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December 10, 1985

RECORDATION NO. 12076 Filed 1425

DEC 13 1985 -10 05 AM

INTERSTATE COMMERCE COMMISSION

VIA FEDERAL EXPRESS

Mr. James Bayne
Acting Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20422

RE: Third Amendment to Conditional Sale Agreement originally between General Motors Corporation (Electro-Motive Division) and Missouri-Kansas-Texas Railroad Company dated June 18, 1980; assigned to Texas Commerce Bank National Association

Dear Mr. Bayne:

I have enclosed an original and one (1) counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Third Amendment to Conditional Sale Agreement ("Third Amendment"), a secondary document, dated the 23rd day of October, 1985.

The primary document to which the Third Amendment is connected is a Conditional Sale Agreement dated June 18, 1980 recorded under Recordation No. 12076.

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

Purchaser: Missouri-Kansas-Texas Railroad Company
701 Commerce Street
Dallas, Texas 75202

Seller (Assignee): Texas Commerce Bank National Association
P. O. Box 2558
Houston, Texas 77001

A description of the equipment covered by the Third Amendment follows:

Ten (10) Model SD40-2 diesel electric locomotives with 3000 HP each, bearing MKT's road numbers 619, 620, 621, 622, 623, 624, 625, 626, 627 and 628.

A cashier's check in the amount of $10.00 is enclosed which covers the statutory recording fee. Please return an original Third Amendment stamped with the appropriate recording information to the undersigned.

A short summary of the Third Amendment to appear in the Index follows:

Third Amendment to Conditional Sale Agreement originally executed by and between Missouri-Kansas-Texas Railroad Company and General Motors Corporation (Electro-Motive Division) which assigned same to Texas Commerce Bank National Association, covering ten (10) Model SD40-2 diesel electric locomotives with 3000 HP each, bearing MKT's road numbers 619, 620, 621, 622, 623, 624, 625, 626, 627 and 628.

I certify that I have knowledge of the foregoing.

Very truly yours,

Cathleen S. Cox
Paralegal

CSC:lgr
Encls.
MKT-02H

(B)CSC:ICC-02a

(A)RES:MKT-02H

RECORDATION NO. 12076-D Filed 1425

DEC 13 1985 -10 25 AM

INTERSTATE COMMERCE COMMISSION

THIRD AMENDMENT TO CONDITIONAL SALE AGREEMENT

THIS THIRD AMENDMENT TO CONDITIONAL SALE AGREEMENT, hereinafter referred to as this "Third Amendment", is made and entered into by and between MISSOURI-KANSAS-TEXAS RAILROAD COMPANY (the "Railroad"), a Delaware corporation, and TEXAS COMMERCE BANK NATIONAL ASSOCIATION (the "Bank"), a national banking association domiciled in Houston, Harris County, Texas.

RECITALS:

1.

The Railroad and General Motors Corporation (Electro-Motive Division) (the "Manufacturer"), a Delaware corporation, have entered into a Conditional Sale Agreement dated as of June 18, 1980 (which Conditional Sale Agreement, as same may have been amended prior to the hereinafter described First Amendment, is herein called the "Original Sale Agreement"). All of the Manufacturer's rights and interests, but none of its obligations, under the Original Sale Agreement have been assigned to the Bank pursuant to an Agreement and Assignment dated of even date with the Original Sale Agreement by and between the Manufacturer and the Bank.

2.

The Railroad and the Bank have amended the Original Sale Agreement pursuant to (a) an Amendment to Conditional Sale Agreement (the "First Amendment") dated effective as of September 10, 1984, (b) a Second Amendment to Conditional Sale Agreement (the "Second Amendment") dated effective as of April 24, 1985, and (c) a Partial Release (the "Partial Release") dated as of April 24, 1984 (the Original Sale Agreement as amended by the First Amendment, the Second Amendment and the Partial Release being hereinafter called the "Sale Agreement").

3.

The Railroad and the Bank now desire to amend the Sale Agreement so as to modify the rate or rates of interest provided for in the Sale Agreement, to modify the dates that the payments required under the Sale Agreement are due and payable, and to make certain other changes to the Sale Agreement as hereinafter described.

AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Railroad and the Bank do hereby agree as follows:

1.

The unpaid principal balance owing by the Railroad to the Bank under the Conditional Sale Agreement as of the effective date hereof is $3,784,500.00.

2.

Article 3 of the Sale Agreement beginning with Section (b) and continuing to the end of said Article 3 is hereby amended in its entirety to be and read as follows:

> "(b) $6,960,000.00 of the actual full purchase price (including freight charges) of said Locomotives (being the 'deferred purchase price' thereof) shall be paid by Railroad in (i) consecutive quarterly principal installments (each a "Quarterly Installment") in the amount of $145,000.00 each, the first Quarterly Installment to be due and payable on January 12, 1981 and a like Quarterly Installment to be due and payable on the twelfth day of each succeeding January, April, July and October thereafter through and including July 12, 1985; (ii) consecutive annual principal installments (each an "Annual Installment") in the amount of $378,450.00 each, the first Annual Installment to be due and payable on October 10, 1986, and a like Annual Installment to be due and payable on the tenth day of each succeeding October thereafter through and including October 10, 1990; and (iii) a final principal installment of all of the deferred purchase price then remaining unpaid which shall be due and payable on October 10, 1991 (when all of the deferred purchase price then unpaid together with accrued and unpaid interest thereon shall be finally due and payable). Accrued and unpaid interest on the amount of the deferred purchase price remaining unpaid from time to time shall be due and payable (x) contemporaneously with and in addition to each Quarterly Installment, (y) on the twenty-third of October, 1985,

and (z) quarterly beginning January 10, 1986 and continuing to be due and payable on the tenth day of each succeeding April, July, October and January thereafter until the full amount of the deferred purchase price together with all accrued and unpaid interest thereon shall have been fully paid and satisfied. All payments hereunder shall be applied first to accrued interest, the balance to the deferred purchase price.

"Interest on the amount of the deferred purchase price remaining unpaid from time to time shall accrue at a rate per annum equal to the Stated Rate and interest on all past due amounts, both principal and accrued interest, shall accrue at a rate per annum equal to the Past Due Rate; provided, that for the full term of this Agreement, the interest rate produced by the aggregate of all sums paid or agreed to be paid to the Manufacturer or its assignee for the use, forebearance or detention of the debt evidenced hereby shall not exceed the Ceiling Rate. Interest on the amount of the deferred purchase price remaining unpaid from time to time shall be computed for the actual number of days elapsed in a year consisting of 360 days, unless the Ceiling Rate would thereby be exceeded, in which event, to the extent necessary to avoid exceeding the Ceiling Rate, interest shall be computed on the basis of the actual number of days elapsed in the applicable calendar year in which it accrued.

"As used herein, the 'Prime Rate' means, on any day, the Prime Rate for that day as announced by Texas Commerce Bank National Association, a national banking association (the 'Bank') and entered into the minutes of its Loan and Discount Committee.

"As used herein, the 'Past Due Rate' means, on any day, a rate per annum equal to the Stated Rate for that day plus one and one-half percent (1-1/2%), not to exceed the Ceiling Rate.

"As used herein, the 'Stated Rate' means:

(a) on any day from the closing date through and including the day immediately preceeding the day that the first Quarterly Installment is due and payable, a rate per annum equal to the Prime Rate in

effect on the closing date for that day plus one and one-half percent (1-1/2%); and

(b) on any day occurring during any Quarterly Period, a rate per annum equal to the Prime Rate in effect on the first day of such Quarterly Period plus one and one-half percent (1-1/2%); and

(c) on any day occurring after the Original Rate Termination Date, a rate per annum equal to the Prime Rate for that day plus one-half of one percent (1/2%);

provided, if on any day the Stated Rate shall exceed the Ceiling Rate for that day, then the Stated Rate shall be fixed at the Ceiling Rate on that day and on each day thereafter until the full amount of the interest accrued at the Stated Rate on the amount of the deferred purchase price then remaining unpaid equals the total amount of interest which would have accrued if there were no Ceiling Rate. However, neither the maturity of this Agreement nor the Railroad's privilege (if any) to prepay it shall be affected by this paragraph.

"As used herein, 'Quarterly Period' means a period of time commencing on the day that a Quarterly Installment is due and payable and continuing through and including the earlier of (i) the day immediately preceeding the day that the next to occur Quarterly Installment is due and payable, or (ii) the Original Rate Termination Date.

"As used herein, 'Original Rate Termination Date' means October 22, 1985.

"As used herein, the 'Ceiling Rate' means, on any day, the maximum nonusurious rate of interest permitted for that day by whichever of applicable federal or Texas law permits the higher interest rate, stated as a rate per annum. On each day, if any, that Chapter One ('Chapter One') of Title 79, Texas Revised Civil Statutes, 1925, as amended (the 'Texas Credit Code') establishes the Ceiling Rate, the Ceiling Rate shall be the 'indicated rate ceiling' (as defined in Chapter One) for that

day. Payee may from time to time, as to current and future balances, implement any other ceiling under Chapter One by notice to Maker, if and to the extent permitted by, Chapter One.

"Without notice to the Railroad or any other person or entity, after the Original Rate Termination Date, the Prime Rate and the Ceiling Rate shall each automatically fluctuate upward and downward as and in the amount by which the Bank's said Prime Rate and such maximum nonusurious rate of interest permitted by applicable law, respectively, fluctuate.

"All payments provided for in this Agreement will be made by the Railroad in immediately available funds and in lawful money of the United States of America.

"The Railroad shall have the right to prepay all or any part of the unpaid deferred purchase price of all of the Locomotives delivered hereunder at any time without the payment of any premium or fee upon thirty (30) days' written notice delivered to the Bank or its assignee. All prepayments shall be applied first to accrued interest, the balance to the principal installments provided for herein in the inverse order of their maturity."

3.

The Railroad represents and warrants to the Bank that the representations and warranties contained in the Sale Agreement are true and correct in all material respects on and as of the date hereof as though made on and as of such date. The Railroad hereby certifies that no event has occurred and is continuing which constitutes an event of default under the Sale Agreement or which upon the giving of notice or the lapse of time or both would constitute such an event of default.

4.

Except as expressly further amended hereby, the Sale Agreement shall remain in full force and effect. The Sale Agreement, as hereby further amended, and all rights and powers created thereby or thereunder are in all respects ratified and confirmed and remain in full force and effect. Without limiting the generality of the foregoing, the Sale Agreement as amended hereby shall continue to secure all indebtedness secured thereby.

5.

Terms used herein which are defined in the Sale Agreement shall have the meanings therein ascribed to them. Except where the context otherwise requires, the term "Sale Agreement" as used in the Sale Agreement or any other instrument, document or writing furnished to the Bank by the Railroad shall mean the Sale Agreement as hereby amended.

6.

The Railroad agrees to pay to the Bank upon demand all expenses incurred by the Bank in connection with the preparation, negotiation, execution and recordation of this Third Amendment and any other instruments or documents related to the execution of this Third Amendment, and any other expenses incurred by the Bank in connection with the Sale Agreement and any and all related writings. The Railroad shall furnish to the Bank all such other documents, consents and information relating to the Railroad, the Locomotives (as that term is defined in the Sale Agreement), or otherwise, as the Bank may reasonably require.

7.

This Third Amendment (a) shall be binding upon and inure to the benefit of the Railroad and the Bank and their respective successors and assigns (provided, however, that the Railroad shall not assign its rights hereunder without the prior written consent of the Bank); (b) may be modified or amended only by a writing signed by each party; (c) shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America; (d) may be executed in several counterparts, and by the parties hereto on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original agreement, and all such separate counterparts shall constitute but one and the same agreement; and (e), when read together with the Sale Agreement including all prior supplements, amendments and addenda thereto, embodies the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements, consents and understandings relating to such subject matter.

8.

The Railroad hereby expressly agrees to (i) obtain all necessary approval, and proof of such approval in form satisfactory to the Bank in its sole discretion, from such parties as may be necessary to enable the Railroad to pledge all of the Locomotives to secure all of the indebtedness arising under each and all other conditional sale agreements (the "Other Sale Agreements") between the Railroad and the Bank in force and effect on the effective date hereof, and to further secure any and all other indebtedness now or hereafter owing by the Railroad to the Bank, and (ii) enter into such amendment or amendments to the Sale Agreement together with all related documents as the Bank shall require all in form satisfactory to the Bank in its sole discretion pursuant to which the Locomotives shall secure, in addition to the indebtedness arising under the Sale Agreement, any and all other indebtedness now or hereafter owing by the Railroad to the Bank, including the indebtedness arising pursuant to each of the Other Sale Agreements. The Railroad and the Bank hereby expressly agree that the failure of the Railroad to comply with the terms and provisions contained in (i) and (ii) above on or before March 31, 1986, shall constitute an event of default under the Sale Agreement (which shall be in addition to the events of default provided for in Article 18 of the Sale Agreement), whereupon the Bank may, upon giving Railroad seven (7) days written notice, exercise any and all of its rights under the Sale Agreement, including, without limitation, the right to accelerate the maturity of the indebtedness evidenced thereby and declare the purchase price of the Locomotives immediately due and payable without the need for the Bank or any other party to provide to the Railroad notice of any kind, other than the seven day notice aforesaid, of the occurrence of such event of default, or a period of time for the Railroad to cure such event of default, notwithstanding any requirement to provide notice or a period of cure for any other event of default under the Sale Agreement which may be contained in the Sale Agreement.

IN WITNESS WHEREOF, the Railroad and the Bank have caused this Third Amendment to be signed by their respective duly authorized officers, effective as of October 23, 1985.

MISSOURI-KANSAS-TEXAS
RAILROAD COMPANY

By: _____
Name: Karl R. Ziebarth
Title: Executive Vice President-Financial

ATTEST:

_____
Name: A. M. ALBIN
Title: ~~ASSISTANT SECRETARY~~

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

THE STATE OF Texas §
§
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Karl R. Ziebarth, Executive Vice President-Financial of Missouri-Kansas-Texas Railroad Company, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this 29th day of October, 1985.

(SEAL)

Lolita M. McKnight
Notary Public in and for
the State of T E X A S
Printed Name: Lolita M. McKnight
My Commission Expires: 1-24-89

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared R. A. Salcetti, Vice President of Texas Commerce Bank National Association, a national corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this 7th day of November, 1985.

(SEAL)

Minnie L. Baker
Notary Public in and for
the State of T E X A S
Printed Name:
My Commission Expires:

MINNIE L. BAKER
Notary Public, State of Texas
My Commission Expires 12-14-89