model GP-9, 4 axle, 1500 HP locomotives bearing road numbers NREX 1642, NREX 1867 and NREX 4619.

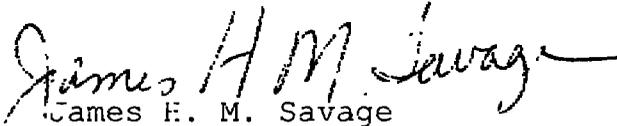
A short summary of the document to appear in the index is:

"Partial Release of Locomotive Security Agreement"

Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee.

Please date stamp and return to me one copy of the enclosed document.

Sincerely yours,


James H. M. Savage

Enclosure

cc: Travis J. Burns
Dan Tallant
Daniel Strzalka, Esq.
Robert Loewer, Esq.

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SURFACE TRANSPORTATION BOARD

PARTIAL TERMINATION AND RELEASE OF SECURITY INTERESTS AND LIENS

WHEREAS, LASALLE BANK NATIONAL ASSOCIATION, as Agent for the Lenders party to the Credit Agreement (as defined below) (“**Agent**”), NATIONAL RAILWAY EQUIPMENT CO., an Illinois corporation (“**NREC**”), NREC POWER SYSTEMS, INC., a Louisiana corporation (“**Power Systems**”), NRE WHEELWORKS, INC., an Illinois corporation (“**NRE Wheelworks**”), N.R.E. ACQUISITION CO., L.L.C., a Kentucky limited liability company (“**NRE Acquisition**”), NRE ALCO LOCOMOTIVES OF CANADA, INC., an Illinois corporation (“**NRE-ALCO**”), ALCO LOCOMOTIVE COMPANY, an Illinois corporation (“**ALCO**”), NRE-ALCO LOCOMOTIVES OF CANADA CO., a Nova Scotia unlimited liability company (“**NRE Canada**” and together with the NREC, Power Systems, NRE Wheelworks, NRE Acquisition, NRE-ALCO, ALCO and NRE Canada, the “**Borrowers**”) are party to that certain Credit Agreement dated as of July 12, 2007 (as the same may be amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”) pursuant to which the Lenders have agreed to make loans to and issue letters of credit for the account of the Borrowers;

WHEREAS, the obligations of the Borrowers under the Credit Agreement have been secured pursuant to, among other things, that certain Locomotive Security Agreement dated as of July 12, 2007 executed by the Borrowers in favor of the Agent, for the benefit of the Lenders, recorded at the Surface Transportation Board (“**STB**”) on August 14, 2007 under Recordation Number 27114 (the “**Locomotive Security Agreement**”);

WHEREAS, NREC intends to sell certain locomotives listed on Exhibit A attached hereto (the “**Locomotives**”), which such Locomotives currently constitute Collateral (as defined in the Credit Agreement) under the Credit Agreement and Locomotive Collateral (as defined in the Locomotive Security Agreement) under the Locomotive Security Agreement; and

WHEREAS, the Borrowers have requested that the Agent release its lien in connection with the Locomotives and Lender has agreed to release such lien.

WHEREAS, Agent has agreed to release its lien in connection with the Locomotives and desires to execute this Release to evidence for the public record the satisfaction and release of all the rights and obligations of NREC under the Credit Agreement and Locomotive Security Agreement with respect to the Locomotives and hereby authorizes the recording of this instrument with the STB.

NOW, THEREFORE, for value received, the Agent, on behalf of the Lenders, hereby remises, releases and conveys unto NREC, without recourse or warranty of any kind, all right, title, claim or interest whatsoever the Agent or the Lenders have or may have in the Locomotives listed on Exhibit A. Unless specifically listed on Exhibit A hereto and released hereby, the security interests and liens in the remaining Collateral pursuant to the Credit Agreement and Locomotive Collateral pursuant to the Locomotive Security Agreement remain in full force and effect.

[signature page attached]

PARTIAL TERMINATION AND RELEASE OF SECURITY INTEREST AND LIENS

Exhibit A

Three General Motors Electromotive Division Model GP-9,
4-axle, 1500 HP locomotives bearing road numbers:

NREX 1642,

NREX 1867, and

NREX 4619