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RECORDING 23542
JUN 29 '01 4-02 PM
TS
SURFACE TRANSPORTATION BOARD

June 29, 2001

The Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Suite 700
Washington, DC 20423-0001

Dear Secretary Williams:

Enclosed are the original and one certified copy of the document described below to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Guaranty and Collateral Agreement, a primary document, dated as of June 29, 2001. Please record this document under the next available Recordation Number.

The name and address of the parties to the Memorandum of Guaranty and Collateral Agreement are:

Secured Party/Agent:

Bank of America, N.A.
1200 Main
Kansas City, MO 64105

Debtor:

Eastern Idaho Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

A description of the equipment covered by the Memorandum and Collateral Agreement is identified on the attached Schedule and includes **ALL NOW OWNED OR HEREAFTER ACQUIRED.**

BALL JANIK LLP

The Honorable Vernon Williams
June 29, 2001
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A fee of \$28.00 is enclosed. Please return the original to:

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Guaranty and Collateral Agreement between Bank of America, N.A., 1200 Main, Kansas City, MO 64105, and Eastern Idaho Railroad, Inc., 315 W. 3rd Street, Pittsburg, KS 66762, covering the equipment described in the Schedule and **ALL NOW OWNED OR HEREAFTER ACQUIRED.**

Sincerely,



Karl Morell

Enclosures

MEMORANDUM OF GUARANTY AND COLLATERAL AGREEMENT

This Memorandum of Guaranty and Collateral Agreement, dated as of June 29, 2001, is by Eastern Idaho Railroad, Inc. (the "Debtor") and Bank of America, N.A., as Administrative Agent for the Lenders pursuant to the Credit Agreement (the "Credit Agreement"), dated as of June 29, 2001, among Watco Companies, Inc. (the "Borrower"), the Lenders listed therein (the "Lenders"), and the Administrative Agent.

1. The Lenders have made loans to the Borrower pursuant to the Credit Agreement for the purpose of financing the operating needs of the Borrower and its affiliates (including Debtor). Such loans are secured by the Debtor's assets pursuant to the Guaranty and Collateral Agreement, dated as of June 29, 2001 (the "Guaranty and Collateral Agreement").

2. Pursuant to the Guaranty and Collateral Agreement, the Debtor grants to the Lenders a lien on and security interest in all of the Debtor's right, title and interest in and to the Rolling Stock (as defined in the Guaranty and Collateral Agreement) identified on the Schedule attached hereto and now owned or hereafter acquired, pursuant to Section 3 of the Guaranty and Collateral Agreement.

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM OF GUARANTY AND COLLATERAL AGREEMENT to be executed by its duly authorized officer as of the date first above written.

EASTERN IDAHO RAILROAD, INC., as
debtor

By: 

Name: *Gregory Lundberg*

Title: *Asst. Secretary*

BANK OF AMERICA, N.A., as
Administrative Agent

By: 

Name: *Miriam W. Slack*

Title: *Senior Vice President*

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SURFACE TRANSPORTATION BOARD

State of Illinois)
) ss.
County of Cook)

On this 29 day of June, 2001, before me personally appeared Gary Lundy, to me personally known, who, being by me duly sworn, says that (s)he is the Assistant Secretary of Eastern Idaho Railroad, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Eastern Idaho Railroad, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Eastern Idaho Railroad, Inc.

Linda C. Herron
Notary Public

My commission expires:



State of Illinois)
) ss.
County of Cook)

On this 29 day of June, 2001, before me personally appeared Michael W. Slack, to me personally known, who, being by me duly sworn, says that (s)he is the Senior Vice President of Bank of America, N.A., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Bank of America, N.A., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Bank of America, N.A.

Linda C. Herron
Notary Public

My commission expires:



Memorandum of Guaranty and Collateral Agreement

SCHEDULE

[See attached]

OWNER	OLD UNIT	OLD NO.	NEW UNIT	NEW NO.	TYPE	LOCATION	CUBIC CAP.	YEAR BUILT
EIR	SKOL	66648			100 ton O/T Hopp	EIR	2868	
EIR	SKOL	68053			100 ton O/T Hopp	EIR	2868	
EIR	SKOL	93245			100 ton O/T Hopp	EIR	3418	
EIR	SKOL	166808			100 ton O/T Hopp	EIR		
EIR	SKOL	347817			100 ton O/T Hopp	EIR		

EIRR	762	WAMX	3501	GP35	Nov-93	1993
EIRF	785	WAMX	3503	GP35	Nov-93	1993
EIRR	786	WAMX	3504	GP35	Nov-93	1993
EIRR	788	WAMX	3505	GP35	Nov-93	1993
EIRR	791	WAMX	3508	GP35	Nov-93	1993
EIRR	793	WAMX	3510	GP35	Nov-93	1993
EIRR	798	WAMX	3512	GP35	Nov-93	1993
EIRR	1004	WAMX	7015	GP7	Jun-89	1989
EIRR	2174	WAMX	7021	GP7	Jan-91	1991
EIRR	2178	WAMX	7022	GP7	Jan-91	1991
EIRR	2191	WAMX	7027	GP7	Jan-91	1991
EIRR	2204	WAMX	3001	GP30	Nov-93	1993
EIRR	2225	WAMX	3003	GP30	Nov-93	1993
EIRR	2228	WAMX	3004	GP30	Nov-93	1993
EIRR	2242	WAMX	3005	GP30	Nov-93	1993
EIRR	2274	WAMX	3006	GP30	Nov-93	1993
EIRR	2646	WAMX	3518	GP35	Apr-98	1998
EIRR	3133	WAMX	4501	SD45	Nov-93	1993
EIRR	3167	WAMX	4502	SD45	Nov-93	1993
EIRR	3669	WAMX	3524	GP35	Nov-93	1993
EIRR	4203	WAMX	3019	GP30M	Dec-97	1997
EIRR	4260	WAMX	3023	GP30M	Oct-97	1997
EIRR	8513	WAMX	4503	SD45	Dec-93	1993
EIRR	8525	WAMX	4504	SD45	Dec-93	1993