15.00

REBOUL, MACMURRAY, HEWITT, MAYNARD & KRISTOL

45 ROCKEFELLER PLAZA

NEW YORK, N Y 10111

WILLIAM J HEWITT
HOWARD G KRISTOL
JOHN C MacMURRAY
JOHN MAYNARD
JOHN W REBOUL
WAYNE A CROSS
WILLIAM F McCORMACK
JOHN C NOVOGROD
ROBERT SCHEFF
ROBERT A SCHWED
DAVID S ELKIND
CHARLES D UNIMAN
ROBERT P DEVLIN
JAMES E MAGEE (D C BAR)
ROBERT L SILLS
CHARLES W SPRAGUE
WILLIAM I SUSSMAN
MARK J TANNENBAUM
ANDREW P TASHMAN
ROBERT M PEAK
ROBERT COULTAS
EDWARD A McDONALD

TELEPHONE (212) 841-5700
TELEX 620525
TELECOPIER (212) 841-5725

SUITE 728
523 WEST SIXTH STREET
LOS ANGELES, CALIF 90014
TELEPHONE (213) 612-0822
TELECOPIER (213) 895 0108

SUITE 406
1111 NINETEENTH STREET, N W
WASHINGTON, D C 20036
TELEPHONE (202) 429-0004
TELECOPIER (202) 429-8743

MICHAEL DOWNEY RICE
COUNSEL

17140
RECORDATION NO _____ FILED 1425

DEC 20 1990 -3 29 PM

INTERSTATE COMMERCE COMMISSION

December 18, 1990

0-354A027

DEC 20 3 15 PM '90
MOTOR OPERATING UNIT

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

We have enclosed five original copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code:

Equipment Trust Agreement, dated December 1, 1990, a primary document.

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

Debtor
The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, Missouri 64105-1804

Trustee and Secured Party
Chemical Bank
Suite 1820
55 Water Street
New York, New York 10041

The equipment covered by the document consists of 12 General Motors Corporation (Electro-Motive Division) model SD60 3800 horsepower, six-motor, diesel-electric locomotives, bearing

37582.1

Counterpart - Jennifer Campbell

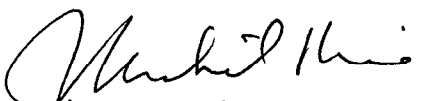
the road numbers of the Kansas City Southern Railway Company KCS 724 through KCS 735.

A short summary of the document to appear in the index is as follows:

Equipment Trust Agreement dated December 1, 1990 between The Kansas City Southern Railway Company, as debtor, and Chemical Bank, as trustee and secured party, covering 12 General Motors Corporation (Electro-Motive Division) model SD60 3800 horsepower, six-motor, diesel-electric locomotives, bearing the road numbers of the Kansas City Southern Railway Company KCS 724 through KCS 735.

A fee of $15.00 is enclosed. Please return any extra copies not needed by the Commission for recordation to James E. Magee, Esq., 1111 19th Street, N.W., Washington, D.C. 20036.

Very truly yours,



Michael Rice

Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

12/20/90

OFFICE OF THE SECRETARY

Michael Rice
Reboul MacMurray, Hewitt Maynard & Kristol
45 Rockefeller Plaza
New York, N.Y. 10111

Dear Sir:

The enclosed dcoument(s) was recorded pursuant to the provisions of Section 11303 of the Insterstate Commerce Act, 49 U.S.C. 11303, on 12/20/90 at 3:20pm , and assigned recordation number(s). 17140

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

17140
RECORDATION NO _____ FILED 1425
DEC 20 1990 [illegible] PM
INTERSTATE [illegible]

EQUIPMENT TRUST AGREEMENT

dated as of December 1, 1990

between

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

and

CHEMICAL BANK

KANSAS CITY SOUTHERN RAILWAY COMPANY

EQUIPMENT TRUST NUMBER 1 OF 1990

TABLE OF CONTENTS

ARTICLE ONE
SECURITY

SECTION 1.1. Grant of Security Interest 1
SECTION 1.2. Release of Security Interest 2
SECTION 1.3. Further Assurances 2

ARTICLE TWO
ISSUE, EXECUTION, AUTHENTICATION, AND FORM OF CERTIFICATES

SECTION 2.1. Maximum Authorized Issue 3
SECTION 2.2. Issuance of Certificates; Proceeds 3
SECTION 2.3. Characteristics of Certificates 3
SECTION 2.4. Home Office Payment 4
SECTION 2.5. Authentication 5
SECTION 2.6. Execution of Certificates 5
SECTION 2.7. Limitation on Source of Payments 5

ARTICLE THREE
REGISTRATION, TRANSFER, EXCHANGE, CANCELLATION
AND OWNERSHIP OF CERTIFICATES

SECTION 3.1. Register of Certificates 6
SECTION 3.2. Inspection of Register of Certificates . . 6
SECTION 3.3. Cancellation of Certificates 6
SECTION 3.4. Exchange or Transfer of Certificates . . . 7
SECTION 3.5. Destroyed, Mutilated, Lost or Stolen Certificates 7
SECTION 3.6. Ownership of Certificates 8

ARTICLE FOUR
TRUST FUNDS AND TRUST PROPERTY

SECTION 4.1. Funds and Property Held in Trust 9
SECTION 4.2. Payments 9
SECTION 4.3. Settlement for the Equipment 9
SECTION 4.4. Substitution of Equipment 11
SECTION 4.5. Funds Held by the Trustee; Investments . . 12
SECTION 4.6. Prepayment 13

ARTICLE FIVE
COVENANTS REGARDING THE EQUIPMENT

SECTION 5.1. Maintenance 15
SECTION 5.2. Inspection 15
SECTION 5.3. Compliance with Laws and Rules 15
SECTION 5.4. Hypothecation 15
SECTION 5.5. Accessions and Improvements 16
SECTION 5.6. Equipment Identification and Marking . . . 16

SECTION 5.7. Location of the Equipment 16
SECTION 5.8. Recordation and Filing 16
SECTION 5.9. Insurance 17
SECTION 5.10. Casualty Occurrences 17
SECTION 5.11. Encumbrances 18

ARTICLE SIX
GENERAL COVENANTS

SECTION 6.1. Payment of the Certificates 18
SECTION 6.2. General Indemnity 19
SECTION 6.3. Tax Indemnity 19
SECTION 6.4. Reports 20
SECTION 6.5. Inspection 21
SECTION 6.6. Notice of Default 21
SECTION 6.7. Maintenance of Status as a Railroad . . . 21
SECTION 6.8. Merger 21

ARTICLE SEVEN
EVENTS OF DEFAULT; REMEDIES

SECTION 7.1. Events of Default 22
SECTION 7.2. Specific Remedies 24
SECTION 7.3. Application of Proceeds 25
SECTION 7.4. Return of the Equipment 26
SECTION 7.5. Enforcement of Claims Without Possession of Certificates 27
SECTION 7.6. Rights and Remedies Cumulative; No Waiver 27
SECTION 7.7. Restoration of Rights and Remedies 28
SECTION 7.8. Rescission and Annulment 28
SECTION 7.9. Company May Purchase Certificates 28

ARTICLE EIGHT
THE TRUSTEE

SECTION 8.1. Ministry of Trust 29
SECTION 8.2. Implied Duties 29
SECTION 8.3. Care 30
SECTION 8.4. Holders of Certificates 30
SECTION 8.5. Attribution of Knowledge; Notice 30
SECTION 8.6. Errors; Reliance 31
SECTION 8.7. Limitations on Duties 31
SECTION 8.8. Disclaimer 32
SECTION 8.9. Resignation and Removal of Trustee; Appointment of Successor; Co-Trustees 32
SECTION 8.10. Intermingling of Funds 33
SECTION 8.11. Compensation 34
SECTION 8.12. Expiry of Trust 34

ARTICLE NINE
MISCELLANEOUS

SECTION 9.1. Method of Notice 34

SECTION 9.2. Indenture Modification 34
SECTION 9.3. Change of Location of the Office of the Trustee 35
SECTION 9.4. Holders of Certificates 35
SECTION 9.5. Amendments and Waivers 35
SECTION 9.6. Entire Agreement 36
SECTION 9.7. Law Governing 36
SECTION 9.8. Recourse 36
SECTION 9.9. Invalidity of Provisions 36
SECTION 9.10. Counterparts 37
SECTION 9.11. Effectiveness 37

INDEX TO DEFINITIONS

Casualty Occurrence 17
Certificates 1
Collateral 2
Company 1
Equipment 1
Event of Default 22
Finance Agreement 1
Trustee 1
Value 10
Casualty Occurrence 17
Certificates 1
Collateral 2
Company 1
Equipment 1
Event of Default 22
Finance Agreement 1
Trustee 1
Value 10

EQUIPMENT TRUST AGREEMENT dated as of December 1, 1990, between THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri corporation (hereinafter called the **Company**), and CHEMICAL BANK, a New York banking corporation (hereinafter together with its successors and assigns hereunder being called the **Trustee**).

WHEREAS the Company is purchasing the equipment described in Schedule A hereto (such equipment so described as shall be subject to this agreement from time to time being hereinafter called the **Equipment**);

WHEREAS, in order to finance the purchase price of the Equipment, the Company will cause to be issued equipment trust certificates substantially in the form of Annex A hereto (hereinafter called the **Certificates**) pursuant to the terms hereof and of a Finance Agreement dated as of the date hereof (hereinafter called the **Finance Agreement**) among the Company and the other parties therein named;

WHEREAS the Company agrees to make payments to the Trustee in amounts sufficient to enable the Trustee to pay the principal of and interest on the Certificates;

WHEREAS the interest of the Company in the Equipment is to be assigned and granted to and retained by the Trustee in trust for the holders of the Certificates as security for the obligations of the Company hereunder; and

WHEREAS the trust created hereby shall be known as KANSAS CITY SOUTHERN RAILWAY COMPANY EQUIPMENT TRUST NO. 1 OF 1990.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

ARTICLE ONE
SECURITY

SECTION 1.1. Grant of Security Interest. As security for the due and punctual payment of the principal of and premium, if any, and interest on the Certificates and the performance and observance by the Company of all of its obligations under this agreement and the Finance Agreement, the Company hereby grants to the Trustee a security interest in all of the Company's right,

title and interest in and to the railroad equipment described in Schedule A hereto, the bills of sale and the manufacturers' warranties in respect of such equipment, all improvements and additions now or hereafter made or affixed thereto (except as may be excluded pursuant to section 5.5 hereof), and all cash or noncash proceeds from any sale or other disposition thereof (all of the foregoing granted hereby being hereinafter called the **Collateral**).

From time to time, by amendment or supplement hereto, the Company may subject to the security interest of this agreement other units of standard-gauge railroad equipment, of the same or similar types as described in Schedule A hereto, first placed in service not earlier than the date hereof, in substitution or replacement for units of equipment suffering a Casualty Occurrence (as defined in section 5.10 hereof) or pursuant to section 4.4 hereof, and such units shall be regarded as Equipment and Collateral hereunder.

The security interest created by this agreement shall attach (i) to the Collateral described herein upon the execution of this agreement by the Company and the Trustee and the execution of the Finance Agreement by the Company and the purchasers therein named, and (ii) to units of equipment subjected to this agreement by supplement, upon the execution and delivery of such supplement by the Company.

SECTION 1.2. Release of Security Interest. After all payments due and to become due hereunder and under the Certificates shall have been made and the Company shall have performed all of its obligations hereunder, the security interests, assignments, and all other rights in the Collateral granted by this agreement shall cease and become null and void and all of the property, rights and interests granted as security for the Certificates shall revert to and revest in the Company without further act or formality whatsoever. The Trustee shall, at the request and at the expense of the Company, execute and deliver to the Company such termination statements, releases or other instruments as shall be necessary and appropriate to (a) evidence the satisfaction and discharge of this agreement and the security interests hereby created or (b) show for the public record the exclusion from the security interest of this agreement of any unit described herein as Collateral that shall not be settled for as contemplated by section 4.3 hereof, shall have been replaced pursuant to section 4.4 hereof, or shall have been settled for by the Company following a Casualty Occurrence pursuant to section 5.10 hereof.

SECTION 1.3. Further Assurances. From time to time the Company shall do all such acts and execute all such instruments

of further assurance as reasonably may be requested by the Trustee for the purpose of fully carrying out and effectuating this agreement and the intent hereof.

ARTICLE TWO
ISSUE, EXECUTION, AUTHENTICATION, AND FORM OF CERTIFICATES

SECTION 2.1. Maximum Authorized Issue. There are authorized to be issued and outstanding at any time hereunder Certificates in an aggregate principal amount not to exceed the maximum authorized issue amount set forth in the form of Certificate in Annex A hereto.

SECTION 2.2. Issuance of Certificates; Proceeds. The Company shall issue, from time to time in accordance with the Finance Agreement and subject to the conditions thereof, Certificates substantially in the form set forth in Annex A hereto in the aggregate principal amount sold under and pursuant to the terms of the Finance Agreement. The proceeds of such sale shall forthwith be deposited with the Trustee, and the Trustee shall hold and apply such proceeds as set forth in Article Four hereof.

Each of the Certificates shall represent an interest in the amount thereof in the trust created hereby.

SECTION 2.3. Characteristics of Certificates. Certificates shall bear interest at such rate, be payable as to principal, premium, if any, and interest on such date or dates, and shall contain such other terms and provisions as shall be set forth in the form set forth in Annex A hereto.

The principal of the Certificates shall be payable in annual instalments, on the dates set forth in the Certificates. The amount of principal amount of each Certificate payable on each such date shall be the percentage of the original principal amount of such Certificate set forth below for such date:

January 15 in the year	Percentage of Original Principal Amount
1992 through 2000	6.9%
2001 and 2002	10.3
2003	17.3

The Company shall not have the privilege of prepaying the Certificates, except as set forth in section 4.5 hereof.

The unpaid principal amount of each Certificate shall bear interest at the rate set forth for such Certificate in the form

thereof, and such interest shall be payable on the dates set forth therefor in the Certificates. Such interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Any amounts due under the Certificates not paid when due shall bear interest for the period for which the same shall be overdue at a rate per annum equal to the rate of interest specified in the form of Certificate for payments past due, to the extent permitted by applicable law.

If any date for payment of principal of or interest on any Certificate is not a business day, then such payment shall be made on the next preceding business day.

The Certificates (i) shall be registered, as to both principal and interest, in the names of the holders or their respective nominees; (ii) shall be registrable as to transfer in whole or in part upon presentation and surrender thereof for registration of transfer at the office of the Trustee; (iii) shall be dated as of the date of issue, or if issued in exchange for or upon the transfer of another Certificate or Certificates bearing unpaid interest from an earlier date, dated as of such earlier date; (iv) shall entitle the holders to interest and instalments of principal from the date thereof; and (v) shall be exchangeable at the office of the Trustee for an equal aggregate principal amount of Certificates of like tenor.

All Certificates shall rank on a parity with each other Certificate and shall as to each other be secured equally and ratably by this agreement, without preference, priority or distinction of any thereof over any other by reason of difference in time of issuance or otherwise.

SECTION 2.4. Home Office Payment. The principal of, premium, if any, and interest on each Certificate shall be payable at the office of the Trustee in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Notwithstanding the foregoing or any provision in any Certificate to the contrary, if so requested by the registered holder of any Certificate by written notice to the Trustee, all amounts payable to such registered holder may be paid either (i) by crediting the amount to be distributed to such registered holder to an account maintained by such registered holder with the Trustee or by transferring such amount by wire to such other bank in the United States, including a Federal Reserve Bank, as shall have been specified in such notice, for credit to the account of such registered holder maintained at such bank, or (ii) by mailing a check payable in clearing house funds local to

the city where the office of the Trustee is situated to such registered holder at such address as such registered holder shall have specified in such notice, in either case without any presentment or surrender of such Certificate. In the case of any such registered holder that is an original party to the Finance Agreement, the Finance Agreement shall constitute such written notice.

The Company promptly shall report to the Trustee all such payments and the amount and payee thereof.

The Trustee shall not be responsible to any such holder or to the Company or to any other holder for any act or failure to act on the part of the Company or any such holder in connection with this section 2.4 or section 4.1 of the Finance Agreement, and the Company will indemnify and hold the Trustee harmless against any liabilities resulting from any such act or failure to act.

SECTION 2.5. Authentication. Only such Certificates as shall bear thereon a certificate of authentication manually executed by the Trustee shall be entitled to the benefits of this agreement or be valid for any purpose. Such certificate of authentication of the Trustee upon any Certificate executed by or on behalf of the Company shall be conclusive evidence that the Certificate so authenticated was duly issued, authenticated and delivered under this agreement.

SECTION 2.6. Execution of Certificates. The Certificates shall be executed on behalf of the Company by one of its officers, duly authorized by the corporate charter, by-laws, or the board of directors of the Company to execute such instruments. Such signature may be a manual or facsimile signature and may be printed or otherwise reproduced on the Certificates.

In case any such officer of the Company, who shall have executed any of the Certificates either manually or by facsimile signature, shall cease to be such an officer before the Certificates so executed shall have been authenticated by the Trustee and delivered or disposed of by the Trustee, such Certificates nevertheless may be authenticated and delivered or disposed of as though the person who executed such Certificates had not ceased to be such an officer of the Company.

SECTION 2.7. Limitation on Source of Payments. All payments to be made by the Trustee under this agreement on the Certificates shall be made only out of payments received by the Trustee hereunder and applicable to such payment under the provisions hereof. Each holder of a Certificate, by its

acceptance of such Certificate, agrees that it will look solely to such amounts as are actually received by the Trustee to the extent available for distribution to such holder as herein provided and that the Trustee shall not be personally liable to such holder of a Certificate for any amounts payable under this agreement or under such Certificate or, except as provided in Article Eight hereof, for any liability under this agreement.

This shall not relieve the Company of its obligations to make payments of principal, premium, if any, and interest on the Certificates, and to make such payments directly to the holders of Certificates pursuant to section 2.4 hereof.

ARTICLE THREE
REGISTRATION, TRANSFER, EXCHANGE, CANCELLATION AND OWNERSHIP OF CERTIFICATES

SECTION 3.1. Register of Certificates. The Trustee shall maintain a register for the purpose of registration, and registration of transfer and exchange, of Certificates, in which shall be entered the names and addresses of the holders of such Certificates and the particulars of the Certificates owned by them, respectively. For these purposes, the Trustee is hereby appointed transfer agent and registrar for the Certificates. No transfer of any Certificate shall be valid unless and until registered on such register.

SECTION 3.2. Inspection of Register of Certificates. The register referred to in section 3.1 shall at all reasonable times be open for inspection by any holder of a Certificate. Upon request by any holder of a Certificate, the Trustee shall furnish such holder a list of the names and addresses of all holders of Certificates entered on the register kept by the Trustee, indicating the unpaid principal amount and serial number of each Certificate held by such holders.

SECTION 3.3. Cancellation of Certificates. All Certificates surrendered to the Trustee for payment, prepayment, or registration of transfer or exchange shall be cancelled by it; and no Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this agreement. The Trustee may destroy cancelled Certificates held by it and deliver a certificate of destruction to the Company, or the Trustee may return cancelled Certificates to the Company. If the Company shall acquire any of the Certificates, such acquisition shall not operate as a redemption of or the satisfaction of the indebtedness represented by such Certificates unless and until the same shall be delivered to the Trustee for cancellation.

SECTION 3.4. Exchange or Transfer of Certificates. A holder of a Certificate intending to transfer any Certificate registered in its name or to exchange any of such Certificates for new Certificates may surrender such Certificates at the office of the Trustee, together with the written request of such holder, or of its attorney duly authorized in writing, for the issuance of a new Certificate or Certificates, specifying the authorized denomination or denominations of the same and the name and address of the transferee. Promptly upon receipt by the Trustee of the foregoing and satisfaction of the requirements of this section, the Trustee shall authenticate and deliver such new Certificate or Certificates, in the principal amount equal to the unpaid principal amount or amounts of such Certificate or Certificates so surrendered, having the same terms as the Certificates so surrendered, dated in accordance with the requirements of section 2.3 hereof, in such denomination or denominations and registered in the name or names of the transferee specified in the written request.

The Trustee shall not be required to register transfers or exchanges of Certificates on any date fixed for the payment of principal or premium, if any, or interest on the Certificates or during the five business days preceding such date.

The Certificates shall be delivered to the holders without registration of such Certificates under the Securities Act of 1933, as amended, and qualification of this agreement under the Trust Indenture Act of 1939, as amended.

As a further condition of transfer or exchange of any Certificate (except any transfer specifically provided in the Finance Agreement), the holder thereof shall reimburse the Trustee and the Company for any stamp taxes or governmental charges required to be paid with respect to such transfer or exchange.

SECTION 3.5. Destroyed, Mutilated, Lost or Stolen Certificates. If any Certificate shall be destroyed, mutilated, lost, or stolen, the Trustee shall, upon the written request of the holder of such Certificate, authenticate and deliver in replacement thereof, a new Certificate, payable in the same original principal amount and dated the same date as the Certificate so destroyed, mutilated, lost, or stolen. The Trustee shall make a notation on each new Certificate of the amount of all payments of principal and premium, if any, theretofore made, or the date to which such payments have been made, on the Certificate so destroyed, mutilated, lost or stolen and the date to which interest on such old Certificate has been paid. If the Certificate being replaced has been mutilated, such Certificate shall be delivered to the Trustee and shall be cancelled by it.

If the Certificate being replaced has been destroyed, lost or stolen, the holder of such Certificate shall furnish to the Trustee the indemnity agreement of such holder and a bond or surety agreement of such holder as shall be reasonably satisfactory to it to save the Trustee harmless from any loss, including claims for principal of, premium, if any, and interest on the purportedly destroyed, lost or stolen Certificate, together with evidence reasonably satisfactory to the Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof; provided, however, that if the holder of such Certificate is an original party to the Finance Agreement, the written statement of such original party shall be sufficient proof of such destruction, loss or theft and an indemnity agreement of such party signed by a duly authorized officer thereof delivered to the Trustee shall be sufficient security and indemnity.

SECTION 3.6. Ownership of Certificates. The Trustee may deem and treat the registered holder of any Certificate as the absolute owner of such Certificate for the purpose of receiving payment of all amounts payable with respect to such Certificate and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

The Trustee may, in its discretion, treat the registered holder of any Certificate as the owner thereof without actual production of such Certificate for any purpose hereunder.

The Trustee shall not be bound to take notice of or carry out the execution of any trust in respect of any Certificate, and may transfer the same on the direction of the holder thereof, whether named as trustee or otherwise, as though the holder were the beneficial owner thereof.

The holder of any Certificate shall be entitled to the principal of, premium, if any, and interest on such Certificate free from all equities or rights of set-off or counterclaims of the Company, the Trustee or any prior holder of such Certificate. The receipt by the holder of any Certificate of any payment of principal, premium or interest shall be a good discharge to the Company and the Trustee for the same and neither the Company nor the Trustee shall be bound to inquire into the title of any registered holder.

ARTICLE FOUR
TRUST FUNDS AND TRUST PROPERTY

SECTION 4.1. Funds and Property Held in Trust. The Trustee shall hold the funds deposited with it, investments made with

such funds, and the security interest in the Collateral, in trust for the benefit of the holders of the Certificates.

SECTION 4.2. Payments. The Trustee shall apply amounts paid by the Company from time to time in respect of the principal, premium, if any, and interest on the certificates, when and as the same shall be received, to the payment of the principal, premium, if any, and interest on the Certificates, pro rata among the holders thereof, in accordance with the provisions of section 2.3 and 4.6 hereof.

SECTION 4.3. Settlement for the Equipment. From time to time, at the request of the Company, the Trustee shall pay, out of the proceeds of the sale of the Certificates or amounts deposited with the Trustee pursuant to sections 4.4 or 5.10 hereof, in respect of units of equipment intended to be subject hereto, an amount not exceeding the Value (determined as set forth below) of such units,

(a) to the Company, in the case of units of equipment theretofore purchased and paid for by the Company, or

(b) to the manufacturer thereof, in case of other such units,

in each case upon receipt of:

(i) an invoice or invoices of the manufacturer of such units, addressed to the Company, setting forth the purchase price of such units, which purchase price may include applicable sales taxes and transportation charges;

(ii) a receipt or other evidence reasonably satisfactory to the Trustee of payment by the Company of that portion of the purchase price of such units (as shown in said invoice), if any, not being paid to the manufacturer by the Trustee;

(iii) a bill of sale of the manufacturer of such units, conveying to the Company all the right, title, and interest of the manufacturer in and to such units, and warranting that such units are free of any claims, liens, or encumbrances arising prior to delivery of such units to the Company (except the security interest of this agreement);

(iv) an opinion of counsel for such manufacturer, addressed to the Company and the Trustee, and satisfactory to each of them, to the effect that such bill of sale has been duly authorized, executed, and

delivered by such manufacturer and is valid and effective to convey to the Company the units of such equipment covered thereby, free of all claims, liens, and encumbrances of any nature (except the security interest of this agreement);

(v) in the case of any units of equipment not described herein as Collateral, an amendment or supplement hereto, describing such units and subjecting the same to the security interest of this agreement, together with evidence of the filing and recordation of such amendment or supplement (or appropriate evidence thereof) in every public office where this agreement or such evidence shall have been filed or recorded;

(vi) a certificate of the Company in respect of such units, dated the date of such payment, stating that (A) the units of equipment described therein have been accepted by the Company from the manufacturer thereof and are in compliance with the requirements of any purchase orders therefor, (B) such units are subject to the security interest of this agreement, (C) such units were first placed in service on the date or dates set forth therein, (D) the Value of the units described therein is the amount set forth therein, and (E) no Event of Default hereunder or event that with the passage of time or the giving of notice or both would become an Event of Default, has occurred and is continuing; and

(vii) an opinion of counsel for the Company, satisfactory to the Trustee, dated the date of such payment, to the effect that the Trustee has a valid and effective security interest in such units, free of all claims, liens, security interests, and encumbrances arising prior to such date, except the security interest created by this agreement, and in the case of units of equipment not described in Schedule A hereto, to the further effect that a proper supplement or amendment hereto has been filed and recorded with the Interstate Commerce Commission pursuant to section 11303 of Title 49 of the United States Code, and no further filing or recordation is necessary to perfect and protect the interest of the Trustee in and to such units.

For the purposes of this section 4.3 (and for other purposes specified herein), the **"Value"** of any unit of equipment at any time shall be the original cost of such unit when purchased from the manufacturer thereof, as shown on such manufacturer's invoice

therefor, less an amount equal to 1/15 of such purchase price for each year that shall have elapsed since the later of (a) January 15, 1991, and (b) the date such unit first shall have been placed in service, but not exceeding the pro rata unpaid balance of the Certificates in respect of such unit.

SECTION 4.4. Substitution of Equipment. The Company may substitute for the railroad equipment described in Schedule A hereto other standard-gauge railroad equipment of the same or similar types as described in said Schedule A, first placed in service not earlier than the date hereof, in the following circumstances:

(a) at any time prior to settlement pursuant to section 4.3 hereof for the unit for which substitution is being made; and

(b) at any other time, so long as no Event of Default or event that with the giving of notice or the passage or time or both would become an Event of Default shall have occurred and then be continuing, if the unit or units for which substitution is being made shall have suffered a Casualty Occurrence (as defined in section 5.10 hereof), or the Company shall have determined that such substitution is necessary or desirable, provided that the aggregate value (determined as set forth below) of units of equipment substituted under this clause (b) shall not exceed 20% of the outstanding principal amount of Certificates issued hereunder unless the holders of a majority in principal amount of Certificates then outstanding shall consent.

The term "value," as used in this section 4.4, shall be the lesser of the Value determined in accordance with section 4.3 hereof and the actual fair value of such units of railroad equipment.

Any substitution pursuant to this section shall be by amendment or supplement hereto, prepared, executed and delivered by the Company and satisfactory in form and substance to the Trustee, subjecting the replacement units to the security interest of this agreement and releasing from such security interest the units of Equipment for which substitution is being made. Any substitution pursuant to clause (b) of the first sentence of this section shall not be effective unless and until the Company shall have delivered to the Trustee the documents specified in clauses (i) through (vii) of section 4.3 hereof.

In lieu of or pending such substitution, the Company may deposit with the Trustee an amount in cash equal to the Value of

a unit of Equipment, determined as set forth in section 4.3, and upon such deposit the Trustee shall execute and deliver to the Company an instrument, furnished by the Company, releasing the security interest of this agreement in such unit. Such amounts shall be held by the Trustee and applied from time to time for settlement for replacement units of railroad equipment as contemplated by this section, but shall not be applied to the prepayment of Certificates, unless an Event of Default shall have occurred hereunder.

SECTION 4.5. Funds Held by the Trustee; Investments. Any funds paid to or held by the Trustee hereunder until paid out as herein provided or invested as set forth below may be carried by the Trustee on deposit with itself without allowing interest thereon.

Any such funds held by the Trustee shall be invested by the Trustee at the direction, expense, and risk of the Company in

(a) direct obligations of the United States of America or obligations for which the full faith and credit of the United States of America is pledged;

(b) open market commercial paper of any company incorporated and doing business under the laws of a state of the United States of America rated within the highest grade by Standard & Poor's Corporation or by Moody's Investors Service or a successor thereto or an equivalent rating by a similar rating service acceptable to the Company and the Trustee;

(c) certificates of deposit, bankers' acceptances, or commercial paper of commercial banks organized under the laws of the United States of America or any state thereof having aggregate capital and surplus in excess of $100,000,000, the senior debt of which (or the senior debt of its holding company) is rated in one of the three highest grades by both Moody's Investors Service and Standard & Poor's Corporation; and

(d) repurchase agreements in respect of securities described in clause (a) as to which the Trustee has arranged to take physical possession;

in each case maturing not later than 270 days from the date of issue.

Any gain, loss, earnings, and expenses on or of such investments shall be for the account of the Company. If and so long as no Event of Default (as defined in section 7.1 hereof) or

event that with the giving of notice or passage of time or both would become an Event of Default shall have occurred and be continuing, the Trustee shall pay any earnings on such investments to the Company at its request.

SECTION 4.6. Prepayment. Certificates shall be prepaid in the following circumstances:

(a) on January 31, 1991, any investments held by the Trustee pursuant to section 4.5 hereof shall be sold, and the principal amount of the proceeds therefrom, together with any cash then held by the Trustee from the sale of Certificates and amounts furnished by the Company to make up any loss of principal resulting from the sale of such investments, shall be applied by the Trustee to the prepayment of the Certificates;

(b) at any time following the deposit with the Trustee of amounts in respect of Casualty Occurrences pursuant to section 5.10 hereof, upon the request of the Company, the Trustee shall apply such amounts to the prepayment of Certificates;

(c) on or after January 15, 1996, the Company may prepay the Certificates in whole or in part, by depositing with the Trustee an amount equal to the then outstanding principal amount of the Certificates so to be prepaid, interest thereon accrued and unpaid to the date of such deposit, and the premium specified below, and the Trustee shall apply such amounts to the prepayment of Certificates; and

(d) at any time an Event of Default shall have occurred and shall be continuing, the Trustee may declare the entire unpaid principal amount of the Certificates and interest thereon then due and payable, as more fully set forth in Article Seven hereof.

In case of prepayment pursuant to clause (c) of this section 4.6 on or after January 15, 1996, and before January 15, 2001, the Company shall pay, as a premium for such prepayment, an amount, subject to the limits set forth below, equal to the excess, if any, of (i) the present value, as of the date of such prepayment, of the remaining scheduled instalments of the principal amount then being prepaid and scheduled payments of interest thereon (taking into account the reduction of scheduled interest payments due to the payment of accrued interest at the time of such prepayment), determined by discounting at a rate equal to 0.5% plus the yield to maturity of obligations of the United States Treasury having a constant maturity matching the

then remaining average life to maturity of the Certificates, over (ii) the principal amount of such prepayment.

In case of prepayment pursuant to clause (c) on or after January 15, 1998, and before January 15, 2001, the premium payable by the Company shall not exceed the percentages of the principal amount then being prepaid shown below:

Prepayment on or after	Premium Percentage
January 15, 1998	3%
January 15, 1999	2%
January 15, 2000	1%

There shall be no premium for prepayment on or after January 15, 2001.

The yield to maturity of obligations of the United States Treasury shall be determined by reference to the appropriate current publications of the Board of Governors of the Federal Reserve System, interpolating as necessary.

The Company shall provide notice to the Trustee and the holders of the Certificates not less than ten days prior to such prepayment, specifying the amount of such prepayment and the method of determining the premium, if any, due thereon.

Any prepayments pursuant to this section 4.6 shall be applied to the remaining instalments of principal in inverse order of maturity. All prepayments denominated as principal shall be at par, and accrued interest thereon and any premium due in respect thereof shall be paid at the time of such prepayment.

Such amounts of prepayment, together with the premium, if any, payable by reason of the application of the prepayment of principal of such Certificates, shall be distributed to the registered holders of such Certificates outstanding on such date ratably, without priority of one over the other.

ARTICLE FIVE
COVENANTS REGARDING THE EQUIPMENT

SECTION 5.1. Maintenance. The Company, at its own expense, shall keep and maintain the Equipment in the same condition as when delivered hereunder, ordinary wear and tear excepted.

SECTION 5.2. Inspection. The Trustee and the original parties to the Finance Agreement shall have the right, by their agents and at their own expense, to inspect the Equipment and the

records of the Company pertaining to the Equipment at any reasonable time upon reasonable notice to the Company. The Company shall not be liable for any injury to or death of any person conducting such inspection unless the same shall be due to the negligence or misconduct of the Company.

SECTION 5.3. Compliance with Laws and Rules. The Company, at its own expense, shall use and maintain the Equipment in compliance with all laws and government regulations, including the regulations of the Federal Railroad Administration, and standards of the Association of American Railroads or any successor organization applicable to the use and maintenance of the Equipment.

SECTION 5.4. Hypothecation. Except as provided herein, the Company shall not, without the consent of the Trustee, (a) sell, transfer, assign, or lease the Equipment or any unit thereof, or (b) otherwise part with possession or control of the Equipment or any part thereof. So long as no Event of Default or event that with the passage of time of the giving of notice or both shall become an Event of Default shall have occurred and be continuing hereunder, the Company may

(a) deliver possession of any unit of Equipment to maintenance facilities for maintenance, repair, or overhaul;

(b) subject any unit of Equipment to interchange, run-through, and similar arrangements for the interchange of equipment customary in the railroad industry; and

(c) lease any unit of Equipment to any railroad company organized under the laws of any state of the United States for use subject to the terms and conditions of this agreement, and subject to the rights of the Trustee hereunder.

SECTION 5.5. Accessions and Improvements. All replacement parts installed in maintaining the Equipment or improvements or modifications required for compliance with section 5.3 hereof will be considered accessions and will become subject to the security interest of this agreement. The Company may make improvements or additions to the Equipment if such improvement is separately identifiable, will not impair the originally intended function of the Equipment, and is readily removable without material damage to the Equipment to which it is attached; such improvement or addition, unless necessary for compliance with section 5.3 hereof, shall not be subject to such security interest. Any other improvement, addition, or modification shall be made only with the Trustee's prior consent and shall become an

accession, as aforesaid.

SECTION 5.6. Equipment Identification and Marking. The Company, at its own expense, shall affix and maintain on each side of each unit of the Equipment (a) the identification number set forth in Schedule A hereto for such unit, (b) the legend "Ownership Subject to a Security Interest Filed with the Interstate Commerce Commission," and (c) such other markings as from time to time may be required by law or deemed necessary by the Trustee to protect the interest of the Trustee in the Equipment.

The Company shall not change or permit to be changed the identification number of any unit of the Equipment unless and until a statement of new number or other amendment hereto shall have been prepared, executed, and recorded in every public place where this agreement has been recorded, all in accordance with section 5.8 hereof.

SECTION 5.7. Location of the Equipment. Unless the Trustee shall otherwise agree, the Equipment shall not be used or assigned for use in service involving regular operation or maintenance outside of the United States of America (except run-through service with connecting railroads into Canada in the ordinary course of the Company's business), and shall not be used outside of jurisdictions in which the interest of the Trustee has been protected and perfected by filings or recordations contemplated by section 5.8 hereof.

SECTION 5.8. Recordation and Filing. This agreement or counterpart or copy hereof or evidence hereof may be filed or recorded in any public office as may be necessary or appropriate to protect the interest of the Trustee herein or in the Equipment. The Company, at its own expense, shall file and record this agreement and any assignments hereof and amendments hereto with the Interstate Commerce Commission pursuant to section 11303 of Title 49 of the United States Code, and deposit the same with the Registrar General of Canada pursuant to section 90 of the Railway Act of Canada, and from time to time shall execute and file any other instruments requested by the Trustee or any assignee of the Trustee that are necessary or appropriate to protect and preserve such interests.

SECTION 5.9. Insurance. The Company, at its own expense, shall maintain during the term of this agreement for the benefit of the Trustee and the holders of the Certificates all-risk casualty insurance for each unit of the Equipment and public liability insurance, in such amounts, against such risks, subject to such self-insurance and deductible provisions, and in such form customarily maintained by the Company on equipment similar

to the Equipment owned or leased by the Company. The Company shall be under no obligation to carry such insurance in excess of current standards in the railroad industry.

SECTION 5.10. Casualty Occurrences. The Company bears the entire risk of loss of or damage to the Equipment.

If the Equipment or any unit thereof shall be determined in good faith by the Company to be worn out, lost, stolen, destroyed, rendered permanently unfit for the intended use, or irreparably damaged, from any cause whatsoever, or shall be returned to the manufacturer pursuant to any patent indemnity or warranty settlement, or taken or requisitioned by condemnation or otherwise by any government agency resulting in loss of possession by the Company for a period of 90 consecutive days (any such occurrence being herein called a **Casualty Occurrence**), prior to the full payment of the principal and interest on the Certificates, the Company shall promptly and fully notify the Trustee with respect thereto.

When the total Value (determined as set forth in section 4.3 hereof) of all units of Equipment having suffered a Casualty Occurrence (exclusive of units in respect of which payment shall have been made to the Trustee pursuant to this section) shall exceed $750,000, the Company shall deposit with the Trustee, within 30 days of the Casualty Occurrence causing the Value of such units to exceed such amount, an amount equal to such Value. At the option of the Company, specified by notice to the Trustee, such amounts shall be either (a) held by the Trustee and applied to the settlement for substituted units of railroad equipment pursuant to section 4.3 and 4.4 hereof, or (b) applied to the prepayment of Certificates in the manner contemplated by section 4.6 hereof.

Upon the making of such payment by the Company in respect of any unit, the interest of the Trustee created by this agreement shall terminate with respect to such unit.

In lieu of the payment in respect of a Casualty Occurrence required hereby, within the time period required therefor, the Company may subject to the security interest of this agreement a replacement unit or units of standard-gauge railroad equipment, in the manner specified in and subject to the requirements of section 4.4 hereof.

SECTION 5.11. Encumbrances. Without the prior consent of the Trustee, the Company shall not create or permit to exist any claims, liens, security interests, or other encumbrances of any nature upon or against the Equipment, and the Company shall take such action at its own expense as may be necessary to duly

discharge any such encumbrance, unless the Company shall be contesting the same in good faith and by appropriate legal proceedings, if such contest shall not materially endanger the interests of the Trustee in the Equipment.

If the Company does not promptly pay and discharge or make adequate provision for the satisfaction and discharge of any such claim, lien, security interest, or encumbrance as required hereby, the Trustee may (but shall not be obliged to) pay and discharge the same and the Company shall promptly reimburse the Trustee therefor, with interest at the rate set forth for overdue payments in the form of certificate annexed hereto.

ARTICLE SIX
GENERAL COVENANTS

SECTION 6.1. Payment of the Certificates. The Company shall duly and punctually pay to the Trustee such amounts as are necessary to enable the Trustee to pay the principal of, premium, if any, and interest on the Certificates in accordance with the terms thereof and this agreement when such payments shall become due, including, but not limited to, prepayments required by section 4.6 hereof. This provision shall be deemed satisfied to the extent of payments directly to holders of certificates pursuant to section 2.4 hereof.

The obligation of the Company to pay such amounts is absolute and unconditional, and not subject to setoff for any reason whatsoever.

SECTION 6.2. General Indemnity. The Company shall indemnify and hold the Trustee, any assignee of the Trustee, the holders of the Certificates, and their respective agents and employees harmless from and against any and all liabilities, losses, damages, injuries, penalties, claims, demands, actions, suits, costs, and expenses, including reasonable attorney's fees, and including but not limited to any of the foregoing arising out of or imposed by the doctrine of strict liability or any statute imposing liability on parties with an interest in property, or arising out of the ordering, purchase, acceptance, lease, possession, or operation of the Equipment by the Company or any other entity, the condition, return, or use of the Equipment, or by operation of law, except any of the foregoing as may arise due to the wilful misconduct or gross negligence of the party seeking indemnity. The wilful misconduct or gross negligence of any party indemnified hereunder shall not affect the rights of any other party entitled to indemnity. The Company agrees that upon written notice by any party entitled to indemnity hereunder of the assertion of any such liability, loss, damage, injury, penalty,

claim, demand, action, or suit, the Company shall assume full responsibility for the defense thereof.

The Company shall be subrogated to the rights of any indemnified party in respect of the matter for which the indemnity has been given.

SECTION 6.3. Tax Indemnity. The Company shall pay and discharge and hold harmless the Trustee, any assignee of the Trustee, and the holders of the Certificates from and against all assessments and all taxes (including without limitation all sales, use, rental, and property taxes) and similar charges of any nature whatsoever, together with any penalties, fines, or interest thereon that may now or hereafter be imposed upon the purchase, delivery, ownership, maintenance, possession, or use of the Equipment, or upon this agreement, the Certificates, any assignment hereof, or the other documents contemplated hereby, or the payments or other amounts due or to become due hereunder or thereunder, excluding, however, all income, franchise, capital, or other taxes, on or measured by the net income of the Trustee or the holders of the Certificates, as the case may be.

The Company shall be under no obligation to pay any such taxes so long as it is contesting in good faith and by appropriate legal or administrative proceedings such taxes and the nonpayment thereof does not adversely affect the rights of the Trustee or the holders of the Certificates hereunder. The Company shall give the Trustee notice of such contest within 30 days after institution thereof.

SECTION 6.4. Reports. So long as any amount under the Certificates shall remain unpaid, the Company shall furnish to any holder of Certificates that shall so request and to the Trustee:

(a) as soon as available and in any event within 120 days after the close of each fiscal year of the Company occurring after the date hereof, a balance sheet and statement of cash flows of the Company at and as of the end of such fiscal year, together with a statement of income of the Company for such fiscal year, all in reasonable detail and stating in comparative for the data for the preceding fiscal year, and certified by a nationally recognized firm of independent public accountants selected by the Company;

(b) as soon as available and in any event within 60 days after the close of each of the first three quarters of each fiscal year of the Company, a balance sheet and statement of cash flows of the Company at and

as of the end of such quarter, together with a statement of income of the Company for such quarter, certified by the chief financial officer or the comptroller of the Company, and stating in comparative form the data for the corresponding period in the preceding fiscal year;

(c) simultaneously with the mailing thereof to its stockholders, or to the stockholders of its parent corporation, copies of all such financial statements, reports, notices, or proxy statements as the Company or its parent corporation shall mail to its stockholders;

(d) promptly upon their availability, all regular and periodic reports of the Company to the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or any successor statute, and all regular and periodic financial reports to the Interstate Commerce Commission;

(e) within the period set forth in (a) above, a certificate of an officer of the Company (i) setting forth the identifying numbers of each unit of the Equipment then subject to this agreement, (ii) identifying those units of the Equipment that have suffered a Casualty Occurrence (as defined in section 5.10 hereof) since the date of the last such certificate, (iii) identifying those units of the Equipment that have been withdrawn from use pending repairs (other than running repairs or routine maintenance) or otherwise, and (iv) stating that such officer has reviewed the activities of the Company and that, to the best of such officer's knowledge, there exists no Event of Default (as defined in section 8.1 hereof) or event that, with the passage of time or the giving of notice or both, would become such an Event of Default; and

(f) from time to time, such other information regarding the Equipment, this agreement, or the financial condition of the Company as the Trustee shall reasonably request.

The Company shall not be required to furnish the materials required by the foregoing clauses (a) and (b) to the extent such materials are included in reports furnished pursuant to clause (d).

SECTION 6.5. Inspection. So long as any amount under the Certificates shall remain unpaid, the Company shall permit any

holder of Certificates or its representative to visit the properties and the executive offices of the Company, inspect the financial records of the Company, and discuss the business and affairs of the Company with appropriate officers upon reasonable notice at any reasonable time during the Company's normal business hours. The Company shall not be liable for any injury to or death of any person so visiting the Company unless the same shall be due to the negligence or misconduct of the Company.

SECTION 6.6. Notice of Default. The Company shall promptly notify the Trustee of the occurrence of any Event of Default (as defined in section 7.1 hereof) or any event that, with the passage of time or the giving of notice or both would become an Event of Default, of which the Company shall have knowledge.

SECTION 6.7. Maintenance of Status as a Railroad. The Company will not take any action that would result in the loss by the Company of the status of a "railroad" as defined in section 101 of the Bankruptcy Code of the United States, it being the intention of the parties hereto that the Trustee shall have the rights of a "secured party with a purchase-money equipment security interest" in the Equipment under section 1168 of said code.

SECTION 6.8. Merger. So long as any amount under the Certificates shall remain unpaid, the Company shall not consolidate with or merge into any other corporation or convey, transfer, assign, or lease substantially all of its assets to any entity, unless:

(a) such successor or transferee corporation shall be a solvent corporation organized under the laws of any state of the United States of America;

(b) such successor or transferee corporation shall expressly assume the obligations of the Company hereunder and under the Finance Agreement;

(c) the instrument of such assumption or appropriate evidence thereof shall have been filed and recorded in every public office where this agreement or evidence thereof has been filed or recorded;

(d) the protection of section 1168 of the Bankruptcy Code, or any successor statute providing protection for lessors and secured parties of equipment in railroad reorganization, shall continue to be available to the Trustee in respect of the Equipment after such consolidation, merger, or transfer; and

(e) after such consolidation, merger, or transfer, no Event of Default shall have occurred hereunder.

ARTICLE SEVEN
EVENTS OF DEFAULT; REMEDIES

SECTION 7.1. Events of Default. If any of the following events (each such event being herein sometimes called an **Event of Default**) shall have occurred (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary):

(a) any payment of principal of or interest on the Certificates, including prepayments required by section 4.5 hereof, shall not be paid when due, and such default shall continue for more than ten days thereafter; or

(b) the Company shall breach or fail to observe or perform any covenant, agreement or warranty on its respective part made in this agreement or the Finance Agreement, and such breach or failure shall continue for a period of 30 days after notice thereof shall have been given to the Company by the Trustee, or to the Company and the Trustee by any holder of the Certificates, or a senior executive officer of the Company shall otherwise have knowledge thereof; or

(c) any representation or warranty made or given by the Company herein, in the Finance Agreement, or in any document, certificate or instrument furnished in connection therewith shall prove to be inaccurate in any material respect when made; or

(d) the Company shall sell, transfer, assign or otherwise part with possession of any unit of the Equipment contrary to the terms hereof, or shall suffer or permit any claim, lien, security interest, encumbrance, or charge upon or against the Collateral or any part thereof that is prior to or on a parity with the interest on the Trustee granted or assigned hereunder, unless the Company shall, within 30 days of such event with respect to any unit, substitute a replacement unit or units pursuant to section 4.4 hereof or deposit with the Trustee an amount equal to the Value (as defined in section 4.3) of such unit; or

(e) the Company shall (1) be insolvent or generally not paying its debts as they become due, (2) file, or consent to the filing against it of a petition for

relief under any bankruptcy or insolvency laws, (3) make an assignment for the benefit of creditors, (4) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Company or a substantial part of its property, or (5) take corporate action for the purpose of any of the foregoing; or

(f) a court having jurisdiction over the Company or its property shall enter a decree or order in respect of the Company or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or official with similar powers over the Company or a substantial part of such property, or shall order the winding up or liquidation of the affairs of the Company, and such order or decree shall continue in effect for a period of 120 consecutive days;

then and in every such case the Trustee may, and upon receipt of a request of the registered holders of 25% in principal amount of the then outstanding Certificates shall, by notice in writing to the Company, declare the unpaid principal amount of the Certificates with accrued interest thereon to be due and payable. Thereupon the entire amount of such principal and accrued interest, and the entire amount due hereunder shall become due and payable immediately without further demand, together with interest at the rate of interest specified in the form of Certificate to be paid, to the extent legally enforceable, on any portion thereof overdue.

The Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the amounts due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company and collect in the manner provided by law out of the Collateral, wherever situated, the moneys adjudged or decreed to be payable.

SECTION 7.2. Specific Remedies. Upon the occurrence and during the continuance of an Event of Default the Trustee shall have all of the rights and remedies of a secured party under the Uniform Commercial Code and all of the rights and remedies available under section 1168 of the United States Bankruptcy Code, and may exercise any or all of the following remedies:

(a) the Trustee may recover possession of the Equipment or any of it, and if the Trustee shall so request, the

Company shall cause the Equipment to be assembled and delivered to the Trustee as more fully set forth in section 7.4 hereof.

(b) The Trustee may collect and receive any and all rents, revenues and other cash and non-cash proceeds from the Collateral.

(c) The Trustee may with or without retaking possession sell all or any part of the Collateral, free from any and all claims of the Company, in one lot and as an entirety or in separate lots, at public or private sale, for cash or upon credit, in its discretion. Upon any such public sale, the Trustee itself or any holder of Certificates may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Equipment or the Collateral to be sold, and in general in such manner as the Trustee may determine, if the same shall be commercially reasonable.

If, prior to such sale or lease or the making of a contract therefor, or within ten days after the Trustee shall have notified the Company of its intention to take possession of or sell the Collateral or any of it the Company should tender full payment of the total unpaid principal of all the Certificates then outstanding, together with interest thereon accrued and unpaid and all other amounts due under this agreement as well as all proper expenses of the Trustee incurred in enforcing its rights hereunder, including taking possession of, storing, preparing the Equipment for, and otherwise arranging for, sale or leasing, then in such event absolute right to the possession of, title to and property in the Collateral shall pass to and vest in the Company.

Upon such sale of the Collateral, the Company shall cease to have any rights in respect of the Collateral hereunder, but all such rights shall be deemed thenceforth to have been waived and surrendered by the Company, and no payments theretofore made by the Company in respect of the Collateral or any of it shall give to the Company any legal or equitable interest or title in or to the Collateral or any of it or any cause or right of action at law or in equity in respect of the Collateral against the Trustee or the holders of the outstanding Certificates. No such taking possession or sale of the Collateral or any of it by the Trustee shall be a bar to the recovery by the Trustee from the Company of payments then or thereafter due and payable, and the Company shall be and remain liable for the same until such sums shall

have been received by the Trustee as, with the proceeds of the sale of the Collateral, shall be sufficient for the discharge and payment in full of all the obligations of the Company hereunder (other than interest not then accrued), whether or not they shall have then matured.

SECTION 7.3. Application of Proceeds. If an Event of Default shall occur and be continuing and the Trustee shall exercise any of the powers conferred upon it by sections 7.1 and 7.2 hereof, all payments made by the Company to the Trustee hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Company by the Trustee, and the proceeds of every sale by the Trustee of any of the Collateral, together with any other sums which may then be held by the Trustee under any of the provisions hereof, shall be applied by the Trustee to the payment in the following order of priority: (a) of all proper charges, expenses or advances made or incurred by the Trustee in discharge of its duties hereunder, (b) of the interest then due, with interest on overdue interest at the rate of interest specified in the form of Certificate to be applied to payments past due to the extent legally enforceable, and (c) of the principal of all the outstanding Certificates, with interest thereon at the rate of interest specified in the form of Certificate to be applied to payments past due to the extent legally enforceable from the last date on which interest was due, whether such Certificates shall have then matured by their terms or not.

If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, the Company shall pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Company.

SECTION 7.4. Return of the Equipment. If the Trustee shall request that the Equipment be returned as provided in section 7.2 hereof, the Company shall, at its own risk and expense:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) recover possession of and place the Equipment on such storage tracks of the Company as the Trustee reasonably may designate;

(b) permit the Trustee to store the Equipment on such

tracks until such units have been sold, leased or otherwise disposed of by the Trustee; and

(c) transport the same to any connecting carrier for shipment, all as directed by the Trustee.

The assembly, delivery, storage, and transportation of the Equipment as hereinbefore provided are of the essence of this agreement, and upon application to the court of equity having jurisdiction in the premises the Trustee shall be entitled to a decree against the Company requiring specific performance of the covenants of the Company so to assemble, deliver, store, and transport the Equipment.

During any storage period, the Company shall, at its own cost and expense, maintain and keep the Equipment in good order and repair and shall permit the Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser, to inspect the same.

All amounts earned by or in respect of the Equipment after this agreement shall have been declared to be in default belong to the Trustee and, if received by the Company, shall be promptly turned over to the Trustee. If any unit of Equipment is not assembled, delivered, and stored, as hereinabove provided, or shall not be in the condition required by Article Five hereof, within 30 days after the same shall have been requested by the Trustee, the Company shall, in addition to the other amounts payable hereunder, pay to the Trustee for each day thereafter until such unit shall have been so delivered to storage or restored to the condition required hereby an amount equal to the then prevailing hire rate between railroad companies for the use of railroad equipment of the type, cost and age of the Equipment.

Without in any way limiting the obligation of the Company under the foregoing provision of this section, the Company hereby irrevocably appoints the Trustee as the agent and attorney of the Company, with full power and authority, at any time while the Company is obliged to deliver possession of any unit of Equipment to the Trustee, to demand and take possession of such unit in the name and on behalf of the Company from whomsoever shall be in possession of such unit.

SECTION 7.5. Enforcement of Claims Without Possession of Certificates. All rights of action and rights to assert claims under this agreement, or under any of the Certificates, may be enforced by the Trustee without the possession of such Certificates, and any action or proceeding shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the

Certificates. In any action or proceeding brought by the Trustee the Trustee shall be held to represent all the holders of the Certificates, and it shall not be necessary to make any holders of the Certificates parties to such proceedings.

SECTION 7.6. Rights and Remedies Cumulative; No Waiver. Each and every right, power and remedy herein specifically given to the Trustee under this agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein. No waiver in respect of any Event of Default shall extend to any subsequent or other Event of Default.

SECTION 7.7. Restoration of Rights and Remedies. In case the Trustee shall have proceeded to enforce any right, power or remedy under this agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 7.8. Rescission and Annulment. If at any time after the principal of the Certificates shall have become so due and payable by declaration by the Trustee, and before any judgment or decree for the payment of the money so due, or any thereof, shall be entered, all arrears of interest upon the Certificates and all other sums payable under the Certificates (except the principal of and premium, if any, on the Certificates which by such declaration shall have become payable) shall have been duly paid, and every other default and Event of Default with respect to any covenant or provision of this agreement shall have been made good or cured, then and in every such case the Trustee's declaration and its consequences may, by request of the holders of a majority of the principal amount of the then outstanding Certificates, be rescinded and annulled; but no such rescission or annulment shall extend to or affect any subsequent default or Event of Default

with respect to such series or impair any right consequent thereon.

SECTION 7.9. Company May Purchase Certificates. At any time after the Trustee has declared the principal of the Certificates with accrued interest thereon to be due and payable (unless such declaration has been rescinded), upon the written request of the Company addressed to all registered holders of Certificates, each such holder agrees that it will, upon receipt from the Company of an amount equal to the aggregate unpaid principal amount of all Certificates then held by such holder, together with premium, if any, and interest thereon to the date of payment, plus all other sums then due and payable to such holder hereunder or under such Lease or under the Certificates, forthwith sell, assign, transfer and convey to the Company (without recourse or warranty of any kind) all of the right, title and interest of such holder in and to the Collateral, this agreement and all Certificates held by such holder, and the Company shall assume all obligations of such holder under this agreement. If the Company shall so request, such holder will comply with all the provisions of Article III to enable new Certificates to be issued to the Company in such denominations as the Company shall request. All charges and expenses in connection with such transfer and the issuance of any such new Certificates shall be borne by the Company.

ARTICLE EIGHT
THE TRUSTEE

SECTION 8.1. Ministry of Trust. The Trustee accepts the trusts hereby created and the duties applicable to it set forth herein and agrees to perform the same, but only upon the terms of this agreement.

The Trustee shall:

(a) authenticate, deliver, and exchange Certificates in accordance with the terms of Article Two hereof;

(b) receive, invest, and disburse in accordance with the terms hereof all proceeds of the sale of Certificates and all amounts payable by the Company or for its account hereunder and in respect of the Certificates;

(c) distribute to the holders of the Certificates copies of all financial statements, reports, and notices received by it as trustee hereunder (except to the extent that the Company is required to deliver statements or reports directly to such holders);

(d) take such action, or refrain from taking such action, with respect to an Event of Default (as defined in section 7.1 hereof) as the Trustee shall be instructed by the holders of a majority in principal amount of the outstanding Certificates; and

(e) perform all other acts and duties required to be performed by the Trustee by the terms of this agreement.

The Trustee acts hereunder solely as trustee herein and not in any individual capacity. All persons having any claim against the Trustee arising from matters relating to the Certificates by reason of the transactions contemplated hereby shall, subject to the lien and priorities of payment as herein provided, look only to the Collateral for payment or satisfaction thereof.

SECTION 8.2. Implied Duties. No implied duties or obligations shall be read into this agreement against the Trustee, the duties and obligations of the Trustee being determined solely by the express provisions of this agreement.

The Trustee shall not have any duty or obligation to manage, control, use, sell, operate, store, lease, dispose of or otherwise deal with the Equipment or any other part of the Collateral or otherwise to take or refrain from taking any action under, or in connection with, this agreement or any other document or any other action with respect to such Equipment except as expressly provided by the terms of this agreement or as expressly provided in instructions of the holders of a majority in principal amount of the Certificates.

SECTION 8.3. Care. The Trustee shall exercise such of the rights and powers vested in it by this agreement, and use the same degree of care and skill in such exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 8.4. Holders of Certificates. In determining whether the registered holders of the requisite principal amount of Certificates outstanding have given any request or notice under this agreement, Certificates owned by the Company, the Trustee, or any entity owning or controlling directly or indirectly, 50% of the voting shares of any thereof or controlled by or under common control with any thereof shall be disregarded and deemed not to be outstanding unless all of the Certificates are as of the date of determination owned by any one or more of such entities. In determining whether the Trustee shall be protected in relying upon any such request or notice, only

Certificates that the Trustee knows to be so owned shall be disregarded.

SECTION 8.5. Attribution of Knowledge; Notice. In the absence of actual knowledge, the Trustee shall not be deemed to have knowledge of a Event of Default (as defined in section 7.1 hereof) or event that, with the passage of time or the giving of notice would become an Event of Default, except the failure of the Company to make any payment of regular and periodic payments on the Certificates when the same shall become due.

If the Trustee shall have actual knowledge of an Event of Default or an event that, after the giving of notice or lapse of time would become an Event of Default, the Trustee shall give prompt written notice thereof to the Company and each registered holder of a Certificate unless such Event of Default or event shall have been remedied before the giving of such notice.

SECTION 8.6. Errors; Reliance. The Trustee shall not be liable for any error of judgment made in good faith, unless the Trustee shall be negligent in ascertaining the pertinent facts or such action or inaction shall be contrary to the express provisions of this agreement.

The Trustee may rely on any resolution, certificate, statement, opinion, report, notice, request, certificate or other instrument or document reasonably believed by the Trustee to be genuine.

The Trustee may consult with counsel reasonably believed by the Trustee to be competent in the matters in question, and may rely on any opinion of such counsel in taking any action in good faith not contrary to the express provisions of this agreement.

The Trustee shall not be liable for any action taken or omitted to be taken in good faith in accordance with the direction of the holders of the requisite percentage of principal amount of Certificates specified for such action in this Agreement.

SECTION 8.7. Limitations on Duties. The Trustee shall not manage, control, use, sell, operate, store, lease, dispose of or otherwise deal with the Equipment or any other part of the Collateral except in accordance with the powers granted to, or the authority conferred upon, the Trustee pursuant to this agreement, or in accordance with the instructions of the holders of a majority in principal amount of the outstanding Certificates.

In case of an Event of Default, if the Trustee shall not

have received instructions from the requisite number of holders of Certificates as provided herein within 20 days after furnishing notice of such Event of Default to the holders of the Certificates, the Trustee may, subject to instructions thereafter received pursuant to the preceding sentence, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default or event as it shall deem advisable in the best interests of the holders of the Certificates.

The Trustee shall not be required to take any action pursuant to instructions of the holders of Certificates nor shall any other provision of this agreement be deemed to impose a duty on the Trustee to take any action, if the Trustee shall have been advised by counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

The Trustee shall not be required to take or refrain from taking for the benefit of the holders of the Certificates any action under Article Seven hereof (except the giving of the written notice declaring this agreement be in default pursuant to the terms hereof) unless the Trustee shall have been indemnified by such holders, in manner and form satisfactory to the Trustee, against any liability, cost or expense (including counsel fees) that may be incurred in connection therewith.

SECTION 8.8. Disclaimer. The Trustee makes no representation or warranty as to the accuracy of any recital set forth herein or the value, condition, merchantability or fitness for use of the Equipment or any other part of the Collateral or as to the title thereto, or any other representation or warranty with respect to the Equipment or any other part of the Collateral whatsoever.

SECTION 8.9. Resignation and Removal of Trustee; Appointment of Successor; Co-Trustees. The Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Company and to each registered holder of a Certificate. Such resignation shall be effective on the date of appointment of a successor trustee as hereinafter provided. In addition, the Trustee may be removed at any time without cause by notice of holders of a majority in principal amount of the Certificates delivered to the Trustee, and the Trustee shall promptly give notice thereof in writing to each registered holder of a Certificate.

In the case of the resignation or removal of the Trustee, a successor trustee may be appointed by the holders of a majority in principal amount of the Certificates. If a successor trustee shall not have been appointed within 30 days after such notice of

resignation or removal, the Trustee or any registered holder of a Certificate may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. Any successor so appointed by such court shall immediately and without further act be superseded by any successor thereafter appointed within one year from the date of the appointment by such court.

Any successor trustee, however appointed, shall execute and deliver to its predecessor and to the Company an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estate, properties, right, powers, duties, and trusts of its predecessor hereunder in the trusts under this agreement applicable to it with like effect as if originally named as the Trustee herein; but nevertheless upon the written request of such successor trustee its predecessor shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights, powers, and trusts of such predecessor under this agreement, and such predecessor shall duly assign, transfer, deliver and pay over to such successor trustee any property or amounts then held by such predecessor under this agreement.

Any successor trustee, however appointed, shall be a bank or trust company organized under the laws of the United States or any jurisdiction thereof having aggregate capital and surplus in excess of $100,000,000, the senior debt of which (or the senior debt of its holding company) is rated in one of the three highest grades by both Moody's Investors Service and Standard & Poor's Corporation, if there be such an institution willing, able, and legally qualified to perform the duties of the Trustee hereunder upon reasonable or customary terms.

Any corporation or national banking association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from or surviving any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall, subject to the terms of the next preceding paragraph, be the Trustee under this agreement without further act.

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Trustee shall have power to appoint one or more individuals, corporations, associations or trusts to act as co-trustee of all or any part of

such Collateral or to act as separate trustee of any property constituting part thereof, in either case with such powers as may be provided in the instrument of appointment, and to vest in such co-trustee or separate trustee any property, title, right or power deemed necessary or desirable in the circumstances.

SECTION 8.10. Intermingling of Funds. All amounts received by the Trustee under or pursuant to any of the provisions of this agreement need not be segregated in any manner from any other amounts except to the extent required by law and may be deposited under such conditions as may be prescribed or permitted by law, so long as such amounts shall be properly accounted for by the Trustee and identified as to the source thereof.

SECTION 8.11. Compensation. The Trustee shall be entitled to reasonable compensation for its services hereunder, including enforcement of the terms hereof, and for expenses, including counsel fees, incurred in connection therewith, all of which shall be paid by the Company.

SECTION 8.12. Expiry of Trust. The trust created by this agreement shall terminate and the duties of the Trustee hereunder shall cease upon the payment of all the principal and interest on the Certificates and the discharge by the Company of all of its obligations hereunder. Any amounts held by the Trustee at such termination shall be paid over to the Company.

ARTICLE NINE
MISCELLANEOUS

SECTION 9.1. Method of Notice. Unless otherwise expressly specified or permitted by the terms hereof, all communications, instructions, requests, and notices provided for herein shall be in writing and shall become effective when delivered or the next day after being deposited in the United States mail with proper postage for overnight mail, prepaid, addressed as follows:

(i) if to the Company, at
114 West 11th Street
Kansas City, Missouri 64105-1804
Attention of Senior Vice President-Finance.

(ii) if to the Trustee, at
Suite 1820
55 Water Street
New York, New York 10041
Attention of Corporate Trustee
Administration Department

(iii) if to any holder of a Certificate, at the address of such holder set forth in the register kept pursuant to section 3.1;

or to such other address as the Company, the Trustee, or its successors or assigns, may from time to time designate by notice duly given in accordance with this section to each other party.

SECTION 9.2. Indenture Modification. If it shall become necessary or appropriate to amend or modify this agreement to comply with the provisions of any law in respect of trust indentures or otherwise, or to facilitate the exercise of the duties of the trustee hereunder and to effectuate the purposes hereof, then the Company shall enter into such an amendment and shall consent thereto, if the obligations of the Company are not otherwise enlarged thereby.

SECTION 9.3. Change of Location of the Office of the Trustee. The Trustee shall notify the Company and the registered holders of the Certificates of any change in location or address of its office where this transaction shall be administered and the register of holders maintained, in the manner set forth in section 9.1 hereof.

SECTION 9.4. Holders of Certificates. All representations, warranties, covenants, and agreements contained herein shall be binding on, and shall inure to the benefit of, the holders of the Certificates. Any request, notice, direction, consent, waiver, or other instrument or action by any holder of a Certificate shall bind the successors and assigns of such holder.

SECTION 9.5. Amendments and Waivers. The terms of this agreement shall not be waived, altered, modified, amended, supplemented, or terminated in any manner whatsoever except by written instrument signed by the Company and the Trustee and consented to by holders of the Certificates as follows:

(a) any amendment or waiver that shall reduce the amount of principal, premium, or interest due on, or change the amount or date of payment of, any Certificate shall require the consent of the holder thereof;

(b) any amendment or waiver of this section 9.5 and any amendment or waiver that shall reduce the amount payable by the Company hereunder or extend the time of such payment or release any Collateral (otherwise than as specifically provided in this agreement), shall require the consent of all holders of outstanding Certificates; and

(c) any other amendment or waiver shall require the consent of the holders of two-thirds in principal amount of the outstanding Certificates.

All expenses, including legal fees, incurred by the Trustee and the holders of Certificates in connection with any amendment, waiver, or supplement, or consideration thereof, shall be paid by the Company.

The Company will not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of this agreement or the Certificates unless each holder of the Certificates (irrespective of the amount of Certificates then owned by it) shall be informed thereof by the Company and shall be afforded the opportunity of considering the same and shall be supplied by the Company with sufficient information to enable it to make an informed decision with respect thereto.

Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this section shall be delivered by the Company to each holder of outstanding Certificates forthwith following the date on which the same shall have been executed and delivered by the holder or holder of the requisite percentage of outstanding Certificates.

The Company will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of the Certificates as consideration for or as an inducement to the entering into by any holder of the Certificate of any waiver or amendment of any of the terms and provisions of this agreement or the Certificates unless such remuneration is concurrently paid, on the same terms, ratably to the holders of all of the Certificates then outstanding.

SECTION 9.6. Entire Agreement. This agreement and the other agreements and documents referred to herein constitute the final and entire expression of the agreement of the parties with respect to the matters contemplated hereby.

SECTION 9.7. Law Governing. This agreement has been delivered in, and shall be governed by the law of, the State of New York; provided, however, that the Trustee shall have all the rights and remedies available to it under section 11303 of Title 49 of the United States Code.

SECTION 9.8. Recourse. This agreement is solely a corporate obligation and no recourse shall be had in respect of any

obligation, covenant, or agreement of this agreement, or referred to herein, against any stockholder, incorporator, director, or officer, as such, past, present, and future, of the parties hereto by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of statute or otherwise.

SECTION 9.9. Invalidity of Provisions. Any provision of this agreement which may be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.10. Counterparts. This agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, all of which together shall constitute a single agreement.

SECTION 9.11. Effectiveness. Although this agreement is dated as of the date first above written for convenience, the actual date of execution hereof by each party hereto is the date set forth in the notary's acknowledgment of such execution, and this agreement shall be effective on the latest of such dates.

IN WITNESS WHEREOF, the parties hereto have each caused this agreement to be duly executed by their respective officers thereunto duly authorized:

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

by .....
Senior Vice President-Finance

CHEMICAL BANK

by .....
Senior Trust Officer

Equipment Trust Agreement

STATE OF MISSOURI)
) SS.:
COUNTY OF Jackson)

On this 14th day of December, 1990, before me personally appeared Donald L. Graf, to me personally known, who, by me being duly sworn, says that he is the Senior Vice President-Finance of The Kansas City Southern Railway Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said company, and that said instrument was signed and sealed on behalf of said company 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 company.

Irene Paulhe
Notary Public

My commission expires

IRENE PAULHE
Notary Public - State of Missouri
Commissioned in Platte County
My Commission Expires March 22, 1991

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 18th day of December, 1990, before me personally appeared R. LORENZEN, to me personally known, who, by me being duly sworn, says that he is a Senior Trust Officer of Chemical Bank, that one of the seals affixed to the foregoing instrument is the corporate seal of said banking corporation, and that said instrument was signed and sealed on behalf of said banking 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 banking corporation.

Emily Fayan
Notary Public

My commission expires

EMILY FAYAN
Notary Public, State of New York
No. 24-4737006
Qualified in Kings County
Certificate filed in New York Co.
Commission Expires December 31, 1991

SCHEDULE A

EQUIPMENT

12 General Motors Corporation (Electro-Motive Division) model SD60 3800 horsepower, six-motor, diesel-electric locomotives, bearing the road numbers of The Kansas City Southern Railway Company KCS 724 through KCS 735.

ANNEX A

THIS CERTIFICATE HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933

No. $

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
EQUIPMENT TRUST NO. 1 OF 1990

PPN: 485188 D# 0

Maximum Authorized Issue $19,140,000

The Kansas City Southern Railway Company, a Missouri corporation (hereinafter called the Company), hereby promises to pay to

or registered assigns the principal amount of dollars and cents ($) in instalments as hereinafter provided, and interest on the unpaid principal balance thereof at a rate per annum equal to 9.68% from the date of this certificate to the date payment in full of the principal amount of this certificate is made. Principal shall be payable in 12 annual instalments on January 15 in each year, commencing January 15, 1992, and ending on January 15, 2003, each in the amount specified in section 2.3 of the equipment trust agreement referred to below. Interest on the unpaid principal amount, to the extent accrued, shall be payable on July 15, 1991, and on January 15 and July 15 in each year thereafter.

Interest payable hereunder shall be calculated on the basis of a 360-day year of twelve 30-day months. This certificate shall bear interest, payable only from the funds designated below, at the rate of 10.68% per annum on any amount not paid when due for any period during which the same shall be overdue.

Principal, premium, if any, and interest shall be payable in immediately available funds at the office of Chemical Bank (hereinafter called the Trustee) in New York, New York.

This certificate has been issued under and pursuant to the Equipment Trust Agreement dated as of December 1, 1990 (hereinafter called the Agreement), between the Company and the Trustee. Reference is hereby made to the Agreement for a statement of the rights of the holders of, and the nature and extent of the security for, this certificate.

This certificate is not subject to prepayment except as set forth in Section 4.6 of the Agreement.

In case an Event of Default under the Agreement (as defined in the Agreement) shall occur and be continuing, the unpaid principal of this certificate together with accrued interest hereon may become or be declared due and payable in the manner, with the effect and subject to the conditions, provided in the Agreement.

This certificate is transferable by the registered holder thereof, or by its attorney duly authorized in writing, only on the register maintained at the office of the Trustee in New York, New York, and only upon surrender and cancellation of this certificate and compliance with the conditions of the Agreement.

This certificate shall not be valid for any purpose until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the Company has caused this certificate to be duly executed by one of its officers thereunto duly authorized, as of the date hereof.

Dated:

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

by .....
Senior Vice President-Finance

This is one of the certificates of the series created by the within mentioned Agreement.

CHEMICAL BANK

by .....
Senior Trust Officer