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RECEIVED
SURFACE TRANSPORTATION BOARD
JUL 9 2 26 PM '98

RECORDATION NO. 14930-D FILED
JUL 9 '98 2-26 PM

July 9, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed the original and one certified copy of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Release, a secondary document, dated December 21, 1993. The primary document to which this is connected is recorded under Recordation No. 14930. We request that one copy of this document be recorded under Recordation No. 14930-D.

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

Lender:

The Penn Mutual Life Insurance Company
600 Dresher Road
Horsham, PA 19044

Borrowers:

Kansas City Southern Industries, Inc.
The Kansas City Southern Railway Company
MidSouth Rail Corporation
SouthRail Corporation
MidLouisiana Rail Corporation
MidSouth Corporation
114 West Eleventh Street
Kansas City, MO 64105-1804

A description of the equipment covered by the Release consists of all equipment subject to the Amended and Restated Note Agreement dated as of April 2, 1991.

Counterparts - Original

A fee of $26.00 is enclosed. Please return the original of the document to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: a Release by The Penn Mutual Life Insurance Company, 600 Dresher Road, Horsham, PA 19044, and Kansas City Southern Industries, Inc., The Kansas City Southern Railway Company, MidSouth Rail Corporation, SouthRail Corporation, MidLouisiana Rail Corporation, and MidSouth Corporation, 114 West Eleventh Street, Kansas City, MO 64105-1804, covering all equipment subject to the Amended and Restated Note Agreement dated as of April 2, 1991.

Very Truly Yours,

Louis E. Gitomer

Enclosures

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JUL 9 '98 2-26 PM

WHEREAS, Penn Mutual Life Insurance Company ("Penn") and MidSouth Rail Corporation, SouthRail Corporation and MidLouisiana Rail Corporation, as obligors (hereinafter collectively referred to as the "Companies"), and MidSouth Corporation, as guarantor, entered into an Amended and Restated Note Agreement dated as of April 2, 1991 ("Note Agreement"), in the original principal amount of $37,500,000; and

WHEREAS, Penn is the sole remaining obligee under the Note Agreement, owning notes in the original principal amount of $5,000,000; and

WHEREAS, MidSouth Rail Corporation, SouthRail Corporation, MidLouisiana Rail Corporation, and MidSouth Corporation will be merged into The Kansas City Southern Railway Company on or about January 1, 1994, and as part of such merger, The Kansas City Southern Railway Company will assume the obligations of the obligors under the Note Agreement; and

WHEREAS, Kansas City Southern Industries, Inc. ("KCSI"), the sole shareholder of The Kansas City Southern Railway Company, is willing to guaranty the payment of the Note Agreement in return for Penn's release of the collateral securing the Note Agreement; and

WHEREAS, Penn is willing to release the collateral securing the Note Agreement in return for KCSI's guarantee of the Note Agreement;

NOW, THEREFORE, Penn and KCSI agree as follows:

1. KCSI shall execute a guarantee of the amended Note Agreement at the time of execution of this Agreement by Penn. The guarantee shall correspond substantially to the document attached hereto as Exhibit A.

2. Penn hereby releases any and all security interest held by it in the property or stock of MidSouth Rail Corporation, SouthRail Corporation, MidLouisiana Rail Corporation, and MidSouth Corporation, including, but not limited to:

(a) the second mortgage or second security interest in substantially all of the assets of the Companies and the pledge of all of the Companies capital stock provided for in paragraph 1.2(iv) of the Note Agreement; and

(b) the 90,000 shares of the stock of MidSouth Corporation held as security under paragraph 1.2(v) of the Note Agreement.

3. Except as expressly modified by this Agreement, the terms and provisions of the Note Agreement will remain in full force and effect and unmodified hereby, including, without limitation, the provisions relating to the times, amounts (including rates of interest) and other terms concerning payments and prepayments, all as provided for in the Note Agreement and Notes issued thereunder.

4. Penn agrees to accept the financial information and reporting provided by KCSI under the terms of Section 5.04 and the guarantee of Sections 6.04 and 6.08 of Kansas City Southern Industries, Inc. Competitive Advance and Revolving Credit Facility Agreement dated as of December 8, 1992 ("Revolving Credit Facility") in lieu of the financial information and reporting requirements of the Note Agreement and the guarantee of Sections 7.6 and 7.13 of the Note Agreement. Penn further agrees that a waiver of the terms of Section 5.04 or the guarantee of Sections 6.04 and 6.08 of the Revolving Credit Facility by the parties to the Revolving Credit Facility shall also act as a waiver of the requirements as to Penn.

5. Penn and KCSI agree to cooperate in the preparation, execution, and filing of any documents necessary to effectuate this Agreement, including any UCC and ICC filings necessary to release Penn's security interest.

6. Penn hereby consents to the merger of the Companies and MidSouth Corporation into The Kansas City Southern Railway Company, and waives any claim or cause of action it may have under the Note Agreement on account of the occurrence of the merger. Penn further consents and agrees to the substitution of The Kansas City Southern Railway Company for the Companies as obligor under the Note Agreement. Promptly upon such merger becoming effective, KCSI will notify Penn that The Kansas City Southern Railway Company has assumed the obligations of the obligors under the Notes and Note Agreement as modified hereby. Penn and KCSI each warrant and represent that entry into this Agreement has been duly authorized, and when executed it shall constitute the valid and binding obligation of each of the parties.

7. The repudiation or breach of the Guaranty provided for in paragraph 1 hereof shall constitute a breach of and default under the Note Agreement and Penn's Note thereunder and shall entitle Penn to declare its Note immediately due and payable in full together with accrued and unpaid interest thereon and any penalties which may be due on account of default.

KANSAS CITY SOUTHERN INDUSTRIES, INC.

By _____
Joseph D. Monello
Title: Vice President-Finance

Date: December 21, 1993

THE PENN MUTUAL LIFE INSURANCE COMPANY

By _____
LeRoy O. McClellan
Title Assistant Vice President

Date 12/28/93

MIDSOUTH RAIL CORPORATION

By _____
James B. Dehner
Title: Executive Vice President & Chief Executive Officer
Date: December 21, 1993

SOUTHRAIL CORPORATION

By _____
James B. Dehner
Title: Executive Vice President & Chief Executive Officer
Date: December 21, 1993

MIDLOUISIANA RAIL CORPORATION

By _____
James B. Dehner
Title: Executive Vice President & Chief Executive Officer
Date: December 21, 1993

MIDSOUTH CORPORATION

By _____
James B. Dehner
Title: Executive Vice President & Chief Executive Officer
Date: December 21, 1993

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By _____
James B. Dehner
Title: Executive Vice President & Chief Executive Officer
Date: December 21, 1993

APPROVED AS TO FORM

R.P. Bay by JMN

CERTIFICATION

I, LOUIS E. GITOMER, have compared this copy to the original Release dated December 21, 1993, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Louis E. Gitomer
July 9, 1998