

The Kansas City Southern Railway Company Louisiana & Arkansas Railway Company

114 West 11th Street, Kansas City, Missouri 64105

RICHARD P. BRUENING
General Counsel

June 3, 1980

RECORDATION NO. **11873** Filed 1425

0-156A085
JUN 4 1980

Hon. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th & Constitution Avenue N.W.
Washington, D. C. 20423

JUN 4 1980 12 53 PM

Date
Fee \$ **50.00**

ICS Washington, D. C.

Re: Lease No. 1000 dated as of May 1, 1980
Among Carland, Inc., The Kansas City
Southern Railway Company, and Louisiana
& Arkansas Railway Company, and
Security Agreement & Assignment dated
May 22, 1980, between Carland, Inc.
and City Bank & Trust Co.

Dear Madam,

Pursuant to Section 11303 of the Interstate
Commerce Act, and the Commission's Rules & Regulations,
as amended, promulgated thereunder, The Kansas City
Southern and Louisiana & Arkansas Railway Companies
transmit herewith five (5) executed counterparts of
the above mentioned Lease (the "Lease"), together with
the Security Agreement and Assignment (the "Assignment")
for filing and recording with the Interstate Commerce
Commission. Said Lease and Assignment cover seven
bunk cars and three cabooses.

The names and addresses of the parties to
the Lease are:

Lessor: Carland, Inc.
1221 Baltimore
Kansas City, Missouri 64105

Lessees: The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, Missouri 64105

Louisiana & Arkansas Railway Company
114 West 11th Street
Kansas City, Missouri 64105

FEE OPERATION BR.
I. C. C.

JUN 4 12 51 PM '80

RECEIVED

County - Michael Dripchak

The names and addresses of the parties to the Assignment are:

Assignor: Carland, Inc.
1221 Baltimore
Kansas City, Missouri 64105

Assignee: City Bank & Trust Company of Kansas City
2401 Grand Avenue
Kansas City, Missouri 64108

A general description of the equipment covered by the Lease and Assignment is:

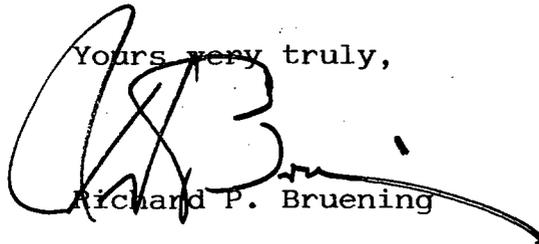
<u>TYPE</u>	<u>QUANTITY</u>	<u>RAILROAD ROAD NOS.</u>
Cabooses	3	KCS 324, KCS 329, KCS 353
Bunk Cars (Housing Units for Crews Mounted on Flat Cars)	7	KCS 903 through KCS 909

The above identified Lease and Assignment have not previously been recorded with the Interstate Commerce Commission.

The Kansas City Southern Railway Company's draft in the amount of \$50.00 is enclosed to cover the filing fee.

We request that all copies of the Lease and Assignment not required for your files be marked with the Commission's filing stamp and returned to the party tendering same.

Yours very truly,


Richard P. Bruening

RPB:i
Encl.

Interstate Commerce Commission
Washington, D.C. 20423

6/4/80

OFFICE OF THE SECRETARY

Richard P. Bruening
General Counsel
The Kansas City Southern RYW. Co.
114 West 11th St.
Kansas City, Missouri 64105

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 **6/4/80** at **12:55pm**, and assigned re-
recording number(s). **11873**

Sincerely yours,

Agatha L. Mergonovich
~~Agatha L. Mergonovich~~
Acting Secretary

James H. Payne

Enclosure(s)

11873

RECORDATION NO. Filed 1425

JUN 4 1980 12 55 PM

INTERSTATE COMMERCE COMMISSION

L E A S E NO. 1000

THIS LEASE, made and entered into as of the 1st day of May, 1980, by and between CARLAND, INC., 1221 Baltimore, Kansas City, Missouri 64105, a Delaware corporation (hereinafter referred to as Lessor) and THE KANSAS CITY SOUTHERN RAILWAY COMPANY, 114 West 11th Street, Kansas City, Missouri 64105, a Missouri corporation, and LOUISIANA & ARKANSAS RAILWAY COMPANY, 114 West 11th Street, Kansas City, Missouri 64105, a Delaware corporation (the latter two companies, each of which may become a lessee hereunder, are each hereinafter referred to as Lessee), WITNESSETH:

WHEREAS, Lessee anticipates that in its operations during the period ending June 30, 1981, it will initially require all or part of the equipment (hereinafter collectively called the Equipment) itemized in Appendix A, attached hereto and hereby made a part hereof; and

WHEREAS, Lessee anticipates leasing all or part of the Equipment it will initially require during said period, and Lessor desires to lease same to Lessee;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Lessor agrees to lease unto Lessee Units (as hereinafter defined) which Lessee shall initially require in its operations during the period ending June 30, 1981, and which shall be ordered by and delivered to Lessee as hereinafter provided. The term "Unit" shall mean an individual unit of any item of the Equipment, together with all equipment and accessories thereon or to be thereon at the time of delivery as hereinafter set forth, and the term "Units" shall mean any two or more units of any item or items of the Equipment, together with all equipment and accessories thereon or to be thereon.

2. The term of this Lease shall commence with respect to a Unit upon the date of delivery of said Unit to Lessee free of defects, which date shall be stated in the Schedule B (as hereinafter defined and set forth) covering said Unit and said term shall continue thereafter for a period of three (3) years or five (5) years as specified in Schedule B.

3. Sixty (60) days prior to the termination date of a lease term with respect to a Unit listed on a Schedule B, Lessee may extend the term of this Lease with respect to said Unit for one or more consecutive annual lease extension periods, as set out on the Schedule B. Such extensions shall be at an annual rental rate of one per cent (1%) of the Actual Cost (as hereinafter defined) of such Unit and shall be terminable at Lessee's discretion upon thirty (30) days prior notice.

4. Whenever at any time or from time to time during the period ending June 30, 1981, Lessee shall notify Lessor, in writing or otherwise, that Lessee may require the use of a Unit or Units in its operations (each such notification being hereinafter referred to as a Notice), Lessor shall, within ten (10) days after receipt of such Notice, advise Lessee, in writing or otherwise, of the purchase price per unit at which Lessor may obtain each of the Units stated in such Notice (each such advice being hereinafter referred to as an Advice and each such purchase price being hereinafter referred to as Lessor's Unit Price), and upon the request of Lessee, Lessor shall, at the time of giving an Advice, submit to Lessee a written quotation from the manufacturer, dealer, supplier or vendor of each Unit covered thereby in verification or substantiation of the Lessor's Unit Price applicable thereto, which quotation shall include all equipment and accessories stated in the Notice to be included or installed on each such Unit. A Notice shall specify the type or kind of Unit or Units Lessee may require in its operations, the approximate number of such Unit or Units which Lessee may so require at a time, the equipment and accessories, if any, which may be required thereon, the term of lease desired, and whether Rental payments are to be on a monthly or annual basis.

Following the receipt of an Advice (which shall include the number and duration of renewal or extension periods, if any), Lessee shall have thirty (30) days within which to order from Lessor, in writing or otherwise, any or all of the Units covered by such Advice (each such order being hereinafter referred to as an Order) for delivery to Lessee under the provisions hereof. At the time of giving an Order for a Unit or Units, or at any time prior thereto, Lessee may inform Lessor, in writing or otherwise, of the purchase price per Unit

at which Lessee may obtain any such Unit or Units (each such purchase price being hereinafter referred to as Lessee's Unit Price), and at the time of giving such information, Lessee shall submit to Lessor a written quotation from the manufacturer, dealer, supplier or vendor of such Unit or Units in verification or substantiation of each Lessee's Unit Price, which quotation shall include all equipment and accessories Lessee desires to have included or installed on such Unit or Units.

Unless Lessee specifies to the contrary at the time of giving an Order, it shall be presumed that Lessee desires on each Unit covered thereby all the equipment and accessories stated in the applicable Notice to be included or installed on such Unit. Unless Lessee specifies otherwise, Lessor shall cause all such equipment and accessories to be properly included or installed upon such Unit, and Lessor's Unit Price and Lessee's Unit Price shall include all costs and expenses, if any, of such inclusion or installation thereon. Lessee shall not have the right to specify in an Order the inclusion or installation on a Unit of any equipment or accessories not stated in the Notice applicable to such Unit, or a different Rental Factor (as hereinafter defined) basis than stated in the Notice, unless Lessor shall agree otherwise. Upon the receipt of an Order, Lessor shall cause each Unit ordered therein to be promptly delivered to Lessee at the place designated by Lessee in such Order, which place shall be stated in the Schedule B covering said Unit. Lessee shall pay all freight charges incurred in delivering any Unit or Units.

5. Upon Delivery of a Unit or Units to Lessee pursuant hereto, such Unit or Units shall be described in one or more Schedules B (herein referred to individually as a Schedule B and collectively as Schedules B) which shall be dated effective the date of delivery to Lessee and attached hereto and made a part hereof. Schedules B shall be consecutively numbered, shall be in substantially the form of Schedule B No. 1, attached hereto, and shall be signed by or on behalf of Lessor and Lessee, respectively, by or through persons duly authorized to execute same. Schedules B shall state the lease term, rental and the number and duration of renewal or extension periods, if any. Lessor and Lessee hereby agree that, upon execution and delivery of a Schedule B, the Unit or Units described therein shall be subject to all the terms and provisions of this Lease.

6. As rental for the use of a Unit delivered to Lessee pursuant to the provisions hereof, Lessee agrees to pay to Lessor annually or monthly, as the case may be, a sum equal to the Actual Cost (as hereinafter defined) of such Unit multiplied by the Rental Factor (as hereinafter defined) applicable to such Unit for the period in which such rental is payable. Rental shall be payable annually in advance or monthly in advance as set forth in Lessee's Notice to Lessor. The amount or amounts of rental, determined as aforesaid, payable with respect to a Unit shall be designated in the Schedule B covering such Unit.

The term "Actual Cost" with respect to a Unit shall mean either Lessor's Unit Price or Lessee's Unit Price applicable to such Unit, whichever shall be lower, including the equipment and accessories which Lessee desires to be included or installed thereon as stated in the Order applicable thereto, and in the event Lessee shall not have informed Lessor, at or before the time of giving the Order with respect to such Unit, of the purchase price at which Lessee may obtain such Unit, it shall be conclusively presumed that Lessor's Unit Price is the lower. The term "Rental Factor" with respect to a Unit shall mean the Annual or Monthly Rental Factor, as the case may be, designated as applicable to the governing lease term in Schedule A, attached hereto and hereby made a part hereof.

7. Lessee shall inspect a Unit within 48 hours after delivery thereof to Lessee and, unless Lessee notifies Lessor in writing of the existence of a defect therein, if any exists within said period of time, setting forth the nature of such defect, it shall be conclusively presumed that said Unit was in good condition and repair when received and that Lessee has accepted said Unit in its then condition.

8. Lessee shall, upon the expiration or termination of this Lease or any extension of this Lease with respect to a Unit, return such Unit to Lessor in the same condition in which it was received by Lessee, ordinary wear and tear excepted, and at the same place at which it was delivered to Lessee at Lessee's sole expense.

9. Lessee hereby assumes all risks of loss or damage to a Unit howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or of any substantial damage to any Unit and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of

total destruction of any Unit or damage beyond repair or the commandeering, conversion or other loss of any Unit or Units, or if any Unit is attached (other than on a claim against the Lessor but not the Lessee) or is seriously damaged and the attachment is not removed or the Unit not repaired, as the case may be, in a period of thirty (30) consecutive days, then in any such event (a) Lessee shall notify Lessor in writing of such fact, (b) within ten (10) days thereafter Lessee shall pay to Lessor an amount equal to the amortized value of such Unit at the time of payment, (c) the Lease of such Unit hereunder shall continue until such payment has been received by the Lessor and shall thereupon terminate, and (d) upon such payment all title to and rights in such Unit and any insurance thereof shall automatically pass to Lessee.

10. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of any Unit during the term of this Lease. Lessee shall at all times, at its own expense, keep each Unit in first class condition and repair and in good and efficient working order, reasonable wear and tear only excepted, but Lessee shall have a reasonable time within which to repair any loss or damage to each Unit from fire or other casualty. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to each Unit. Any replacement parts, equipment or accessories to a Unit shall become and remain the property of the Lessor, except that any equipment or accessories installed on a Unit at the sole cost of Lessee after the delivery thereof hereunder shall remain the property of the Lessee if it can be disconnected from such Unit without impairing the functioning thereof as originally constituted when first leased hereunder.

11. Lessee shall promptly pay, or cause to be paid, all license fees, registration fees, assessments and charges, and all ad valorem, sales, use or other taxes, which may be required or imposed by Federal, State, Municipal or other governmental authority upon the ownership, leasing, renting, possession or use of any Unit or Units delivered to Lessee; provided, Lessee shall be under no obligation to pay any tax or taxes while the same is in good faith being contested by appropriate legal proceedings.

12. In case of failure of Lessee to pay said fees, assessments, charges and taxes, as hereinbefore specified, Lessor may pay said fees, assessments, charges and taxes, as the case may be, in which event the cost thereof shall be immediately payable to Lessor by Lessee.

13. Lessee shall indemnify and save Lessor free and harmless from any and all claims, costs, expenses, damages and liabilities, including attorneys' fees, which may in any way result from or pertain to the possession, use, operation or maintenance of any Unit or Units leased to Lessee hereunder.

14. Lessee shall, whenever requested by Lessor, advise Lessor of the location of any Unit or Units delivered to Lessee, and Lessor shall at any and all times during business hours have the right to enter in and upon the premises where any such Unit or Units may be located for the purpose of inspecting same.

Lessee shall furnish to Lessor on or before May 31 of each year an accurate statement setting forth as at the preceding April 30 the amount, description and numbers of any or all Units then leased hereunder, the amount, description and number of any or all Units that have suffered a casualty as defined in Section 9 hereof during the preceding period or are then undergoing repairs and such other information regarding the condition and state of repair of any of the Units as the Lessor may reasonably request. Lessor shall have the right to inspect Lessee's records with respect thereto at such reasonable times as the Lessor may request.

15. If any Unit or Units delivered to Lessee qualify for the investment tax credit authorized by Section 38 of the Internal Revenue Code of 1954, as amended, Lessor hereby agrees and elects to have Lessee treated as the purchaser of such property for purposes of said credit, and agrees to file such election statements or other forms required to effect and complete such election in compliance with the statutes and regulations applicable thereto.

16. It is expressly understood that Lessee shall be under no obligation whatsoever to order any of the Equipment.

17. Lessor shall have the right to assign this Lease or any interest herein or hereunder, but such assignment shall not relieve Lessor of any obligations assumed by it thereunder.

18. It is expressly understood and agreed that nothing herein contained shall be construed as conveying to Lessee any right, title or interest in or to any Unit or Units delivered to Lessee, other than as a Lessee.

19. Time is of the essence of this Lease and each and all of its provisions.

20. This Lease shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

CARLAND, INC., Lessor

ATTEST:

E. F. Johnson

By

Marshall H. Dean
MARSHALL H. DEAN, PRESIDENT

THE KANSAS CITY SOUTHERN RAILWAY COMPANY,
Lessee

ATTEST:

E. F. Johnson

By

Robert E. Zimmerman
LOUISIANA & ARKANSAS RAILWAY COMPANY,
Lessee

ATTEST:

E. F. Johnson

By

Robert E. Zimmerman

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this first day of May, 1980, before me personally appeared MARSHALL H. DEAN, to me personally known, who, being duly sworn, says that he is President of CARLAND, INC., that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

BETTY L. HUTSLER
Notary Public - State of Missouri
Commissioned in Jackson County
My Commission Expires October 28, 1983

Betty L. Hutsler
Notary Public

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this *first* day of *May*, 1980, before me personally appeared *Robert E. Zimmerman*, to me personally known, who, being duly sworn, says that he is a Vice President of THE KANSAS CITY SOUTHERN RAILWAY COMPANY, that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

IRENE PAULHE
Notary Public - State of Missouri
Commissioned in Platte County
My Commission Expires March 22, 1983

Irene Paulhe
Notary Public

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this *first* day of *May*, 1980, before me personally appeared *Robert E. Zimmerman*, to me personally known, who, being duly sworn, says that he is a Vice President of LOUISIANA & ARKANSAS RAILWAY COMPANY, that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

IRENE PAULHE
Notary Public - State of Missouri
Commissioned in Platte County
My Commission Expires March 22, 1983

Irene Paulhe
Notary Public

SCHEDULE A

Attached to and made a part of Lease No. 1000 entered into as of the 1st day of May, 1980, by and between CARLAND, INC., THE KANSAS CITY SOUTHERN RAILWAY COMPANY and LOUISIANA AND ARKANSAS RAILWAY COMPANY.

For rental of each of the Units listed in Appendix A, one of the following rental Factors shall be applied, depending on the provisions of each Schedule B.

Prime Rate*	Rental Factor Five Year Lease		Rental Factor Three Year Lease	
	Annual	Monthly	Annual	Monthly
5	.2410	.02101	.3690	.03216
5-1/4	.2420	.02114	.3697	.03228
5-1/2	.2430	.02123	.3700	.03240
5-3/4	.2440	.02130	.3707	.03250
6	.2450	.02140	.3713	.03264
6-1/4	.2460	.02150	.3723	.03267
6-1/2	.2466	.02160	.3730	.03277
6-3/4	.2476	.02170	.3737	.03288
7	.2496	.02217	.3753	.03325
7-1/4	.2506	.02225	.3757	.03336
7-1/2	.2514	.02230	.3767	.03339
7-3/4	.2522	.02246	.3773	.03353
8	.2532	.02263	.3780	.03367
8-1/4	.2542	.02272	.3783	.03378
8-1/2	.2552	.02279	.3793	.03392
8-3/4	.2572	.02297	.3807	.03399
9	.2582	.02310	.3813	.03412
9-1/4	.2594	.02324	.3823	.03424
9-1/2	.2604	.02337	.3833	.03436
9-3/4	.2614	.02351	.3840	.03449
10	.2626	.02364	.3850	.03462
10-1/4	.2636	.02378	.3857	.03474
10-1/2	.2648	.02392	.3867	.03487
10-3/4	.2658	.02405	.3877	.03499
11	.2670	.02419	.3883	.03512
11-1/4	.2680	.02433	.3893	.03525
11-1/2	.2690	.02447	.3900	.03537
11-3/4	.2702	.02461	.3910	.03550
12	.2712	.02475	.3920	.03563
12-1/4	.2724	.02489	.3927	.03576
12-1/2	.2734	.02503	.3937	.03588
12-3/4	.2746	.02517	.3947	.03601
13	.2756	.02531	.3953	.03614
13-1/4	.2766	.02545	.3963	.03627
13-1/2	.2778	.02560	.3970	.03640
13-3/4	.2788	.02574	.3980	.03653
14	.2800	.02588	.3990	.03666

*"Prime Rate" is defined as the prime rate charged by The Northern Trust Company, Chicago, Illinois, for 90-day unsecured domestic loans to large commercial borrowers of the highest credit standing as such rate is in effect at the time of delivery of a unit to Lessee and the appending of a Schedule B.

<u>Prime Rate *</u>	<u>Rental Factor Five Year Lease</u>		<u>Rental Factor Three Year Lease</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
14½	.2812	.02602	.4000	.03679
14½	.2824	.02616	.4010	.03692
14 3/4	.2836	.02630	.4020	.03705
15	.2848	.02644	.4030	.03718
15½	.2860	.02658	.4040	.03731
15½	.2872	.02672	.4050	.03744
15 3/4	.2884	.02686	.4060	.03757
16	.2896	.02700	.4070	.03770
16½	.2908	.02714	.4080	.03783
16½	.2920	.02728	.4090	.03796
16 3/4	.2932	.02742	.4100	.03809
17	.2944	.02756	.4110	.03824
17½	.2956	.02770	.4120	.03837
17½	.2968	.02784	.4130	.03850
17 3/4	.2980	.02798	.4140	.03863
18	.2992	.02812	.4150	.03876

*"Prime Rate" is defined as the prime rate charged by The Northern Trust Company, Chicago, Illinois, for 90-day unsecured domestic loans to large commercial borrowers of the highest credit standing as such rate is in effect at the time of delivery of a unit to Lessee and the appending of a Schedule B.

Prime Rate *	Rental Factor Five Year Lease		Rental Factor Three Year Lease	
	Annual	Monthly	Annual	Monthly
18½	.3004	.02826	.4160	.03889
18½	.3016	.02840	.4170	.03902
18 3/4	.3028	.02854	.4180	.03915
19	.3040	.02868	.4190	.03928
19½	.3052	.02882	.4200	.03941
19½	.3064	.02896	.4210	.03954
19 3/4	.3076	.02910	.4220	.03967
20	.3088	.02924	.4230	.03980
20½	.3100	.02938	.4240	.03993
20½	.3112	.02952	.4250	.04006
20 3/4	.3124	.02966	.4260	.04019
21	.3136	.02980	.4270	.04032
21½	.3148	.02994	.4280	.04045
21½	.3160	.03008	.4290	.04058
21 3/4	.3172	.03022	.4300	.04071
22	.3184	.03036	.4310	.04084
22½	.3196	.03050	.4320	.04097
22½	.3208	.03064	.4330	.04110
22 3/4	.3220	.03078	.4340	.04123
23	.3232	.03092	.4350	.04136
23½	.3244	.03106	.4360	.04149
23½	.3256	.03120	.4370	.04162
23 3/4	.3268	.03134	.4380	.04175
24	.3280	.03148	.4390	.04188
24½	.3992	.03162	.4400	.04201

"Prime Rate" is defined as the prime rate charged by The Northern Trust Company, Chicago, Illinois, for 90-day unsecured domestic loans to large commercial borrowers of the highest credit standing as such rate is in effect at the time of delivery of a unit to Lessee and the appending of a Schedule B.

RECORDATION NUMBERS - PREVIOUS ICC FILINGS

Lease: 1000

Security Agreement and Assignment: 5-22-80

Consent and Agreement: 5-22-80

DATE May 1, 1980

SCHEDULE B. No. 1

Attached to and made a part of Lease No. 1000 entered into the first day of May, 1980, by and between CARLAND, INC. and LOUISIANA & ARKANSAS RAILWAY COMPANY.

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit			Lease Extension Periods
					Annual or Monthly	No. of Years		

- N O N E -

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

CARLAND, INC. (Lessor)

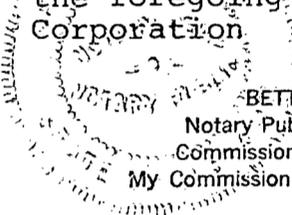
LOUISIANA & ARKANSAS RAILWAY COMPANY (Lessee)

ATTEST: [Signature] BY Marshall H. Dean President (Seal)

ATTEST: [Signature] BY [Signature] (Seal)

STATE OF MISSOURI)
) SS
COUNTY OF JACKSON)

On this first day of May, 1980, before me personally appeared Marshall H. Dean, to me personally known, who, being duly sworn, says that he is the President of CARLAND, INC., that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

BETTY L. HUTSLER
Notary Public - State of Missouri
Commissioned in Jackson County
My Commission Expires October 28, 1983

Betty L. Hutsler
Notary Public

STATE OF MISSOURI)
) SS
COUNTY OF JACKSON)

On this first day of May, 1980, before me personally appeared Robert E. Zimmerman to me personally known, who, being duly sworn, says that he is Vice President of LOUISIANA & ARKANSAS RAILWAY COMPANY that one of the seals 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 its board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

G. B. NIEDERMEYER
Notary Public, State of Missouri
Commissioned in Jackson County
My Commission Expires May 29, 1983

G. B. Niedermeyer
Notary Public

APPENDIX A

DESCRIPTION OF EQUIPMENT

LEASE NO. 1000

Railway Rolling Stock

Unit No.

1	Box Car
2	Flat Car
3	Bulkhead Flat Car
4	Hopper Car
5	Tank Car
6	Gondola
7	Chip Car
8	Container Car
9	Coil Steel Car
10	Dump Car
11	Weed Spray Car
12	Wrecker Car
13	Tie Car
14	Traction Motor Car
15	Outfit Car
16	Special Service Car
17	Bunk Car
18	Business Car
19	Caboose
20	Locomotive

Maintenance-of-Way Equipment

Unit No.

21	Spike Driver
22	Spike Puller
23	Spike Setter
24	Tie Hydrenemer
25	Tie Handler
26	Tie Sprayer
27	Tie Plug Setter
28	Tie Spacer
29	Saw
30	Anchor Applicator
31	Drill
32	Tamper
33	Track Wrench
34	Grinder
35	Bolt Cutter

Office Equipment

Unit No.

103	Office Furniture
104	Office Equipment
105	Office Accessories

Miscellaneous Equipment

Unit No.

106	Track Scale
107	Auto Rack
108	Car Cover
109	Crane Car
110	Crane
111	Unloading Ramp
112	Conveyor
113	Generator
114	Detector
115	Pump
116	Alerter
117	Refrigeration Unit
118	Tie Down Device
119	Car Cleaner
120	Truck Cleaner
121	Portable Building
122	Steam Cleaner
123	High Rail Attachment
124	Power Wrench
125	Fork Lift
126	Chore Boy
127	Locomotive Engines
128	Traction Motors
129	Locomotive Main Generators
130	Machine Tools and Equipment
131	Ice Machines
132	Welding Equipment
133	Hydraulic Equipment
134	Speed Recorder Tester
135	PipePusher
136	Paint Machine

Maintenance-of-Way Equipment (cont'd.)

	<u>Unit No.</u>
Impact Wrench	36
Joint Oiler	37
Ballast Router	38
Set-Off Unloader	39
Jack	40
Speed Slotter	41
Crane	42
Track Liner	43
Line Indicator	44
Adzer	45
Mower	46
Brush Cutter	47
Welding Unit	48
Maintenance Car	49
Motor Car	50
Unitvan	51
Ditcher	52
Ballast Discer	53
Ballast Regulator	54
Push Car	55
Sewer Cleaner	56
Compressors	57
Pneumatic Hammer	58
The Axe	59
The Insertor	60
Rail Lifter	61
Spike Driver - Automatic	62

Highway Rolling Stock

	<u>Unit No.</u>
Dry Van Trailer	63
Refrigerated Trailer	64
Flat Bed Trailer	65
Bagle Trailer	66
Highway Tractor	67
Shipping Container	68
Truck (Heavyweight)	69
Truck (Lightweight)	70
Bus	71
Auto Trailer	72
Hopper Van	73
Automobiles	74
Automobile Parts and Accessories	75
Hi Rail Trailer	76
Push Cars	77

Construction and Paving Equipment

Unit No.

78	Bulldozer
79	Road Scrapper
80	Roller
81	Asphalt Applicator
82	Ditcher
83	Dragline
84	Back Hoe

Water Carrier Equipment

Unit No.

85	Tow Boat
86	Barge or Dredge
87	Loading and Unloading Equipment

Data Processing Equipment

Unit No.

88	Computer
89	Peripheral Unit
90	Remote Data Terminal
91	Line Adapter
92	Unit Record Machine
93	Accounting and Bookkeeping Machine
94	Data Recording Machine
95	Automatic Car Identification Equipment
96	Microfilm Conversion Unit

Communication Equipment

Unit No.

97	Microwave Relay Television and Other Signal Reception, Origination and Transmission Equipment and Components
98	Carrier Multiplex
99	Telephone Switching Machine
100	Radio and Television Studio Equipment
101	Radio and Television Transmitting Equipment and Components
102	Community Antenna Television Systems Construction and Functioning Equipment and Components

RECORDATION NUMBERS - PREVIOUS ICC FILINGS

Lease: 1000

Security Agreement and Assignment: May 22, 1980
Consent and Agreement: May 22, 1980

DATE May 28, 1980

SCHEDULE B. No. 2

Attached to and made a part of Lease No. 1000 entered into the first day of May, 1980, by and between CARLAND, INC. and LOUISIANA & ARKANSAS RAILWAY COMPANY

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit		Lease Extension Periods
					Annual or No. of Monthly	Years	
Renovated KCS Caboose (Item 19)	One	KCS 329	Kansas City	5-5-80	\$555.66 Per Month	36 Months	5 Years

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

ATTEST: *[Signature]* BY CARLAND, INC.
[Signature] Marshall H. Dean, President
(Seal)

ATTEST: *[Signature]* BY LOUISIANA & ARKANSAS RAILWAY COMPANY
[Signature]
(Seal)

RECORDATION NUMBERS - PREVIOUS IOC FILINGS

Lease: 1000
 Security Agreement and Assignment: May 22, 1980
 Consent and Agreement: May 22, 1980

DATE May 28, 1980

SCHEDULE B. No. 3

Attached to and made a part of Lease No. 1000 entered into the first day of May, 1980, by and between CARLAND, INC. and LOUISIANA & ARKANSAS RAILWAY COMPANY

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit		Lease Extension Periods
					Annual or No. of Monthly	Years	
Renovated KCS Caboose (Item 19)	One	KCS 324	Kansas City	5-12-80	*\$567.70	Per Month	5 Years
						36 Months	

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

CARLAND, INC. (Lessor)

LOUISIANA & ARKANSAS RAILWAY COMPANY (Lessee)

ATTEST

 (Seal)

BY Marshall H. Dean, President

ATTEST

 (Seal)

RECORDATION NUMBERS - PREVIOUS IOC FILINGS

Lease: 1000

Security Agreement and Assignment: May 22, 1980

Consent and Agreement: May 22, 1980

DATE May 28, 1980

SCHEDULE B. No. 4

Attached to and made a part of Lease No. 1000 entered into the first day of May, 1980, by and between CARLAND, INC. and LOUISIANA & ARKANSAS RAILWAY COMPANY

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit			Lease Extension Periods
					Annual Or No. of Months	Monthly	Years	
Renovated KCS Caboose (Item 19)	One	KCS 353	Kansas City	5-12-80	\$537.91	per month	36 Months	5 years

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

CARLAND INC. (Lessor)

LOUISIANA & ARKANSAS RAILWAY COMPANY (Lessee)

ATTEST: [Signature] BY Marshall H. Dean, President

ATTEST: [Signature] BY [Signature] (Seal)

RECORDATION NUMBERS - PREVIOUS ICC FILINGS

Lease: 1000

Security Agreement and Assignment: May 22, 1980
 Consent and Agreement: May 22, 1980

DATE May 28, 1980

SCHEDULE B. No. 5

Attached to and made a part of Lease No. 1000 entered into the first day of May, 1980, by and between CARLAND, INC. and LOUISIANA & ARKANSAS RAILWAY COMPANY

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit			Lease Extension Periods
					Annual or Monthly	No. of Years	of	
8-Man Housing Units (Univans) 4810 Plan RP79-4 Mounted on Flat Cars	2	KCS 906	Kansas City	5-10-80	\$3921.22	per month	36 months	5 Years
4-Man Housing Units (Univans) Plan RP79-3 Mounted on Flat Cars	2	KCS 908 KCS 909						

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

CARLAND, INC (Lessor)

LOUISIANA & ARKANSAS RAILWAY COMPANY (Lessee)

ATTEST: [Signature]
 BY Marshall H. Dean, President
 (Seal)

ATTEST: [Signature]
 BY [Signature]
 (Seal)

Lease: 1000

Security Agreement and Assignment: 5-22-80

Consent and Agreement: 5-22-80

DATE May 1, 1980

SCHEDULE B. No. 1

Attached to and made a part of Lease No. 1000 entered into the First day of May, 1980 by and between CARLAND, INC. and KANSAS CITY SOUTHERN RAILWAY COMPANY

The following described Unit or Units have been delivered by Lessor to Lessee on the above date subject to the terms of said Lease.

Description	No. of Units	Identification Number	Delivery Place	Date	Rental Per Unit			Lease Extension Periods
					Annual	Monthly	No. of Years	

- N O N E -

The Unit or Units hereinabove described, the aforesaid Lease, all rentals due or to become due in respect of such Unit(s), and all proceeds of the foregoing are subject to a security interest and assignment in favor of City Bank and Trust Company of Kansas City, pursuant to Security Agreement and Assignment and Consent and Agreement between the undersigned parties and said Bank, all dated as of May 22, 1980.

CARLAND, INC. (Lessor) KANSAS CITY SOUTHERN RAILWAY COMPANY (Lessee)

ATTEST: [Signature] BY [Signature]
Marshall H. Dean
President
(Seal)

ATTEST: [Signature] BY [Signature]
(Seal)

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this first day of May, 1980, before me personally appeared Marshall H. Dean, to me personally known, who, being duly sworn, says that he is President of CARLAND, INC., that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

BETTY L. HUTSLER
Notary Public - State of Missouri
Commissioned in Jackson County
My Commission Expires October 28, 1983

Betty L. Hutsler
Notary Public

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this first day of May, 1980, before me personally appeared Robert E. Zimmerman, to me personally known, who, being duly sworn, says that he is a Vice-President of THE KANSAS CITY SOUTHERN RAILWAY COMPANY, that one of the seals 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 its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

G. B. Niedermeyer
Notary Public

G. B. NIEDERMEYER
Notary Public, State of Missouri
Commissioned in Jackson County
My Commission Expires May 29, 1983

EXHIBIT B

Kansas City Southern Industries, Inc.
114 West 11th Street
Kansas City, Missouri 64105

The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, Missouri 64105

Louisiana and Arkansas Railway Company
114 West 11th Street
Kansas City, Missouri 64105

SECURITY AGREEMENT AND ASSIGNMENT
(Rolling Stock and Other Equipment)

LEASE NO. 1000

LESSEE THE KANSAS CITY SOUTHERN RAILWAY
COMPANY
LOUISIANA & ARKANSAS RAILWAY COMPANY

THIS AGREEMENT (hereinafter sometimes called "this Agreement") dated as of May 22, 1980, between CARLAND, INC., a Delaware corporation (hereinafter called "Company"), having its office at 1221 Baltimore, Kansas City, Missouri 64105, and CITY BANK AND TRUST COMPANY OF KANSAS CITY, a banking corporation organized under the laws of the State of Missouri (hereinafter called "Bank"), having its main banking office at 2401 Grand Avenue, Kansas City, Missouri 64108.

WHEREAS, a certain Revolving Credit and Term Loan Agreement dated as of May 22, 1980, has been entered into by and between the Bank and the Company (such agreement, together with any amendments thereto hereinafter referred to as the "Loan Agreement");

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

1. Definitions. As used herein the following terms shall have the following meanings:

(a) The term "Collateral" shall mean all property and rights in which a security interest is granted hereunder.

(b) The term "Equipment" shall mean the equipment owned by the Company and described on Schedule A hereto or described in such Schedule B's to the Leases pertaining to the lease of such Equipment as may from time to time be executed by Company and Lessee and delivered by Company to the Bank pursuant hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such Equipment, whether now owned or hereafter acquired, and all substitutions,

renewals and replacements of, and additions, improvements, accessories and accumulations to, any and all of such Equipment.

(c) The term "Leases" shall mean the Leases as defined in the Loan Agreement whereunder the Company leases Equipment the purchase of which is financed by loans made by the Bank as contemplated by the Loan Agreement, copies of which Leases are delivered by Company to Bank in connection with such loans. Without limitation of the foregoing, this Agreement has been executed and delivered specifically in connection with the Lease identified at the top of page 1 hereof.

(d) The term "Liabilities" shall mean all obligations of Company under the Loan Agreement and under each Note and each other instrument (including, without limitation, this Agreement) executed by it pursuant to the Loan Agreement, and all other obligations of Company to Bank, its successors and assigns, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

(e) The term "Note" shall mean any promissory note (including the Term Note and the Equipment Note, as defined in the Loan Agreement) of Company evidencing any loan made by Bank under the Loan Agreement.

(f) The term "Rental" shall mean all sums due and to become due Company under the terms of any Lease and shall also mean all accounts receivable arising out of the lease or sale of Equipment.

(g) The term "Default Event" shall mean the occurrence of any of the following events: (a) default by Company in the due performance or observance of any agreement on its part hereunder and continuance of such default for a period of 30 days after notice thereof by Bank to Company, or (b) any Event of Default as that term is defined in, but in all events subject to the terms and conditions, of Article 7 of the Loan Agreement.

2. Grant of Security Interest. As security for payment of all Liabilities, Company hereby mortgages, transfers and assigns to Bank, and grants to Bank a continuing security interest in and to, the following: all right, title and interest whatsoever of Company in and to the Equipment; all right, title and interest whatsoever of Company in and to the Leases including (without limitation) all Rental due or to become due in respect of any Equipment; and all proceeds of any of the foregoing.

3. Covenants of Company Respecting Equipment and Lease.

(a) Maintenance of Equipment. Company will at all times cause all Equipment and every part thereof to be maintained in good condition and repair as required by the terms of the Leases and will, within 45 days after knowledge by an officer or responsible employee of Company of the occurrence thereof, furnish or cause to be furnished to Bank a statement respecting any loss or damage to any of the Equipment which has not been corrected within 30 days after such knowledge.

(b) Obligations under Lease. Company will observe and perform all of its obligations under each Lease.

(c) Legends on Rolling Stock. Company shall plainly and permanently stencil or cause to be so stencilled a legend on each unit of Equipment which constitutes railway rolling stock, in letters not less than one (1) inch in height indicating Bank's interest therein, as follows:

"Subject to a security interest in
favor of City Bank and Trust Company
of Kansas City"

Company further agrees to cause its Lessees to replace immediately any such stencilling which becomes illegible, wholly or in part.

(d) Risk of Loss-Insurance. Company will at all times cause such insurance arrangements as are set forth on the schedule attached hereto as Exhibit B to be maintained so long as this Agreement remains in effect.

(e) No Further Encumbrances. Except for any Lease thereof or otherwise as required or permitted by this or the Loan Agreement or with the prior written consent of Bank, Company will not (and warrants that it has not done any of the following) sell, loan, pledge, mortgage, assign or otherwise dispose of, or create or suffer to be created any levies, liens or encumbrances on, any of the Equipment or any interest therein or Lease thereof or any of the Rental, and will from time to time cause to be paid all liens, taxes, assessments and governmental charges lawfully levied, assessed or imposed upon any of the Equipment or any interest therein or Lease thereof or of any of the Rental; provided, however, that nothing herein contained shall be deemed to require or to have required any lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof, and further provided that nothing herein contained shall be deemed to require or to have required any lien, tax, assessment, charge, claim or demand to be paid or discharged so long as the validity thereof is being contested by Company in good faith by appropriate proceedings if Company shall have set aside on its books adequate reserves with respect thereto and shall cause the same to be paid prior to the foreclosure of any lien which may have attached as security therefor. Company will give Bank notice of any attachment or judicial process affecting any of the Equipment, Leases or Rental promptly after the Company acquires knowledge thereof.

4. Bank's Right of Inspection. Bank shall have at all times the right to enter into and upon any premises where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting Bank's interest therein.

5. Payment of Rental.

(a) General. Until such time as Bank shall notify Company of the revocation of such power and authority,

Company will, at its own expense, try to obtain payment, when due and payable, of all Rental, including the taking of such action with respect thereto as Bank may reasonably request or, in the absence of such request, as Company may deem advisable.

(b) Default. Upon the occurrence of an Event of Default under the Loan Agreement (or an event which might mature into an Event of Default thereunder) as provided by, but subject in all events to the terms and conditions of, Article 7 of said Agreement: (i) Bank may, and upon request of Bank, Company shall, notify and direct any lessee or other obligor on any Collateral to make payment to Bank, or to Company in care of Bank, at such address as Bank may designate, of all Rental payable under such Lease; Company will reimburse Bank for all expenses, including (without limitation) reasonable attorneys' fees and legal expenses, incurred by Bank in seeking to collect any Rental or enforce any rights under any Lease; and (ii) Company will upon request of Bank forthwith from time to time thereafter upon receipt, transmit and deliver to Bank, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed, where required, so that such items may be collected by Bank) which may be received by Company at any time as payments on account of any Rental and as proceeds of any Collateral. Until delivery to Bank, such items will not be commingled by Company with any of its other funds or property, but will be held separate and apart from such other funds and property and upon trust for Bank.

(c) Collections. Bank may endorse the name of Company on any check, draft or other instrument for the payment of money received by Bank on account of any Rental or Equipment, or otherwise as proceeds of any Collateral, if it believes such endorsement is necessary or desirable for purposes of collection.

(d) Indemnification. Company will indemnify and save harmless Bank from and against all liabilities and expenses, including reasonable attorneys' fees, on account of any adverse

claim asserted against Bank to any Rental or other moneys received by Bank from the lessee under any Lease, and such obligation of Company shall continue in effect after and notwithstanding the termination of the Loan Agreement, the discharge of the liabilities and the release hereof.

6. Schedule B's. Whenever Company shall hereafter acquire additional Equipment for lease under a Lease and propose to finance such Equipment and Lease under the Loan Agreement, Company shall forthwith execute and deliver to Bank a Schedule B dated the date of such Equipment acquisition, along with the other documentation required by the Loan Agreement, which Schedule B shall state on its face that the Equipment identified thereon and the Lease thereof are subject to the security interest granted by this Agreement.

7. Default. Whenever a Default Event shall be existing, Bank may exercise any one or more or all, and in any order, of the remedies, hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) Bank may, by notice in writing to the Company, declare the entire unpaid balance of each Note to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Bank, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Equipment, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises, of Company, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate the same until sold; it being understood, without limiting the foregoing,

that Bank may, and is hereby given the right and authority to, keep and store said Equipment, or any part thereof, on the premises of Company, and that Bank shall not thereby be deemed to have surrendered, or to have failed to take, possession of such Equipment;

(c) Bank shall have the rights and remedies of a secured party under the Uniform Commercial Code of Missouri, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose the Bank may, so far as the Company can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. The Bank may require the Company to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Bank will send the Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other disposition thereof is to be made;

(d) Bank may proceed to protect and enforce this agreement and any Note by suit or suits or proceedings in equity, at law or in pending bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Equipment or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper legal or equitable remedy available under applicable law;

(e) Bank may proceed to enforce in respect of a Lease and the Equipment covered thereby and the duties, obliga-

tions and liabilities of the Lessee thereunder, all rights, privileges and remedies in said Lease or by applicable law permitted or provided to be exercised by Company, and may exercise all such rights and remedies either in the name of Bank or in the name of Company for the use and benefit of Bank; or

(f) Bank may sell the Rentals reserved under a Lease, and all right, title and interest of Bank as assignee thereof, at public auction to the highest bidder for cash, Bank to give Company 10 days' prior written notice of the time and place of holding any such sale, and provided always that the Bank shall also comply with any applicable mandatory legal requirements in connection with such sale.

Any sale or sales pursuant to the provisions hereof or pursuant to any legal proceedings, shall operate to divest Company of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Equipment so sold, and shall be free and clear of any and all rights of redemption by, through or under the Company, Company hereby agreeing that it will not at any time insist upon or plead, or take the benefit or advantage of or from, any law now or hereafter in force providing for a valuation of appraisalment of the Equipment prior to any sale or sales thereof or providing for any right to redeem the Equipment or any part thereof. The receipt by Bank, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Equipment, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such purchase money, or be bound to inquire as to authorization, necessity or propriety of any such sale. In the event at any such sale the holder or holders of any Note is or are the successful purchaser or purchasers, such holder or holders of said Note shall be entitled, for the purposes of

making settlement or payment, to use and apply said Note by crediting thereon the amount apportionable and applicable thereto out of the net proceeds of such sale.

Any notification required by law of intended disposition by Bank of any of the Collateral shall be deemed reasonable and properly given if at least 10 days before such disposition. Any proceeds of any disposition by Bank of any of the Collateral may be applied by Bank to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be applied against the Liabilities, and Company shall continue to be obligated for all Liabilities remaining unpaid after such application.

8. Power of Attorney. Bank may from time to time, at its option (and Company appoints Bank its true and lawful attorney, irrevocably in connection therewith) perform any obligation to be performed by Company hereunder or under the Loan Agreement or any other instrument executed pursuant thereto which Company shall fail to perform and take any other action which Bank deems necessary for the maintenance or preservation of any of the Collateral or its security interest in the Collateral. All moneys advanced by Bank in connection with the foregoing, together with interest at the rate of 10% per annum (or such lower maximum rate as shall be legal under applicable law), shall be repaid by Company to Bank, upon the latter's demand, and shall be secured hereby prior to any other indebtedness or obligation secured hereby, but the making of any such advance by Bank shall not relieve Company of any default hereunder.

9. Miscellaneous. (a) Bank does not assume any obligation or liability to any lessee under any Lease, and any such assumption is hereby expressly disclaimed.

(b) Any payment to be made by Bank to Company in connection herewith shall be made by crediting such amount to

a general deposit account maintained by Company with Bank, unless Company otherwise directs.

(c) Any notice or other communication hereunder to either party shall be in writing and delivered or mailed to it at its address as set forth above, provided that either party may by notice to the other designate a changed address for such party. Any such notice, if mailed properly addressed, shall be deemed given on the first banking business day of Bank after mailing by postage prepaid, registered or certified mail.

(d) No failure or delay on the part of Bank in the exercise of any right or remedy hereunder or under any other instrument or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

(e) The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(f) Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if, for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be inoperative, unenforceable or invalid as applied to any particular case or cases in any particular jurisdiction or jurisdictions or in all cases, such circumstance shall not have the effect of rendering such provision inoperative, unenforceable or invalid in any other jurisdiction or in any other case or of rendering any of the provisions of this Agreement inoperative, unenforceable or invalid.

(g) This Agreement shall be a contract made under and governed by the laws of the State of Missouri.

(h) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and, without limiting the foregoing, all

rights and powers hereunder or with respect hereto of Bank, or any agent or representative of Bank, may be exercised by any successor or assignee.

(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute but one and the same instrument.

(j) With respect to Equipment consisting of Rolling Stock, Company shall cause this Agreement, the pertinent Lease, and each Schedule B executed and delivered by Company from time to time hereunder to be filed and recorded with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act. With respect to all Equipment, Company shall execute from time to time all filings necessary or appropriate under applicable law in evidence of or for purposes of perfecting Bank's rights hereunder, including (without limitation) as to applicable law, the Uniform Commercial Code of Missouri.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

CARLAND, INC.

By Marshall H. Dean
Marshall H. Dean
Its PRESIDENT

[Corporate Seal]

ATTEST:

Walter W. [Signature]
ASST. Secretary

CITY BANK AND TRUST COMPANY OF
KANSAS CITY

By John D. [Signature]
Its Senior Vice-President

[Corporate Seal]

ATTEST:

Barbara [Signature]
Its Secretary

Schedule A to
Security Agreement

Description of Equipment:

Exhibit B to
Security Agreement

Insurance:

Collision, casualty and liability insurance with deductibles of \$1,500,000 to a limit of \$65,250,000, except for licensed rubber tired vehicles, for which liability insurance only shall be carried with a limit per occurrence of \$500,000.