

212-826 8224
Shulman

UNION PACIFIC RAILROAD COMPANY

345 PARK AVENUE



NEW YORK, N.Y. 10022 RECORDATION NO. 13181 Filed 1425

KENDOR P. JONES
ASSISTANT EASTERN GENERAL COUNSEL

JUL 9 1981-9 2 AM

INTERSTATE COMMERCE COMMISSION

13181

RECORDATION NO. Filed 1425

July 8, 1981

JUL 9 1981-9 2 AM

No. #1-190A 031

JUL 9 1981

Date.....

Fee \$ 60.00

ICC Washington, D. C.

Hon. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

Re: Lease dated June 26, 1981 and Lease Supplement dated June 26, 1981, each between Mercantile Leasing Company Limited and Union Pacific Railroad Company

Dear Mrs. Mergenovich:

Enclosed herewith for filing pursuant to 49 U.S.C. §11301 are three executed counterparts of a Lease dated June 26, 1981 between Mercantile Leasing Company Limited and Union Pacific Railroad Company and a Lease Supplement dated June 26, 1981 between such parties.

After filing and recordation, two of the counterparts of each document should be returned to the undersigned or given to the bearer of this letter.

Also enclosed is a check in the total amount of \$60 payable to the order of the Commission in payment of the fees associated with the filings and recordations of these documents.

Very truly yours,

Kendor P. Jones

KPJ:b
Encls. FEE OPERATION BR. I.C.C.

JUL 9 9 48 AM '81

RECEIVED

C. H. Kunkel

Interstate Commerce Commission
Washington, D.C. 20423

7/9/81

OFFICE OF THE SECRETARY

Kendor P. Jones
Assistant Eastern General Counsel
Union Pacific Railroad Co.
345 Park Avenue
New York, N.Y. 10022

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **7/8/9** at **9:55am**, and assigned re-
recording number(s). **13181**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

UNION PACIFIC RAILROAD COMPANY

345 PARK AVENUE



NEW YORK, N. Y. 10022

KENDOR P. JONES
ASSISTANT EASTERN GENERAL COUNSEL

July 13, 1981

Mrs. Mildred Lee
Interstate Commerce Commission
Room 2303
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

Re: Lease between Mercantile Leasing Company Limited and Union Pacific Railroad Company (Recordation No. 13181) and Lease Supplement between such parties (Recordation No. 13181-A)

Dear Mrs. Lee:

In accordance with our telephone conversation on Thursday, July 7, 1981, I am supplying the following information on behalf of Union Pacific Railroad Company relating to the above captioned Lease and Lease Supplement which were filed with the Commission, pursuant to 49 U.S.C. §11301, on such date:

1. Parties: Both the Lease and the Lease Supplement are between Mercantile Leasing Company Limited (as Lessor) and Union Pacific Railroad Company (as Lessee).
2. Effective Date: Both documents are dated June 26, 1981 and are effective as of such date.
3. Term: The Lease is for a 15 year primary term, with year-to-year renewals thereafter. The Lease Supplement, which supplements the Lease, is for the same term and specifies, among other things, the lease rentals and the sums to be paid in case there is a termination respecting any of the units of the equipment covered by the Lease and Lease Supplement.

Mrs. Mildred Lee
July 13, 1981
Page Two

4. Equipment: The units of equipment which are subject to the Lease and Lease Supplement are as follows:

<u>No. of Units</u>	<u>Description</u>	<u>Original Acquisition Cost Per Unit</u>	<u>Total</u>
60	3000 HP SD-40-diesel- electric road freight locomotives, General Motors Corporation (Electro-Motive Divi- sion), builder, numbered UP 3514 to UP 3573, both inclusive.	\$ 654,083	\$ 39,245,005
16	3000 HP C30-7 diesel- electric road freight locomotives, General Electric Company, build- er, numbered UP 2444 to UP 2459, both inclusive.	683,356	10,933,694
195	100-ton, 4600 cu. ft. capacity, covered hopper cars, Class CH-100-38, Amcar Division, ACF Indus- tries, Inc., builder, numbered UP 78750 to UP 78947, both inclusive, but excluding 78790, 78796 and 78914.	37,440	7,300,774
TOTAL.....			\$ 57,479,473

I hope that the foregoing is satisfactory for your purposes but if you desire additional information, please do not hesitate to contact me. I appreciate your assistance in this matter.

Very truly yours,



KPJ:b

GREAT BRITAIN AND NORTHERN IRELAND
LONDON, ENGLAND
EMBASSY OF THE UNITED STATES OF AMERICA

13181

REGISTRATION NO. Filed 1425

JUL 9 1981-9 11 AM

INTERSTATE COMMERCE COMMISSION

I, Kevin M. Whitaker, Vice Consul
of the United States of America at London, England, duly commissioned and
qualified, do hereby certify that

IAN ROGER FRAME

whose true signature and official seal are, respectively, subscribed and affixed
to the foregoing/annexed certificate was, on the date of the signing thereof

A NOTARY PUBLIC PRACTICING AT LONDON, ENGLAND.

to whose official acts faith and credit are due.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal
of the Consular Service of the United States of America at London, England,
this 29th day of June 1981


Kevin M. Whitaker
American Vice Consul

DE PINNA, SCORERS
& JOHN VENN

NOTARIES PUBLIC

101, SALISBURY HOUSE,
LONDON WALL, EC2M 5UP.
TEL 01-628 3255

27, COCKSPUR STREET,
LONDON, SW1Y 5DH.
TEL 01-839 7564

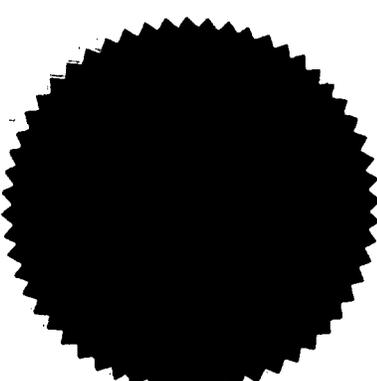
5, CHANCERY LANE,
LONDON, WC2A 1LF
TEL: 01-242 4588
TELEX: 24793

9, RUE D'ANJOU, PARIS 75008
TEL: 285-73-37
TELEX: 680719

UNITED KINGDOM OF GREAT BRITAIN)
CITY OF LONDON E N G L A N D) SS.

BE IT KNOWN that on this twenty-sixth day of June One thousand nine hundred and eighty-one, before me the undersigned IAN ROGER FRAME, of the City of London, Notary Public, duly admitted and sworn, practising in the said City, personally came and appeared GLYN ALVA JENKINS and DEREK MARTIN MINTER, to me known and known to me to be one of the Directors and the Secretary, respectively of MERCANTILE LEASING COMPANY LIMITED, the Company named in and which executed the hereunto annexed document in my presence, who acknowledged to me that they know the Common Seal of the Company; that the Seal affixed at foot of the said document is such Common Seal; that it was so affixed by order of the Board of Directors of the said Company and that they signed their names thereto by like order.

IN TESTIMONY WHEREOF I have hereunto set my hand and Seal of Office at London aforesaid, the day, month and year first above written.



Ian Roger Frame

RECORDATION NO. 13181 Filed 1425

JUL 9 1981-9 5 AM

INTERSTATE COMMERCE COMMISSION

LEASE

Dated *26th June* 1981

- between -

MERCANTILE LEASING COMPANY LIMITED

-and-

UNION PACIFIC RAILROAD COMPANY

W. M. Harris-Burland
Solicitor
Elizabethan House
Great Queen Street
London
WC2B 5DP

THIS LEASE dated *26th June* 1981 is entered into between MERCANTILE LEASING COMPANY LIMITED, a company incorporated in England having its registered office at Elizabethan House, Great Queen Street, London WC2B 5DP, England (the "Owner"), and UNION PACIFIC RAILROAD COMPANY, a Utah corporation having executive offices at 345 Park Avenue, New York, New York 10154, United States of America (the "Lessee").

NOW, THEREFORE, IT IS HEREBY AGREED AND DECLARED as follows:

1. Definitions

In this Lease, except where the context otherwise requires, the following expressions shall have the following respective meanings:

(A) "Agreed Rate" shall mean the rate of 2% per annum over the Base Rate for the time being in force calculated on a day-to-day basis;

(B) "Agreement to Acquire and Lease" shall mean the Agreement to Acquire and Lease dated the date hereof among the Owner, the Lessee and the Guarantor;

(C) "the Appendix" shall mean the cash flow statement annexed to the Lease Supplement and signed by or on behalf of the parties for the purpose of identification;

(D) "Base Rate" shall mean the Base Rate of Barclays Bank Limited from time to time in force in the United Kingdom;

(E) "Casualty Occurrence" shall mean any event the result of which is that any of the Units in the opinion of the Lessee is damaged beyond repair or lost, stolen, or otherwise rendered permanently unfit for use from any cause whatsoever;

(F) "Commencement Date" shall, in relation to each item of equipment comprised in the Units, mean the date prior to and including June 30, 1981 specified in the Lease Supplement;

(G) "Financial Year" shall mean each year ending on December 31 or other financial year of the Owner for the time being;

(H) "Guarantor" shall mean Union Pacific Corporation, a Utah corporation having executive offices at 345 Park Avenue, New York, New York 10154, United States of America;

(I) "Guarantee" shall mean the Guarantee to be made by the Guarantor in favour of the Owner with respect to the obligations of the Lessee hereunder;

(J) "Lease Period" shall mean the Primary Period of Leasing and the Secondary Period of Leasing (if any);

(K) "Lease Supplement" shall mean the Lease Supplement, in the form of Annex A hereto, with such variations as may from time to time be agreed, entered into between the Owner and the Lessee for the purpose of identifying a specific item or those specific items of equipment comprised in the Units accepted by the Owner and the Lessee for the purposes of, and subject to, this Lease;

(L) "Primary Rental" shall mean the rental to be paid by the Lessee pursuant to Clause 3(A)(i) with effect from the Commencement Date to the end of the Primary Period of Leasing (subject to any adjustment pursuant to Clause 3(B) hereof);

(M) "Primary Period of Leasing" shall, in relation to each item of equipment comprised in the Units, mean the period beginning on the Commencement Date and continuing, unless previously terminated in accordance with the provisions of this Lease, until the date specified in the Lease Supplement;

(N) "Secondary Period of Leasing" shall, in relation to each item of equipment comprised in the Units, mean the period (if any) commencing (subject to

the terms and conditions herein) on the expiry of the Primary Period of Leasing and continuing until terminated as hereinafter provided;

(O) "Secondary Rental" shall mean the rental to be paid by the Lessee pursuant to Clause 3(A)(ii) hereof during any Secondary Period of Leasing;

(P) "subsidiary" and "holding company" shall have the meanings ascribed to them respectively in Section 154 of the Companies Act 1948 as amended or re-enacted from time to time;

(Q) "Termination Sum" shall, in relation to each item of equipment comprised in the Units, mean the amount calculated pursuant to the Lease Supplement;

(R) "Working Day" shall mean any day other than a Saturday or a Sunday or a day which is by law an English or New York City bank or legal holiday or a day on which banking institutions in England or New York City are not open for business; and

(S) the "Units" shall mean and include all items of equipment the subject of the Lease Supplement (and where the context so admits each item comprised therein severally) and still leased by the Owner to the Lessee hereunder.

2. Period of Leasing

(A) The Owner shall let and the Lessee shall take upon lease the Units upon and subject to the terms and conditions contained herein.

(B) In relation to any particular item of equipment comprised in the Units, the leasing of such item shall be for a term commencing on the Commencement Date and continuing until terminated in accordance with this Lease. Unless the Lessee shall have given notice to the Owner pursuant to Clause 9(A), the leasing hereunder shall continue for the Primary Period of Leasing and during the Secondary Period of Leasing from year to year until terminated at the option of the Lessee.

3. Rental Payments

The Lessee agrees to pay the Owner during the Lease Period rental payments as follows:

(A) (i) During the Primary Period of Leasing, the Lessee shall pay to the Owner in respect of the Units the Primary Rentals calculated in accordance with, and payable as specified in, the Lease Supplement; and

(ii) During any Secondary Period of Leasing, the Lessee shall pay to the Owner in respect of the Units a Secondary Rental calculated in accordance with, and payable as specified in, the Lease Supplement.

(B) The rentals payable under sub-Clause (A)(i) of this Clause for each item of equipment comprised in the Units shall be subject to variation in accordance with the provisions of the Lease Supplement.

(C) All references in this Lease to Primary Rentals payable hereunder shall be deemed to refer to rentals as increased or decreased pursuant to sub-Clause (B) of this Clause.

(D) All rental payments to be made pursuant to this Clause 3 shall be made in sterling in cleared funds (meaning immediately available funds) by ^{10.00}~~15.00~~ hours London local time on the due date for payment to such bank account in London in the name of the Owner as the Owner may from time to time, by not less than 10 days' prior notice to the Lessee, designate. If payment falls due on a non-Working Day, payment shall be made by ^{10.00}~~15.00~~ hours London local time on the immediately preceding Working Day. *DR*

(E) If any rental payment hereunder is made after the due date for payment the Owner shall (without prejudice to the rights of the Owner under Clause 8 hereof) be entitled to charge additional rentals equal to interest thereon at the Agreed Rate (after as well as before judgment) from and including the due date

for payment up to but excluding the date of actual payment. If the Owner elects to charge such additional rentals the Lessee shall forthwith pay the same to the Owner.

4. The Units and Exclusion of the Owner's Liability

(A) Subject to the provisions of Clause 12 hereof, the Owner will, at the date of the Lease Supplement and at all times during the currency of this Lease, be the owner of the Units.

(B) Delivery by the Lessee to the Owner of the Lease Supplement duly executed by the Lessee shall be conclusive evidence that, as between the Owner and the Lessee, the Lessee has accepted the Units and that the Lessee has examined the same and found them to be complete and in good order and fit for the purpose for which the Lessee requires them.

(C) The Lessee shall be entitled to take such action in the name of the Owner (subject to the prior approval of the Owner, such approval not to be unreasonably withheld) or in its own name in each case on behalf of the Lessee against any supplier or any manufacturer of the Units or any item of equipment comprised in the Units in relation to the purchase of, the condition of, or any patent infringement in relation to the Units or any item comprised in the Units as the Lessee shall deem fit and the Lessee agrees to indemnify the Owner against any and all liabilities, losses, claims, charges, demands, costs, damages and expenses thereby incurred or to be incurred.

(D) The Lessee acknowledges and agrees that no condition, warranty or representation whatsoever has been or is given by, or is to be implied on the part of, the Owner in relation to the Units; the Lessee hereby waives all its rights against the Owner (whether express or implied or whether statutory, collateral thereto or otherwise) relating to the capacity, age, quality, description, state, condition,

design, construction, use, operation or performance of the Units or to the merchantability or suitability of the Units or their fitness for a particular or any purpose or otherwise whatsoever. All such rights against the Owner are hereby unconditionally excluded and extinguished. The Owner shall not be under any liability to supply any replacement Units during any period when the Units are unusable and the Owner shall not be liable for losses of any nature or kind whatsoever suffered by the Lessee as a result of the Units being unusable.

(E) Subject to the provisions of Clause 11(B) hereof, no person not in the actual employ of the Owner or Mercantile Credit Company Limited has express or implied authority to act as agent of the Owner and the Owner shall under no circumstances whatsoever be held liable for any statement, condition, warranty or representation made by any such person including any person through whom this transaction may have been introduced, negotiated or conducted.

5. Insurance

(A) The Lessee will, at all times prior to the return of the Units to the Owner *and during any storage period referred to in clause 10 hereof.* at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third party personal and property damage and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units. Prior to the Commencement

W.B.

Date and thereafter the Lessee shall provide the Owner with such information concerning its public liability insurance as the Owner may reasonably request.

(B) The Lessee shall on or before April 30 in every calendar year commencing with the year 1982, and during the Lease Period, provide to the Owner details of the insurances maintained by the Lessee with respect to the Units and the Owner shall have the right to inspect any and all policies with respect to public liability insurance if such an inspection is required by the auditors of the Owner.

(C) Without prejudice to the foregoing provisions of this Clause, if as a result of damage any item of equipment comprised in the Units becomes subject to a Casualty Occurrence then the leasing of such item hereunder shall terminate in accordance with the provisions of Clause 9(C) hereof.

6. Location and Possession

(A) The Lessee, so long as it is not in default hereunder, shall be entitled to the possession of the Units from and after the Commencement Date, and the use thereof upon the lines of railroad owned or operated by the Lessee (either alone or jointly with another) or by any subsidiary or holding company of the Lessee or any subsidiary of such holding company, or upon lines over which the Lessee or any subsidiary or holding company of the Lessee or any subsidiary of such holding company shall have trackage or other operating rights, and the Lessee shall also be entitled to permit the use of the Units upon connecting and other railroads in the usual interchange of traffic and upon connecting railroads and other railroads over which through service may from time to time be afforded, but only upon and subject to all the terms and conditions of this Lease.

(B) The Lessee paying the rentals and complying with the provisions of this Lease shall peaceably hold and enjoy the Units during the Lease Period without any interruption by the Owner or any person rightfully claiming under or in trust for it.

(C) Except as provided in sub-Clause (A) above, the Lessee shall not, without the written consent of the Owner first had and obtained, assign or transfer its rights hereunder or transfer the Units or any part thereof except to a subsidiary or holding company of the Lessee or any subsidiary of such holding company (and then only subject to this Lease and without releasing the Lessee from its obligations hereunder), and the Lessee shall not, without such written consent, except as provided in this sub-Clause, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Units; provided, however, that the Lessee, so long as it shall not be in default under the terms of this Lease, shall be entitled to sublet the Units or any part thereof under a sub-lease which expressly provides (i) that the rights of the sub-lease in and to such Units shall be subject to the rights of the Owner in and to such equipment, including the rights of the Owner upon the happening of any default hereunder and (ii) that such Units may be lettered or marked for the convenience of identification of the leasehold interest of the sub-lessee therein only in accordance with the provisions of Clause 7(D) hereof. The Lessee shall deliver to the Owner a copy of any sub-lease promptly after its execution pursuant to which 25% or more of the Units are sub-let to any one sub-lessee. An assignment or transfer to a railroad company or other purchaser which shall acquire, directly or indirectly, all or substantially all the lines of railroad of the Lessee, and which, by execution of an appropriate instrument satisfactory to the Owner, shall assume and agree to perform each and all of the obligations and covenants of the Lessee hereunder and under the Guarantee of even date given by Union Pacific Corporation shall not be deemed a breach of this covenant.

(D) Any and all additions to any Unit (except, in the case of any Unit which is a locomotive, communications, signal and automatic control equipment or devices having a similar use which have been added to such Unit by the Lessee, the

cost of which is not included in the Purchase Price (as defined in the Agreement to Acquire and Lease) for such Unit paid by the Owner, as vendee, pursuant to the Agreement to Acquire and Lease and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body), and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by this Lease) shall immediately be vested in the Owner, other than in the case of additions which are additions capable of being removed without damaging such Unit or causing the Unit not to work normally.

7. Covenants and Indemnities by the Lessee

(A) The Lessee shall at its own expense at all times during the currency of this Lease maintain and keep the Units and all parts thereof in good order, proper repair and efficient operating condition (fair wear and tear excepted) to the same extent as the Lessee maintains, services and repairs similar items of equipment owned or leased by the Lessee.

(B) The Lessee shall indemnify the Owner at all times whether before, during or after the Lease Period against any and all claims, losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use,

condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person. The indemnities arising under this sub-Clause shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

(C) The Lessee shall pay to the Owner all reasonable out of pocket costs, expenses and disbursements (including legal and transportation costs) incurred by the Owner (i) in connection with any amendments, variations or waivers of this Lease and the Agreement to Acquire and Lease and (ii) in enforcing the Owner's rights under this Lease, the Agreement to Acquire and Lease and any other agreements or documents between the parties related thereto.

(D) The Lessee covenants and agrees to furnish to the Owner (i) as promptly as may be practicable after it shall have obtained knowledge of a Casualty Occurrence a certificate stating the amount, description and numbers of all the Units that have become subject to such Casualty Occurrence, and (ii) on or before April 30 in every calendar year commencing with the year 1982, and during the Lease Period, a certificate dated the preceding December 31, stating (a) the amount, description and numbers of all the Units then undergoing repairs, other than running repairs, or then withdrawn from use for such repairs, and stating that, in the case of all the Units repainted or repaired since the date of the last preceding statement (or the Commencement Date in the case of the first statement), the plates or marks required by sub-Clause (E) of this Clause have been preserved, or that the same when repainted or repaired has been again plated or marked as required thereby, (b) the amount, description and numbers of all Units then covered hereby and (c) such other information as to the condition and state of repair of the Units as the Owner may reasonably request. The Lessee shall (upon reasonable notice) permit, or where necessary, procure permission for, the Owner at all

reasonable times to inspect the Units or any item of equipment comprised therein and, for such purpose, to enter upon any premises of the Lessee in which the Units or any such item may be situated and shall grant or procure reasonable facilities for such inspection.

(E) As soon as reasonably practicable after the Commencement Date, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously stencilled upon each side of each Unit the following words in letters not less than one inch in height:

"MERCANTILE LEASING COMPANY LIMITED,
AS OWNER/LESSOR"

At such time the Lessee shall also cause to be removed any inconsistent marking. Such plates or marks shall be such as to be readily visible and as to indicate plainly the Owner's ownership of each Unit. In case, prior to the termination of the Lease, any of such plates or marks shall at any time be removed, defaced or destroyed, the Lessee shall promptly cause the same to be restored or replaced. The Lessee shall not change, or permit to be changed, the numbers of any of the Units at any time covered hereby except in accordance with a statement of new numbers to be substituted therefor which shall be filed with the Owner by the Lessee. The Units may be lettered with the name, initials or insignia of the Lessee, or any subsidiary or holding company of the Lessee or any subsidiary of such holding company or any sub-lessee of the Lessee which is permitted to use the Units as herein provided, or may be lettered in some other appropriate manner, for convenience of identification of the interest of the Lessee, or such subsidiary or holding company of the Lessee or any subsidiary of such holding company, or sub-lessee therein. Units subleased by the Lessee as permitted herein may also be marked in the manner described in the first sentence of this sub-Clause with the following words:

"UNION PACIFIC RAILROAD COMPANY, LESSEE AND SUB-LESSOR."

Except as aforesaid, during the Lease Period the Lessee shall not allow the name of any person, association or corporation to be placed on any of the Units as a designation if the right, title and interest of the Owner therein would thereby be impaired or invalidated. The Owner shall, upon the request of the Lessee, consent to the placing of the name of any specified person, association or corporation upon any Unit as a designation if there shall have been delivered to the Owner an opinion of counsel acceptable to the Owner to the effect that such designation will not impair or invalidate the right, title and interest of the Owner in or to such Unit.

(F) The Lessee will promptly cause this Lease and each supplement hereto (including but not limited to any Lease Supplement) to be filed with the Interstate Commerce Commission and to be filed, registered or recorded wherever else required (and thereafter will cause it to be filed, registered or recorded and refiled, reregistered or rerecorded whenever and wherever required) in each place in the United States of America for the proper protection, to the reasonable satisfaction of the Owner, of the Owner's title to the Units under the laws of any jurisdiction within the United States of America; the Lessee will cause this Lease and each supplement hereto (including but not limited to any Lease Supplement) to be filed, registered or recorded in such places outside the United States of America as the Owner may reasonably request; and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister and rerecord whenever required) any and all further instruments, required by law or reasonably requested by the Owner, for the purpose of such protection of its title, or for the purpose of carrying out the intention of this Lease. The Lessee will from time to time do and perform any other

act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister and rerecord whenever required) all other instruments (including but not limited to manufacturer's certificates of construction and interchange arrangements) in such manner and in such places as shall be required by any present or future law, rule or regulation. The Owner hereby appoints the Lessee its agent and attorney-in-fact for and in its name and behalf to execute, acknowledge, deliver, file, register and record (and refile, reregister and rerecord) any and all instruments that the Owner may be required by law to file, register and record and the Lessee agrees so to do. The Lessee will pay all costs, charges and expenses incident to the filing, refiling, registering, reregistering, recording and rerecording of this Lease and incident to the preparation, execution, filing, refiling, registering, reregistering, recording and rerecording of any such further instrument and incident to the taking of any such other action.

(G) The Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws, regulations and requirements of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration of any Unit, or in the event that any equipment or appliance on any such Unit shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such Unit in order to comply with such laws or rules, the Lessee will make such alterations, changes, replacements and

additions at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner, adversely affect the property or rights of the Owner under this Lease.

8. Default Termination

(A) If any sum due by the Lessee hereunder is not paid in full within 7 days of the same being due (the "grace period") the Owner may terminate the leasing of the Units under this Lease on giving not less than seven days' written notice to the Lessee (such notice to expire not earlier than the last day of the grace period), provided that if, at any time prior to the end of such notice period, the Lessee shall pay to the Owner all sums then due and owing hereunder such payment shall cure the Lessee's default and the Owner's right to terminate with respect to such default shall be extinguished.

(B) If the Lessee shall be in breach of, or fail to perform or observe, any of the provisions of this Lease (other than those referred to in sub-Clause (A) of this Clause) or of the Agreement to Acquire and Lease the Owner may (without prejudice to any other right or remedy of the Owner) serve notice on the Lessee informing it of the nature of the breach or failure and requiring it to remedy the same within a period of 15 days. If any such breach or failure shall not be so remedied to the reasonable satisfaction of the Owner within the said period of 15 days, the Owner may forthwith terminate the leasing of the Units hereunder unless on or before the expiry of such period the Lessee is able to prove to the reasonable satisfaction of the Owner that such breach or failure is capable of being remedied and the Lessee is in good faith taking all necessary steps to remedy the same.

(C) The provisions of sub-Clause (B) of this Clause shall not apply and the leasing of the Units under this Lease may be terminated by the Owner giving written notice to the Lessee if (in each case otherwise than pursuant to a bona fide scheme of reconstruction or amalgamation effected with the prior written consent of the Owner, such consent not to be unreasonably withheld) (i) a petition for reorganisation under the United States Federal bankruptcy laws, as now constituted or as the same may be hereafter amended, shall be filed by or against the Lessee or the Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective within 60 days from the filing of such petition (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all of the respective 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 (whether or not such appointment is subject to ratification) or otherwise, in such manner that such Lease obligations shall have the same status as obligations incurred by such trustee or trustees within 60 days after such petition shall have been filed, or (ii) any other proceedings shall be commenced by or against the Company or the Guarantor for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganisations, 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 within 60 days from the commencement of such proceedings (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all of the respective 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 or for the Guarantor or the property of the Guarantor, as the case may be, in connection with any such proceedings (whether or not such appointment is subject to ratification) or otherwise, in such manner that such respective obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers within 60 days after such proceedings shall have been commenced.

9. Voluntary Termination and Total Loss

(A) The Lessee may at any time during the Primary Period of Leasing, having given not less than 10 Working Days' previous notice in writing to the Owner, such notice to expire on any date after the Commencement Date on which a payment of rental is due under Clause 3(A) hereof, terminate the hiring of the Units or any item of equipment comprised therein (the leasing terminating upon the expiry of such notice subject to payment by the Lessee of the Termination Sum on that date).

(B) The Lessee may at any time during the Secondary Period of Leasing, having given not less than 10 Working Days' previous notice in writing to the Owner, such notice to expire on any of the quarterly dates occurring 3, 6, 9 or 12 months following the first day of each year during the Secondary Period of Leasing, terminate the hiring of the Units or any item of equipment comprised therein (the leasing terminating upon the expiry of such notice).

(C) If the Units or any item or equipment comprised therein shall become subject to a Casualty Occurrence then the hiring in respect thereof shall cease on the next date after the happening of such Casualty Occurrence on which a payment of rental is due under Clause 3(A) hereof, subject to payment, if such Casualty Occurrence happens during the Primary Period of Leasing, of the Termination Sum on such date.

(D) It is hereby declared (for the avoidance of doubt) that the Lessee shall pay in addition to the Termination Sum the full amount of the Primary Rental due on the date of termination (such Termination Sum being based on the assumption that such Primary Rental will have been so paid).

10. Return of Units

Upon any termination of the leasing of the Units or any item of equipment comprised in the Units the Lessee will at its own cost and expense and at the request of the Owner forthwith place the Units upon such storage tracks of the Lessee as the Lessee may designate, or, in the absence of such designation or at the request of the Owner, as the Owner may select, and permit the Owner to store such Unit on such tracks until such Units have been sold, leased or otherwise disposed of by or on behalf of the Owner and transport the same at any time 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 Owner, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner or any person designated by it, including the authorised representative or representatives of any prospective purchaser of such Unit, 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 Owner or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessee unconditionally and irrevocably undertakes that it will consent to a decree against the Lessee requiring specific performance of

the covenants of the Lessee so to assemble, deliver, store and transport the Units. In respect of any Unit which has become subject to a Casualty Occurrence or which, after the termination of the leasing of the Units or any item of equipment comprised in the Units, the Owner shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume and hold the Owner harmless from all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice. Nothing herein shall be construed to imply that title to the Units will pass to the Lessee at any time.

11. Payments on Termination

(A) Upon any termination of the leasing of the Units or any item of equipment comprised in the Units hereunder, whether by the Owner under Clause 8 hereof, by the Lessee under Clause 9(A) hereof or pursuant to Clause 5(C) or Clause 9(C) hereof during the Primary Period of Leasing the Lessee shall pay to the Owner on or within 14 days from the date of termination all rentals due but unpaid under this Lease together with interest thereon in accordance with Clause 3(E) hereof and a final rental equal to the Termination Sum.,

(B) Upon termination of the leasing of the Units or any item of equipment comprised in the Units, otherwise than pursuant to Clause 5(C) or Clause 9(C) hereof, the Lessee shall be entitled within a period of 6 months from the date of termination to procure a purchaser for such Units at the best price reasonably obtainable or for scrap. The Owner undertakes with the Lessee that in the event the Lessee procures a purchaser upon the aforesaid terms it will as soon as reasonably practicable thereafter enter into an agreement to sell such Units to such purchaser and upon such terms. The Lessee's right to procure a purchaser as aforesaid shall be

sole and exclusive and the Owner agrees that until the date of sale or the expiry of the period of six months as aforesaid it will not sell or otherwise deal with such Units provided that it is hereby agreed for the purposes of clarification that the Lessee in procuring any purchaser as aforesaid has no authority to bind the Owner as principal to any contract.

(C) Upon any termination of the leasing of the Units or any item of equipment comprised in the Units hereunder (for whatever reason) and following receipt by or on behalf of the Owner of the net proceeds of sale of the Units or such item, the Owner shall forthwith pay to the Lessee by way of refund of rentals paid hereunder an amount equal to 97.5% of such net proceeds of sale (up to a maximum of 100% of the total amount of rentals paid hereunder including the Termination Sum). The net proceeds of sale shall be, and shall conclusively be deemed to be, the sum received by or on behalf of the Owner on the sale of the Units or the relevant item of equipment net of any reasonable expenses attributable to such sale and after deduction and retention by the Lessee of an amount equal to the aggregate value on the date of sale of all additions made by the Lessee to the Units or such item, such value (if not agreed between the Owner and the Lessee within 30 days after completion of the sale) to be determined by an expert. Without prejudice to the Lessee's obligations hereunder, the Owner shall be entitled to retain out of any such refund of rentals any amount due to the Owner hereunder.

(D) If any termination of the leasing of the Units or any item of equipment comprised in the Units hereunder shall occur by reason of a Casualty Occurrence the Lessee agrees to pay to the Owner by way of addition to the Termination Sum payable in respect thereof pursuant to Clause 11(A) hereof an amount equal to 2.5% of the said Termination Sum.

12. Assignment and Transfer

The Owner shall at any time be entitled to sell or assign to Barclays Bank Limited or any subsidiary of Barclays Bank Limited which is able to take advantage of the benefits of the Income Tax Convention between the United States of America and the United Kingdom (hereinafter the "US-UK Income Tax Convention") as in effect on the date hereof its interest in the Units and/or its rights hereunder but otherwise this Lease shall not be capable of assignment. Such sale and/or assignment may be made without the prior consent of the Lessee but the Owner shall give notice thereof to the Lessee and shall indemnify the Lessee for any and all liabilities, losses, claims, costs, charges, demands, damages and expenses of whatsoever nature and howsoever caused (including those arising under this Lease and the Lease Supplement) arising out of any sale or assignment pursuant to this Clause.

13. Withholding Tax Indemnity

All payments made by the Lessee to the Owner under any Clause of this Lease shall be made without set-off or counterclaim and free and clear of and without deduction or withholding for or on account of any present or future taxes, levies, imposts, duties or other charges of any nature whatsoever (other than deduction or withholding for or on account of any present or future taxes, levies, imposts, duties or charges arising by reason of the act or omission of the Owner resulting in the Owner's (i) not being a "resident of the United Kingdom" as that term is defined in the US-UK Income Tax Convention as in effect on the date hereof, or (ii) not holding this Lease in the United Kingdom and recording on the books and records of an office in the United Kingdom any assets, liabilities, income, gain and expense arising from the transactions contemplated by this Lease and the

Lease Supplement or (iii) not providing the Lessee with any ^{from time to time} documentation  indicating entitlement to exemption from the application of withholding taxes under any applicable law or income tax convention or treaty in effect on the date hereof which grants such entitlement or any succeeding provisions of applicable law which continue to grant such entitlement (on a basis consistent with past practice of the Owner and its affiliates in similar transactions)) unless the Lessee is compelled by law to deduct or withhold such taxes. If the Lessee is compelled by law to deduct or withhold such taxes (other than such permitted deductions or withholdings as aforesaid), the Lessee shall pay such additional amounts to the Owner as may be necessary in order that the actual amount received by the Owner after deduction or withholding (and after deduction of an amount equal to any additional taxes or other charges required to be deducted or withheld as a consequence of the payment of such additional amount) shall equal the amount that would have been received if such deduction or withholding were not required. If the Lessee shall make any deductions or withholdings from the amounts paid hereunder, the Lessee shall upon request by the Owner forthwith supply the Owner with official receipts or other evidence acceptable to the Owner establishing payment of such deducted or withheld amounts by the Lessee to the appropriate taxing or other authority. If the Owner should, in connection with any such deduction or withholding as aforesaid, receive and be able to apply any offsetting tax credit or similar tax benefit (and the Owner agrees to take all steps it considers reasonable to receive and apply any such credit or benefit) the Owner shall, upon receipt of such credit or benefit (so long as this does not prejudice the Owner's rights to retain or receive such credit or benefit), reimburse the Lessee with such an amount of such credit or benefit as is, in its discretion exercised in good faith, equitably allocable to such deduction or withholding having taken into account all its dealings giving rise to similar credits or

benefits in relation to the same tax period; provided that, in no circumstances shall the Owner be required to reimburse the Lessee any amount in excess of the amount of such deduction or withholding.

14. General Tax Indemnity

(A) Save as provided in sub-Clause (B) below and other than in respect of deductions or withholdings covered by Clause 13 hereof, the Lessee agrees to pay as and when due and payable, and agrees on written demand to indemnify and hold the Owner harmless, on an after-tax basis as provided in the final sentence of this sub-Clause (A), from and against all license, registration, titling and other fees and all taxes, levies, imposts, duties or charges of any nature whatsoever including, without limitation, any income, gross receipts, franchise, transfer, sales, use, business, occupation, value added, excise, personal property, real property, stamp or other taxes, together with any penalties, additions or interest thereon (such taxes, levies, imposts, duties or charges are hereinafter collectively called "taxes or other charges"); at any time imposed against the Owner, the Lessee, the Units or any part thereof or the premises wherein the Units or any item of equipment comprised in the Units shall from time to time be situated, by any federal, state or local government or taxing authority in the United States of America and by any other government or taxing authority (other than the United Kingdom or any political subdivision thereof or taxing authority therein) (i) upon, by reason of, or with respect to the Units or any item of equipment comprised in the Units, or (ii) upon, by reason of, or with respect to the purchase, financing, ownership, delivery, licensing, leasing, possession, use, operation, repair, sale, transfer of title, return or disposition of the Units, or (iii) upon, by reason of, or with respect to the rentals, receipts, earnings, income or other proceeds arising from the Units, or (iv) upon, by

reason of or with respect to this Lease, the Agreement to Acquire and Lease or any other agreement or instrument entered into in connection with any aspect of the transactions contemplated hereby or thereby or otherwise, or (v) by reason of or with respect to or in connection with any of the transactions contemplated by any of the foregoing agreements and instruments, including, without limitation, any taxes or other charges imposed on the Owner by any such federal, state or local government or taxing authority in the United States of America and any taxes or other charges imposed on the Owner by any other government or taxing authority (other than the United Kingdom or any political subdivision thereof or taxing authority therein) as a result of entering into or effecting any of the transactions contemplated by the Lease, the Agreement to Acquire and Lease or any other agreement or instrument entered into in connection herewith or therewith or in furtherance hereof or thereof (whether or not imposed or based on, or measured by, the income or receipts of the Owner or any of its affiliated corporations generally), and including, without limitation, any tax imposed by any such federal, state or local government or taxing authority in the United States of America on items of tax preference as that term is defined in Section 57 of the Internal Revenue Code of 1954 of the United States of America, as amended, or any corresponding or similar provisions of any state or local tax law, or any subsequently enacted provision similar in effect. The Lessee further agrees that, with respect to any payment or indemnity hereunder, such payment or indemnity shall include any amount necessary to hold the Owner harmless on an after-tax basis from all taxes or other charges required to be paid by the Owner with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in the United States of America, including any taxes or other charges imposed upon any payment or indemnity made pursuant to this sentence.

5/17 * or as a result of the Owner's establishing an agency described in Article 5(4) of the US-UK Income Tax Convention (Other than merely through participating in the transactions contemplated by this Lease and in ~~any~~ similar leasing transactions into the United States of America *USA/5/17*)

5/17 ≠ (and all comparable documents involving other similar leasing transactions into the United States of America) *USA/5/17*

(B) Notwithstanding anything in sub-Clause (A) to the contrary, the Lessee shall not be required to pay, or to indemnify or hold the Owner harmless from or against the following taxes or other charges: (i) taxes or other charges on, or measured by, the income or profits of the Owner imposed by the United States of America or any state or local government or taxing authority in the United States of America to the extent such tax is attributable to the maintenance by the Owner within such taxing jurisdiction of a branch or office within the meaning of Article 5(2) of the US-UK Income Tax Convention as in effect on the date hereof, ^{*}(ii) taxes or other charges imposed as a result of the Owner not being a "resident of the United Kingdom" as that term is defined in the US-UK Income Tax Convention as in effect on the date hereof or not holding this Lease [≠] in the United Kingdom and recording on the books and records of any office in the United Kingdom any assets, liabilities, income, gain, and expense arising from the transactions contemplated by this Lease and the Lease Supplement ^(and from any such other transactions) and (iii) taxes or other charges imposed by any government or taxing authority outside the United States of America or the United Kingdom which are not imposed by reason of the location of the Units or any part thereof or the activities of the Lessee in the jurisdiction of such government or taxing authority.

USA/5/17
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USA/5/17

(C) If any proceeding (including a written claim or assessment or a written threat of such proceeding) is commenced against the Owner for any taxes or other charges which the Lessee might be required to bear under this Clause, the Owner shall promptly notify the Lessee thereof and may demand, by written notice to the Lessee, that the amounts thereof (which shall be specified in such notice or in a subsequent notice delivered as soon as practicable after the commencement of such proceedings) allocable to the transactions contemplated by the Agreement to Acquire and Lease and this Lease be paid by the Lessee, and the Lessee shall pay

such amounts within 10 days of such notice or subsequent notice specifying such amounts unless, and only to the extent that, such taxes or other charges are being contested by the Lessee on behalf of the Owner in good faith by appropriate proceedings (and for payment of which the Lessee has provided an indemnity satisfactory in scope and substance to the Owner). The Owner hereby authorises the Lessee at the Lessee's expense to contest on the Owner's behalf and in the Owner's name, if required, any such taxes or other charges, and further agrees to cooperate fully with the Lessee in the prosecution of any such contest. If the Lessee is not entitled under applicable law to contest any such taxes or other charges, the Owner shall, at the request of the Lessee, upon receipt of an indemnity satisfactory to it and at the expense of the Lessee (including, without limitation, all costs, expenses, losses, legal and accountants' fees and disbursements, penalties and interest), in good faith contest the validity, applicability or amount of such taxes or other charges by (i) resisting payment thereof if practicable, (ii) not paying the same except under protest, if protest is necessary and appropriate, and (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. In lieu of contesting such taxes or other charges the Lessee may voluntarily terminate the hiring of the Units used in the jurisdiction in which any such proceeding is commenced. Such voluntary termination shall be in accordance with Clause 9(A) and the Lessee shall indemnify the Owner in accordance with the terms of this Clause for any taxes or other charges accrued up to and including the date of termination.

(D) All obligations of the Lessee under this Clause 14 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease as to any or all of the Units. All the indemnities contained in this Clause 14 are expressly made for the benefit of and shall be enforceable by the Owner. Upon the

written request of the Owner, the Lessee shall reimburse the Owner on an after tax basis for any and all costs, expenses and disbursements the Owner incurs, including reasonable legal fees, in connection with the assessment, contention or payment of any taxes or other charges for which the Owner is indemnified. If the Owner should in connection with any taxes or other charges for which the Lessee has performed the obligation to indemnify, receive and be able to apply any offsetting tax credit or similar tax benefit (and the Owner agrees to take all steps it considers reasonable to receive and apply any such credit or benefit) the Owner shall upon receipt of such credit or benefit (so long as this does not prejudice the Owner's rights) reimburse the Lessee such an amount of such credit or benefit as is, in the Owner's discretion exercised in good faith, equitably allocable to the Lessee (inclusive of any additional benefit or credit as is, in the Owner's discretion exercised in good faith, equitably allocable to such reimbursement) having taken into account all its dealings giving rise to similar credits or benefits in relation to the same tax period. If the Owner receives a refund of any taxes or other charges which have been borne by the Lessee or if the Owner as a result of any such taxes or other charges borne by the Lessee shall realize and recognise in any year any tax benefits that would not otherwise have been available to the Owner, the Owner shall make such payment or payments to the Lessee as the auditors of the Owner shall certify are appropriate to restore the after-tax position of the Owner to that which it would have been if such taxes or other charges had not been imposed, provided that such amount shall not be payable before such time as the Lessee shall have made all payments or indemnities then currently due to the Owner pursuant to this Lease.

15. Variation

This Lease contains the whole of the terms agreed between the parties and no variation shall be effective unless it be in writing and signed by or on behalf of the

parties hereto.

16. Notices

Any demand, notice or other communication required to be given hereunder shall be sufficiently served if delivered by hand or sent by telex or prepaid airmail to:-

(A) in the case of the Owner:

Mercantile Leasing Company Limited
Elizabethan House
Great Queen Street
London WC2B 5DP
England

Telex: 21281
Answerback: MCCHO G
Attention: The Company Secretary

(B) in the case of the Lessee:

Union Pacific Railroad Company
345 Park Avenue
New York, New York
United States of America

Telex: 7105815448
Answerback: UP CORP NYK
Attention: Vice President and Treasurer

or such other address as may be notified from time to time in writing by the relevant party to the other for the purpose hereof and if so sent shall be deemed to have been received by the addressee in the case of a telex with answerback, at the time the telex was sent and, in the case of airmail, 96 hours after the time of posting the same.

17. Currency Indemnity

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amounts owing to the Owner under this Lease or for the payment of damages in respect of any breach of this Lease or under or in respect of

a judgment or order of another court or tribunal for the payment of such amounts or damages, such judgment or order being expressed in a currency (the "Judgment Currency") other than pounds sterling (the "Agreed Currency"), the Lessee shall pay such amounts as may be necessary to ensure that the amount paid in the Judgment Currency when converted at the rate of exchange prevailing on the date of payment will produce the amount then due under this Lease in the Agreed Currency. The foregoing indemnity shall constitute a separate and independent obligation of the Lessee from its other obligations hereunder and shall apply irrespective of any indulgence granted by the Owner, and no proof or evidence of any actual loss shall be required by the Lessee. The term "rate of exchange" means the lowest spot rate at which the Owner in accordance with normal banking practice is able on the relevant date to purchase the Agreed Currency with the Judgment Currency and shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the Agreed Currency.

18. Miscellaneous

(A) If one or more of the provisions contained in this Lease shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality or unenforceability of the remaining provisions shall not in any way be affected or impaired.

(B) This Lease has been executed in several counterparts and any single counterpart or set of counterparts signed, in either case, by all the parties hereto shall be deemed to be an original, and all such counterparts when taken together shall constitute one and the same instrument.

(C) The headings herein are for convenience only and shall not affect the construction hereof. The words "hereby", "herein", "hereof", "hereto", "hereunder"

and words of similar import refer to this Lease and any Lease Supplement as a whole and not to any particular portion of this Lease or any Lease Supplement.

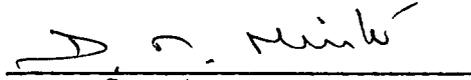
(D) This Lease shall in all respects be governed by and construed in accordance with English law and the parties hereto hereby submit to the non-exclusive jurisdiction of the English courts; provided, however, that the parties shall be entitled to all rights conferred by Title 49, United States Code, Section 11303.

IN WITNESS WHEREOF, the parties hereto have been entered into as of the day and year first before written.

The Common Seal of MERCANTILE)
LEASING COMPANY LIMITED was)
hereunto affixed in the presence of:-)



Director
P.A. JENKINS



Secretary
D.H. MINTER

[Seal]

[Seal]

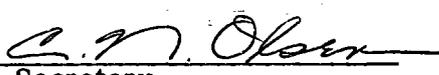
UNION PACIFIC RAILROAD COMPANY

Attest:

By



Vice President

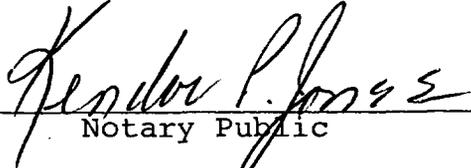


Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 26th day of June, 1981, before me personally appeared W. F. SURETTE, to me personally known, who, being by me duly sworn, says that he is a Vice President of UNION PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of the 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.

[Seal]



Notary Public
KENDOR P. JONES
Notary Public, State of New York
No. 31-7115525
Qualified in New York County
Commission Expires March 30, 1982