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INTERSTATE COMMERCE COMMISSION

STATE OF MARYLAND)
) ss.
CITY OF BALTIMORE)

On this 9th day of November, 1976, the undersigned, Russell E. Schreiber, a Notary Public in and for the State and City aforesaid, hereby certifies that he has compared the copy of the Equipment Lease dated as of September 1, 1976, between Mercantile-Safe Deposit and Trust Company, as Trustee under the Burlington Northern Trust No. 76-8, as Lessor and Burlington Northern., as Lessee (the "Original Lease") attached hereto and that said copy is a true and correct copy in all respects of the Original Lease, including the dates, signatures and acknowledgements.

Russell E. Schreiber
Notary Public

My Commission Expires July 1, 1978.

RUSSELL E. SCHREIBER
NOTARY PUBLIC
My Commission Expires July 1, 19 78

NOV 3 1976

EQUIPMENT LEASE

Dated as of September 1, 1976

AMONG

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY
as Trustee

Lessor

AND

BURLINGTON NORTHERN INC.

Lessee

(Burlington Northern Trust No. 76-8)
(177 Enclosed Tri-Level Auto Racks)

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Attachments to Lease

Schedule A - Description of Equipment
Schedule B - Certificate of Acceptance under Equipment Lease
Schedule C - Schedule of Casualty Value

THIS EQUIPMENT LEASE dated as of September 1, 1976 between MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Trustee under a Trust Agreement (the "Trust Agreement") with THE INTERNATIONAL PAPER LEASING CORPORATION and RAINIERBANK LEASING, INC. (the "Trustors") dated as of September 1, 1976 relating to Burlington Northern Trust No. 76-8 (the "Lessor") and BURLINGTON NORTHERN INC., a Delaware corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor has entered into a Conditional Sale Agreement dated the date hereof (the "Conditional Sale Agreement"), with PORTEC, INC. (Paragon Division) (the "Manufacturer") providing for the construction, sale and delivery to the Lessor of the railroad equipment (collectively the "Items of Equipment" or "Equipment" and individually an "Item" or "Item of Equipment") described in Schedule A attached hereto and made a part hereof; and

WHEREAS, by instrument of Agreement and Assignment dated the date hereof, the Manufacturer has assigned or will assign its right, security title and interest under the Conditional Sale Agreement to First Security Bank of Utah, National Association, as Assignee (the "Assignee"); and

WHEREAS, the Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered to and accepted under the Conditional Sale Agreement on or prior to the outside delivery date set forth in said Schedule, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions.

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT; PURCHASE OF EXCLUDED EQUIPMENT.

1.1. Delivery and Acceptance of Equipment.

The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Item of Equipment is found to conform to the specifications therefor, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and to the Manufacturer thereof a certificate of acceptance (hereinafter called "Certificate of Acceptance") substantially in the form attached hereto as Schedule B, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

1.2. Purchase of Excluded Equipment. In the event of the exclusion of any Item or Items of Equipment from the Conditional Sale Agreement pursuant to Sections 2.3 or 3.1 thereof, the Lessee agrees with the Lessor, and also with and for the benefit of the Manufacturer who is hereby designated a third party beneficiary to the undertakings of the Lessee set forth in this Section 1.2, that the Lessee will be obligated to purchase from the Manufacturer, accept delivery of and pay for, any Item or Items of Equipment so excluded from the Conditional Sale Agreement and the Manufacturer and the Lessee shall execute a separate agreement providing for the sale of such excluded Item or Items of Equipment by the Manufacturer to the Lessee upon the same terms and conditions as those contained in the Conditional Sale Agreement, modified only to the extent necessary to provide for payment in cash upon delivery of such excluded Item or Item of Equipment, either directly or indirectly by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Lessee may determine and as may be reasonably satisfactory to the Manufacturer.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor the following Rent for the Items of Equipment leased hereunder:

(a) Interim Rental. For each Item of Equipment, an amount (the "Interim Rental") equal to the following:

(i) an amount equal to the difference between (A) .02396% per day of the amounts deposited with the Assignee pursuant to Section 3 of the Finance Agreement dated as of September 1, 1976 (the "Finance Agreement") among the Lessee, the Assignee, the Trustors and the investors named therein (the "Investors") for each day of the period from and including the date of each such deposit (and whether or not any such amounts shall be disbursed thereafter) to but not including the earlier of the Closing Date or Dates (as defined in the Conditional Sale Agreement) on which such amounts are disbursed by the Assignee in respect of each Item of Equipment or the Cut-Off Date (as defined in the Finance Agreement), and (B) the aggregate amounts remitted to the Trustors pursuant to Section 4(a) of the Finance Agreement; and

(ii) .004% of the Purchase Price (as defined in the Conditional Sale Agreement) of each Item of Equipment per day for the period from and including the date such Item was accepted pursuant to Section 1 hereof to but not including April 1, 1977 (provided that the amount payable pursuant to this clause (ii) of Section 2.1(a) shall not exceed the aggregate amount payable pursuant to Section 3.3(b)(1) of the Conditional Sale Agreement), plus

(iii) an amount equal to the difference between the aggregate amount payable pursuant to Section 2.1(a)(ii) and the aggregate amount payable in respect of the Equipment pursuant to Section 3.3(b)(1) of the Conditional Sale Agreement; plus

(iv) 1.95289% of the Purchase Price of each Item of Equipment accepted pursuant to Section 1 hereof on or prior to December 31, 1976.

Interim Rental shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Fixed Rental. For each Item of Equipment sixteen (16) consecutive semiannual installments (the "Fixed Rental") each payable in arrears in the amount provided for such Item of Equipment in Schedule A hereto.

(c) Adjustment of Fixed Rental. In the event that there are any losses, liabilities or expenses arising out of or resulting from the Investments made pursuant to Section 4 of the Finance Agreement, including, but not limited to, any deficiency in respect thereof, the Lessee agrees that the Fixed Rental payable hereunder shall be increased by an amount which, after deduction of all taxes required to be paid by the Trust and/or the Trustors thereon shall be sufficient to cause the Trustor's after-tax economic and accounting yields and cash flows to equal the after-tax economic and accounting yields and cash flows (computed on the same assumptions as utilized by the Trustors in originally evaluating this transaction) that would have been realized by the Trust s if the Trustors had not been required to pay such losses, liabilities or expenses, including, but not limited to, any such deficiency.

2.2. Rental Payment Dates. The installment of Interim Rental payable pursuant to Section 2.1(a)(i) hereof for each Item of Equipment shall be due and payable on the Cut-Off Date under the Finance Agreement and the installments of Interim Rental payable pursuant to Sections 2.1(a)(i) and (ii) hereof for each Item of Equipment shall be due and payable on April 1, 1977. The installments of Fixed Rental for all Items of Equipment shall be due and payable on the first day of April and October in each year commencing October 1, 1977 to and including April 1, 1985.

2.3. Place of Rent Payment. All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by wire transfer of Federal funds or otherwise immediately available funds at its address set forth in Section 21.1 hereof, or at such other place as the Lessor or its assigns shall specify in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this

Lease or otherwise or against the Manufacturer or against the Assignee, or against any entity having a beneficial interest in the obligations to be performed under the Conditional Sale Agreement; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the failure of the Lessor to perform its obligations under the second paragraph of Section 8 hereof, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to the Lessor on the Lessee's lines, or is stored for the Lessor on the Lessee's lines or leaves the Lessee's lines for off-line delivery to the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease shall begin on the date of execution and delivery of this Lease and, subject to the provisions of Sections 11 and 20 hereof, shall terminate on April 1, 1985.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Retention of Title. The Lessor is acquiring full legal title to the Equipment as Vendee under the Conditional Sale Agreement (but only upon compliance with all the terms and conditions thereof) and, it is understood that Lessee shall acquire no right, title and interest to the Equipment except as contemplated hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its rack number as set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

> "Leased from MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Lessor and Trustee-Vendee, and subject to a Security Interest of First Security Bank of Utah, National Association, as Secured Party."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and

the rights of any assignee under Section 16 hereof. The Lessee will not place any such item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the rack number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new rack numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease (or a financing statement or similar notice thereof) shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR ANY TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT INCLUDING BUT NOT LIMITED TO THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and the Trustor and their successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, ordinary wear and tear excepted, and

(b) any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner

by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation, the construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of claims for negligence or strict liability in tort.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or 15 as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability. The indemnities and assumptions of liabilities set forth in this Section do not guarantee a residual value in the Equipment nor do they guarantee the payment of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement).

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense and without offset for rent due hereunder.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered acces-

sions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor, except as provided in the second paragraph of this Section 8 and except for parts installed on and additions to any Item of Equipment (a) any portion of whose cost is furnished by the Lessee, (b) which are readily removable and are promptly removed at the expiration of the Lease term without causing material damage to such Item of Equipment, and (c) were not originally installed on or added to such Item of Equipment pursuant to the requirements of Section 7 or the second sentence of this Section 8.

If and to the extent the Lessee proposes to make an addition or improvement which will not be readily removable and is not required pursuant to Section 7 or the second sentence of the first paragraph of this Section 8 ("Non-Removable Addition"), the Lessee shall arrange for the acquisition thereof and the Lessor hereby agrees to purchase or otherwise acquire and lease the same to the Lessee for the remaining term of this Lease upon the terms and conditions herein specified at a rate to be negotiated between the Lessee and the Lessor; provided however that (w) the Lessor's obligation shall be limited to the acquisition and lease of, and the Lessee shall in no event propose to make, Non-Removable Additions in respect of any one Item which in the aggregate have a cost greater than 20% of the invoice cost of such Item, (x) the rent at which Non-Removable Additions are leased shall be in no event less than the Lessor shall require in its sole discretion to maintain the rate of return earned by it with respect to the Equipment initially leased hereunder, (y) the Lessor's obligation with respect to Non-Removable Additions shall be subject to such financing and closing requirements with respect thereto as the Lessor may reasonably deem necessary, and (z) in no event shall a Non-Removable Addition be financed by the Lessor pursuant hereto and made by the Lessee if the same would not be readily removable from the unit of railroad rolling stock to which the Item of Equipment is attached in respect of which such Non-Removable Addition is proposed to be made and to the extent that any of the conditions set forth in clauses (w), (x), (y) or (z) are not so satisfied, the Lessor shall have no obligation with respect to the financing of Non-Removable Additions.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the advance opinion of the Lessor, will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

Without limiting the foregoing, the Lessee further agrees that it will keep each Item of Equipment free and clear of any liens, charges, encumbrances or claims of the owner or owners of any interest in any units of railroad rolling stock to which any such Item of Equipment is at any time attached or affixed and of any purchasers of or present or future creditors obtaining a lien on such unit or units of rolling stock, and the Lessee will permit an Item of Equipment to be attached or affixed to a unit of rolling stock only in a manner so as to permit such Item to be readily removable from such unit of rolling stock without material damage to such Item or to such unit of rolling stock and without diminishing or impairing the value or utility of such Item or the value or utility such unit of rolling stock would have had at such time had such Item not been so attached or affixed.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease, the Conditional Sale Agreement and the first assignment thereof (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) to be duly filed, recorded or deposited in such public offices within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest of the Assignee to the satisfaction of the Lessor's or the Assignee's counsel and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments (including, without limitation, financing and continuation statements or similar notices thereof) required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or the Assignee's security interest in, the Equipment to the satisfaction of the Lessor's or the Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expenses to the Lessor and the Trustors for collection or other charges and will be free of expense to the Lessor and the Trustors with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax [and, to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign income tax] payable by the Lessor or the Trustors in consequence of the receipt of payments provided herein and other than the aggregate of all franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the Lessor and the Trustors have their respective principal places of business without apportionment to any

other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license, certification or registration fees and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer or title under the terms hereof or the Conditional Sale Agreement, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor or a Trustor solely by reason of the Lessor's ownership thereof and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the advance opinion of the Lessor, adversely affect tht title, property or rights of the Lessor hereunder or under the Conditional Sale Agreement. If any Impositions shall have been charged or levied against the Lessor or the Trustors directly and paid by the Lessor or a Trustor, the Lessee shall reimburse the Lessor or such Trustor on presentation an invoice therefor. Prior to making such payment, the Lessor or a Trustor shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Assignee in such Items of Equipment or notify the Lessor and the Assignee of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Assignee.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE, CASUALTY OCCURRENCES AND EARLY TERMINATION AND PAYMENTS THEREFOR.

11.1. Insurance. The Lessee will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar or lapse shall be ineffective (without liability for additional premium on the part of the Lessor or the Assignee) as to the Lessor and the Assignee for 30 days after receipt by the Lessor and the Assignee of notice from such insurer of such cancellation, material change or lapse and (4) in respect of the interest of the Lessor and the Assignee in such policy, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than of the Lessor, the Assignee or the Trustors, as the case may be) and shall insure the interest of the Lessor and the Assignee regardless of any breach or violation by the Lessee of any warranties, declarations or conditions contained in such policy.

Any net insurance proceeds resulting from insurance carried by the Lessee or condemnation payments received by the Lessor in respect of the Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 11. If the Lessor shall receive any such net insurance proceeds or condemnation payments after the Lessee shall have made a Casualty Value payment pursuant to this Section 11 without deduction for such net insurance proceeds or such condemnation payments, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to an Item paid by the Lessee unless an Event of Default or other event (hereinafter called a "Default") which with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 11.3. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds received by the Lessor or the Lessee with respect to an Item not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Item, but no such proceeds shall be paid to the Lessee until the Lessor and the Assignee shall have received a certificate signed by an authorized officer of the Lessee to the effect that such damage has been fully repaired; and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under

Section 11.3. Any condemnation payments received with respect to an Item not suffering a Casualty Occurrence shall be the property of the Lessor.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease, including any renewal term hereunder, or thereafter while the Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease, including any renewal terms hereunder (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the term of this Lease, being hereinafter called a Casualty Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Assignee in regard thereto and shall pay the Casualty Value (as herein defined) of such Item in accordance with the terms hereof.

11.3. Payment for Casualty Loss. The Lessee, on the Interim Rental or Fixed Rental payment date next following the date notice is given by the Lessee of a Casualty Occurrence with respect to any Item of Equipment, shall pay to the Lessor the rental installment due on such rental payment date for such Item of Equipment plus a sum equal to the Casualty Value of such Item of Equipment as of the Interim Rental or Fixed Rental payment date next following such Casualty Occurrence. Upon (and not until) payment of the Casualty Value in respect of any Item of Equipment and the Interim Rental or Fixed Rental installment due on such payment date, the obligation to pay rent for such Item of Equipment accruing subsequent to the Casualty Value payment date shall terminate.

11.4. Disposition of Equipment on Casualty Occurrence. The Lessee shall, as agent for the Lessor, dispose of such Item of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may to the extent the Casualty Value with respect thereto has been paid, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.5. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the Interim Rental or Fixed Rental payment date next following the date of the Casualty Occurrence (and not the date of the Casualty Occurrence) equal, in the case of Items of Equipment delivered to and accepted by the Lessee hereunder on or prior to December 31, 1976, to that percentage of the Purchase Price of such Item of Equipment set forth in the

Schedule of Casualty Value attached hereto as Schedule C-1 opposite such date of determination and equal, in the case of Items of Equipment delivered to and accepted by the Lessee on or after January 1, 1977 and on or prior to March 31, to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C-2 opposite such date of determination. It is understood that the Casualty Values set forth in Schedule C hereto assume for purposes of calculating the amount of recapture of investment credit under Section 47(a) of the Internal Revenue Code due in respect of a Casualty Occurrence that each Item was placed in service on the date Interim Rental is due with respect to such Item. In the event that a Casualty Occurrence with respect to an Item occurs after the third, fifth or seventh anniversary of the date such Item was accepted hereunder, as evidenced by a Certificate of Acceptance, and prior to the third, fifth or seventh anniversary of the date Interim Rental is due with respect to such Item, the Casualty Value will be reduced with respect to such Item by the portion, if any, of such Casualty Value attributable to the recapture of investment credit which is not, in fact, recaptured as a result of the timing of such Casualty Occurrence.

11.6. Early Termination and Payment Therefor. The Lessee may, upon not less than 180 days prior written notice to the Lessor, terminate this Lease as to all, but not less than all, of the Items of Equipment as of April 1, 1984 upon payment to the Lessor of the rental installment due on such date for the Items of Equipment plus any other sums then due and owing hereunder and plus an amount equal to the higher of the then fair market value (determined in accordance with the provisions of Section 20.1(b) hereof) of the Equipment or 20.889% of the Purchase Price (as defined in the Conditional Sale Agreement) of the Equipment (such amount being hereinafter referred to as the "Termination Value"). In the event of any such termination, the Lessor shall promptly elect any one of the following options: (i) with the prior written consent of the holders of the entire Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) then outstanding, retain the Equipment for whatever use it may deem appropriate, (ii) sell the Equipment using the Lessee as its agent therefor, or (iii) sell the Equipment not using the Lessee as its agent therefor. In the event the Lessor elects the option set forth in clause (ii) of this Section 11.6, the Lessee shall sell the Items of Equipment as soon as it is able to do so for cash for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, provided no Event of Default shall have occurred and be continuing, retain all proceeds of the disposition up to the sum of (i) the out-of-pocket expenses (including legal costs and attorneys' fees) incurred by the Lessee in connection with such disposition, and (ii) the Termination Value thereof and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment. Neither the Lessee nor any "affiliate" (as that term is hereinafter defined) of the Lessee shall be permitted to purchase any Item of Equipment with respect to which this Lease has been

terminated pursuant to this Section 11.6. Anything herein to the contrary notwithstanding, if the Lessee is unable after using its best effort to sell such Item or Items for cash, the Lessee may otherwise finally dispose of such Item or Items but in no event shall the Lessee or an "affiliate" thereof acquire the same.

In the event the Lessor elects the option set forth in clause (iii) of this Section 11.6, the Lessee shall have the option to cause an independent, bona fide prospective purchaser which is not an "affiliate" of the Lessee (the "Lessee's Purchaser"), ready willing and able to purchase the Equipment, to make a cash or equivalent offer to purchase the same on an "as-is", "where-is" basis without representation or warranty, express or implied. Upon the sale of the Equipment, whether or not to the Lessee's Purchaser, the Lessee shall have credited against the Termination Value the higher of the cash value of the sale price actually realized by the Lessor and the cash value of the offer of the Lessee's Purchaser provided that no Event of Default shall have occurred and be continuing and that the holders of the entire Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) then outstanding shall have previously agreed thereto in writing.

In the event the Lessor elects the option set forth in clause (i) of this Section 11.6 (with the prior written consent of the holders of the entire Conditional Sale Indebtedness then outstanding), the Lessee shall not be obligated to pay the Termination Value of the Equipment but will be obligated to pay the rental installment due on the date of termination of this Lease and any other sums then due and owing hereunder.

Any sale or other disposition pursuant to this Section 11.6 must be effective to fully divest the Lessor of all of the Lessor's right, title and interest in and to, and all obligations of the Lessor with respect to, such Item or Items. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the sale or other disposition of any Item of Equipment. For purposes of this Section 11.6, the term "affiliate" shall mean a shareholder of the Lessee or any party related to the Lessee within the meaning of Section 318 of the Internal Revenue Code of 1954, as amended.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment or the termination of this Lease pursuant to Section 11.6 from and after the date hereof and continuing until payment of the Casualty Value or the Termination Value and the Interim Rental or Fixed Rental installments due on and prior to the date of payment of such Casualty Value or the Termination Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or

taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1 in each year, commencing with the year 1977, the Lessee will furnish to the Lessor, the Trustors, the Assignee and the Investors an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder and the amount, description and road numbers of the railroad cars to which such Items are attached, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced. At the request of the Lessor, a Trustor, the Assignee or an Investor the Lessee will promptly furnish to such party an accurate statement describing the insurance coverage, if any, maintained by the Lessee pursuant to Section 11.1 hereof.

12.2. Lessor's Inspection Rights. The Lessor and the Assignee each shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, the Assignee the existence and proper maintenance thereof during the continuance of this Lease.

12.3. Financial Reports. The Lessee will furnish to the Lessor at the same time reports are required to be furnished to the Investors hereinafter referred to, such reports as are required to be furnished to the Investors pursuant to Section 9 of the Finance Agreement.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, remove from any unit of railroad rolling stock to which such Item of Equipment is attached and deliver possession of such Item of Equipment to the Lessor at such reasonable storage place on the lines of railroad operated by the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to

store such Item of Equipment at such place for a period not exceeding 120 days and transport the same at any time within such 120 day period to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee; provided that the obligation of the Lessee to so transport shall be limited to only one such movement in respect of any such Item of Equipment. All movement, storage and maintenance of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. During any such storage period the Lessee shall maintain the insurance required by Section 11.1 hereof and maintain the Items of Equipment in such manner as the Lessee normally maintains similar equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof or in Section 11 hereof and such default shall continue for ten days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof; or

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Conditional Sale Agreement and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease, the Conditional Sale Agreement or the Finance Agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(e) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee and (unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees within 30 days after such appointment or 60 days after such petition shall have been filed, whichever shall be earlier; or

(f) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and (unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor, shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of

such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following sums, with respect to each Item of Equipment then subject to this Lease, the Lessor, in its sole discretion, shall specify by written notice to the Lessee: (x) an amount equal to the excess, if any, of the Casualty Value for such Item, computed as of the rental payment date immediately preceding the Event of Default specified in such notice, over the rental which the Lessor reasonably estimates to be obtainable for such Item for the remainder of the term of this Lease after discounting such rental semi-annually to present value as of such preceding rental payment date at the rate of 5% per annum or (y) an amount equal to the excess, if any, of the Casualty Value for such Item as of such preceding rental payment date over the fair market value of such Item as of such preceding rental payment date or (z) a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5.0% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4 Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or the Assignee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith remove such Equipment from any unit of railroad rolling stock to which such Equipment is attached and place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain the insurance required by Section 11.1 hereof; and

(c) Transport the Equipment to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing.

15.2. Specific Performance. The removal, assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to remove, assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and other sums due and to become due hereunder have been assigned to the Manufacturer pursuant to Section 24 of the Conditional Sale Agreement and reassigned by the Manufacturer to the Assignee pursuant to the Assignment dated the date hereof, and all rent and other sums due and to become due hereunder shall be paid to the Assignee at 79 South Main Street, Salt Lake City, Utah 84111, Attention: Trust Department, Corporate

Trust Division, or at such other place as the Assignee shall specify in writing. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the Assignee) in the use, operation or possession of the Equipment or any part thereof, or by reason of the default by the Lessor of its obligations to the Lessee under the second paragraph of Section 8 hereof or of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

It is understood and agreed that the right, title and interest of the Assignee is, by the express terms of the Conditional Sale Agreement, subject to the rights and interests hereunder of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession on Lines Other Than Lessee's Own. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which Equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of Items of Equipment upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee will not

assign any Item of Equipment to service (including, without limitation, the regular operation and maintenance thereof) outside the United States of America. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of the railroad of the Lessee, provided that such assignees, successors or transferees will not, upon the effectiveness of such merger or consolidation or acquisition of properties, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligation to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. OPINION OF LESSEE'S COUNSEL.

Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor and the Trustors ten counterparts of the written opinion of counsel for the Lessee addressed to the Lessor, the Trustors, the Assignee and the Investors, in scope and substance satisfactory to such parties, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease and the Finance Agreement have each been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;

(d) This Lease (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) has been filed for record or recorded in all public offices wherein such filing or recordation is necessary to protect the right, title and interest of the Lessor in and to the Equipment in the United States of America;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Lessee of the Finance Agreement or this Lease.

(f) The execution and delivery by the Lessee of the Finance Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which the Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby; and

(g) As to any other matter which the Lessor shall reasonably request.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to 9-5/8% per annum (or the lawful rate, whichever is less) on the overdue rentals, including rentals payable during any renewal term, and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. OPTIONS TO PURCHASE AND RENEW.

20.1. Purchase Option. Provided that the Lessee is not in default, the Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Items of Equipment then leased hereunder at the expiration of the original term or of any renewal term pursuant to Section 20.2 hereof at a price equal to the Fair Market Value of such Items of Equipment (as hereinafter defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the

terms of the Lease. Any such sale shall be on an "as is", "where is" basis without representation or warranty, express or implied, as to the condition of the Equipment or any other matters.

(b) The Fair Market Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell. If on or before 60 days prior to the date of purchase elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of an Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

(c) Notwithstanding any election of the Lessee to purchase as provided in this Section 20.1, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Items of Equipment purchased by the Lessee upon such date unless the purchase price has been agreed upon by the parties pursuant to this Section 20.1, in which event the amount payable under Section 11 hereof shall be the greater of the amount otherwise payable under said Section 11 or such purchase price.

20.2. Renewal Options. Provided that the Lessee is not in default hereunder, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for additional renewal terms as the Lessee shall select upon and subject

to the terms and conditions herein contained for the original term of this Lease; provided that the semiannual Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 20.2.

(b) The Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and and informed and willing lessor under no compulsion to lease. If on or before 60 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee. The amount of the Rental when finally agreed upon or determined shall be due and payable on and as of the applicable rental payment date and shall bear interest as provided in Section 19 hereof if and to the extent not paid when due.

20.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 20, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice or consent required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor: Mercantile-Safe Deposit and Trust Company
P. O. Box 2258
Baltimore, Maryland 21203

Attention: Corporate Trust Department
(with copies to each Trustor)

If to the Lessee: Burlington Northern Inc.
Burlington Northern Building
176 East 5th Street
St. Paul, Minnesota 55101

Attention: R.C. Burton, Jr.
Assistant Vice President,
Financial Planning

If to the Assignee: First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111

Attention: Trust Department,
Corporate Trust Division

If to a Trustor: International Paper Leasing Corporation
220 East 42nd Street
New York, New York 10017

Attention: Vice President - Special
Financing

RainierBank Leasing, Inc.
P. O. Box 12218
Seattle, Washington 98112

Attention: David I. Williams

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

21.2. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

21.3. Law Governing. This Lease shall be construed in accordance with the laws of Minnesota; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

21.4. Limitations of Liability. It is expressly understood and agreed by and between the Lessor, the Trustor and the Lessee and their respective successors and assigns, that this Lease is executed by Mercantile-Safe Deposit and Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee (and Mercantile-Safe Deposit and Trust Company hereby warrants that it possesses full power and authority to enter into and perform this Lease);

and it is expressly understood and agreed that, except in the case of negligence or wilful misconduct of the Lessor or any Trustor, nothing herein contained shall be construed as creating any liability on the Lessor or such Trustor, individually or personally, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee; and that so far as the Lessor or any Trustor, individually or personally are concerned the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY
as Trustee under Burlington Northern
Trust No. 76-8

By _____
Assistant Vice President
LESSOR

(CORPORATE SEAL)

Attest:

_____
Corporate Trust Officer

BURLINGTON NORTHERN INC.

By _____
Its Executive Vice President-
Finance and Administration
LESSEE

(CORPORATE SEAL)

Attest:

_____
Assistant Secretary

This Lease and the Rent due and to become due hereunder have been assigned to, and are subject to a security interest in favor of, First Security Bank of Utah, National Association, as agent and assignee pursuant to the Conditional Sale Agreement dated as of September 1, 1976 among Mercantile-Safe Deposit and Trust Company, as Trustee under Burlington Northern Trust No. 76-8, Portec, Inc. (Paragon Division) and Burlington Northern Inc. and the related Agreement and Assignment. Information concerning such security interest may be obtained from First Security Bank of Utah, National Association, 79 South Main Street, Salt Lake City, Utah 84111, Attention: Trust Department, Corporate Trust Division.

STATE OF MARYLAND)
)SS
CITY OF BALTIMORE)

On this 8th day of November, 1976, before me personally appeared R. E. Johnson, to me personally known, who being by me duly sworn, says that he is an Assistant Vice President Mercantile-Safe Deposit and Trust Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said 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 corporation.

Dorothy E. Schaff
Notary Public

DOROTHY E. SCHAFF
NOTARY PUBLIC
My Commission Expires July 1, 1978

(SEAL)

My Commission Expires: 7-1-78

STATE OF MINNESOTA)
)SS
COUNTY OF RAMSEY)

On this 6th day of NOVEMBER, 1976, before me personally appeared FRANK H. COYNE, to me personally known, who being by me duly sworn says that he is the Executive Vice President-Finance and Administration of BURLINGTON NORTHERN INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said 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 corporation.

Richard L. Fisher
Notary Public

(SEAL)

My Commission Expires:

RICHARD L. FISHER,
Notary Public, Dakota County, Minn.
My Commission Expires April 23, 1977

SCHEDULE A
(to Equipment Lease)

MANUFACTURER:	Portec, Inc. (Paragon Division)
PLANT OF MANUFACTURER:	Novi, Michigan
DESCRIPTION OF ITEMS OF EQUIPMENT:	Type A (Import Service): 95 enclosed Tri-level Auto Racks without end doors Type B (Ford Service): 50 enclosed Tri-level Auto Racks with end doors Type C (G.M. Service): 32 enclosed Tri-level Auto Racks with end doors The 177 Tri-level Auto Racks shall bear rack numbers BN 4139 through BN 4315. The 95 Tri-level Auto Racks without end doors shall bear Manufacturer's serial nos. 40303-1 through 40303-95, both inclusive, and the 82 Tri-level Auto Racks with end doors shall bear Manufacturer's serial nos. 40616-1 through 40616-50, both inclusive, and 40609-1 through 40609-32, both inclusive.
SPECIFICATIONS:	Purchase Order Nos. OB-13195-6 and OB-13196-6.
BASE PRICE:	Type A: $22,353 per Item ($2,123,535 for 95 Items) Type B: $27,760 per Item ($1,388,000 for 50 Items) Type C: $26,067 per Item ($834,144 for 32 Items)
MAXIMUM PURCHASE PRICE:	$4,484,900 for 177 Items
DELIVER TO:	Burlington Northern Inc.
PLACE OF DELIVERY:	Novi, Michigan
ESTIMATED DELIVERY DATE:	November, 1976 - March 31, 1977
OUTSIDE DELIVERY DATE:	March 31, 1977
FIXED RENTAL PAYMENTS:	For each Item of Equipment delivered to and accepted by the Lessee under the Lease on or prior to December 31, 1976: eight (8) semiannual rental payments in arrears each equal to

6.393% of the Purchase Price (as defined in the Conditional Sale Agreement) of such Item of Equipment, followed by eight (8) semiannual rental payments in arrears each equal to 7.808% of the Purchase Price of such Item of Equipment.

For each Item of Equipment delivered to and accepted by the Lessee under the Lease on or after January 1, 1977 and on or prior to March 31, 1977: eight (8) semiannual rental payments in arrears each equal to 6.672% of the Purchase Price (as defined in the Conditional Sale Agreement) of such Item of Equipment, followed by eight (8) semiannual rental payments in arrears each equal to 8.11% of the Purchase Price of such Item of Equipment.

Lessee: Burlington Northern Inc.

Assignee of Manufacturer: First Security Bank of Utah, National Association

(Burlington Northern Trust No. 76-8)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To: Mercantile-Safe Deposit and Trust Company, as Trustee under Burlington Northern Trust No. 76-8 ("Trustee")

Portec, Inc. (Paragon Division) ("Manufacturer")

I, a duly appointed inspector and authorized representative of BURLINGTON NORTHERN INC. ("Lessee") and of the above named Trustee, do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of the Lessee and under the Equipment Lease dated as of September 1, 1976 between the Trustee and the Lessee, and on behalf of the Trustee under the Conditional Sale Agreement dated as of September 1, 1976 among Portec, Inc. (Paragon Division), the Trustee and the Lessee, of the following Items of Equipment ("Equipment"):

TYPE OF EQUIPMENT: Enclosed Tri-level Automobile Rack

MANUFACTURER: Portec, Inc. (Paragon Division)

PLACE ACCEPTED: Novi, Michigan

NUMBER OF ITEMS:

I do further certify that the foregoing Equipment is in good order and condition, and conforms to the Specifications applicable thereto, and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked in contrasting colors upon each side of each Item of Equipment the following legend in letters not less than one inch in height:

"Leased from Mercantile-Safe Deposit and Trust Company as Lessor and Trustee-Vendee, and subject to a Security Interest of First Security Bank of Utah, National Association, Secured Party."

(Burlington Northern Trust No. 76-8)

SCHEDULE B
(to Equipment Lease)

I do further certify that the following schedule sets forth the Lessee rack number of each of the foregoing Items of Equipment and the railroad car number to which such Item is attached:

Lessee Rack Number	Manufacturer's Serial Number	Railroad Car Number to which such Item is Attached	Date Accepted

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer of the Equipment for warranties it has made with respect to the Equipment.

_____
Inspector and Authorized
Representative of Lessee and Trustee

BURLINGTON NORTHERN INC.

SCHEDULE OF CASUALTY VALUE
FOR EQUIPMENT DELIVERED IN 1976

The Casualty Value of an Item of Equipment payable on any Interim Rental or Fixed Rental payment date shall mean an amount equal to the per cent of the Purchase Price (as defined in the Conditional Sale Agreement) of such Item set forth opposite such payment date in the following schedule:

Interim Rental or Fixed Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)	Percentage of the Purchase Price (as defined in the Conditional Sale Agreement) Payable as Casualty Value
April 1, 1977	108.6390%
October 1, 1977	107.4104
April 1, 1978	105.1785
October 1, 1978	102.6290
April 1, 1979	99.5660
October 1, 1979	96.4299
April 1, 1980	93.0118
October 1, 1980	82.6989
April 1, 1981	78.8300
October 1, 1981	73.4044
April 1, 1982	67.8125
October 1, 1982	55.4460
April 1, 1983	49.6941
October 1, 1983	43.9048
April 1, 1984	38.1383
October 1, 1984	25.7300
April 1, 1985	20.0000

SCHEDULE C-1
(to Equipment Lease)

BURLINGTON NORTHERN INC.

SCHEDULE OF CASUALTY VALUE
FOR EQUIPMENT DELIVERED IN 1977

The Casualty Value of an Item of Equipment payable on any Interim Rental or Fixed Rental payment date shall mean an amount equal to the per cent of the Purchase Price (as defined in the Conditional Sale Agreement) of such Item set forth opposite such payment date in the following schedule:

Interim Rental or Fixed Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)	Percentage of the Purchase Price (as defined in the Conditional Sale Agreement) Payable as Casualty Value
April 1, 1977	109.6111%
October 1, 1977	108.9398
April 1, 1978	108.5522
October 1, 1978	106.1929
April 1, 1979	102.3671
October 1, 1979	98.7996
April 1, 1980	95.1192
October 1, 1980	84.8712
April 1, 1981	80.7548
October 1, 1981	75.0831
April 1, 1982	69.3001
October 1, 1982	56.7250
April 1, 1983	50.7491
October 1, 1983	44.7191
April 1, 1984	38.6968
October 1, 1984	26.0167
April 1, 1985	20.0000

SCHEDULE C-2
(to Equipment Lease)