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MEMORANDUM NO. 23545 FILED

JUN 29 '01 4-80 PM

TS

SURFACE TRANSPORTATION BOARD

KARL MORELL

kmorell@bjllp.com

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 names and addresses 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:

Watco Transportation Services, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

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

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 Watco Transportation Services, Inc., 315 W. 3rd Street, Pittsburg, KS 66762, covering **ALL NOW OWNED OR HEREAFTER ACQUIRED** equipment.

Sincerely,



Karl Morell

Enclosures

MEMORANDUM OF GUARANTY AND COLLATERAL AGREEMENT

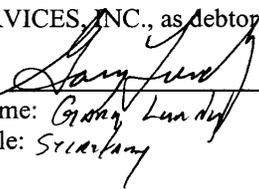
This Memorandum of Guaranty and Collateral Agreement, dated as of June 29, 2001, is by Watco Transportation Services, Inc. (the "Debtor") and Bank of America, N.A., as Administrative Agent for the Lenders pursuant to the Credit Agreement (the "Credit Agreement"), dated as of June 29, 2001, among Watco 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) 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.

WATCO TRANSPORTATION
SERVICES, INC., as Debtor

By: 
Name: Gregory Lundberg
Title: Secretary

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

By: 
Name: MICHAEL W. SLACK
Title: SENIOR VICE PRESIDENT

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JUN 29 '01 4:30 PM

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 Secretary of Watco Transportation Services, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Watco Transportation Services, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Watco Transportation Services, Inc.

Linda A. 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 A. Herron
Notary Public

My commission expires:

