

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Patricia Schumacker
Itel Rail Corp.
55 Francisco Street
San Francisco, CA 94133

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/22/88 at 3:50PM, and assigned recordation number(s).

15480 & 14165-LLL & 14810-D

Sincerely yours,

Narita L. McEwen

Secretary

Enclosure(s)

RECORDATION NO. **1 5480** Filed 1426

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INTERSTATE COMMERCE COMMISSION

12/07/87

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made as of this 30th day of December, 1987, between ITEL RAIL CORPORATION, a Delaware corporation, 55 Francisco Street, San Francisco, California, 94133, as the lessor ("Lessor") and UNION PACIFIC RAILROAD, a Delaware corporation, Union Pacific Building, 1416 Dodge Street, Omaha, Nebraska 68179, as the lessee ("Lessee").

1. Scope of Agreement

- A. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, upon the terms and conditions set forth herein, a number of items of equipment of the number, type, construction and other description set forth in any lease schedules attached hereto and executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Equipment Schedule or Equipment Schedules executed herewith and any additional Equipment Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars" and individually a "Car."
- B. It is the intent of the parties to this Agreement that Lessor shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

The term of the Agreement with respect to each Car described on each Schedule shall commence at 12:01 AM on February 1, 1988 and shall expire as to all of the Cars described on each Schedule at 11:59 P.M. on January 31, 1992 (the "Term").

3. Supply Provisions

- A. Lessee hereby approves the specifications set forth on Equipment Schedule No. 1 for the Cars delivered to it by Lessor. To ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders with respect to such Cars to other railroad lines in accordance with Interstate Commerce Commission ("ICC") and Association of American Railroads ("AAR") interchange rules adopted by the AAR Mechanical Division,

THIS INSTRUMENT IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF HELLER FINANCIAL, INC. UNDER THE HELLER FINANCIAL, INC. LOAN AND SECURITY AGREEMENT WITH ITEL RAIL CORPORATION DATED AS OF SEPTEMBER 30, 1986.

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Operations and Maintenance Department ("Interchange Rules"). Lessee covenants that it shall subscribe to the Interchange Rules for the duration of this Agreement. If Lessor incurs expenses in having other railroads move Cars in accordance with this Section with Lessee's request or approval, Lessee shall reimburse Lessor for such expenses within ten (10) days of receipt of an invoice from Lessor.

- B. During the term of this Agreement, Lessor may, at its expense, replace any or all of the Cars with similar boxcars upon prior written notice from Lessor to Lessee.

4. Record Keeping

- A. Lessee shall, at its expense, prepare and file, with respect to the Cars, all documents relating to the registration, maintenance and record keeping functions normally performed by a railroad with respect to railroad equipment of the type subject to this Agreement. Such matters shall include, but are not limited to: (i) preparation of appropriate AAR interchange agreements with respect to the Cars; (ii) registration of the Cars in the Official Railway Equipment Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the ICC and any other regulatory agencies with respect to the Cars. Lessee shall register each Car in UMLER in such a manner that Lessor, or its agent, is allowed access to any required information with regard to each Car.
- B. Lessee shall perform all record keeping functions relating to the use of the Cars by Lessee and other railroads, including but not limited to, car hire reconciliation, collection and receipt of revenues from other railroad companies, records pertaining to maintenance and repair, and billing in accordance with the Interchange Rules. All record keeping performed by Lessee hereunder and all records of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during Lessor's regular business hours. Upon Lessor's request, Lessee shall supply Lessor with telephone reports of the number of Cars in its possession or control.
- C. Lessee shall submit to Lessor a monthly report in complete AAR format for all sums due to Lessee from Lessor for such calendar month with respect to the maintenance of the Cars. Such report shall include all repair charges received by Lessee during the previous month. Lessor shall pay to Lessee all sums due pursuant to this Subsection within thirty (30) days after receipt of such monthly maintenance report and bill.

5. Maintenance, Tax and Insurance

- A. Except as otherwise provided herein, Lessor shall, at its expense, perform or have performed all inspections of, maintenance and repairs to, and servicing of the Cars as shall be necessary to

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maintain the Cars in good operating condition suitable for general commodities and as specified in the AAR Interchange Rules, provided, however, that such repair, maintenance and servicing shall be performed at Lessee's expense in the event it was occasioned by the fault of Lessee, or arises in those instances in which the Interchange Rules would assign responsibility to Lessee (as handling carrier handling a foreign boxcar) for the loss, damage, destruction or liability requiring such repair, maintenance or servicing. Lessee shall, at its expense, inspect all Cars interchanged to Lessee to insure that such Cars are in good working order and condition and Lessee shall be liable to Lessor for any repairs required for damage not noted at the time of interchange which should have been noted at the time of interchange as provided in the applicable AAR Interchange Rules. Lessee shall use its best efforts to minimize any damages to the Cars which may be caused by any shipper on Lessee's railroad line.

- B.** Lessor shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition as specified in the Interchange Rules. Lessee may only make running repairs to those parts of the Cars specified in Exhibit A, attached hereto, to facilitate continued immediate use of each Car, but shall not otherwise make any repairs, alterations, improvements, or additions to any Car without Lessor's prior written consent. If repairs are necessary to any Car beyond such running repairs, Lessee shall promptly notify Lessor. In no event shall Lessee place such Car into a private contract repair facility, or allow a private contractor to perform repairs to such Car on the property of Lessee, unless such repairs are being performed at the direction and control of Lessor. Lessee shall be liable to Lessor for any revenues lost due to any unauthorized repair, alteration, improvement or addition. Title to such alteration, improvement or addition made, whether or not authorized, shall be and remain with Lessor. In the event that the AAR Mechanical Inspection Department determines that restitution is entitled to car owners whose cars are repaired at Lessee's facilities, Lessor shall be entitled to restitution as per AAR Rule 120 for each car owned or managed by Lessor which was repaired in such facility, including the Cars. Lessor shall have the right to perform certain Repairs, as hereinafter defined, to the Cars at an independent repair facility. Repairs ("Repairs") shall be of the type that Lessor determines Lessee would not normally perform or of the type that Lessor determines would normally precipitate movement of such Cars to a repair facility. Lessor shall notify Lessee at least twenty-four (24) hours in advance of performing such Repairs.
- D.** Lessee shall notify Lessor as soon as is practicable of any accident connected with the malfunctioning or operation of the Cars, including in such report, where available, the time, place and nature of the accident and the damage caused.
- E.** Lessee shall be responsible for the Cars: (i) while in Lessee's possession or control; and (ii) in the same manner and under the

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same circumstances that Lessee is responsible under the Interchange Rules for similar equipment not owned by Lessee. Lessee shall, at all times while this Agreement is in effect, at its own expense, cause to be carried and maintained: (i) all-risk, physical loss or damage insurance with respect to the Cars while on Lessee's tracks or in Lessee's care, custody or control; and (ii) public liability insurance with respect to third party personal injury and property damage, in each case in such amounts and for such risks and with such insurance companies as are satisfactory to Lessor. All insurance shall be taken out in the name of Lessee and shall name Lessor, any financing party designated by Lessor by written notice to Lessee and any assignee of Lessor as additional named insureds and shall also list Lessor, any financing party designated by Lessor by written notice to Lessee and any assignee of Lessor as loss-payees on the insurance policies. Said policies shall provide that Lessor, Heller Financial, Inc. and any assignee of Lessor shall receive thirty (30) days prior written notice of any material changes in coverage or cancellation thereof. In the event that Lessee fails to place insurance, or said insurance expires, Lessor has the right to purchase insurance to protect all interested parties and Lessee shall pay the cost thereof. With respect to the additional insureds, Lessee's insurance policies shall be primary to any other valid and available insurance ("Other Insurance") effected by, or for, the additional insureds. Lessee shall require its insurer specifically to waive subrogation, claim and recovery with respect to any Other Insurance. Any and all deductibles in the described policies shall be paid by Lessee.

- F. Each policy obtained by Lessee pursuant to this Section shall be in accordance with the above terms and conditions, and such terms and conditions shall be set forth on the Certificate of Insurance provided to Lessor pursuant to this Subsection. Lessee shall furnish to Lessor concurrently with execution hereof, and within thirty (30) days of receipt of a written request from Lessor, and at intervals of not more than twelve (12) calendar months from execution hereof, Certificates of Insurance evidencing the aforesaid insurance. Lessee shall provide Lessor a Certified Copy of each insurance policy upon written request. Lessee shall be permitted to self-insure on any specified interests, provided that Lessee warrants to place Lessor in same position as if the relating insurance had been effected.
- G. Lessee assumes responsibility for and agrees to pay, protect, save, keep harmless and indemnify Lessor and its successors against taxes, fees, levies, imposts, duties or withholdings of any nature together with penalties, fines or interest thereon imposed on, incurred by or asserted against: (1) the Cars; (2) sale, lease, sublease or delivery of the Cars; (3) revenues earned by the Cars, including but not limited to mileage charges or car-hire revenues, during the term of this Agreement, except for taxes imposed on Lessor's income.

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6. Storage

Lessee shall be responsible for all Costs associated with storing the Cars during the Term.

7. Rent

- A. The fixed rent ("Fixed Rent") shall be _____ per Car per month for each full calendar month ("Month") during the Term. The Fixed Rent for any Car which is not subject to the Agreement for an entire Month shall be prorated at _____ per day for such Car during such Month.
- B. On the last day of each Month during the Term, Lessee shall pay the Fixed Rent to Lessor for such Month.
- C. In the event destruction or damage beyond repair of a Car has been reported in accordance with Rule 107 of the AAR Field Manual of the Interchange Rules and Car Hire Rules 7 and 8 of the AAR Code of Car Hire Rules and Interpretations-Freight, said destroyed Car will be removed from the rental calculations of this Agreement on the date car hire for such Car ceased as set forth in the aforementioned Rules 7 and 8. Lessor may, at its expense, replace any destroyed Car with similar equipment upon prior written notice from Lessor to Lessee.
- D. If any Car, while in the possession of Lessee, is damaged to the extent that such damage exceeds the AAR Depreciated Value ("DV") for such Car, Lessee shall notify Lessor within sixty (60) days following the date of the occurrence of such damage ("Damage Date"). If Lessee fails to so notify Lessor within sixty (60) days of the Damage Date, Lessor has the right to engage an independent appraiser at Lessee's cost to inspect such Car to determine the extent of such damage. Regardless of whether or not Lessee has notified Lessor of the damage pursuant to this Subsection, Lessee shall remit to Lessor an amount equal to the DV of such Car within thirty (30) days of receipt of an invoice from Lessor. Upon payment of such amount, title of such Car shall vest with Lessee.
- E. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested to establish and pursue proper claims against parties responsible for loss or destruction of, or damage to, the Cars, provided, however, that this shall not affect their respective obligations under this Section 7.

8. Possession and Use

- A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent the Cars are

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customarily used in the railroad freight business as set forth in Subsection 8.C. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement pursuant to which Lessor's obligations thereunder are or become secured by the Cars. Accordingly, following notice to Lessee from any such secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Agreement), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, or that the Cars immediately be returned to such party, in which event this Agreement shall terminate.

- B. Lessee agrees that to the extent it has physical possession and can control the use of the Cars, the Cars shall at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same are operated and in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of the Cars, except that either Lessor or Lessee may in good faith and by appropriate proceedings, contest the application of any such act, rule, regulation or order in any reasonable manner at the expense of the contesting party; provided, however, that in the case of a contest by Lessee, such contest will not, in the reasonable advance opinion of Lessor, jeopardize Lessor's interest in the Cars or in this Agreement.
- C. The use of the Cars shall be limited to use by a rail common carrier and the Cars shall always bear the reporting marks of Lessee or its affiliates or subsidiaries. The reporting marks on the Cars shall not be changed without Lessor's prior written consent. During the term of this Agreement, the Cars shall at all times be registered in the Official Railway Equipment Register and UMLER.
- D. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim arising through it, on, or with respect to the Cars or any interest therein, or in this Agreement or any Schedule hereto, except those created for the benefit of Lessor or any owner or secured party referred to in Subsection 8.A. hereinabove. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

9. Default

- A. The occurrence of any of the following events shall be an event of default:
 - (i) The nonpayment by Lessee of any sum required herein to be paid by it within ten (10) days after the date that such payment is due;

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- (ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within ten (10) days after receipt of notice from Lessor or awareness by Lessee of such breach;
 - (iii) The filing by or against Lessee of any petition or the initiation by or against Lessee of any proceeding: a) for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder; or b) under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, financial reorganization, arrangements with creditors, compositions of indebtedness, or extensions of indebtedness;
- B.** Upon the occurrence of any event of default hereunder, without limiting Lessor's rights and remedies otherwise provided by law, which shall be available to Lessor in addition to the following rights and remedies (no right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor and Lessor in any case being entitled to recover all costs, expenses and attorneys' fees incurred by it in enforcing its rights and remedies hereunder), Lessor may, at its option, terminate this Agreement and/or may:
- (i) Proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof, and/or
 - (ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon Lessee shall, if directed by Lessor, unload the Cars within a reasonable time from such direction and deliver the Cars within thirty (30) days thereafter to Lessor at an interchange point or points on Lessee's lines designated by Lessor, and Lessor shall henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which would have become due during the Term, together with Lessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof.

10. Expiration or Early Termination

A. Expiration

Upon the expiration of this Agreement (whether at the end of the Initial Term or any Extended Term) with respect to any Car, Lessee

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shall promptly deliver such Car to Lessor, at such location as Lessor may designate, as follows:

- (i) If some or all of the Cars are to be delivered to Lessor at a location or locations on Lessee's railroad tracks, Lessee shall be responsible for any transportation costs incurred in moving such Cars to Lessee's railroad tracks subsequent to the time of expiration. Lessee shall, at Lessor's option, provide, with respect to any Car described on each Schedule which is either on Lessee's railroad tracks at the time of expiration or is subsequently returned to Lessee's railroad tracks, up to sixty (60) days free storage on its railroad tracks from either the date of expiration or the date the last Car on such Schedule is returned to Lessee's railroad line subsequent to the time of expiration, whichever date is later.
- (ii) At the option of Lessor, either Lessee or a contractor chosen by Lessor shall remark the Cars as set forth in Subsection 10.C. of this Agreement. Lessee and Lessor shall each bear fifty percent (50%) of the costs associated with such remark. Lessee shall not remove Lessee's railroad marks from any Car without the prior written consent of Lessor. After remarking, Lessee shall, at Lessor's option, load the Cars with freight on Lessee's lines and deliver them to a connecting carrier for shipment, subject to a thirty (30) day grace period from the date of remark.
- (iii) If some or all of the Cars are to be delivered to Lessor at a location other than Lessee's tracks, the cost of assembling, delivering, storing, and transporting each Car to such location shall be borne by Lessor. Lessee and Lessor shall each bear fifty percent (50%) of the expense of remarking such Cars.

B. Early Termination

Upon the early termination of this Agreement with respect to any Car pursuant to Section 9 hereinabove, Lessee shall promptly deliver such Car to Lessor, at such location as Lessor may designate, as follows:

- (i) If some or all of the Cars are to be delivered to Lessor at Lessee's railroad tracks, Lessee shall be responsible for any transportation costs incurred in moving such Cars to Lessee's railroad tracks subsequent to the time of early termination. Lessee shall, at Lessor's option, provide, with respect to any Car described on any Schedule which is either on

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Lessee's railroad tracks at the time of early termination or is subsequently returned to Lessee's railroad tracks, up to one hundred twenty (120) days free storage on its railroad tracks from either the date of early termination or the date the last Car on such Schedule is returned to Lessee's railroad line subsequent to the time of early termination, whichever date is later.

(ii) Lessee shall, at its expense and to Lessor's specifications, remark the Cars as set forth in Subsection 10.C. of this Agreement. Lessee shall not remove Lessee's railroad marks from any Car without the prior written consent of Lessor. After remarking, Lessee shall, at Lessor's option, load the Cars with freight on Lessee's lines and deliver them to a connecting carrier for shipment, subject to a thirty (30) day grace period from the date of remark.

(iii) If some or all of the Cars are to be delivered to Lessor at a location other than Lessee's tracks, the cost of assembling, delivering, storing, and transporting each Car to such location shall be borne by Lessee. Lessee shall bear the expense of remarking such Cars.

C. Remarking, with respect to each Car, shall include the following: i) removal of existing mandatory markings and all company logos of Lessee; ii) complete cleaning of the area where new marks are to be placed subsequent to the removal of markings and company logos as designated by Lessor; iii) application of new mandatory markings; and iv) any transportation involved in moving each Car to and from a suitable work area to perform the remarking set forth in this Section.

11. Indemnities

A. LESSEE SHALL DEFEND, INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND AGAINST ANY LOSS, DAMAGE, DESTRUCTION OR LIABILITY WITH RESPECT TO THE CARS WHICH IS OCCASIONED BY THE FAULT OF LESSEE, OR ARISING OUT OF LESSEE'S POSSESSION OR CONTROL OF THE CARS, OR IN THOSE INSTANCES IN WHICH THE INTERCHANGE RULES WOULD ASSIGN RESPONSIBILITY FOR SUCH LOSS, DAMAGE, DESTRUCTION, OR LIABILITY TO LESSEE.

B. SUBJECT TO SUBSECTION 11.A., AND EXCEPT FOR THOSE CLAIMS, CAUSES OF ACTION, DAMAGES, LIABILITIES, COSTS OR EXPENSES FOR WHICH LESSEE SHALL BE RESPONSIBLE AS SET FORTH IN THIS AGREEMENT, LESSOR SHALL DEFEND, INDEMNIFY AND HOLD LESSEE HARMLESS AGAINST ANY AND ALL LOSS, DAMAGE OR DESTRUCTION OF OR TO THE CARS.

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12. Representations, Warranties, and Covenants

Lessee represents, warrants and covenants that:

- A. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and, insofar as is material to Lessor's rights under this Agreement, has the corporate power, authority and, is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.
- B. The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound, except as provided in Section 8 hereinabove.
- C. There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee such that Lessee's ability to perform its obligations hereunder would be materially and adversely affected.
- D. There is no fact which Lessee has not disclosed to Lessor in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of Lessee or the ability of Lessee to perform its obligation under this Agreement.

13. Inspection

Lessor shall have the right, upon forty-eight (48) hours prior notice to Lessee, to enter any premises where the Cars may be located at any time during normal business hours for the purpose of inspecting and examining the Cars.

14. Miscellaneous

- A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Lessee may not without the prior written consent of Lessor, assign this Agreement or any of its rights hereunder or sublease any Cars to any party, and any purported assignment or sublease in

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violation hereof shall be void. Lessor's consent to a sublease of the Cars shall not be unreasonably withheld, provided that Lessee shall remain primarily liable for all of its obligations under this Agreement and any such sublease shall be in substantially the same form as this Agreement.

- B. Both parties agree to execute the documents appropriate to this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Lessor or its assignees in connection with the acquisition or financing or use of the Cars in order to confirm the financing parties' interest in and to the Cars, this Agreement and Schedules hereto and to confirm or further the subordination provisions contained in Section 8 of this Agreement.
- C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint sale or venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars, except as a lessee only.
- D. No failure or delay by either party shall constitute a waiver or otherwise affect or impair any right, power or remedy available to such party, nor shall any waiver or indulgence by such party or any partial or single exercise of any right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- E. This Agreement shall be governed by and construed according to the laws of the State of California; provided, however, that any remedies herein provided which are valid under the law of the jurisdiction where proceedings for the enforcement hereof shall be taken shall not be affected by any invalidity thereof under the laws of the State of California.
- F. All notices hereunder shall be in writing and shall be deemed given 1) when delivered personally or 2) when received in the United States mail, postage prepaid, certified or registered, or 3) when transmitted and received by telex, addressed to the president of the other party or addressed to the individual designated in writing by the other party at the address set forth herein or at such other address as to which any party shall notify the other party.
- G. The termination or expiration of this Agreement shall not affect any rights or obligations of the parties hereto which may have accrued or liabilities, accrued or otherwise, which may have arisen prior to such termination or expiration.
- H. This Agreement represents the entire Agreement. This Agreement shall not be modified, altered, or amended, except by an agreement in writing signed by the parties.



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I. This Agreement may be executed in multiple counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument; provided, however, that only the single counterpart of this Agreement marked "Secured Party's Original" shall be deemed to constitute the only original of this Agreement constituting "chattel paper" for purposes of the Uniform Commercial Code as in effect in any jurisdiction, all other counterparts being deemed duplicate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ITEL RAIL CORPORATION

UNION PACIFIC RAILROAD

By: *AD Hayes*

By: *JR Gair*

Title: President

Title: Executive Vice President

Date: January 6, 1988

Date: December 30, 1987

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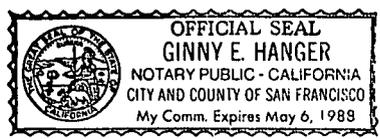
EXHIBIT A

<u>Running Repairs</u>	<u>Running Repairs Continued</u>
Angle Cocks	Wheels
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers in Brackets	Slack Adjuster
Sill Steps	Pedestal Locks
Grab Irons	Couplers
Brake Shoes	Draft Gears
Brake Shoe Keys	Coupler Carriers
Brake Connecting Pin	Center Plates
Brake Head Wear Plates	Lube of Hitches
In-Date-Test	Cotter Keys
Air Brakes	Roller Bearing Adapters
Hand Brakes	Air Hose Supports
Brake Beams and Levers	
Truck Springs	
Door Hardware	

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STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 6th day of January, 198⁸, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Ginny E. Hanger
Notary Public

STATE OF Nebraska)
) ss:
COUNTY OF Douglas)

On this 30th day of December, 1987, before me personally appeared J. R. Davis, to me personally known, who being by me duly sworn says that such person is Executive Vice President of Union Pacific Railroad, that the foregoing Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



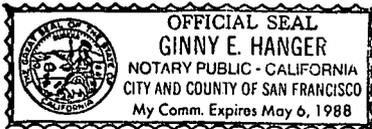
A.A. Holdorf
Notary Public

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- OMAHA ✓

LAW DEPT. C. D.
UNION PACIFIC
- OMAHA ✓

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 04th day of January, 198~~7~~⁸, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Equipment Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Ginny E. Hanger
Notary Public

STATE OF Nebraska)
) ss:
COUNTY OF Douglas)

On this 30th day of December, 1987, before me personally appeared J. R. Davis, to me personally known, who being by me duly sworn says that such person is Executive Vice President of Union Pacific Railroad, that the foregoing Equipment Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



A.A. HOLEGRIF
Notary Public

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