

RECORDATION NO. 20813 FILED

AUG 8 '97 11-05 AM

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

OF COUNSEL  
URBAN A. LESTER

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

AUG 8 11 01 AM '97

*Auth.*  
*Countypoint*

August 7, 1997

*See also*  
20526

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Supplemental Security Agreement No. One, dated August 8, 1997, primary document as defined in the Board's Rules for the Recordation of Documents.

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

Lender: MetLife Capital Corporation  
10900 NE 4<sup>th</sup> Street  
Bellevue, Washington 98009

Co-Borrowers: WATCO, Inc.  
Inman Service Company, Inc.  
Titan Rail Services, Inc.  
315 West Third Street  
Pittsburg, Kansas 66762

A description of the railroad equipment covered by the enclosed document is:

three (3) locomotives - SSW 4153, ATSF 2114 and ATSF 2126

Mr. Vernon A. Williams  
August 7, 1997  
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Also enclosed is a check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/bg  
Enclosures

AUG 8 '97 11:05 AM

This Supplemental Security Agreement is executed by WATCO, INC., Co-Borrower, INMAN SERVICE COMPANY, INC., Co-Borrower and Titan Rail Services, Inc., Co-Borrower ("Borrower") pursuant to the terms of a Loan and Security Agreement dated January 28, 1997 between Borrower and MetLife Capital Corporation ("Lender"). All capitalized terms used herein that are not otherwise defined herein shall have the respective meanings given to such terms in the Loan and Security Agreement.

In order to provide security for the payment and performance of Borrower's obligations under the Loan Documents, Borrower has granted to Lender a first priority security interest in the Collateral. In addition to said grant, Borrower intends by this Supplemental Security Agreement to grant to Lender a first priority security interest in the items of Equipment identified herein.

1. To further secure the payment and performance of all of Borrower's obligations to Lender under the Loan Documents, Borrower hereby grants to Lender a first priority security interest in the items of Collateral described below, including all present and future additions, attachments and accessories thereto, all substitutions therefor and replacements thereof and all proceeds thereof, including all proceeds of insurance:

Qty.	Model/Mfr.	Description	Serial No.	Cost or Appraised Value
		3 USED LOCOMOTIVES more completely described on the attached Exhibit "A" herein incorporated by this reference.		150,000.00

2. Borrower hereby (a) affirms that the representations and warranties set forth in Section 5 of the Loan and Security Agreement are true and correct as of the date hereof; (b) represents and warrants that Lender has a first priority security interest in the Collateral; and (c) represents and warrants that the above described equipment will be maintained at the following location(s):

2150 East Cargo Street  
Pasco, WA 99301

- 3. The Loan Amount for loans to be made pursuant to this Supplemental Security Agreement is \$420,000.00.
- 4. The Commitment Expiration Date for loans to be made pursuant to this Supplemental Security Agreement is 9/30/97.
- 5. The amount of liability insurance required to be maintained by Borrower pursuant to Section 6(d) of the Loan and Security Agreement is \$2,000,000.00.
- 6. All of the terms and provisions of the Loan and Security Agreement are hereby incorporated in and made a part of this Supplemental Security Agreement to the same extent as if fully set forth herein.

In witness whereof, Borrower has executed and delivered this Supplemental Security Agreement this 8 day of August, 1997.

Co-Borrower: WATCO, INC.

By: Charles R. Webb

(Print Name): Charles R Webb

Title: President

Co-Borrower: INMAN SERVICE COMPANY, INC.

By: Donald D. Orender

(Print Name): Donald D. Orender

By: C.F.O.

Co-Borrower: TITAN RAIL SERVICES, INC.

By: Donald D. Orender

(Print Name): Donald D. Orender

By: Controller

This Exhibit 'A' is attached to and made part of that  
 UCC Financing Statement  
 by and between MetLife Capital Corporation, Lender  
 and Watco, Inc., Co-Borrower, Inman Service Company, Inc., Co-Borrower,  
 Titan Rail Services, Inc., Co-Borrower

Vendor/Invoice	Qty	Equipment Description	Cost	TOTAL	Location
Western Rail	1	EDM Locomotive #4153 Type			2150 East Cargo Street
Dismantlers, Inc.		GP20r (ex SSW/Cotton Belt Rwy)	\$50,000.00	\$50,000.00	Pasco, WA 99301
Sale Agreement dated 6/25/97					
National Railway	1	ATSF 2114	\$50,000.00		
Equipment Co.	1	ATSF 2126	\$50,000.00	\$100,000.00	
0192461-INA					

ACKNOWLEDGEMENT

State of Kansas )

County of Crawford

On this 4th day of August, 1997, before me, a Notary Public, personally appeared Charles R. Webb, President and \_\_\_\_\_ respectively of **WATCO, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned.

Jamera Hanson  
NOTARY PUBLIC  
My commission expires:  
Nov. 12, 2000

[NOTARIAL SEAL]

ACKNOWLEDGEMENT

State of Kansas )

County of Crawford

On this 4th day of August, 1997, before me, a Notary Public, personally appeared Donald D. Orender, C.F.O. and \_\_\_\_\_ respectively of **Inman Services Company, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned.

Jamera Hanson  
NOTARY PUBLIC  
My commission expires:  
Nov. 12, 2000

[NOTARIAL SEAL]

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

On this 4<sup>th</sup> day of August, 1997, before me, a Notary Public, personally appeared Donald D. Orender, Controller and \_\_\_\_\_ respectively of **Titan Rail Services, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned.

Jamera Hanson

NOTARY PUBLIC

My commission expires:

Nov. 12, 2000

[NOTARIAL SEAL]