

RECORDATION NO. 25533-A
FILED

OCT 24 '07 -11 40 AM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036
(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

October 24, 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 an Amendment No. 1 to Railroad Equipment Security Agreement, dated as of October 3, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The amendment contained in the enclosed document is effective as of April 4, 2005 and relates to the Railroad Equipment Security Agreement previously filed with the Board under Recordation Number 25533.

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

Debtor:	Electro-Motive Canada Co. c/o Electro-Motive Diesel, Inc. 9310 W. 55th Street La Grange, IL 60525
Secured Party:	Wachovia Capital Finance Corporation (Central) f/k/a Congress Financial Corporation (Central) as Agent 150 South Wacker Drive Chicago, IL 60606

Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document
is:

All now owned and hereafter acquired locomotives and other rolling stock
of the Debtor as modified by the enclosed Amendment

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

Amendment No. 1 to Railroad Equipment Security Agreement.

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,



Robert W. Alvord

RWA/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

AMENDMENT NO. 1 TO RAILROAD EQUIPMENT SECURITY AGREEMENT

THIS AMENDMENT NO. 1 TO RAILROAD EQUIPMENT SECURITY AGREEMENT (this "Amendment"), dated as of October 3, 2007, is by and between ELECTRO-MOTIVE CANADA CO., an unlimited liability company incorporated under the laws of the Province of Nova Scotia formed by the amalgamation of EMD Canada Holdings Co. and Electro-Motive Canada Co. (formerly known as EMD Canada Acquisition Co.) ("Debtor"), and WACHOVIA CAPITAL FINANCE CORPORATION (CENTRAL), formerly known as Congress Financial Corporation (Central), an Illinois corporation, in its capacity as agent (in such capacity, together with its successors and assigns, "Secured Party"), pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the parties thereto as lenders (each individually, a "Lender" and collectively, "Lenders").

WITNESSETH:

WHEREAS, Debtor manufactures, produces and assembles locomotives and sells and distributes such locomotives and related parts and accessories to railroad companies, industrial companies and equipment leasing companies in the ordinary course of its business;

WHEREAS, Electro-Motive Diesel, Inc., a Delaware corporation ("Borrower"), Debtor, certain affiliates of Debtor, Secured Party and Lenders have entered into financing arrangements pursuant to which Secured Party and Lenders have made and may make loans and advances and have provided and may provide other financial accommodations to Borrower as set forth in the Amended and Restated Loan and Security Agreement, dated April 24, 2007, by and among Borrower, Debtor, certain affiliates of Debtor, Secured Party and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, the Security Agreement described below (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, pursuant to the Railroad Equipment Security Agreement, dated April 4, 2005, between Debtor and Agent (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, collectively, the "Security Agreement"), Debtor granted to Agent a security interest in and to the Collateral (as defined in the Security Agreement);

WHEREAS, Debtor and Secured Party have agreed to make certain amendments to the Security Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Agent hereby agree as follows:

1. Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Security Agreement.

2. Release of Collateral Upon Sale. Effective as of April 4, 2005, Section 7 of the Security Agreement is hereby amended by inserting the following new subsection (g) to the end of such Section:

“(g) Secured Party and Debtor hereby acknowledge that, effective upon any sale of a locomotive by Debtor to a railroad company, industrial company or equipment leasing company in the ordinary course of Debtor’s business (to the extent that such sale is not prohibited by the terms of the Financing Agreements), the payment in full of the purchase price and all other consideration in respect of such locomotive, and the receipt by Debtor (or by Secured Party, if required by the Financing Agreements) of any and all net cash proceeds payable in respect of such sale, automatically and without any further action by the parties hereto (including without limitation any filing with the Surface Transportation Board, the Registrar General of Canada or any other Governmental Authority), the security interest of Secured Party in such locomotive shall be terminated and released and the security interest and lien of Secured Party in such locomotive shall attach to the proceeds of such sale, any non-cash consideration received by Debtor (including any promissory notes, the originals of which shall be delivered to Secured Party and endorsed to Secured Party upon its request) and any rights and interests of Debtor under any purchase agreement with respect to such sale, in each case in accordance with Article 9 of the applicable Uniform Commercial Code, the PPSA, Title 49 of the United States Code, or other applicable law. Notwithstanding the foregoing, nothing contained in this Section 7(g) shall be deemed a termination or release by Secured Party of any security interest in any of the Collateral other than the locomotive subject to such sale, all of which shall continue in full force and effect. Except as specifically set forth herein, nothing contained herein shall be construed in any manner to constitute a waiver, release or termination or to otherwise limit or impair any of the obligations or indebtedness of Debtor to Secured Party and Lenders, or any duties, obligations or responsibilities of Debtor to Secured Party and Lenders.”

3. Miscellaneous.

(a) The validity, interpretation and enforcement of this Amendment shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(b) This Amendment shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and Lenders and their respective successors and assigns.

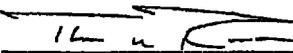
(c) If any provision of this Amendment is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Amendment as a whole, but this Amendment shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(d) This Amendment (i) may be executed in separate counterparts, each of which taken together shall constitute one and the same instrument and (ii) may be executed and delivered by telecopier or other electronic method of transmission with the same force and effect as if it were as a manually executed and delivered counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Amendment as of the day and year first above written.

ELECTRO-MOTIVE CANADA CO., an unlimited liability company incorporated under the laws of the Province of Nova Scotia formed by the amalgamation of EMD Canada Holdings Co. and Electro-Motive Canada Co. (formerly known as EMD Canada Acquisition Co.)

By: 

Title: VP of General Counsel

WACHOVIA CAPITAL FINANCE CORPORATION (CENTRAL) formerly known as CONGRESS FINANCIAL CORPORATION (CENTRAL), as Agent

By: _____

Title: _____

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Amendment as of the day and year first above written.

ELECTRO-MOTIVE CANADA CO., an unlimited liability company incorporated under the laws of the Province of Nova Scotia formed by the amalgamation of EMD Canada Holdings Co. and Electro-Motive Canada Co. (formerly known as EMD Canada Acquisition Co.)

By: _____

Title: _____

WACHOVIA CAPITAL FINANCE CORPORATION (CENTRAL) formerly known as CONGRESS FINANCIAL CORPORATION (CENTRAL), as Agent

By: Victor

Title: Director

STATE OF ILLINOIS)
) ss.:
COOK COUNTY)

On the 24th day of October, 2007, before me personally came Thomas W. Zissner to me personally known, who being by me duly sworn, did depose, acknowledge and say that (s)he is the VP, General Counsel of ELECTRO-MOTIVE CANADA CO., an unlimited liability company incorporated under the laws of the Province of Nova Scotia formed by the amalgamation of EMD Canada Holdings Co. and Electro-Motive Canada Co. (formerly known as EMD Canada Acquisition Co.), the company which executed the foregoing document, that said document was signed on behalf of said company by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing document was the free act and deed of said company.

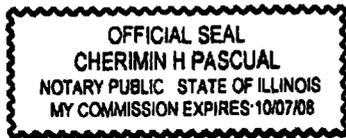
Deborah L. Potrawski
Notary Public

My commission expires: 8/10/2011



STATE OF ILLINOIS)
) ss.:
COOK COUNTY)

On the 23rd day of October, 2007, before me personally came Vicky Geist, to me personally known, who being by me duly sworn, did depose, acknowledge and say that she is a Director of WACHOVIA CAPITAL FINANCE CORPORATION (CENTRAL), the corporation which executed the foregoing document, that said document was signed and sealed on behalf of said corporation by authority of its Board of Directors and she acknowledged that the execution of the foregoing document was the free act and deed of said corporation.



Cherimin Pascual
Notary Public

My commission expires: 10/07/08

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: 10/24/07



Robert W. Alvord