

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT
701 COMMERCE STREET
DALLAS, TEXAS 75202

ARTHUR M. ALBIN
General Counsel

RECORDATION NO. 6130-2-YF

214-651-6740

FEB 07 1986 - 12 05 PM

212.11

6-088A015 INTERSTATE COMMERCE COMMISSION

February 3, 1986

No. FEB 7 1986
Date
10.00

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, DC 20423

Re: Supplemental Indenture dated as of January 15, 1986,
to Prior Lien Mortgage dated as of January 1, 1922.

Dear Mr. Bayne:

Enclosed are an original and one (1) copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Supplemental Indenture, a secondary document, dated as of January 15, 1986, to the Prior Lien Mortgage dated as of January 1, 1922. The primary document to which this is connected is recorded under Recordation No. 6130.

The names and addresses of the parties to the document are as follows:

Mortgagee: Manufacturers Hanover Trust Company (Successor
to The Hanover Bank)
600 Fifth Avenue
New York, NY 10020
Attn: Mr. Ernest F. Cockings

Mortgagor: Missouri-Kansas-Texas Railroad Company
701 Commerce Street
Dallas, TX 75202
Attn: Mr. Karl R. Ziebarth

A description of the property covered by the document follows:

The above referenced Prior Lien Mortgage covers all property of the Railroad as of the date of its execution (subject to existing mortgages) and all subsequently acquired property. The above described Supplemental Indenture amends the Prior Lien Mortgage to permit, under certain circumstances, the subordination or partial release of the lien of the Prior Lien Mortgage in favor of a third party or parties upon approval of the holders of at least 66-2/3% of the outstanding Prior Lien Mortgage bonds.

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT

Mr. James H. Bayne

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February 3, 1986

A cashier's check in the amount of \$10.00 is enclosed for the filing fee. Please return the original document, stamped to show recordation, to the undersigned.

A short summary of the document to appear in the Index follows:

Supplemental Indenture dated as of January 15, 1986, a secondary document to Prior Lien Mortgage dated as of January 1, 1922, the primary document with Recordation No. 6130. The aforesaid Prior Lien Mortgage covers all property of the Railroad as of the date of its execution (subject to existing mortgages) and all subsequently acquired property. The aforesaid Supplemental Indenture amends the Prior Lien Mortgage to permit, under certain circumstances, the subordination or partial release of the lien of the Prior Lien Mortgage in favor of a third party or parties upon approval of the holders of at least 66-2/3% of the outstanding Prior Lien Mortgage bonds.

I certify that I have knowledge of the foregoing.

Yours very truly,



Arthur M. Albin
General Counsel

AMA:vas
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

1/7/86

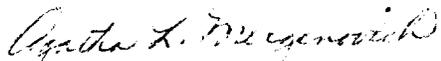
OFFICE OF THE SECRETARY

Arthur M. Albin
Missouri-Kansas-Texas RR. Co.
701 Commerce Street
Dallas, Texas 75202

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 2/7/86 at 12:05pm and assigned re-
recording number(s). 6130-D

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

REGISTRATION NO. *6130-A*

FEB 07 1986 12 02 PM

INTERSTATE COMMERCE COMMISSION

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

TO

MANUFACTURERS HANOVER TRUST COMPANY,
CORPORATE TRUSTEE

S U P P L E M E N T A L I N D E N T U R E

Dated as of January 15, 1986

Supplemental to Prior Lien Mortgage, dated as of January 1, 1922

THIS SUPPLEMENTAL INDENTURE, dated as of December 1, 1985, by and between MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a corporation of the State of Delaware (hereinafter sometimes referred to as the Railroad Company), party of the first part, and MANUFACTURERS HANOVER TRUST COMPANY, a corporation of the State of New York (hereinafter referred to as the Corporate Trustee), party of the second part:

WHEREAS, the former Missouri-Kansas-Texas Railroad Company, a corporation of the State of Missouri (hereinafter referred to as the Old Company), heretofore duly executed and delivered to the Corporate Trustee (under its then name of Central Union Trust Company of New York) and to the Individual Trustee named therein its Prior Lien Mortgage, dated as of January 1, 1922 (hereinafter referred to as the Original Mortgage), which Original Mortgage has heretofore been supplemented from time to time (the Original Mortgage as so supplemented being hereinafter referred to as the Mortgage), and which provides for the issue and security of certain bonds of the Old Company, therein described, to be known as the Prior Lien Mortgage Gold Bonds of Missouri-Kansas-Texas Railroad Company (hereinafter called Prior Lien Bonds), such Prior Lien Bonds to be issuable in such series as shall from time to time be created by action of the Board of Directors of the Old Company, and the Old Company has heretofore created Series A through Series F of Prior Lien Bonds, certain of which are now outstanding; and

WHEREAS, the Railroad Company, as successor by consolidation to the Old Company, executed and delivered to the Trustees a Supplemental Indenture dated as of July 1, 1960 to the Original Mortgage as theretofore supplemented, evidencing the Railroad Company's assumption of obligation in respect of the Prior Lien Bonds and the Original Mortgage, as theretofore supplemented, pursuant to Article Thirteen of the Original Mortgage and by reason of said Article succeeded to and was substituted for the Old Company with the same effect as if it had been named in the Mortgage; and

WHEREAS, the Railroad Company, pursuant to action of its Board of Directors, has created Series G and H of Prior Lien Bonds, all of which are now outstanding; and

WHEREAS, the Railroad Company executed and delivered to the Corporate Trustee (under its then name of The Hanover Bank) and the named Individual Trustee, Daniel K. Catlin, a Supplemental Indenture dated as of January 1, 1961 to the Original Mortgage as theretofore supplemented, which, among other things, amended the Original Mortgage by adding Article Sixteen to provide for modifications of, deletions from and additions to any provision of the Mortgage or any supplement thereto, with certain exceptions, affecting the rights and obligations of the Railroad Company or the rights of the holders of all or any series of the Prior Lien Bonds; and

WHEREAS, the Board of Directors of Railroad Company by resolution duly adopted on September 26, 1985, has authorized an amendment of the Mortgage in order to permit it, upon the written approval of any holder or holders of at least 66-2/3% of its then outstanding Prior Lien Bonds, to subordinate the lien of the Mortgage on, and to sell and lease back, any of the mortgaged premises in connection with obtaining from any bank, lending institution or any other business entity any borrowing, credit, line of credit, letter of credit or any other financing arrangement for the Railroad Company or in connection with any combination of any financing agreements, equipment trusts, conditional sale agreements or other arrangements involving the acquisition of any equipment, personalty or real estate, to which the Railroad Company now is or may hereafter be a party, and has authorized the President or any Vice President, upon receipt of such approval, to execute and deliver this Supplemental Indenture to evidence such amendment; and

WHEREAS, such amendment of the Mortgage may be made with the consent of the holders of at least 66-2/3% in aggregate principal amount of Prior Lien Bonds outstanding pursuant to the provisions of Article Sixteen of the Mortgage, which Article was added to the Mortgage by Article Three, Section 1, of the Supplemental Indenture dated as of January 1, 1961, to the Original Mortgage as theretofore supplemented; and

WHEREAS, such consent may be evidenced either by the adoption of a resolution at a bondholder's meeting or, pursuant to Section 10 of Article Sixteen of the Mortgage in lieu of such a meeting, by the execution of an instrument in writing signed by the requisite percentage of holders of Prior Lien Bonds; and

Handwritten: JANUARY 17, 1985
WHEREAS, the holders of at least 66-2/3% of the Prior Lien Bonds have signed an instrument dated ~~December 1, 1985~~, consenting to such amendment and the execution and delivery of this Supplemental Indenture; and

WHEREAS, all acts and things prescribed by law and by the charter and by-laws of the Railroad Company, respectively, have been duly performed, and the Railroad Company has duly executed this Supplemental Indenture in the exercise of each and every legal right and power in the Railroad Company vested, and all things necessary to make this Supplemental Indenture a valid and binding agreement have been done and performed:

NOW, THEREFORE, in order to provide for the amendment of the Mortgage herein set forth, and for and in consideration of the premises and of the sum of One Dollar (\$1.00) paid by the Trustees to the Railroad Company, receipt whereof is hereby acknowledged, the Railroad Company has executed and delivered this Supplemental Indenture for the purposes aforesaid and the Railroad Company hereby covenants and agrees to and with the Corporate Trustee as follows:

ARTICLE ONE

Addition of Provisions for Subordination
of Lien and Sale-Leaseback Arrangement

Section 1. The Mortgage is hereby amended, effective as provided in Article Two hereof, by the addition to the Original Mortgage of Article Seventeen to read in its entirety as follows:

"ARTICLE SEVENTEEN

"Subordinations of Lien; Releases of Mortgaged Property
in Connection with Sale-Leaseback Arrangements

"Section 1. Notwithstanding any provision to the contrary contained in Articles Three, Five, Six or Ten of this indenture, as

heretofore or hereafter amended, and without requiring compliance by the Railroad Company with any of such provisions,

"(a) in order to permit the Railroad Company to obtain, for any proper corporate purpose, any funds, borrowing, line of credit, letter of credit or other financing, or to combine any existing financing agreements of any character through the creation of a new agreement or by individual amendments, which may require collateralization with a lien on any portion of the mortgaged premises superior to the lien of this indenture, the Corporate Trustee shall execute an instrument subordinating the lien of this indenture on such portion of the mortgaged premises as the Railroad Company shall describe in the certificate provided for in Section 2 of this Article, upon compliance by the Railroad Company with the provisions of said Section 2; and

"(b) in order to permit the Railroad Company, for any proper corporate purpose, to sell and lease back from the purchaser any portion of the mortgaged premises, the Corporate Trustee shall execute an instrument releasing from the lien and operation of this indenture such portion of the mortgaged premises as shall be described in the certificate provided for in Section 2 of this Article upon compliance by the Railroad Company with the provisions of said Section 2.

"Section 2. In order to obtain any instrument of subordination of lien or of release pursuant to the provisions of Section 1 of this Article, the Railroad Company shall deliver to the Corporate Trustee

"(1) a resolution of the Board of Directors of the Railroad Company requesting such subordination of lien or such release, stating the corporate purpose served by the transaction upon which such request is based and stating that in the judgment of the Board such transaction is effected on terms which are of benefit to the Railroad Company;

"(2) written consent to such subordination of lien or such release by the holders of at least 66-2/3% in principal amount of the Prior Lien Bonds then outstanding together with such proof of the fact and date of execution thereof and the fact and date of

the holding of Prior Lien Bonds by the signers thereof as may reasonably be required by the Corporate Trustee;

"(3) a certificate signed by the Railroad Company's President or a Vice President and by its Comptroller or other chief accounting officer (i) describing the mortgaged property on which the lien of this indenture is to be subordinated or as to which the lien of this indenture is to be released; (ii) stating the amount, if any, of actual current increase in the Railroad Company's outstanding principal amount of indebtedness carried in its applicable accounts which will result from the transaction which is the subject of such request for subordination of lien or release, and whether or not such mortgaged property shall also serve as collateral for any subsequently incurred indebtedness of the Railroad Company; (iii) stating that the amount of such increase does not exceed the greater of (w) \$25,000,000 or (x) the aggregate amount of the Unreimbursed Expenditures (as hereinafter defined) as of the date of the certificate; (iv) stating that the sum of (y) the Excess Amount (as hereinafter defined) in respect of such transaction and (z) the aggregate sum of all Excess Amounts in respect of transactions which have theretofore been the subject of subordinations of lien and releases made by the Corporate Trustee pursuant to this Article, does not exceed \$50,000,000; and (v) stating the principal amount of Prior Lien Mortgage Bonds then outstanding; and

"(4) in the case of any transaction constituting a sale and leaseback, an assignment of the Railroad Company's interest in such lease.

"(5) an opinion of counsel to the effect that this Supplemental Indenture is in full force and effect and is a valid and binding agreement between the signatories hereto, which opinion shall also state that the instrument of subordination of lien or of release pursuant to the provisions of Section 1 hereof is a valid and binding agreement between the signatories thereto and that such instrument or release does not violate the laws of the

State of New York or the laws of any state in which the Railroad Company does business.

"Such documents may be received by the Corporate Trustee as conclusive evidence of any of the facts required therein to be stated and shall be full warrant to the Corporate Trustee for any action taken on the faith thereof.

"In the event any such transaction results in an increase of indebtedness as defined in clause (ii) of item (3) above, the amount of such increase shall constitute for all purposes of this indenture a reimbursement pro tanto of any Unreimbursed Expenditures as of the date of the consent referred to in item (2) above, provided, however, that if the amount of such increase of indebtedness exceeds the amount of Unreimbursed Expenditures as of such date the amount of such excess (herein referred to as the "Excess Amount") shall not be required to be made up out of, or otherwise credited against, expenditures for any purpose made after such date.

"The term 'Unreimbursed Expenditures' as of the date of any consent referred to in item (2) above means the amount of expenditures made by the Railroad Company within 24 months preceding such date for any of the purposes for which Prior Lien Bonds are reserved under Section 4 of Article Two which have not prior to said date been reimbursed under this Article Seventeen or under any other provision of this indenture.

"Nothing herein contained shall affect the right of the Railroad Company to obtain authentication and delivery of bonds reserved under Section 4 of Article Two in respect of, or other reimbursement pursuant to the operation of any provision of this indenture of any Unreimbursed Expenditures.

"Any reference herein to "Board of Directors" shall also include the Executive Committee of the Board of Directors.

"Section 3. The Corporate Trustee shall execute and deliver to the Railroad Company such number of counterparts of any instrument of subordination of lien or of release requested pursuant to the provisions of Section 1 of this Article, upon receipt of the documents referred to in Section 2 of this Article, as the Railroad Company

shall request, and the Railroad Company shall cause to be mailed or otherwise delivered to each holder of Prior Lien Bonds then outstanding either a copy of such instrument or, if the Railroad Company so determines, a written summary of the terms and provisions of such instrument.

"Section 4. Nothing contained in this Article Seventeen shall limit, restrict or modify the Railroad Company's right to take any action pursuant to, and subject to, the provisions of Article Ten as heretofore or hereafter amended, which may be deemed appropriate by the Railroad Company."

ARTICLE TWO

Effectiveness of this Supplemental Indenture

This Supplemental Indenture shall be effective from and after the date of its execution and delivery.

ARTICLE THREE

Concerning the Corporate Trustee

The Corporate Trustee hereby accepts the trusts of this Supplemental Indenture and agrees to execute the same upon the terms and conditions contained in the Mortgage as this day supplemented.

The Corporate Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution thereof by the Railroad Company, or for or in respect of the recitals contained herein, all of which recitals are made solely by the Railroad Company. The Corporate Trustee shall not be answerable or accountable for anything whatsoever in connection with this Supplemental Indenture or the performance hereof, except for its willful misconduct, and shall be protected in any action taken, suffered or omitted by it on the advice of counsel.

The Railroad Company agrees to pay to the Corporate Trustee reasonable compensation for its services hereunder, and to pay all costs and expenses which may be incurred in the execution or performance of this Supplemental Indenture, and to indemnify and save harmless the Corporate Trustee from all

costs, expenses or liabilities which may be incurred by it or by any agent or attorney by it employed or retained by reason of or in connection with the execution or the performance hereof.

ARTICLE FOUR

Execution in Counterparts

This Supplemental Indenture may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, Missouri-Kansas-Texas Railroad Company, the party hereto of the first part, has caused this Supplemental Indenture to be signed and acknowledged or proved by the Chairman of its Board of Directors, or its President or a Vice President, and its corporate seal to be hereunto affixed and the same to be attested by the signature of its Secretary or an Assistant Secretary; and Manufacturers Hanover Trust Company, party of the second part, has caused this Supplemental Indenture to be signed and acknowledged or proved by one of its Vice Presidents, and its corporate seal to be hereunto affixed, and the same to be attested by the signature of one of its Assistant Secretaries, all as of the day and year first hereinabove written.

(Corporate Seal)

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

By: 

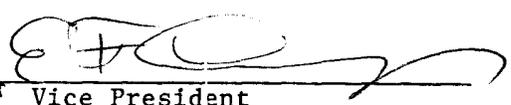
Vice President

ATTEST:


Secretary

(Corporate Seal)

MANUFACTURERS HANOVER TRUST COMPANY

By: 

ASSISTANT Vice President

ATTEST:


Assistant Secretary

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On this 16th day of January, 1986, before me, Kathy A. Murphy, a Notary Public in and for the County aforesaid, duly commissioned and qualified as such, personally appeared Karl R. Ziebarth, by me known to be the identical person who subscribed the name of MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a corporation, to the foregoing instrument as one of its Vice Presidents, and by me known to be a Vice President of said Corporation, who, being duly sworn, deposes and says that he resides at Dallas, Texas; that he is Vice President of said Corporation, one of the parties described in and which executed the foregoing instrument; that he knows the seal of said Corporation and that the seal affixed to the foregoing instrument is the Corporate Seal of said Corporation; that said instrument was signed and sealed on behalf of said Corporation by authority of the Board of Directors of said Corporation; and said Karl R. Ziebarth, hereby acknowledges that he executed said instrument as his free and voluntary act and deed and as the free and voluntary act and deed of said Corporation for the uses, purposes and considerations therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal in said County and State the day and year last above written.

Kathy A. Murphy
Notary Public in and for the State of
New York

My Commission expires: _____.

KATHY A. MURPHY
Notary Public, State of New York
No. 66-4025140
Qualified in Westchester County
On 01/22/84 in New York County
Commission Expires March 29, 1996

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On this 16th day of January, 1986, before me Kathy A. Murphy, a Notary Public in and for the County aforesaid, in said State, duly commissioned and qualified as such, personally appeared E. F. COCKINGS, by me known

to be the identical person who subscribed the name of MANUFACTURERS HANOVER TRUST COMPANY, a Corporation, to the foregoing instrument as one of its Vice Presidents, and by me known to be a Vice President of said Corporation, who, being duly sworn, deposes and says that he resides at 142 Bay Ridge Avenue, Brooklyn, New York; that he is Vice President of said Corporation, one of the parties described in and which executed the foregoing instrument; that he knows the seal of said Corporation and that the seal affixed to the foregoing instrument is the Corporate Seal of said Corporation; that said instrument was signed and sealed on behalf of said Corporation by authority of the Board of Trustees of said Corporation; and said F. W. BOONING, hereby acknowledges that he executed said instrument as his free and voluntary act and deed and as the free and voluntary act and deed of said Corporation for the uses, purposes and considerations therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal in said County and State the day and year last above written.

Kathy A. Murphy

Notary Public in and for the State of
New York

My Commission expires: _____.

KATHY A. MURPHY
Notary Public, State of New York
No. 001035140
Resides in Westchester County
Qualified in New York County
Commission Expires March 30, 1966