

RECORDATION NO. **27119-A** FILED

SEP 28 '07 -9 30 AM

SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

September 26, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Partial Termination and Release of Security Interests and Liens, dated as of September 25, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Locomotive Security Agreement previously filed with the Board under Recordation Number 27114.

The name and address of the party to the enclosed document are:

Administrative Agent: LaSalle Bank, N.A
135 South Lasalle
Chicago, IL 60603

Mr. Vernon A. Williams
September 26, 2007
Page 2

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

27 NRE 3GS-21B "GenSet" locomotives: UPY 2722 – UPY 2731; UPY 2742 – UPY 2751; UPY 2754 – UPY 2760.

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

Partial Termination and Release of Security Interests and Liens.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

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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]

IN WITNESS WHEREOF, Agent has executed or caused this Release to be executed as of the date first above written.

LASALLE BANK NATIONAL ASSOCIATION,
as Administrative Agent

By: [Signature]
Name: MARCUS MONTANYE
Its: SENIOR VICE PRESIDENT

STATE OF Illinois)
County of COOK) ss.

September 25 2007, before me, Kristen E. Moran, the undersigned Notary Public, personally appeared Marcus Montanye, personally known to me to be the person who executed the within instrument as Senior Vice President on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

Kristen E. Moran
Notary Public for State of Illinois
My Commission expires 06/21/11

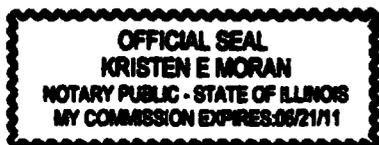


Exhibit A

Locomotives

27 NRE 3GS-21B "GenSet" Locomotives:

**UPY 2722 through UPY 2731, inclusive
UPY 2742 through UPY 2751, inclusive
UPY 2754 through UPY 2760, inclusive**

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 9/26/07



Robert W. Alvord