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New Number

No. _____
Date **SEP 20 1984**

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Fee \$ 20.00

Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

RECORDATION NO. **14428** FILED 1425
Washington, D.C. RECORDATION NO. _____ FILED 1425

Dear Ms. Mergenovich:

SEP 20 1984 - 11 10 AM

SEP 20 1984 - 11 10 AM

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of Section 11303 of Title 49 of the U.S. Code are the original and four counterparts of an Equipment Lease Agreement dated as of July 15, 1984 and an Acceptance Supplement No. 1 to the Equipment Lease Agreement dated as of September 24, 1984. The Equipment Lease Agreement is a primary document and the Acceptance Supplement No. 1 is a secondary document.

A general description of the railroad maintenance-of-way equipment covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule 1 attached to this letter and made a part hereof.

The names and addresses of the parties to the Equipment Lease Agreement and the Security Agreement Supplement No. 1 are as follows:

- Lessor: The Connecticut National Bank,
as Trustee under Southern Pacific Transportation Company Trust No. 84-1
777 Main Street
Hartford, Connecticut 06115
Attention: Bond and Trust Department
- Lessee: Southern Pacific Transportation Company
One Market Plaza
San Francisco, California 94105
Attention: Vice President and Treasurer

SEP 20 11 10 AM '84
MOTION PICTURE
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The undersigned is the Lessor mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and any extra copies of the Equipment Lease Agreement and the Acceptance Supplement No. 1 not needed by the Commission for recordation to Elizabeth L. Majers, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$20.00 covering the required recording fee.

A short summary of the enclosed primary document to appear in the Index as follows:

CS Number

Received by [Signature]

Equipment Lease Agreement between The Connecticut National Bank, as Trustee under Southern Pacific Transportation Company Trust No. 84-1, as Lessor, 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trust Department and Southern Pacific Transportation Company, as Lessee, One Market Plaza, San Francisco, California 94105, Attention: Vice President and Treasurer covering railroad maintenance-of-way equipment.

A short summary of the enclosed secondary document to appear in the Index as follows:

Acceptance Supplement No. 1 to the Equipment Lease Agreement between The Connecticut National Bank, as Trustee under Southern Pacific Transportation Company Trust No. 84-1, as Lessor, 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trust Department and Southern Pacific Transportation Company, as Lessee, One Market Plaza, San Francisco, California 94105, Attention: Vice President and Treasurer covering railroad maintenance-of-way equipment.

Very truly yours,

THE CONNECTICUT NATIONAL BANK,
as Trustee under Southern
Pacific Transportation Company
Trust No. 84-1

By

Its


TRUST OFFICER

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

9/20/84

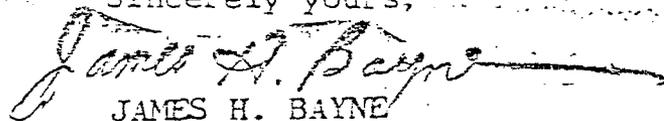
OFFICE OF THE SECRETARY

Elizabeth L. Majers, Esq.
Chapman & Cutler
111 West Monroe St.
Chicago, Illinois 60603

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 9/20/84 at 11:50am and assigned re-
recording number(s) 14428 & 14428-A 14429 & 14429-A

Sincerely yours,



JAMES H. BAYNE

Secretary

Enclosure(s)

14428

New Number

RECORDATION NO. Filed 1425

SEP 20 1984 - 11:10 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of July 15, 1984

Between

THE CONNECTICUT NATIONAL BANK,
not individually but solely
as Owner Trustee under
Southern Pacific Transportation Company
Trust No. 84-1

LESSOR

And

SOUTHERN PACIFIC TRANSPORTATION COMPANY

LESSEE

(Southern Pacific Transportation Company Trust No. 84-1)

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ATTACHMENTS TO LEASE

- Annex A - Description of Equipment
- Annex B - Acceptance Supplement
- Annex C - Stipulated Loss Values Supplement
- Annex D - Lease Supplement

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT dated as of July 15, 1984 is between **THE CONNECTICUT NATIONAL BANK**, not in its individual capacity but solely as trustee ("Lessor") under the Trust Agreement dated as of July 15, 1984 for the benefit of **NCNB LEASE INVESTMENTS, INC.**, a North Carolina corporation (the "Trustor"), and **SOUTHERN PACIFIC TRANSPORTATION COMPANY**, a Delaware corporation ("Lessee").

RECITALS:

A. Pursuant to an Acquisition Agreement dated as of July 15, 1984 (the "Acquisition Agreement"), Lessor has committed to purchase such of the maintenance of way equipment and speed trucks described in Annex A attached hereto (individually "Unit" and collectively "Units") as are actually delivered and accepted by Lessee hereunder and as are more fully described in Acceptance Supplements (as hereinafter defined) and concurrently with the purchase of each Unit will lease the same to Lessee pursuant to this Lease.

B. Concurrently with the execution of this Lease, Lessee and Lessor shall enter into a Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") with the Trustor, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto (the "Note Purchasers"), providing for the commitment of the Note Purchasers to purchase notes from the Lessor, the funds from which purchase, together with funds to be provided by the Trustor, will permit Lessor to purchase the Units. On each closing date (as defined in the Participation Agreement and hereinafter referred to as "Closing Dates") the Note Purchasers will purchase the secured notes (the "Secured Notes") of Lessor in an amount equal to approximately 70% of the Lessor's Cost (as hereinafter defined) of each Unit and the Trustor will advance to Lessor an amount equal to the remainder thereof, all upon the terms and conditions set forth in the Participation Agreement.

C. Payment of the Secured Notes will be secured by a collateral assignment of Lessor's right, title and interest in and to this Lease and the Interim Rent, Quarterly Rent and Stipulated Loss Values (as each such term is hereinafter defined) and certain other sums due and to become due under this Lease and by the grant of a first security interest in and to the Units pursuant to a Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from Lessor, as debtor, to the Secured Party, as secured party.

SECTION 1. LEASE AND DELIVERY OF UNITS.

1.1. Intent to Lease and Hire. Upon delivery of each Unit to, and acceptance thereof by Lessee, and subject to the terms and conditions of the Participation Agreement, Lessee shall lease and let and Lessor shall hire to Lessee such Unit for the rental thereon and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. Upon delivery of each Unit to Lessee at one of the locations set forth in Annex A attached hereto (the "Designated Locations"), Lessee will cause an inspector designated and authorized by Lessee to inspect the same, and if such Unit is found to be in good order and condition in accordance with the

requirements of Section 1.3 hereof, to accept delivery of such Unit and to execute and deliver to Lessor an Acceptance Supplement in the form attached hereto as Annex B ("Acceptance Supplement") with respect to such Unit; provided, however, that Lessee shall not accept and Lessor shall have no obligation to lease any Unit: (a) delivered after the "Outside Delivery Date" set forth in Annex A attached hereto, (b) with respect to which payment therefor by Lessor shall cause the lessor's cost ("Lessor's Cost") for such Unit and all Units of the same Group (as identified in Annex A hereto) previously delivered to and accepted by Lessee hereunder to exceed the maximum Lessor's Cost with respect to such Group set forth in Annex A attached hereto, or (c) with respect to which payment therefor by Lessor would cause the Lessor's Cost for such Unit and all Units previously delivered to and accepted by Lessee hereunder to exceed the maximum aggregate Lessor's Cost set forth in Annex A attached hereto.

Lessor does hereby appoint each and every of Lessee's inspectors of Units as an authorized representative of Lessor to accept delivery of each Unit.

1.3. Acceptance Supplement. Lessee's execution and delivery of an Acceptance Supplement with respect to each Unit pursuant to Section 1.2 hereof shall conclusively establish that, as between Lessor and Lessee, but without limiting or otherwise affecting Lessee's rights against any manufacturer of any Unit, such Unit is acceptable to and accepted by Lessee under this Lease and that such Unit is in good condition and appears to conform to the specifications applicable thereto.

1.4. Stipulated Loss Value Supplements. Lessee and Lessor shall on each Closing Date under the Participation Agreement enter into a Stipulated Loss Value Supplement in the form attached hereto as Annex C ("Stipulated Loss Value Supplement") setting forth the Stipulated Loss Values (as defined in Section 13 hereof) with respect to each Unit the Lessor's cost of which is to be financed on such Date pursuant to the Participation Agreement. In no event shall the Stipulated Loss Values be in amounts less than those required to enable Lessor to satisfy in full its obligations in respect of the Secured Notes.

SECTION 2. RENT PAYMENTS AND PAYMENT DATE.

2.1. Rent for Units. Lessee covenants and agrees to pay Lessor the following rents for each Unit:

(a) **Interim Rent.** Lessee shall pay Lessor on each base lease commencement date ("Base Lease Commencement Date") set forth in Annex A attached hereto interim rent ("Interim Rent") in an amount equal to the installment of interest only due in respect of Lessor's Secured Notes on such Base Lease Commencement Date;

(b) **Quarterly Rent.** Lessee shall pay Lessor quarterly rent ("Quarterly Rent") for each Unit in the amounts and on the quarterly dates ("Quarterly Rent Dates") set forth in Annex A attached hereto. The installment of Quarterly Rent for each Unit payable on any Quarterly Rent Date shall be the amount determined by multiplying the Lessor's Cost of such Unit as set forth in the Acceptance Supplement relating thereto by the applicable percentage of such Lessor's Cost set forth in Annex A attached hereto;

(c) **Other Rent.** In addition to the Interim Rent, Quarterly Rent and other amounts required to be paid by Lessee pursuant to this Lease, Lessee shall pay Lessor; (i) holdover rent for each Unit in an amount equal to one-ninetieth (1/90) of the Quarterly Rent for such Unit for each day between the date of termination of the Term with respect to such Unit and the date of return of such Unit pursuant to Section 12 hereof, and (ii) the amount of any Escrow Loss (as defined in the Security Agreement) plus any amount in excess of the Escrow Gain (as defined in the Security Agreement) necessary to pay the interest on the Secured Notes as and when provided in Section 3.2(b) and 3.5(a) of the Security Agreement. The amount of other rent provided for in clause (i) of this section 2.1(c) shall be payable within five business days after the return of any such Unit and the amount payable pursuant to clause (ii) of this Section 2.1(c) shall be payable on October 2, 1984, January 2, 1985 and February 1, 1985.

2.2. Place and Manner of Rent Payment. The payments to be made by Lessee under this Lease shall be made as follows:

(a) Pursuant to Section 17 hereof Lessor has assigned to the Secured Party this Lease and, except as expressly provided in this Section 2.2, the right to receive Interim Rent, Quarterly Rent, Stipulated Loss Value and all other amounts required by and to the extent set forth herein. Accordingly each installment of Interim Rent and Quarterly Rent and the entire amount of any payment of Stipulated Loss Value pursuant to Section 13 hereof and of any rent payable pursuant to Section 2.1(c)(ii) hereof shall be paid to the Secured Party (identifying the same as a payment relating to Southern Pacific Transportation Company Trust No. 84-1), each such payment to be made by wire transfer of Federal or other immediately available funds to the address of the Secured Party set forth in Section 20 hereof;

(b) The amount of any payment pursuant to Section 2.1(c)(i) hereof shall be made directly to the Trustor;

(c) The amount of any payment owing to Lessor or the Trustor pursuant to Sections 6.1, 7 (with respect to public liability insurance) and 11 hereof shall be made directly to Lessor or the Trustor without regard to the assignment of this Lease pursuant to Section 17 hereof;

(d) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 22 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(e) All payments other than those above specified shall be made by Lessee directly to the party to receive the same unless any such payment has previously been made by Lessor, the Trustor or their respective assignees, in which case Lessee shall reimburse Lessor, the Trustor or their respective assignees, as the case may be, directly for such payment.

2.3. Adjustment of Rent. Lessee agrees that the Quarterly Rent rate payable with respect to each Unit and the Stipulated Loss Value percentages set

forth in Annex C attached hereto ("Stipulated Loss Values") will be adjusted in the event that the weighted average delivery date of Group A Units delivered and accepted hereunder as determined by the Trustor in its sole discretion is earlier than September 21, 1984, or the weighted average delivery date of Group B Units delivered and accepted hereunder (as determined by the Trustor in its sole discretion) is earlier than October 9, 1984.

Any such adjustment shall be effective as of the Quarterly Rent Date following the event giving rise to such adjustment and shall be made by the Trustor in such a manner as will, in the Trustor's reasonable judgment, preserve the same net after-tax yield and cash flows (the "Trustor's Yield") as originally contemplated by the Trustor in evaluating the transaction contemplated by this Lease. Anything contained in this Section 2.3 to the contrary notwithstanding, in no event shall the Quarterly Rent rates or the Stipulated Loss Values be adjusted to an amount less than the Quarterly Rent rates and Stipulated Loss Values required to enable Lessor to satisfy in full its obligations in respect of the Secured Notes.

2.4. Adjustment of Stipulated Loss Values and Note Amortization Schedules. Lessee further agrees with Lessor that on and as of each Base Lease Commencement Date the Stipulated Loss Values set forth in the Stipulated Loss Value Supplements executed and delivered after the next preceding Base Lease Commencement Date and prior to such Base Lease Commencement Date and the amortization schedules relating to the Secured Notes issued by Lessor to finance a portion of the Lessor's Cost of the Units delivered and accepted hereunder during the same such period shall be adjusted by the Trustor, effective on and as of such Base Lease Commencement Date in such a manner as will, in the Trustor's reasonable judgment, preserve the Trustor's Yield actually realized by the Trustor for such period, and Lessor and Lessee shall enter into a Lease Supplement in the form attached hereto as Annex D ("Lease Supplement") substituting such adjusted Stipulated Loss Values for those set forth in the Stipulated Loss Value Supplements executed and delivered during such period. Without limiting the foregoing, the Lease Supplement executed and delivered by Lessor and Lessee on January 2, 1985 shall also contain the Quarterly Rent rate to be paid by Lessee for Units accepted hereunder on or after January 2, 1985 and on or prior to the Outside Delivery Date. Such Quarterly Rent rate shall be furnished by the Trustor and shall be determined in such a manner as will, in the Trustor's reasonable judgment, preserve the Trustor's Yield actually realized by the Trustor based upon Units accepted and delivered hereunder during the period on and after October 1, 1984 and prior to January 2, 1985.

Anything contained in this Section 2.4 to the contrary notwithstanding, in no event shall the Stipulated Loss Values or the amortization schedules be adjusted or the Quarterly Rent rate for Units accepted hereunder after January 2, 1985 be agreed upon by Lessor and Lessee unless and until the Note Purchasers shall have consented thereto in writing.

SECTION 3. TERM.

The term of this Lease ("Term") as to each Unit shall begin on the date of delivery to and acceptance by Lessee of such Unit as set forth in the related Acceptance Supplement and, subject to the provisions of Sections 13, 14, 15 and 19

hereof, shall terminate on the expiration date set forth in such related Acceptance Supplement.

SECTION 4. NO WARRANTIES BY LESSOR.

LESSEE ACKNOWLEDGES AND AGREES (1) THAT EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE, (2) THAT AS BETWEEN LESSEE AND LESSOR, LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (3) THAT LESSOR IS NOT A MANUFACTURER OR INSTALLER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND AND (4) THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER WITH RESPECT TO THE UNITS OR THE DESIGN, VALUE, MERCHANTABILITY, FITNESS, CONDITION, QUALITY OF MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY OF THE UNITS TO THE SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, DURABILITY OR SUITABILITY OF THE UNITS IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (i) ANY LIABILITY (INCLUDING, WITHOUT LIMITATION, STRICT OR ABSOLUTE LIABILITY IN TORT OR BY STATUTE IMPOSED), LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE UNITS OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION THEREWITH, (ii) THE USE, OPERATION OR PERFORMANCE OF THE UNITS OR ANY RISKS RELATING THERETO, (iii) DELAY IN OBTAINING THE UNITS OR ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES, (iv) DELIVERY, INSTALLATION, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE UNITS OR (v) ANY OTHER DAMAGES WHATSOEVER AND HOWSOEVER CAUSED. Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, during the term of this Lease, so long as no default shall have occurred hereunder, all of Lessor's rights under any manufacturer's or any seller's warranty of the Units, and Lessor agrees to cooperate with Lessee in asserting such rights; provided, however, that Lessee shall indemnify and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of or incident to, any action by Lessee pursuant to the above authorization. Any amount received by Lessor as payment under any warranty pursuant to the above authorization shall be applied to restore the Units to as good a condition as such Units were or should have been when delivered to Lessee hereunder, ordinary wear and tear excepted, and, so long as no Event of Default shall have occurred and be continuing, the balance of such amount, if any, shall be paid over to Lessee.

SECTION 5. OBLIGATIONS OF LESSEE UNCONDITIONAL.

This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Interim Rent, Quarterly Rent, Stipulated Loss Value

and all other amounts required by and to the extent set forth herein and the rights of Lessor in and to such Interim Rent, Quarterly Rent, Stipulated Loss Value and such other amounts shall be absolute and unconditional, and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, abatement, recoupment, reduction, defense, suspension or other rights which Lessee may have against Lessor, the Trustor, any Note Purchaser, the Secured Party or any manufacturer or supplier of the Units for any reason whatsoever, (ii) any defect in design, condition, operation, fitness for purpose or use of, or any damage to or loss or destruction of, any Unit or any interruption or cessation in the use or the possession thereof by Lessee for any reason whatsoever, (iii) any insolvency, bankruptcy reorganization or similar proceeding by or against Lessee or Lessor (including any anticipatory or actual rejection or breach of this Lease in whole or in part by any trustee or receiver of Lessee's or Lessor's assets or by court in any such proceeding) or (iv) any other circumstance, happening or event whatsoever, whether or not similar to the foregoing, including, without limitation, the invalidity, lack of enforceability or due authorization of this Lease or any provision hereof, or the existence of any mortgages, liens, security interests, charges, encumbrances or claims (hereinafter called Liens) or rights of others whatsoever with respect to the Units, whether or not resulting from claims against Lessor not related to the ownership of the Units. To the extent permitted by applicable law, Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by Lessee hereunder shall be final and Lessee shall not seek to recover all or any part of such payment from Lessor, the Secured Party or any holder of the Notes for any reason whatsoever; provided, however, nothing contained in this Lease shall be construed as a waiver of the Lessee's right to seek, or its entitlement to, monetary damages or specific performance on account of any failure of Lessor to perform its obligations under this Lease or on account of any act or the breach of any warranty or representation of Lessor so long as Lessee shall continue to make the payments of Interim Rent, Quarterly Rent, Stipulated Loss Value and all other payments due hereunder and continue to perform its obligations under this Lease.

SECTION 6. TAXES AND LIENS.

6.1. Taxes. Lessee shall pay and discharge, and hold Lessor (both in its individual and fiduciary capacities), the Trustor, each Note Purchaser and the Secured Party and each of their respective successors and assigns (individually "Indemnitee" and collectively "Indemnities") harmless from and against, all license and registration fees, all assessments and all taxes (including without limitation all sales, gross receipts, use, rental and property taxes) or similar charges of any nature whatsoever, together with any penalties, fines or interest thereon, which may now or hereafter be imposed by any Federal, state or local government or taxing authority upon or with respect to any Unit or part thereof or upon the manufacture, purchase, delivery, ownership, leasing, subleasing, maintenance, operation, possession, conditions, return or use of the Units, or upon this Lease or any of the other Operative Agreements (as defined in the Participation Agreement and hereinafter referred to as the "Operative Agreements"), or the Interim Rent or Quarterly Rent payments or other amounts due or to become due hereunder, excluding, however, (i) all Federal taxes on or measured by the net income of such Indemnitee, (ii) any state

and local taxes measured by such Indemnitee's income; provided, however, that Lessee shall be under no obligation to pay any such assessment, tax or similar charge or any penalties, fines or interest relating thereto so long as it is contesting in good faith by appropriate legal proceedings such assessment, tax or similar charge and the non-payment thereof does not, in the reasonable opinion of such Indemnitee, materially and adversely affect the title, property or rights of such Indemnitee hereunder. In case any report or return is required to be made with respect to any obligation to indemnify an Indemnitee by Lessee under this Section, Lessee will either (after notice to such Indemnitee) make such report or return in such manner as will show the ownership of the Units in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor. The amount which Lessee shall be required to pay to an Indemnitee pursuant to this Section 6.1 shall be an amount sufficient to restore such Indemnitee to the same net after-tax rate of return and after-tax cash position, after considering the effect of such payment on its United States Federal income taxes and state income taxes or franchise taxes based on net income, that such Indemnitee would have had or been in had such payment not been made. The calculation of the amounts owed by Lessee hereunder shall be made by the "Big Eight" accounting firm then engaged by the Indemnitee making a claim hereunder in connection with its annual audit and shall be presented to Lessee with sufficient specificity to enable the Lessee to verify the calculations. Lessee shall have thirty (30) days to review the calculations and notify such Indemnitee, in writing, of its disagreement as to the amounts owing. On or before the expiration of such thirty (30) day period, Lessee shall pay the amount calculated by such Indemnitee's accounting firm as owing hereunder, whether or not Lessee has so notified such Indemnitee. If Lessee is later established by agreement of such Indemnitee or by final determination of a court of competent jurisdiction to have overpaid the amounts owing, such Indemnitee shall repay such amounts with interest at the prime rate announced publicly from time to time in Charlotte, North Carolina by NCNB National Bank of North Carolina, as announced from time to time, from the date of overpayment.

6.2. Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any liens, claims or encumbrances arising by virtue of claims against any party on any of the Units and Lessee will take such action at its own expense as may be necessary to duly discharge each such lien.

SECTION 7. INSURANCE.

Lessee shall insure the Units to the extent and in the manner as set forth in Annex A attached hereto.

SECTION 8. INSPECTION.

Each Indemnitee shall have the right, but not the duty, to inspect the Units at its sole cost, risk and expense. Upon the request of an Indemnitee, Lessee shall confirm to such Indemnitee the location of each Unit and shall, during normal business hours and upon such reasonable notice as such Indemnitee may give, make the Units, and Lessee's records pertaining to the Units available to such Indemnitee for inspection.

SECTION 9. USE, MAINTENANCE AND ADDITIONS.

9.1. Use and Maintenance. Lessee agrees that the Units will be used solely in the conduct of its business and in compliance with any and all Federal, state, municipal and other statutes, laws, ordinances and regulations of any governmental agency applicable to the possession, maintenance or use of the Units (including but not limited to job safety, health, fire, environmental, zoning, law enforcement, nuisance and other public considerations), and will at all times be and remain in the possession and control of Lessee at the location(s) as set forth in the Schedule. Throughout the Term, the possession, use and maintenance of each of the Units shall be at the sole risk and expense of Lessee. Lessee, at its own cost and expense, will repair and maintain the Units so as to keep each Unit in as good condition and working order as when delivered to Lessee hereunder, ordinary wear and tear excepted. In addition, Lessee shall maintain each Unit in such condition as will enable such Unit to perform the functions for which it was originally intended, and shall maintain each Unit in accordance with the specifications of the manufacturer of such Unit and in accordance with any applicable standards prescribed by the Association of American Railroads or any governmental authority having jurisdiction over the Units, and without limiting the foregoing, according to those standards applied by Lessee to equipment owned by it. Lessee will not, without prior written consent of Lessor and the Secured Party and subject to such conditions as Lessor or the Secured Party may impose for its protection, affix or install any Unit to or in any real property nor will Lessee use any of the Units outside of the Designated Locations; provided that upon delivery to the Trustor, the Lessor, the Secured Party and the Note Purchasers of not less than thirty days prior written notice, Lessee may move any Unit to a jurisdiction located within the continental United States other than a Designated Location; and provided further that all necessary recordings or filings (including financing statements and continuation statements under any applicable Uniform Commercial Code) shall be made by Lessee pursuant to Section 10.1 hereof in the public offices wherein such recordings or filings are necessary to protect the right, title and interest of Lessor under this Lease and the security interest granted by the Security Agreement within 60 days of any such notice.

9.2. Additions and Improvements. (a) Generally. Except as may be required pursuant to Subsection (b) hereof, Lessee shall not, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, make any addition or improvement to any Unit which is not readily removable without causing material damage to any Unit, unless such addition or improvement constitutes an "Improvement" which Lessor may finance pursuant to the provisions of Revenue Procedure 79-48. Lessee shall be entitled from time to time during the term of this Lease to acquire and install, at Lessee's expense, such additions or improvements to any Unit readily removable without causing material damage to any Unit and which do not impair the value or utility of any Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted).

(b) Compliance with Law. Lessee agrees to make, at its own expense and without offset for rent or other amounts due hereunder, any addition or improvement required to be made to any Unit in order to satisfy Lessee's obligations set forth in Section 9.1 hereof. Any such addition or improvement shall immediately and without further act become the property of Lessor.

(c) **Severable Additions.** Should Lessee install, at its own expense, any addition or improvement on any Unit which is readily removable without causing material damage to such Unit and which does not impair the value or utility of such Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted), and provided that no Event of Default or event which but for the lapse of time or the giving of notice or both would be an Event of Default, shall have occurred and be continuing, Lessee may remove such addition or improvement before such Unit is returned to Lessor, and Lessee shall thereafter own such addition or improvement. Lessee shall repair all damage to such Unit resulting from such installation and removal so as to restore such Unit to the condition in which it existed prior to the installation of such addition or improvement (ordinary wear and tear excepted). Notwithstanding the foregoing and provided that Lessee has not exercised its option to purchase such Unit pursuant to Section 18 hereof or to renew this Lease with respect to such Unit pursuant to Section 19 hereof, at the end of the applicable initial term or any renewal term of this Lease, Lessor shall be entitled to purchase from Lessee any such addition or improvement at its then Fair Market Value as defined in Section 18. If Lessor agrees, Lessee shall not be required to remove any such addition or improvement if the retention of such addition or improvement will not adversely affect the operating capabilities of such Unit in the possession of Lessor. Any addition or improvement not so removed shall become the property of Lessor upon return of such Unit to Lessor.

(d) **Nonseverable Additions.** Should Lessee make to any Unit any addition or improvement which is not readily removable without causing material damage to such Unit, such addition or improvement shall immediately and without further act become the property of Lessor.

SECTION 10. FILING AND IDENTIFICATION OF EQUIPMENT.

10.1. Filing. Prior to the delivery and acceptance of the first Unit hereunder, Lessee will cause this Lease and the Security Agreement and/or all financing and continuation statements and similar notices to be filed pursuant to the Uniform Commercial Code of the State of California or any other state in which any Unit is located, and will cause this Lease and the Security Agreement and/or all financing and continuation statements and similar notices to be duly filed and recorded in such other places within or without the United States as Lessor or the Secured Party may reasonably request and will furnish Lessor and the Secured Party proof thereof. 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 or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor or the Secured Party for the purpose of protecting Lessor's title to, or the Secured Party's security interest in, this Lease or any Unit to the satisfaction of such party or for the purpose of carrying out the intention of this Lease or the Security Agreement, and in connection with any such action, will deliver to Lessor and the Secured Party proof of such filings and an opinion of counsel reasonably satisfactory to Lessor and the Secured Party that such action has been properly taken. Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or registering and reregistering of any such instruments or incident to the taking of such action, including any opinion of counsel required pursuant to this Section.

10.2. Identification. Lessee shall, at its own expense, cause each Unit to be legibly and permanently marked, in a reasonably prominent location, with a plate or other marking which plate or other marking shall set forth the following legend:

"Leased and Subject to a Security Interest."

with appropriate changes thereof and additions thereto as from time to time may be requested in writing by Lessor or the Secured Party or may be required by law in order to protect the title of Lessor to such Unit, its rights under this Lease and the rights of the Secured Party. Lessee shall further cause the identification number (the "Lessee Identification Number") set forth in the Acceptance Supplement for each Unit to be permanently marked on such Unit. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and such Unit shall have been marked with the Lessee Identification Number. Lessee shall not remove or deface, or permit to be removed or defaced, the identifying manufacturer's serial number or the Lessee Identification Number of any Unit or any such plate or other marking so placed on any Unit. In the event of such removal or defacement, Lessee shall promptly cause such Lessee Identification Number, manufacturer's serial number or such plate or other marking to be replaced. Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership, provided, however, that Lessee may cause any Unit to be lettered with the names or initials or other insignia customarily used by Lessee.

SECTION 11. INDEMNIFICATION.

Lessee shall indemnify each Indemnitee against and hold each Indemnitee harmless from any and all liabilities, losses, damages, injuries, penalties, claims, demands, actions, suits, costs and expenses, including reasonable attorney's fees, and including but not limited to any of the foregoing arising or imposed upon any Indemnitee under the doctrine of strict liability, arising out of this Lease or any other Operative Agreement, the manufacture, purchase, delivery, ownership, leasing, subleasing, maintenance, operation, possession, condition, return or use of the Units, or by operation of law. Lessee agrees that upon written notice by any Indemnitee of the assertion of such a liability, loss, damage, injury, penalty, claim, demand, action, suit, cost or expense, Lessee shall assume full responsibility for the defense thereof. The indemnities and assumptions of liability in this Section 11 contained shall continue in full force and effect notwithstanding the termination of this Lease or the termination of the Term hereof in respect of any one or more Units, whether by expiration of time, by operation of law or otherwise, provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in this Section 11 occurring after the termination of this Lease with respect to any Unit, except for any such matter occurring after such termination with respect to any Unit arising prior to the redelivery to and acceptance of such Unit by Lessor or such other party designated by Lessor.

SECTION 12. RETURN OF UNITS.

Upon the expiration or termination of this Lease with respect to any Unit, Lessee, at its own expense, shall return such Unit to Lessor pursuant to the terms set forth in Annex A attached hereto and in the condition in which such Unit is required to be maintained pursuant to Section 9 hereof. Each Unit, upon redelivery pursuant hereto, shall be free and clear of all liens, claims and encumbrances, other than liens, claims and encumbrances which result from claims against Lessor which do not result or arise from the failure of Lessee to perform any of its obligations hereunder.

SECTION 13. LOSS OR DAMAGE.

In the event that any Unit (a) is damaged so as to preclude its use for the purpose intended, (b) is lost, stolen or destroyed by any cause, (c) requisitioned or appropriated by any governmental authority or (d) is subjected to a lien, claim or encumbrance which Lessee is obligated to discharge pursuant to Section 6.2 hereof and after contesting the same in good faith by appropriate proceedings, Lessee fails to so discharge such lien, claim or encumbrance (each such occurrence being an Event of Loss), Lessee shall promptly and fully inform Lessor, the Trustor, the Secured Party and the Note Purchasers of such Event of Loss and shall pay on the Base Lease Commencement Date or Quarterly Rent Date immediately following such Event of Loss the sum of (a) the Stipulated Loss Value (as hereinafter defined) of such Unit, plus (b) the installment of Interim Rent or Quarterly Rent, as the case may be, with respect to such Unit due on such Base Lease Commencement Date or Quarterly Rent Date, plus (c) all other sums due and owing hereunder in respect of such Unit. The "Stipulated Loss Value" of each Unit shall be an amount equal to that percentage of the Lessor's Cost of such Unit set forth in the Stipulated Loss Value Supplement relating to such Unit (as amended by any Lease Supplement). Upon receipt by Lessor of such Stipulated Loss Value and all Interim Rent, Quarterly Rent and all other amounts due and payable pursuant to this Lease with respect to such Unit, this Lease shall be deemed terminated as to such Unit, but Lessee shall continue to pay Interim Rent, Quarterly Rent and all other amounts due and payable pursuant to this Lease for all other Units, and so long as no Event of Default hereunder or event which with the lapse of time or the giving of notice or both would become such an Event of Default shall have occurred and be continuing, Lessee shall be entitled to receive any insurance proceeds with respect to such Unit up to the amount of the Stipulated Loss Value of such Unit that Lessee has paid Lessor pursuant to this Section. Any excess of such proceeds or other sums over such amount, if any, paid to Lessee shall be remitted to Lessor. If such Unit has been damaged so as to preclude its use for the purpose intended, following payment of the Stipulated Loss Value of such Unit in accordance with the above provisions, Lessee shall either purchase such Unit (subject to Lessee retaining the purchase price up to the Stipulated Loss Value as described below) for an amount equal to the Fair Market Value thereof as defined in Section 18 or, as agent for Lessor, dispose of such Unit as soon as it is able to do so for the best price obtainable. Any such purchase or disposition shall be on an "as is, where is" basis without representation or warranty, express or implied. So long as no Event of Default hereunder or event which with the lapse of time or the giving of notice or both would become such an Event of Default shall have occurred and be continuing, as to each Unit so purchased or disposed of, Lessee may, after paying Lessor the amounts specified above, retain all amounts of such purchase price or sale proceeds from a third party, plus, any insurance proceeds received by Lessee by reason of such Event of Loss, up to the Stipulated Loss Value and Lessee's reasonable costs and expenses of disposition attributable thereto, and shall remit the excess, if any, to Lessor. Should any Unit be damaged, so as not to preclude its use for the purpose intended, but be capable of repair, Lessee shall promptly repair the same at its sole cost and expense and this Lease shall continue in full force and effect. Any proceeds from

insurance received by Lessor as compensation for any damage capable of repair shall be applied to the cost of repair, and so long as no Event of Default hereunder or event which with the lapse of time or the giving of notice or both would become such an Event of Default shall have occurred and be continuing, Lessor agrees to release such proceeds to Lessee for such purpose upon receipt by Lessor of information indicating that such repair has been completed in a manner satisfactory to Lessor.

SECTION 14. EVENTS OF DEFAULT.

(a) If Lessee shall default in the payment of any Interim Rent, Quarterly Rent, Stipulated Loss Value payment or any other amount due and payable hereunder and such default shall continue for 10 days after the same shall become due, or (b) if Lessee shall make or permit any assignment or transfer of this Lease, or of possession of any Unit not permitted by this Lease or shall fail to maintain the insurance required by Section 7 hereof, or (c) if Lessee fails to perform any other term, provision or condition in this Lease or in any document or certificate furnished by Lessee in connection herewith within 30 days after the earlier of (i) written notice by Lessor, the Trustor, the Secured Party or any holder of the Notes demanding performance thereof or (ii) the date on which a "responsible officer" of Lessee shall have actual knowledge thereof, or (d) if any representation or warranty made by Lessee herein or in any document or certificate furnished to Lessor, the Trustor, the Secured Party or any holder of the Notes in connection herewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given hereunder or thereunder, or (e) if Lessee becomes insolvent or fails generally to pay its debts as such debts become due, or causes or suffers an order for relief to be entered against it under applicable federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for Lessee or for the major part of its property, or (f) if a custodian, trustee or receiver is appointed for Lessee or for the major part of its property and is not discharged within 30 days after such appointment, or (g) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against Lessee and, if instituted against Lessee, are consented to or are not dismissed within 30 days after such institution (each of the events described in clauses (a) through (g) above being an Event of Default), then if and to the extent permitted by applicable law, Lessor shall have the right to exercise any one or more of the remedies set forth below.

For purposes of this Section 14 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of Lessee, any officer of Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. REMEDIES AND WAIVER.

15.1. Remedies. Upon the occurrence of any Event of Default and at any time thereafter Lessor may, at its option, declare this Lease to be in default and at any time thereafter Lessor may do any one or more of the following with respect to the Units as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect: (a) proceed by appropriate court action or actions either at law or in equity, to enforce

performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; (b) by notice in writing terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessee, if so requested by Lessor, shall at Lessee's expense promptly return the Units to the possession of Lessor and in the condition required upon the return thereof pursuant to and in accordance with the terms hereof, and if requested by Lessor will store the Units at Lessee's own risk and expense in such storage area on Lessee's lines of railroad as Lessor may designate for a period not to exceed the lesser of 180 days or the date on which the Units are sold, leased or otherwise disposed of by Lessor, or Lessor, at its option, may enter upon the premises where the Units are located and take immediate possession of and remove the same by summary proceedings or otherwise. Upon receipt of notice of termination of this Lease pursuant to clause (b) above, Lessee shall, without further demand, forthwith pay to Lessor an amount equal to any unpaid Interim Rent, Quarterly Rent and other amounts due and payable hereunder for all periods up to and including the Base Lease Commencement Date or Quarterly Rent Date next following the date on which Lessor has declared this Lease to be in default, plus, the sum: (i) as damages for loss of bargain and not as a penalty whichever of the amounts specified in clause (x) or clause (y) Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of the present worth, at the time of such termination, of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Unit determined by the Lessor on the basis set forth in Section 19 for such period computed by discounting from the end of such Term to the date of such termination, such present worth to be computed in each case on a basis of an 10% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Stipulated Loss Value of such Unit as of the Base Lease Commencement Date or Quarterly Rent Date on or immediately preceding the date of termination over the Fair Market Value of such Unit determined by Lessor on the basis set forth in Section 18 at such time; provided, however, that in the event Lessor shall have sold any Unit, Lessor, in lieu of collecting any amounts payable to Lessor by Lessee pursuant to the preceding clauses (x) or (y) of this part with respect thereto may, if it shall so elect, demand that Lessee pay Lessor and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Stipulated Loss Value of such Unit as of the Base Lease Commencement Date or Quarterly Rent Date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, as determined by Lessor; provided that any sale in a commercially reasonable manner of any Unit prior to any such determination shall conclusively establish the Fair Market Value of such Unit and any rental in a commercially reasonable manner of any Unit prior to any such determination shall conclusively establish the Fair Rental Value of such Unit.

15.2. Waivers. No remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor or the Secured Party, as the case may be, of any default shall in any way be, or be construed to be, a waiver of any future or subsequent default. To the

extent permitted by applicable law, and except with respect to Lessor's obligation to Lessee upon the sale of the Units as provided above, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor or the Secured Party, as the case may be, to mitigate Lessor's or the Secured Party's damages as set forth in this Section or which may otherwise limit or modify any of the Lessor's or the Secured Party's rights and remedies under this Section. Lessee also shall be liable for all damages and expenses, including reasonable attorney's fees, in addition to the amounts referred to in this Section which Lessor or the Secured Party shall have sustained as a result of the breach of one or more of the representations, warranties and covenants made by Lessee in this Lease.

SECTION 16. ASSIGNMENT AND SUBLEASE BY LESSEE.

Without Lessor's and the Secured Party's prior written consent, Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or the Units or any interest herein or therein. Nothing in this Section 16 shall be deemed to restrict the right of Lessee: (a) to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation into or with which Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the assets of Lessee, provided that such assignee, successor or transferee shall have duly assumed in writing the obligations of Lessee hereunder and that it will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way Lessee's obligations to Lessor hereunder which shall be and remain those of a principal and not a surety; or (b) to sublease any Unit to any subsidiary of Lessee which is controlled by Lessee; provided that, (i) such sublease shall be for a term not exceeding the Term with respect to such Unit, (ii) such sublease shall by its terms be expressly made subject and subordinate to the terms of this Lease, (iii) such subsidiary shall remain a subsidiary of and controlled by Lessee; and (iv) at the time of such sublease, no Event of Default or event which with the lapse of time or the giving of notice or both shall have occurred and be continuing. No sublease shall relieve Lessee of any of its obligations, liabilities or duties hereunder, which shall remain those of a principal and not a surety.

SECTION 17. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of Lessor (other than the Secured Party) except upon written notice of such assignment from Lessor. Upon notice to Lessee of any such assignment, the rent and other sums payable by Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee until such assignee shall notify Lessor in writing that its interest in this Lease shall have terminated. Such notice is hereby given by Lessor to Lessee of such assignment to the Secured Party pursuant to the Security Agreement and Lessee agrees to make all payments of Interim Rent, Quarterly Rent, Stipulated Loss Value and other sums due and to become due hereunder in accordance with the provisions of Section 2.2 hereof. Without limiting the foregoing, Lessee further acknowledges and agrees that (a) the rights of any such assignee in and to the sums payable by Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense,

setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Units or any part thereof, or any damage to or loss or destruction of the Units or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of Lessor to Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (b) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor or the Trustor pursuant to Sections 6.1, 7 [with respect to public liability insurance] and 11 hereof which shall remain enforceable by Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits; provided that in no event may Lessor exercise the remedies stated in Section 15.1(b) hereof if and to the extent this Lease has been assigned by Lessor pursuant to this Section 17, and (c) all obligations of Lessor to Lessee under this Lease shall be and remain enforceable by Lessee against, and only against, Lessor. It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the rights of Lessee under this Lease to the Units.

SECTION 18. OPTION TO PURCHASE.

Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred and is continuing, Lessee may, according to the provisions set forth in Annex A attached hereto, elect to purchase all (but not less than all) of the Units of the same Group and Series at the end of the Term with respect thereto or any renewal term pertaining thereto for a purchase price equal to the Fair Market Value of such Units at the end of such term. Fair Market Value for purposes of this Section 18 shall mean and shall be determined on the basis of and shall be equal in amount to the value which should obtain in an arm's length transaction between an informed and willing buyer-user (other than (a) a lessee currently in possession or (b) a used equipment dealer) and an informed and willing seller under no compulsion to sell. Such Fair Market Value is to be determined by agreement between Lessor and Lessee, or if they cannot agree, by appraisal. Appraisal shall mean a procedure whereby two independent appraisers, neither of whom shall be a manufacturer of the Unit for which appraisal is required, one chosen by Lessee and one by Lessor, shall mutually agree upon the amount in question. Lessor or Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 days after receipt from the other party of a written notice appointing that party's appraiser. If within 15 days after appointment of the two appraisers, as described above, the two appraisers are unable to agree upon the amount in question, a third independent appraiser, who shall not be a manufacturer of such Unit, shall be chosen within five days thereafter by the mutual consent of such first two appraisers or, if such first two appraisers fail to agree upon the appointment of a third appraiser, such appointment shall be made by an authorized representative of the American Arbitration

Association or any organization successor thereto. The decision of the third appraiser so appointed and chosen shall be given within 10 days after the selection of such third appraiser and, upon receipt of such decision, the amount in question shall be definitely determined by averaging the respective decisions of all three appraisers, and thereafter such amount shall be binding and conclusive on the Lessor and the Lessee. The Lessor and the Lessee shall share equally the fees and expenses of the appraisers.

SECTION 19. OPTION TO RENEW.

Provided that this Lease has not been earlier terminated and that no default under this Lease has occurred and is continuing, Lessee may, according to the provisions set forth in Annex A attached hereto, elect to renew this Lease with respect to all (but not less than all) of the Units of the same Group and Series at the end of the Term with respect thereto for a renewal term to be specified by Lessor and for the renewal term rent which shall be paid in the same manner and times as the Quarterly Rent during the initial Term and shall be equal to the Fair Market Rental Value thereof. Fair Market Rental Value shall mean and shall be determined on the basis of and shall be equal to the rent of such Units in an arm's length transaction between an informed and willing lessee (other than (a) a lessee currently in possession or (b) a used equipment dealer) and an informed and willing lessor under no compulsion to lease. Such Fair Market Rental Value is to be determined by agreement between Lessor and Lessee, or, if they cannot agree, by Appraisal following the same procedure set forth in Section 18.

SECTION 20. NOTICES.

Any notice required or permitted to be given pursuant hereto shall be deemed to have been duly given when delivered personally or otherwise actually received, or five business days after being deposited in the United States mail, certified or registered postage prepaid. Notices may be sent via (a) United States mail, certified or registered postage prepaid, (b) prepaid overnight air courier or (c) telex notice (promptly confirmed by written notice by United States certified or registered mail postage prepaid) and shall be addressed as follows:

If to Lessor: The Connecticut National Bank
777 Main Street
Hartford, Connecticut 06115
Attention: Bond and Trustee Administration

with a copy to the Trustor

If to the Trustor: NCNB Lease Investments, Inc.
One NCNB Plaza
Charlotte, North Carolina 28255
Attention: Assistant Secretary

If to the Note
Purchasers: Aetna Life and Casualty Company
151 Farmington Avenue
Hartford, Connecticut 06156
Attention: Bond Investment Department

Aetna Casualty & Surety Company
of Illinois
230 West Monroe Street
Chicago, Illinois 60606
Attention: Treasurer and Comptroller

Nationwide Life Insurance Company
One Nationwide Plaza
Columbus, Ohio 43216
Attention: Securities Investments, Bond
Department

If to the Secured Party: Mercantile-Safe Deposit and Trust
Company
Two Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203
Attention: Corporate Trust Department

If to the Lessee: Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, California 94105
Attention: Vice President and Treasurer

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

SECTION 21. CONCERNING LESSOR.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of The Connecticut National Bank, are nevertheless each and every one of them, made and intended not as personal representations, covenants, undertakings and agreements of The Connecticut National Bank or for the purpose or with the intention of binding The Connecticut National Bank, personally but are made and intended for the purpose of binding only the Trust Estate (as such term is defined in the Trust Agreement); and this Lease is executed and delivered by The Connecticut National Bank, not in its own right but solely in the exercise of the powers conferred upon it as trustee; and no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against it on account of this Lease or on account of any representation, covenant, undertaking or agreement in this Lease contained, either express or implied, all such personal liability, if any, being expressly waived and released by Lessee herein and by all persons claiming by, through or under Lessee; excepting, however, that Lessee or any

person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same. Nothing contained in this Section 21 shall prevent Lessee from exercising any legal rights and remedies which it may have against Lessor in its individual capacity for its undertakings contained in Section 8 of the Participation Agreement.

SECTION 22. MISCELLANEOUS.

The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by Lessor and Lessee. This Lease shall be binding upon and inure to the benefit of Lessor, and its successors, assigns, and agents, and Lessee and its successors. This Lease may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed counterparts shall be delivered to and retained by the Lessor, with the Lessee receiving a fully executed counterpart of this Lease. Lessee shall execute and deliver to Lessor and the Secured Party from time to time, such other documents, instruments and further assurances, including financing statements, and take all other action as may be reasonably necessary, proper or desirable to carry out and consummate the transaction referred to herein. All agreements, representations and warranties contained in this Lease, or in any document or certificate delivered pursuant hereto, or in connection herewith, shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Unit except as lessee only, and title in and to the Units shall remain in Lessor exclusively. This Lease shall be construed in accordance with, and shall be governed by, the laws of the State of California. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. If Lessee fails to make any payment or fails to perform or comply with any of its agreements contained herein, Lessor or the Secured Party may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses incurred by Lessor or the Secured Party in connection with such payment or the performance or compliance with such agreement, as the case may be, together with interest thereon at the rate of 14.375% per annum, shall be deemed additional rent, payable by Lessee on demand. In addition, Lessee also agrees to pay interest at the rate of 14.375% per annum on any part of any installment of Interim Rent, Quarterly Rent or other amounts due and payable under this Lease not paid when due for any period for which the same shall be overdue. If no payment date is specified for a sum payable by Lessee under this Lease, such sum shall be overdue if not paid within five days of written demand for payment by the Indemnitee to whom such sum is due and owing.

IN WITNESS WHEREOF, Lessee and Lessor have hereby executed this Lease as of the 31st day of July, 1984.

THE CONNECTICUT NATIONAL BANK,
not individually but solely as Owner
Trustee under Southern Pacific
Transportation Company Trust No. 84-1

By

Its

James Crowley
Trust Officer

LESSOR

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By

Its

LaSmith
vice president and Treasurer

LESSEE

STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

On this 7th day of Aug, 1984, before me personally appeared LAURA CROWLEY to me personally known, who being by me duly sworn, says that she is the President of THE CONNECTICUT NATIONAL BANK, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

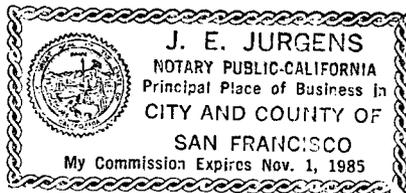
Debra A. Carley
Notary Public

[NOTARIAL SEAL]

DEBRA A. CARLEY
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1985

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 31st day of July, 1984, before me personally appeared D. A. SMITH, to me personally known, who being by me duly sworn, says that he is the V.P. & TREASURER of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



J. E. Jurgens
Notary Public

[NOTARIAL SEAL]

My commission expires:

DESCRIPTION OF UNITS; RENT RATES, QUARTERLY RENT RATES, ETC.

Description of Units

<u>Group A Units:</u>	<u>No.</u>	<u>ACRS Classification</u>	<u>ITC</u>
Speed Trucks	50	3 years	6%
 <u>Group B Units:</u>			
Mark III Tampers	10	5 years	10%
Jackson 6500 Tampers	11	5 years	10%
PUM - Plasser Tamper	10	5 years	10%
Production Field Welder	2	5 years	10%
Welder-Support Equipment	34	5 years	10%
Ballast Regulators	32	5 years	10%
Rail Heaters	13	5 years	10%
Brush Cutters	6	5 years	10%
Crib Reducers	3	5 years	10%
Rail Gagers	3	5 years	10%
Rail Lifters	20	5 years	10%
Spike Drivers (Racor)	13	5 years	10%
Spike Drivers (Fair.)	28	5 years	10%
Spike Pullers	19	5 years	10%
Tie Cranes	19	5 years	10%
Scarifier-Inserts	16	5 years	10%
Tie Inserters	7	5 years	10%
Tie Removers	13	5 years	10%
Liners-Truss	3	5 years	10%
Car Top Mtl. Handlers	4	5 years	10%
Mtr Cars MT-19 w/Htrs	40	5 years	10%
Mtr Cars MT-19 w/o Htrs	80	5 years	10%
Fork Lifts	60	5 years	10%

Maximum Aggregate Lessor's Cost: \$23,781,500

Outside Delivery Date: January 24, 1985

Insurance:

Lessee shall self-insure the Units under the Lease for property damage, loss and casualty to the extent of and in the manner that Lessee self-insurers equipment owned by Lessee (Lessee hereby warranting and representing that Lessee does in fact self-insure equipment owned by Lessee). Lessee will, at its own expense, cause to be carried and maintained public liability insurance with respect to the Units comparable in amounts and against risks customarily insured against by Lessee in respect of similar equipment owned by it. Such policies of public liability insurance may have applicable thereto deductible provisions to no greater extent than the lowest deductible in effect for insurance coverage for equipment similar to the Units owned or leased by Lessee. Any policies of public liability insurance shall (i) require thirty (30) days prior notice of cancellation to Lessor, the Trustor, the Secured Party and each Note Purchaser, and (ii) name Lessor, the Trustor, the Secured Party and each Note Purchaser as additional insureds as their interests may appear.

Locations:

Pursuant to Section 9 of the Lease, each Unit may be used by Lessee in any of the following 14 states in which Lessee or any subsidiary of the Lessee to which the Unit is subleased pursuant to Section 16 of the Lease carries on operations: Arizona, Arkansas, California, Illinois, Kansas, Louisiana, Missouri, Nevada, New Mexico, Oklahoma, Oregon, Tennessee, Texas and Utah.

Return of Units:

Pursuant to Section 12 of the Lease, each Unit shall be returned to Lessor, at Lessee's expense, ready for shipment, F.O.B. to a railhead/rail loading point on Lessee's lines of railroad as designated by Lessor.

Lessor's Cost:

The Lessor's Cost for each Unit shall be as specified in the Acceptance Supplement pertaining thereto and shall be deemed to be set forth herein.

Lessor's Cost, Rent Rates, Rent Payment Dates, etc.

Group A

Maximum Group Lessor's Cost: \$400,000.

Delivery Period: August 1, 1984 through
January 24, 1985.

Base Lease Commencement Dates:

For each Group A Unit accepted hereunder on or after August 1, 1984 and prior to October 2, 1984 ("Group A - Series 1 Units") - October 2, 1984.

For each Group A Unit accepted hereunder on or after October 2, 1984 and prior to January 2, 1985 ("Group A - Series 2 Units") - January 2, 1985.

For each Group A Unit accepted on or after January 2, 1985 and on or prior to the Outside Delivery Date ("Group A - Series 3 Units") - April 2, 1985.

Quarterly Rent Dates:

For each Group A - Series 1 Unit - January 2, 1985 and each April 2, July 2, October 2 and January 2 thereafter to and including October 2, 1987.

For each Group A - Series 2 Unit - April 2, 1985 and each July 2, October 2, January 2 and April 2 thereafter to and including January 2, 1988.

For each Group A - Series 3 Unit - July 2, 1985 and each October 2, January 2, April 2 and July 2 thereafter to and including April 2, 1988.

**Installments of Quarterly Rent
for Each Group A Unit:**

For each Group A - Series 1 and Series 2 Unit, twelve (12) installments, each in the amount of 8.601813% of the Lessor's Cost of such Unit.

For each Group A - Series 3 Unit, twelve (12) installments, each in the amount of the percentage of the Lessor's Cost of such Unit set forth in the Lease Supplement dated January 2, 1985 delivered pursuant to Section 2.4 of the Lease.

Expiration Date of Original Term:

For each Group A - Series 1 Unit - October 2, 1987.

For each Group A - Series 2 Unit - January 2, 1988.

For each Group A - Series 3 Unit -
April 2, 1988.

Interim Rent Payment Dates:

For each Group A - Series 1 Unit -
October 2, 1984

For each Group A - Series 2 Unit -
January 2, 1985

For each Group A - Series 3 Unit -
April 2, 1985

Group B

Maximum Group Lessor's Cost:

\$23,381,500.

Delivery Period:

August 1, 1984 through
January 24, 1985.

Base Lease Commencement Dates:

For each Group B Unit accepted
hereunder on or after August 1, 1984 and
prior to October 2, 1984 ("Group B -
Series 1 Units") - October 2, 1984.

For each Group B Unit accepted
hereunder on or after October 2, 1984
and prior to January 2, 1985 ("Group B -
Series 2 Units") - January 2, 1985.

For each Group B Unit accepted on or
after January 2, 1985 and on or prior to
the Outside Delivery Date ("Group B -
Series 3 Units") - April 2, 1985.

Quarterly Rent Dates:

For each Group B - Series 1 Unit -
January 2, 1985 and each April 2, July 2,
October 2 and January 2 thereafter to
and including October 2, 1990.

For each Group B - Series 2 Unit - April
2, 1985 and each July 2, October 2,
January 2, April 2 thereafter to and
including January 2, 1991.

For each Group B - Series 3 Unit - July 2, 1985 and each October 2, January 2, April 2 and July 2 thereafter to and including April 2, 1991.

**Installments of Quarterly Rent
for Each Group B Unit:**

For each Group B - Series 1 and 2 Unit, twenty-four (24) installments each in the amount of 4.508558% of the Lessor's Cost of such Unit.

For each Group B - Series 3 Unit, twenty-four (24) installments, each in the amount of the percentage of the Lessor's Cost of such Unit set forth in the Lease Supplement dated January 2, 1985 delivered pursuant to Section 2.4 of the Lease.

Expiration Date of Original Term:

For each Group B - Series 1 Unit - October 2, 1990.

For each Group B - Series 2 Unit - January 2, 1991.

For each Group B - Series 3 Unit - April 2, 1991.

Interim Rent Payment Dates:

For each Group B - Series 1 Unit - October 2, 1984

For each Group B - Series 2 Unit - January 2, 1985

For each Group B - Series 3 Unit - April 2, 1985

Lease Expiration Procedure

1. At least six (6) months prior to expiration of the Term with respect to Units of the same Group and Series, Lessor will advise Lessee of the following options with respect to such Units coming off lease:
 - Purchase Units - Lessor to advise purchase price at Fair Market Value.
 - Renew Lease - Lessor to advise renewal term and rate at Fair Market Value.
 - Surrender Units to Lessor.
2. At least three (3) months prior to expiration of the Term with respect to Units of the same Group and Series, Lessee will advise Lessor of its selection of the options set forth in paragraph 1 above for such Units coming off lease:
3. In the event an election is made to purchase all (but not less than all) of the Units of the same Group and Series, Lessee will issue a purchase order to Lessor who, in turn, will send an invoice for the purchase price therefor.
4. In the event Lessee elects to surrender a Unit or Units, Lessee will notify Lessor by letter within thirty (30) days of the expiration of the Term or renewal term with respect to such Units to arrange for disposition. Lessee's letter will designate that such units will be assembled at Lessee's facilities located in Pine Bluff, Houston, Tucson and Oakland or such other locations as may be mutually acceptable to Lessor and Lessee (individually "Inspection Site" and collectively "Inspection Sites") and will be available for inspection at any time during regular business hours for a period of five consecutive business days at such Inspection Sites. The period of time for inspection shall be scheduled not less than fifteen days after the date of Lessee's letter. If such Units will not be available until after expiration of the Term, Lessor will invoice Lessee for holdover rent based on the Quarterly Rent rates from the expiration date of this Lease until the date such Units are actually delivered by Lessee in accordance with Section 5 below. This will permit utilization of such Units until replacements arrive. During any holdover period or renewal term of this Lease all provisions of this Lease shall be applicable to such Units and to the Lessee and the Lessor, and the Stipulated Loss Value for each such Unit shall be 20% of the Lessor's Cost thereof. If the Units are not made available at the time and Inspection Site set forth in Lessee's letter, then such Units may not be surrendered until the next following Term or renewal term expiration date. If the Units are made available at the time and Inspection Site set forth in Lessee's letter, but Lessor fails to inspect such Units, the procedure for surrendering said Units set forth in the preceding sentence shall govern, provided however, Lessee shall not be liable for any rent payments during such holdover period.
5. At the end of the Term with respect to a Unit, Lessee will return such Unit to Lessor, at Lessee's expense ready for shipment, F.O.B. to the railhead/rail loading point on Lessee's lines of railroad as Lessor may designate.
6. Each Unit which is surrendered shall be in as good condition as when delivered to Lessee under the Lease, ordinary wear and tear excepted, and in such condition as will enable such Unit to perform the functions for which it was originally intended.

ACCEPTANCE SUPPLEMENT

Supplement No. _____
Date _____

THIS ACCEPTANCE SUPPLEMENT is executed pursuant to that certain Equipment Lease Agreement dated as of July 15, 1984 between THE CONNECTICUT NATIONAL BANK, not individually but solely as Owner Trustee under a Trust Agreement dated as of July 15, 1984 for the benefit of NCNB Lease Investments, Inc., a North Carolina corporation, and Southern Pacific Transportation Company.

The terms used herein shall have the meaning given to such terms in the Lease.

Lessee hereby confirms that the Unit described on Schedule A hereto has been delivered as of this date and that the Term of the Lease with respect to such Unit shall be as provided in Schedule A and in the Lease and Schedule thereto.

Lessee confirms that, at the time of delivery set forth on Schedule A to this Acceptance Supplement, (a) such Unit has been examined by duly appointed and authorized representatives of Lessee; (b) such Unit has been duly accepted by Lessee as a Unit for leasing under the Lease; (c) such Unit is subject to and governed by the terms of the Lease; and (d) Lessee is obligated to pay to Lessor the Quarterly Rent and all other amounts provided for in the Lease and Schedule A with respect to such Unit.

Lessee represents and warrants that the Unit covered hereby was not placed in the service or otherwise used prior to delivery and acceptance of such Unit under the Lease.

**SOUTHERN PACIFIC TRANSPORTATION
COMPANY**

By _____
Its _____

Purchase Order No.:

Description:

Identification No:

Manufacturers Serial No.:

Vendor or Manufacturer:

Location:

Date of Delivery and Acceptance:

Lessor's Cost:

Base Lease Commencement Date:

Expiration Date:

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this ___ day of _____, 198__, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

STIPULATED LOSS VALUE SUPPLEMENT

THIS STIPULATED LOSS VALUE SUPPLEMENT No. _____ dated as of _____, 198__ between The Connecticut National Bank, not in its individual capacity but solely as trustee ("Lessor") under the Trust Agreement dated as of July 15, 1984 for the benefit of NCNB Lease Investments, Inc., a North Carolina corporation, and Southern Pacific Transportation Company, a Delaware corporation ("Lessee"),

W I T N E S S E T H:

1. Lessor and Lessee have heretofore entered into an Equipment Lease Agreement dated as of July 15, 1984 (the "Lease") providing for the execution and delivery of Stipulated Loss Value Supplements substantially in the form hereof. The terms defined in the Lease shall have the same meanings when used herein.

2. Lessee and Lessor acknowledge and confirm that the Stipulated Loss Value of each Unit described in Exhibit A attached hereto and made a part hereof shall be an amount equal to that percentage of the Lessor's Cost of such Unit set forth in Exhibit B attached hereto and made a part hereof opposite the applicable Quarterly Rent Date.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

THE CONNECTICUT NATIONAL BANK,
not individually but solely
as Owner Trustee under Southern
Pacific Transportation Company
Trust No. 84-1

By _____
Its _____
LESSOR

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By _____
Its _____
LESSEE

DESCRIPTION OF UNITS

EXHIBIT A
(to Stipulated Loss Value Supplement)

STIPULATED LOSS VALUES

The Stipulated Loss Value of any Unit described in this Stipulated Loss Value Supplement shall be (1) the appropriate percentage for the Quarterly Rent Date following the Event of Loss shown below, multiplied by the Lessor's Cost of such Unit, plus (2) any Interim Rent and/or Quarterly Rent which may be payable with respect to such Unit on the Quarterly Rent Date.

GROUP A
Series _____

<u>Quarterly Rent Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
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GROUP B
Series ____

Quarterly
Rent Date

Stipulated Loss Value
as a Percentage of
Lessor's Cost

LEASE SUPPLEMENT

THIS LEASE SUPPLEMENT NO. ___ dated as of _____, 198__ between The Connecticut National Bank, not in its individual capacity but solely as trustee ("Lessor") under the Trust Agreement dated as of July 15, 1984 for the benefit of NCNB Lease Investments, Inc., a North Carolina corporation, and Southern Pacific Transportation Company, a Delaware corporation ("Lessee"),

W I T N E S S E T H:

1. Lessor and Lessee have heretofore entered into an Equipment Lease Agreement dated as of July 15, 1984 (the "Lease") providing for the execution and delivery of Lease Supplements substantially in the form hereof. The terms defined in the Lease shall have the same meanings when used herein.

2. Lessee and Lessor acknowledge and confirm that the Stipulated Loss Value of each Unit described in Exhibit A attached hereto and made a part hereof shall be an amount equal to that percentage of the Lessor's Cost of such Unit set forth in Exhibit B attached hereto and made a part hereof set opposite the applicable Quarterly Rent Date. Lessee and Lessor further acknowledge and confirm that the Schedules of Stipulated Loss Values attached hereto shall supersede the Stipulated Loss Values set forth in Stipulated Loss Value Supplement Nos. ___ and ___.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

THE CONNECTICUT NATIONAL BANK,
not individually but solely
as Owner Trustee under Southern
Pacific Transportation Company
Trust No. 84-1

By _____
Its _____

LESSOR

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By _____
Its _____

LESSEE

DESCRIPTION OF UNITS

STIPULATED LOSS VALUES

The Stipulated Loss Value of any Unit described in this Lease Supplement shall be (1) the appropriate percentage for the Quarterly Rent Date following the Event of Loss shown below, multiplied by the Lessor's Cost of such Unit, plus (2) any Interim Rent and/or Quarterly Rent which may be payable with respect to such Unit on the Quarterly Rent Date.

GROUP A
Series ____

<u>Quarterly Rent Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
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GROUP B
Series _____

Quarterly
Rent Date

Stipulated Loss Value
as a Percentage of
Lessor's Cost