

BINGHAM McCUTCHEN

RECORDATION NO. 22455-H FILED

JAN 27 '04

2-57 PM

January 26, 2004

SURFACE TRANSPORTATION BOARD

VIA FEDEX

Vernon A. Williams, Secretary
Surface Transportation Board
195 K Street, N.W., Suite 704
Washington, D.C. 20423

Bingham McCutchen LLP
150 Federal Street
Boston, MA
02110-1726

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Los Angeles
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Washington

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MANAGEMENT
DIV.

Dear Sir:

Enclosed for recording with the Surface Transportation Board pursuant to Section 11301 of Title 49 of the United States Code are one signed original and one copy of the fully executed, notarized Supplemental US Security Agreement, dated as of January 1, 2004. This document is a secondary document to the Security Agreement, dated as of August 17, 1999, and should be recorded under Recordation Number 22455.

This document is a Supplemental US Security Agreement, dated as of January 1, 2004, by and between **BUFFALO & PITTSBURGH RAILROAD, INC.**, a Delaware corporation (referred to therein as the "Assignor") and **FLEET NATIONAL BANK** (formerly known as BankBoston, N.A.), as Administrative Agent for the Lenders referred to therein (in such capacity, the "Administrative Agent"), covering the Assignor's motor vehicles, rolling stock, locomotives and railcars, and maintenance of way equipment now owned or hereafter acquired and certain other properties and rights of the Assignor. A description of the Assignor's additional motor vehicles, rolling stock, locomotives and railcars, and maintenance of way equipment is attached to the Supplemental US Security Agreement as the Assignor's Schedule 1, Schedule 2 and Schedule 3 as the same may be revised from time to time, but the property covered by the Supplemental US Security Agreement is not limited to that listed on the Assignor's Schedule 1, Schedule 2 and Schedule 3.

The names and addresses of the parties to the Supplemental US Security Agreement are listed on Appendix A attached hereto. Please cross-index this Supplemental US Security Agreement against the Assignor listed on Appendix A.

Included in the property covered by the aforesaid Supplemental US Security Agreement are motor vehicles, rolling stock, railroad cars, locomotives

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January 26, 2004
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and railcars, and maintenance of way equipment intended for use related to interstate commerce, or interests therein, owned and leased by the Assignor at the date of said Supplemental US Security Agreement **or thereafter acquired by the Assignor or its successors.**

Bingham McCutchen LLP
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A short summary of the document to appear in the index is as follows:

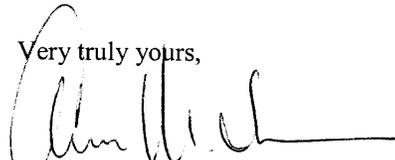
"A Supplemental US Security Agreement dated as of January 1, 2004, by and between **BUFFALO & PITTSBURGH RAILROAD, INC.**, a Delaware corporation, and **FLEET NATIONAL BANK**, as Administrative Agent, as the secured party, covering the Assignor's **newly acquired** motor vehicles, rolling stock, locomotives, railcars, maintenance of way equipment and all other properties and rights of the Assignor now owned or hereafter acquired and which is supplemental to a certain Security Agreement with Recordation No. 22455."

Also please find enclosed check number 1418 in the amount of \$30.00, payable to the Surface Transportation Board, to cover the recording fee prescribed by the Board in its rules and regulations.

Please acknowledge receipt of the enclosed documents by stamping and returning in the enclosed self-addressed prepaid federal express package, the enclosed copy of this letter together with the Supplemental US Security Agreement as filed.

If you have any questions with respect to the enclosed documents, please call Cynthia Barnett collect at (617) 951-8539 or me at (617) 951-8849.

Very truly yours,



Ann M. Imes

Enclosures

Vernon A. Williams, Secretary
January 26, 2004
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cc: Cynthia F. Barnett, Esq.
Deidre A. Doherty, Esq.
Rylan O. Rawlins, Esq.
(without Enclosures)

Bingham McCutchen LLP
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APPENDIX A

The Assignor:

Buffalo & Pittsburgh Railroad, Inc.
Suite 200
1200-C Scottsville Road
Rochester, NY 14624

Secured Party:

Fleet National Bank, as Administrative Agent
100 Federal Street
Boston, MA 02110

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Boston, MA
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SUPPLEMENTAL US SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This **SUPPLEMENTAL US SECURITY AGREEMENT** (the "Supplemental Agreement") dated as of January 1, 2004 by and between **BUFFALO & PITTSBURGH RAILROAD, INC.**, a Delaware corporation having its principal place of business at Suite 200, 1200-C Scottsville Road, Rochester, New York 14624, (the "Assignor") and **FLEET NATIONAL BANK**, a national banking association having an office at 100 Federal Street, Boston, Massachusetts 02110, as Administrative Agent (hereinafter, in such capacity, the "Administrative Agent") for itself and other financial institutions (hereinafter, collectively, the "Lenders") which are or may become parties to that certain Fourth Amended and Restated Revolving Credit and Term Loan Agreement dated as of October 31, 2002 (as amended and in effect from time to time, the "Credit Agreement"), among the Assignor, the Administrative Agent, the Lenders, the Borrowers (as defined in the Credit Agreement), the Guarantors (as defined in the Credit Agreement) and the Syndication Agents (as defined in the Credit Agreement).

Reference is hereby made to the US Security Agreement (as amended and in effect from time to time, the "Security Agreement") dated as of August 17, 1999 as filed and recorded with the Surface Transportation Board as of October 6, 1999 under Recordation Number 22455, and the Omnibus Amendment of US Security Documents Agreement and Joinder dated as of October 31, 2002, by and among the Assignor, the Administrative Agent and the other parties thereto.

RECITALS

WHEREAS, the Assignor, the Administrative Agent and the Lenders have previously entered into the Credit Agreement;

WHEREAS, in connection with the transactions contemplated by the Credit Agreement, the Assignor and the Administrative Agent have previously entered into the Security Agreement pursuant to which the Assignor has granted to the Administrative Agent, for the benefit of the Lenders and the Administrative Agent, a security interest in and lien on the all then owned or thereafter acquired Collateral (as defined in the Security Agreement);

WHEREAS, subsequent to the execution, delivery and recording of the Security Agreement, Allegheny & Eastern Railroad, Inc., a Delaware corporation, Pittsburg & Shawmut Railroad Inc., a Delaware corporation, and Bradford Industrial Rail, Inc., a Delaware corporation, have merged with and into the Assignor, and in connection therewith the Assignor has acquired or been granted ownership of the additional locomotives, railcars, maintenance-of-way equipment and other rolling stock described on Schedules 1, 2 and 3 hereto (such equipment being collectively referred to herein as the "Supplemental Rolling Stock") and the real property described on Schedule 4 hereto (the "Supplemental Real Property");

WHEREAS, pursuant to and in fulfillment of the parties' obligations under the Credit Agreement and the Security Agreement, the Assignor wishes to execute and deliver this Supplemental Agreement to further effect, evidence and memorialize the Assignor's grant to the Administrative Agent of a security interest in the Supplemental Rolling Stock, the rights associated with or related to the Supplemental Rolling Stock (the "Supplemental Rolling Stock Rights"), the proceeds associated with or related to the Supplemental Rolling Stock (the "Supplemental Proceeds"), (the Supplemental Rolling Stock, Supplemental Rolling Stock Rights and Supplemental Proceeds collectively referred to as the "Supplemental Rolling Stock Collateral") and the Assignor's collateral assignment to the Administrative Agent of the Supplemental Rolling Stock Collateral, all as contemplated by the Security Agreement;

NOW, THEREFORE, the Assignor and the Administrative Agent, in consideration of the promises set forth in the Credit Agreement and the Security Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. **DEFINITIONS.** All capitalized terms used herein without definition shall have as their respective meanings the definitions as set forth in the Security Agreement.

2. **GRANT OF SECURITY.**

2.1. Grant of Security Interest. As collateral security for the complete and timely payment, performance and satisfaction of all Obligations the Assignor hereby unconditionally grants to the Administrative Agent for the benefit of the Lenders and the Administrative Agent (and confirms its grant, assignment, transfer and conveyance to the Administrative Agent, pursuant to the Security Agreement, for the benefit of the Lenders and the Administrative Agent) a continuing security interest in and first priority lien on the Supplemental Rolling Stock Collateral.

2.2. Rights and Remedies Upon Default. If any Event of Default shall have occurred and be continuing, then, with respect to the Supplemental Rolling Stock Collateral, the Administrative Agent shall have such rights, interests and remedies, and the Assignor shall have such obligations, as are provided in or arise under Security Agreement with respect to the Collateral, and all such rights, interests, remedies and obligations are hereby incorporated herein by reference as if set forth in full herein and are hereby ratified, confirmed, adopted and approved.

2.3. Supplemental to Certain Agreements. In no event shall this Supplemental Agreement or the Section 2.1 Grant of Security Interest of the Supplemental Rolling Stock Collateral hereunder, adversely affect or impair, in any way or to any extent, the Security Agreement, the other Security Documents (as defined in the Credit Agreement), the security interest of the Administrative Agent in the Collateral (including the Supplemental Rolling Stock Collateral) pursuant to the Security Agreement and/or this Supplemental Agreement, the attachment and perfection of such security interest under the Uniform Commercial Code, or the present or future rights and interests of the Administrative Agent in and to the Collateral under or in connection with the Security Agreement, the other Security Documents, this Supplemental Agreement and/or the Uniform Commercial Code.

Any and all rights and interests of the Administrative Agent in and to the Supplemental Rolling Stock Collateral (and any and all obligations of the Assignor with respect to the Supplemental Rolling Stock Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Administrative Agent (and the obligations of the Assignor) in, to or with respect to the Collateral (including the Supplemental Rolling Stock Collateral) provided in or arising under or in connection with the Security Agreement and the other Security Documents. The Security Agreement, the other Security Documents, and all rights and interests of the Administrative Agent in and to the Collateral (including the Supplemental Rolling Stock Collateral) thereunder, are hereby ratified, confirmed, adopted and approved.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF ASSIGNOR.

3.1. Rolling Stock and Real Property. Schedules 1, 2, 3 and 4 to the Security Agreement (the "Original Schedules"), which set forth a list of all motor vehicles, railcars, maintenance-of-way equipment and real property, respectively, owned by Assignor, are hereby amended and supplemented to include Schedules 1, 2, 3 and 4 to this Agreement (the "New Schedules"). The Assignor represents and warrants that, together, the Original Schedules and the New Schedules constitute a true and complete list of all motor vehicles, locomotives, railcars, maintenance-of-way equipment, other rolling stock and real property owned by Assignor.

3.2. Prior Representations. The Assignor represents and warrants that all representations and warranties of the Assignor as set forth in the Credit Agreement and the Security Agreement, as amended by Section 3.1 hereof, are true and correct in all material respects on and as of the date hereof. All such representations and warranties are hereby ratified, affirmed and incorporated herein by reference, and such representations and warranties are applicable to the rolling stock (including the Supplemental Rolling Stock Collateral) and the real property (including the Supplemental Real Property) with the same force and effect as though set forth herein in their entirety.

3.3. Ratification and Confirmation. All rights, interests, duties, obligations, liabilities, covenants, agreements and remedies of each of the Assignor and the Administrative Agent with respect to each other and/or the rolling stock (including without limitation the Supplemental Rolling Stock Collateral) and the real property (including without limitation the Supplemental Real Property) or any portion thereof, as set forth in the Credit Agreement, the Security Agreement and the other Security Documents, are hereby ratified, confirmed, adopted, approved and incorporated herein by reference; and such rights, duties, obligations, liabilities, covenants, agreements and remedies are applicable to the parties and the rolling stock (including without limitation the Supplemental Rolling Stock Collateral) and the real property (including without limitation the Supplemental Real Property) with the same force and effect as though set forth herein in their entirety.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Assignor and the Administrative Agent, each by its own duly authorized officer, have duly executed this Agreement, as an instrument under seal, as of the date first set forth above.

BUFFALO & PITTSBURGH RAILROAD, INC.

By: 
Name: David J. Collins
Title: President

FLEET NATIONAL BANK, as Administrative Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Assignor and the Administrative Agent, each by its own duly authorized officer, have duly executed this Agreement, as an instrument under seal, as of the date first set forth above.

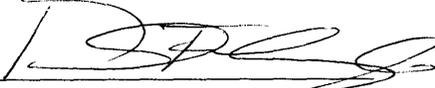
BUFFALO & PITTSBURGH RAILROAD, INC.

By: _____

Name:

Title:

FLEET NATIONAL BANK, as Administrative Agent

By:  _____

Name: Paul G. Feloney

Title: Managing Director

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OR STATE OF _____)
) ss.
COUNTY OF _____)

Before me, the undersigned, a Notary Public in and for said county, on this ___ day of December 2003, personally appeared _____ to me known personally, and who, being by me first duly sworn, deposes and says that he/she is the _____ of **Buffalo & Pittsburgh Railroad, Inc.**, a [Delaware] corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ____ day of December, 2003.

Notary Public

My Commission Expires:

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

Before me, the undersigned, a Notary Public in and for said county, on this 29th day of December 2003, personally appeared Paul G. Feloney to me known personally, and who, being by me first duly sworn, deposes and says that he/she is the Administrative Agent of **FLEET NATIONAL BANK** and that said instrument was signed and sealed on behalf of said bank by authority of the Board of Directors of said bank, and said Administrative Agent acknowledged said instrument to be the free act and deed of said bank.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 29th day of December, 2003.

Robin O'Connell-McCart
Notary Public

My Commission Expires:

ROBIN O'CONNELL-MCCARTY
NOTARY PUBLIC
My Commission Expires August 29, 2004

Schedule 1

Motor Vehicles

Vehicles		VIN #
0000934-1	1980 GMC	T17DEAV601884
0000935-1	1993 GMC	1GTHK33K2PJ747647
0000937-1	1991 GMC	1GTGR33K3MF701203
0000943-1	'89 Dodge	1B7FE06X1KS045617
0000945-1	'90 Ford	1FDNF60K5LVA46631
0000951-1	'87 Ford	1FDYY82A9HVA49191
0004631-1	2000 Chevy LD 25-3500	1GCGC34R6YR1554
0004632-1	2000 Chevy Blazer	1GNNDT13W0YK225587
0004025-1	'98 Cheverolet - 1GCG	1GCGK241WZ166898
0004026-1	Locomotive Vehicle	
0004027-1	'98 Cheverolet - 1GBK	1GBKC34J2WJ101018
0004142-1	1999 Chevy Cab VIN: 1	1GCGK29R7XF032067
0004805-1	2000 Chevy C2500-1GCG	1GCGK29U2YE403759
0006054-1	2003 Chevy - # 1GCHK2	1GCHK24U43E244702

Schedule 2

Rolling Stock

Locomotives:

0001722-1 GP35 Locomotive # 305

Railcars:

Car numbers: PSRR 85004-85196	Open top hoppers	70 cars
Car numbers: PSRR 1420 & 1427	Open top hoppers	2 cars
Car numbers: PSRR 1510, 1566, 1598	Open top hoppers	3 cars
Car numbers: PSRR 1604, 1651, 1672	Open top hoppers	3 cars
Car numbers: PSRR 745-931	MOW ballast cars	12 cars

Schedule 3

Maintenance of Way Equipment

0001553-1	Roadway Machinery P&S
0001587-1	Frequency Meter
0000159-1	92 Radio Systems
0000160-1	92 EDP Systems
0000161-1	93 Radio System
0000162-1	93 EDP system
0000163-1	93 Regulator
0000164-1	94 Event Recorder

Schedule 4

Real Property

0000151-1 Land - 1,564.571 acres
0000166-1 93 Buildings
0000694-1 Buildings
Erie to Johnsonburg (115.1 miles)
Johnsonburg to Ridgway MP112 to MP118
Ridgway to St. Marys MP 118 to MP 131

0000926-1 Land - 995.88 acres
0000927-1 Land - Mountain Laurel
0005709-1 Land- 19.64 acres Mahoning Township, PA
Freeport to Brookville (MP19-MP88)
Sligo to Brookville (MP0-MP42)
Brookville to Driftwood (MP42-MP110)
Lawsonham-Sligo (MP0-MP10)

Bradford (MP9.6-MP13.33)