

BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

KARL MORELL

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SURFACE TRANSPORTATION BOARD

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 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:

Stillwater Central Railroad, 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 Stillwater Central Railroad, Inc., 315 W. 3rd Street, Pittsburg, KS 66762, covering all equipment **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 Stillwater Central 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) 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.

STILLWATER CENTRAL RAILROAD,
INC., as debtor

By: _____

Name: *Gayle Lunning*
Title: *Asst. Secretary*

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

By: _____

Name: *Michael W. Slack*
Title: *Senior Vice President*

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 Stillwater Central Railroad, Inc., and that (s)he is duly authorized to
sign the foregoing instrument on behalf of Stillwater Central Railroad, Inc., and (s)he
acknowledged that the execution of the foregoing instrument was the free act and deed of
Stillwater Central Railroad, Inc.

Linda G. 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 G. Herron
Notary Public

My commission expires:

