RECORDATION NO 21853-A FILED

DEC 10 '98 10-55 AM

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SURFACE TRANSPORTATION BOARD

December 11, 1998

Counterpart - Chairman

Dear Mr. Williams:

In accordance with 49 U.S.C. §11301, we submit herewith for recording with the Surface Transportation Board original counterparts of the document described below.

This document is a Memorandum of Indenture and Security Agreement, a "primary document", dated as of December 1, 1998.

The names and addresses of the parties to the primary document are as follows:

DEBTOR, MORTGAGOR: UP 1998 Trust for KBC No. 2
in care of Wilmington Trust Company
Ten Rodney Square North
Wilmington, Delaware 19890

SECURED PARTY, MORTGAGEE; Wilmington Trust FSB
3773 Howard Hughes Parkway
Las Vegas, Nevada 89109

The equipment covered by the document is listed in Schedule A hereto, and bears the reporting marks and road numbers of Union Pacific Railroad Company listed therein.

The recordation fee of $26.00 is enclosed. After recordation, please return the counterparts not needed by the Board, stamped with the recordation data, to the undersigned at the address shown above.

A short summary of the document for use in the index follows:

Memorandum of Indenture and Security Agreement dated as of December 1, 1998, between the UP 1998 Trust for KBC No. 2, as debtor and mortgagor, and Wilmington Trust FSB, as secured party and mortgagee, covering 13 locomotives.

Please acknowledge receipt on the enclosed copy of this letter.

Very truly yours,

Elliot Karathanasis

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D. C. 20423

Encl.

Schedule A
(Transaction dated December 1, 1998,
UP 1998 Trust for KBC No. 2)

Quantity and Description	Reporting Marks	Road Numbers
13 General Electric model AC6000 diesel-electric locomotives		7511, 7515--7524, 7526, 7527, inclusive

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MEMORANDUM OF INDENTURE AND SECURITY AGREEMENT dated as of December 1, 1998, between UP 1998 TRUST FOR KBC NO. 2, a Delaware trust (hereinafter called the **Mortgagor**), and WILMINGTON TRUST FSB, a federal savings bank, as indenture trustee under the Indenture and Security Agreement referred to below (hereinafter, in such capacity, called the **Mortgagee**).

WHEREAS the Mortgagor and the Mortgagee are entering into that certain Indenture and Security Agreement dated as of the date hereof (hereinafter called the **Indenture**), pursuant to which the Mortgagor is granting to the Mortgagee a security interest in and mortgage and charge on all the Mortgagor's estate, right, title and interest in and to the following described property, whether now owned or hereafter acquired:

(1) the Lease Agreement dated as of December 1, 1998, between the Mortgagor and Union Pacific Railroad Company, and all supplements and amendments thereto, including all rights of the Mortgagor as lessor thereunder and all amounts of basic rent, supplemental rent, insurance proceeds and other payments of any kind for or with respect to the railroad equipment listed in Schedule A hereto payable thereunder;

(2) the railroad equipment listed in Schedule A hereto, bearing the reporting marks and road numbers of Union Pacific Railroad Company shown in said Schedule A, and all additions and alterations thereof, replacements thereof and substitutions therefor;

(3) all right of the Mortgagor to restitution from any party to any Operative Document (as defined in the Indenture) (other than the Tax Indemnity Agreement, as defined in the Indenture) in respect of any determination of invalidity thereof; all moneys and securities now or hereafter paid to or deposited with (or required to be paid to or deposited with) the Mortgagee by or for the account of the Mortgagor pursuant to the Indenture; and all instruments, documents of title, books and records of the Mortgagor concerning the collateral listed herein (other than income tax and other similar financial records relating to the commitment of the party for whom the Mortgagor is acting as trustee);

(4) all other property and assets of whatever kind, nature or description, real, personal and mixed, and

any interest therein, which may be acquired, received or held by the Mortgagor pursuant to any Operative Document (as defined in the Indenture) (other than the Tax Indemnity Agreement, as defined in the Indenture), wherever located and whether or not otherwise expressly subjected to the lien of the Indenture, or that may be granted, mortgaged, assigned, transferred and pledged to the Mortgagee under the Indenture by the Mortgagor and accepted by Secured Party; and

(5) all proceeds, rent, issues, profits, products, revenues and other income from or on account of the foregoing,

all *subject, however*, to the exclusions and exceptions specified in the Indenture.

IN WITNESS WHEREOF, the parties wish to show for the public record the mortgage of and security interest in the aforesaid property in favor of the Mortgagee, and accordingly have caused this memorandum to be executed by their officers thereunto duly authorized, as of the date first above written.

UP 1998 TRUST FOR KBC NO. 2

by WILMINGTON TRUST COMPANY, not in its individual capacity but solely as trustee,

by _____

WILMINGTON TRUST FSB, as indenture trustee, as aforesaid

by _____

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this 8th day of December, 1998, before me personally appeared Emmett R. Harmon, to me personally known, who, by me being duly sworn, says that he is Vice President of WILMINGTON TRUST COMPANY, and that the foregoing instrument was signed on behalf of said trust company 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 trust company.

Kathleen A. Pedelini
Notary Public

My commission expires

KATHLEEN A. PEDELINI
NOTARY PUBLIC-DELAWARE
My Commission Expires Oct. 31, 2002

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this 8th day of December, 1998, before me personally appeared Norma P. Closs, to me personally known, who, by me being duly sworn, says that he is a Vice President of WILMINGTON TRUST FSB, that the foregoing instrument was signed on behalf of said bank 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 bank.

Kathleen A. Pedelini
Notary Public

My commission expires

KATHLEEN A. PEDELINI
NOTARY PUBLIC-DELAWARE
My Commission Expires Oct. 31, 2002

SCHEDULE A
(Transaction dated December 1, 1998,
UP 1998 Trust for KBC No. 2

Quantity and Description	Reporting Marks	Road Numbers
13 General Electric model AC6000 diesel-electric locomotives		7511, 7515--7524, 7526, 7527, inclusive