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March 13, 1986

VIA FEDERAL EXPRESS

Mr. James Bayne
Acting Secretary
Interstate Commerce Commission
12th and Constitutional Avenue, N.W.
Washington, D.C. 20423

MAR 17 1986 - 2 20 PM
INTERSTATE COMMERCE COMMISSION

6-076A022

RE: Subordination Agreement to Prior Lien Mortgage originally between Missouri-Kansas-Texas Railroad Company and Manufacturers Hanover Trust Company, successor to The Hanover Bank, formerly known as Central Union Trust Company, which was dated as of January 1, 1922, as amended and supplemented by those certain Supplemental Indentures dated as of July 1, 1960, January 1, 1961, December 31, 1974 and January 15, 1986 (hereinafter referred to as "Prior Lien Mortgage")

Dear Mr. Bayne:

I have enclosed an original and two (2) counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Subordination Agreement ("Subordination Agreement") to the Prior Lien Mortgage, a secondary document, dated the 17th day of January, 1986.

The primary document to which the Subordination Agreement is connected is the Prior Lien Mortgage, as referred to hereinabove, dated as of January 1, 1922, recorded under Recordation No. 6130.

Enclosed please find this Firm's check which covers the statutory recording fee of \$10.00. Please return an original Subordination Agreement and one counterpart stamped with the appropriate recording information to the undersigned.

Mr. James Bayne
March 13, 1986
Page 2

I certify that I have knowledge of the foregoing.

Very truly yours,



Cathleen S. Cox
Paralegal

CSC:lgr
Encls.
MKT-101

(B) CSC:ICC-10a

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March 13, 1986

VIA FEDERAL EXPRESS

Mr. James Bayne
Acting Secretary
Interstate Commerce Commission
12th and Constitutional Avenue, N.W.
Washington, D.C. 20423

RE: Texas Commerce Bank National Association ("Texas
Commerce") Loan to Missouri-Kansas-Texas Railroad
Company ("MKT")

Dear Mr. Bayne:

Enclosed please find the following originally executed documents which need to be recorded in the records of the Interstate Commerce Commission pursuant to Section 11303 of Title 49 of the U.S. Code:

1. One (1) Subordination Agreement between MKT, Texas Commerce and Manufacturers Hanover Trust Company;
2. One (1) Amendment to Conditional Sale Agreement;
3. Eight (8) Fourth Amendments to Conditional Sale Agreement; and
4. Five (5) Second Amendments to Conditional Sale Agreement.

One original and two original counterparts for each of the above-described documents are enclosed as well as a recordation instruction letter for each of the enclosed documents.

In addition, please find enclosed this Firm's check in the amount of \$150.00 which covers the statutory recording fee for recording the enclosed fifteen (15) documents.

Please record the Subordination Agreements prior to recording the Amendment, the Fourth Amendments and the Second Amendments.

Mr. James Bayne
March 13, 1986
Page 2

Should you have any questions as to the enclosed, please feel free to call me collect at (713) 226-1447.

Thank you for your assistance in this matter.

Very truly yours,



Cathleen S. Cox
Paralegal

CSC:lgr
Encls.

(B)CSC:ICC-11a

Interstate Commerce Commission
Washington, D.C. 20423

3/18/86

OFFICE OF THE SECRETARY

Cathleen S. Cox
Paralegal
Liddell, Sapp Zivley & LaBoon
Texas Commerce Tower
Houston, Texas 77002

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 3/17/86 AT 2:25pm and assigned re-
recording number (s) 6130-F, 8380-B, 9628-E, 9723-E, 10030-C, 10207-E, 10399-D

10662-D
12076-E
12248-D
12772-C
12841-C
13603-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

10797-E
12868-C

6130-F
MAY 1 1986 - 2 20 PM

(A) RES: MKT-101

INTERSTATE COMMERCE COMMISSION

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made this 17TH day of January, 1986, by and among MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a Delaware corporation, hereinafter referred to as the "Owner"; TEXAS COMMERCE BANK NATIONAL ASSOCIATION, a national banking association domiciled in Houston, Harris County, Texas, hereinafter called "Bank"; and MANUFACTURERS HANOVER TRUST COMPANY, a New York corporation which is the successor by merger to The Hanover Bank (formerly known as Central Union Trust Company), hereinafter called "Trustee," being the Successor Corporate Trustee under that certain Prior Lien Mortgage of the Missouri-Kansas-Texas Railroad Company, a Missouri corporation, dated as of January 1, 1922, as amended and supplemented by that certain Supplemental Indenture dated as of July 1, 1960, that certain Supplemental Indenture dated as of January 1, 1961, that certain Supplemental Indenture dated as of December 31, 1974, and that certain Supplemental Indenture (the "New Supplemental Indenture") dated as of January 15, 1986 (as so amended and supplemented through the date hereof, the "Prior Lien Mortgage");

W I T N E S S E T H:

WHEREAS, Owner has heretofore entered into certain conditional sale agreements with certain manufacturers of locomotives, railroad cars and other rolling stock, and/or with one or more financial institutions (collectively, the "Sellers") for the construction and/or purchase of certain locomotives, railroad cars and equipment more fully described in said conditional sale agreements and additionally described on Exhibit A attached hereto and incorporated herein by reference for all purposes (collectively, the "Rolling Stock"), the rights and benefits (but none of the obligations) of each of the Sellers having been heretofore assigned to Bank in writings executed by each of the Sellers, said conditional sale agreements, as each may have been amended, supplemented, modified, restated or extended to the date hereof being referred to hereinafter individually as a "Conditional Sale Agreement" and collectively as the "Conditional Sale Agreements"), each of the Conditional Sale Agreements being more fully described in Exhibit A hereto; and

WHEREAS, Trustee is the duly qualified and acting Corporate Trustee under the Prior Lien Mortgage; and

WHEREAS, Owner has requested that Bank establish a revolving credit facility (the "Credit Facility") pursuant to which Bank will agree, subject to certain terms and conditions, to make

loans from time to time to Owner at Owner's request and issue commercial and standby letters of credit for the account of Owner, the aggregate of said loans, the outstanding face amount of all of said letters of credit and the amount of all of said letters of credit which have been drawn on for which Bank has not been reimbursed not to exceed at any one time the sum of \$4,000,000.00, the indebtedness arising pursuant to the Credit Facility to be evidenced by one or more promissory note from time to time executed by Owner; and

WHEREAS, the Bank is unwilling to establish the Credit Facility unless, among other things, (1) Owner enters into an amendment to each of the Conditional Sale Agreements (each an "Amendment" and collectively the "Amendments"), amending each Conditional Sale Agreement so as to provide that the Rolling Stock covered by such Conditional Sale Agreement shall secure, in addition to the outstanding balance of the purchase price of such Rolling Stock (if not fully paid and satisfied) and such other indebtedness (if any) described in such Conditional Sale Agreement which is secured by such Rolling Stock, (a) the indebtedness (the "Credit Facility Indebtedness") arising pursuant to the Credit Facility, as the same may be amended, modified, renewed, extended, rearranged or increased from time to time, and (b) the indebtedness arising pursuant to each of the other Conditional Sale Agreements, as the same may be amended, renewed, extended or otherwise modified from time to time (the indebtedness arising pursuant to each of the Conditional Sale Agreements being collectively referred to hereinafter as the "CSA Indebtedness"), and (2) Owner obtains from all necessary parties such approval and consent as shall be necessary in order to cause the Trustee to agree and consent to the establishment of the Credit Facility and the execution of the Amendments, and to agree to subordinate the lien of the Prior Lien Mortgage (the "Mortgage Lien") in and to the Rolling Stock to any and all liens in favor of Bank now or hereafter existing and however created of Bank (collectively, the "Bank's Liens") securing the CSA Indebtedness and the Credit Facility Indebtedness; and

WHEREAS, Owner, by resolutions adopted by its Board of Directors, has requested the Trustee to subordinate the Mortgage Lien (the "Trustee's Liens") to the Bank's Liens in and to any and all of the Rolling Stock securing any or all of the Credit Facility Indebtedness and the CSA Indebtedness, so that the Bank's Liens shall be superior and senior to the Trustee's Liens; and

WHEREAS, Owner has complied with all necessary procedures pursuant to the New Supplemental Indenture in order to authorize

and permit the Trustee to execute this Agreement and agree and consent to the establishment of its Credit Facility and the execution of the Amendments, including, without limitation, procuring the consent of the holder(s) of at least 65-2/3% in aggregate principal amount of Prior Lien Bonds (as defined in the Prior Lien Mortgage) outstanding as of the date hereof, evidence of such consent having been delivered to the Trustee on or before the date hereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually agree as follows:

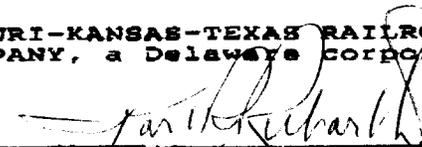
1. Trustee hereby consents and agrees to (i) the establishment of the Credit Facility, and (ii) the execution by and between Owner and Bank of each of the Amendments.
2. The Trustee hereby agrees that the Trustee's Liens are hereby made subordinate, subject and inferior to the Bank's Liens in and to the Rolling Stock (but not to any other locomotives, railroad cars and equipment other than the Rolling Stock currently described in each of the Conditional Sale Agreements and on Exhibit A hereto, and any and all replacements of all or part thereof and substitutions therefor as provided for in each of the Conditional Sale Agreements), only to the extent that the Bank's Liens secure the payment of the CSA Indebtedness and the Credit Facility Indebtedness, and the Trustee hereby consents and agrees to the renewal, extension, modification, rearrangement, addition, release or waiver of any of the CSA Indebtedness or any of the Credit Facility Indebtedness provided that the outstanding principal amount of the CSA Indebtedness does not exceed \$14,712,500.00 at any time hereafter and the outstanding principal at the Credit Facility Indebtedness does not exceed \$4,000,000.00 at any time hereafter.
3. The parties hereto hereby agree that the Trustee's Liens shall remain subordinate, subject and inferior to the Bank's Liens in and to the Rolling Stock until such time as the the CSA Indebtedness and the Credit Facility Indebtedness has been fully paid and satisfied, provided, that Bank may in its sole discretion agree to execute one or more releases of all or part the Rolling Stock prior to that date.
4. This Agreement embodies the entire agreement among the parties hereto and supersedes all prior proposals, agreements and understandings relating to the subject matter hereof.

5. If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

6. This Agreement may be executed in several identical counterparts and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts shall constitute but one and the same instrument.

7. The terms and provisions obligations and duties of the parties hereto shall inure to their respective successors and assigns.

MISSOURI-KANSAS-TEXAS RAILROAD
COMPANY, a Delaware corporation

By: 
Name: Karl R. Ziebart
Vice President "OWNER"

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION, a national banking
association

By: 
Name: ROBERT A. SALCEY
Vice President "BANK"

MANUFACTURERS HANOVER TRUST COMPANY,
a New York corporation

By: 
Name: B. E. COLLINGS
ASSISTANT Vice President

"TRUSTEE"

THE STATE OF NEW YORK §
 §
COUNTY OF NEW YORK §

ASSISTANT

Before me, the undersigned, a Notary Public in and for said State, on this day personally appeared E. F. COCKINGS, Vice President, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said MANUFACTURERS HANOVER TRUST COMPANY, a New York corporation, and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office, this 16th day of January, 1986.

Kathy A. Murphy
Notary Public in and for
the State of _____
Printed Name _____
My Commission Expires _____

KATHY A. MURPHY
Notary Public, State of New York
No. 60-4825140
Qualified in Westchester County
Qualified in New York County
Commission Expires March 26, 1986

E X H I B I T A
 CONDITIONAL SALE AGREEMENTS
 AMENDED AS OF 10/23/85

<u>Original Lender</u>	<u>Contract No.</u>	<u>MKT Series</u>	<u>Type of Equipment</u>	<u>Active Units</u>	<u>TCB Note No.</u>	<u>Month of Issue</u>	<u>(000 omitted) Original Amount</u>
TCB	30700	318 - 321	GP 38-2	4		6/76	\$1,596
TCB	32073	604 - 606	SD 40-2	3	9005	7/78	1,641
TCB	32147	607 - 610	SD 40-2	4	9006	9/78	2,189
TCB	32492	10850 - 10899	Hopper	50	9007	3/79	1,500
TCB	32628	10900 - 10949	Hopper	50	9008	5/79	1,608
TCB	32711	10950 - 10999	Hopper	50	2001	7/79	1,608
TCB	32796	611 - 618	SD 40-2	7	3001	9/79	5,040
TCB	33425	619 - 627	SD 40-2	9	9010	6/80	6,960
TCB	33517	56 - 59	MP 15 AC	4	9011	9/80	1,896
Merc.	32360	R000 - 8050	Glass	50		1/79	2,832
Amer.	33813	14025 - 14034	Coil	10		12/80	468
Inter.	33741	14035 - 14042	Coil	8		1/81	374
Citl.	33790	14043 - 14049	Coil	7		1/81	336
CNA	34604	170 - 181	GP-40	12		2/82	1,500