

(6)

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N W
SUITE 200
WASHINGTON, D C

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

20006-2973

(202) 393-2266
FAX (202) 393-2156

OF COUNSEL
URBAN A. LESTER

January 6, 1998

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

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U S C. Section 11301(a) are three (3) copies of a Supplemental Security Agreement No Two, dated January 6, 1998, a secondary document as defined in the Board's Rules for the Recordation of Documents

The enclosed document relates to the Supplemental Security Agreement previously filed with the Board under Recordation Number ~~20512~~ 20526.

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

Lender. MetLife Capital Corporation
10900 NE 4th Street
Bellevue, Washington 98009

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

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

three (3) locomotives - CSXT 4203, CSXT 4204, and CSXT 4206

RECORDATION NO. FILED

JAN 6 '98 1-10PM

20526-C

JAN 6 1 08 PM '98

RECEIVED
SURFACE TRANSPORTATION BOARD

Mr Vernon A Williams
January 6, 1998
Page 2

Also enclosed is a check in the amount of \$24 00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned

Very truly yours,

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

Robert W Alvord

RWA/bg
Enclosures

**SUPPLEMENTAL SECURITY AGREEMENT NO. TWO
LOAN #2001697-004**

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

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

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

Qty.	Model/Mfr.	Description	Serial No.	Cost or Appraised Value
		3 USED LOCOMOTIVES more completely described on the attached Exhibit "A" herein incorporated by this reference		270,000.00

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

**2150 East Cargo Street
Pasco, WA 99301**

- 3 The Loan Amount for loans to be made pursuant to this Supplemental Security Agreement is **\$420,000 00**
- 4 The Commitment Expiration Date for loans to be made pursuant to this Supplemental Security Agreement is **9/30/97**
- 5 The amount of liability insurance required to be maintained by Borrower pursuant to Section 6(d) of the Loan and Security Agreement is **\$2,000,000 00**
- 6 All of the terms and provisions of the Loan and Security Agreement are hereby incorporated in and made a part of this Supplemental Security Agreement to the same extent as if fully set forth herein

In witness whereof, Borrower has executed and delivered this Supplemental Security Agreement this 6 day of January, 1998 98

RECORDATION NO. 20526-C FILED
JAN 6 '98 1-10PM

Co-Borrower	<u>WATCO, INC</u>
By	<u>Charles R. Webb</u>
(Print Name)	<u>Charles R Webb</u>
Title	<u>President</u>
Co-Borrower	<u>INMAN SERVICE COMPANY, INC.</u>
By	<u>Donald D. Orender</u>
(Print Name)	<u>Donald D. Orender</u>
By	<u>C.F.O.</u>
Co-Borrower	<u>TITAN RAIL SERVICES, INC</u>
By	<u>Donald D. Orender</u>
(Print Name)	<u>Donald D. Orender</u>
By	<u>Controller</u>

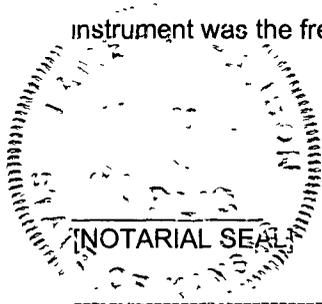
This Exhibit 'A' is attached to and made part of that					
Supplemental Security Agreement					
by and between MetLife Capital Corporation, Lender					
and Watco, Inc., Co-Borrower, Inman Service Company, Inc., Co-Borrower,					
Titan Rail Services, Inc., Co-Borrower					
Vendor/Invoice	Qty	Equipment Description	Cost	TOTAL	Location
Midwest Metalics dated 7/3/97	3	GP30 M's Formerly CSX 4203, 4204, 4206	\$270,000 00	\$270,000 00	2150 East Cargo Street Pasco, WA 99301

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

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



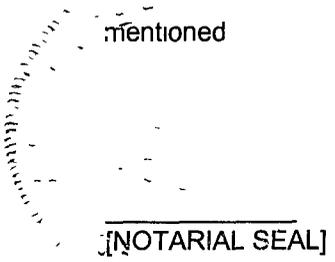
Jamera Hanson
NOTARY PUBLIC
My commission expires:
Nov. 12, 2000

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

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



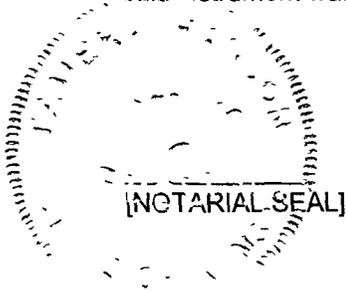
Jamera Hanson
NOTARY PUBLIC
My commission expires:
Nov. 12, 2000

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

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



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

2

