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DONELAN, CLEARY, WOOD & MASER, P. C.

18883

ATTORNEYS AND COUNSELORS AT LAW
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RECORDATION NO. _____ FILED 1425

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JUL 6 1994 - 9 10 AM

INTERSTATE COMMERCE COMMISSION

18883-A

RECORDATION NO. _____ FILED 1425

JUL 6 1994 - 9 10 AM

INTERSTATE COMMERCE COMMISSION

July 6, 1994

Union Pacific Railroad Company
Lease Financing Dated as of June 1, 1994

Dear Mr. Strickland:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Union Pacific Railroad Company, for filing and recordation counterparts of the following documents:

- New No.* A. Lease Agreement dated as of June 1, 1994, between The First National Bank of Boston, as Owner Trustee, and Union Pacific Railroad Company, as Lessee.
- New No. - A* B. Lease and Indenture Supplement No. 1 dated as of July 6, 1994, among The First National Bank of Boston, as Owner Trustee/Lessor, Union Pacific Railroad Company, as Lessee, and Harris Trust and Savings Bank, as Indenture Trustee.

The names and addresses of the parties to the aforementioned agreement are as follows:

- 1. Lessor-Owner Trustee:
The First National Bank of Boston
Blue Hills Office Park
150 Royall Street
Canton, MA 02021
- 2. Indenture Trustee:
Harris Trust and Savings Bank
311 West Monroe
Chicago, IL 60606
- 3. Lessee:
Union Pacific Railroad Company
Martin Tower
Eighth and Eaton
Bethlehem, PA 18018

FILED JUL 6 1994
RECORDATION DIVISION
WASHINGTON, D.C.

Please file and record the documents referred to in this letter and index them under the names of the Lessor-Owner Trustee, and Indenture Trustee and the Lessee.

The equipment covered by the aforementioned documents is listed on Exhibit A attached hereto. The equipment bears the legend "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission."

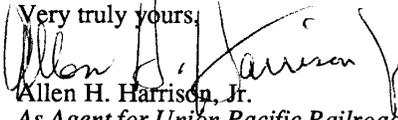
counterparts of A & B

DONELAN, CLEARY, WOOD & MASER, P. C.

There is also enclosed a check of \$36 payable to the Interstate Commerce Commission, representing the fee for recording the Lease Agreement and the Lease and Indenture Supplement No. 1.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,


Allen H. Harrison, Jr.
As Agent for Union Pacific Railroad Company

Mr. Sidney L. Strickland, Jr.
Interstate Commerce Commission
Washington, DC 20423

Enclosures

18883

RECORDATION NO. _____ FILED 1425

JUL 6 1994 9:10 AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

dated as of June 1, 1994

between

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity
but solely as Owner Trustee,
as Lessor

and

UNION PACIFIC RAILROAD COMPANY,
as Lessee

RAILCARS

CERTAIN RIGHTS, TITLE AND INTEREST COVERED HEREBY HAVE BEEN ASSIGNED TO HARRIS TRUST AND SAVINGS BANK, AS INDENTURE TRUSTEE, UNDER AN INDENTURE AND SECURITY AGREEMENT DATED AS OF JUNE 1, 1994. NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY HARRIS TRUST AND SAVINGS BANK ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF. THIS IS NOT THE ORIGINAL COUNTERPART.

THIS LEASE AGREEMENT (OR A MEMORANDUM HEREOF)
HAS BEEN FILED WITH THE INTERSTATE COMMERCE
COMMISSION PURSUANT TO 49 U.S.C. § 11303
AND DEPOSITED IN THE OFFICE OF THE
REGISTRAR GENERAL OF CANADA PURSUANT TO
SECTION 90 OF THE RAILWAY ACT OF CANADA

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Exhibit A--Form of Lease and Indenture Supplement

LEASE AGREEMENT dated as of June 1, 1994, between THE FIRST NATIONAL BANK OF BOSTON, a national banking association, not in its individual capacity but solely as trustee under the Trust Agreement ("Lessor"), and UNION PACIFIC RAILROAD COMPANY, a Utah corporation ("Lessee").

Lessor and Lessee agree as follows:

SECTION 1. Definitions. Except as otherwise expressly provided, all capitalized terms used in this Lease shall have the meanings set forth in Schedule X to the Participation Agreement dated as of June 1, 1994, among Union Pacific Railroad Company, Union Pacific Holdings, Inc., First Union Commercial Corporation, The First National Bank of Boston and Harris Trust and Savings Bank (the "Participation Agreement") and the rules of interpretation set forth in Schedule X to the Participation Agreement shall apply to this Lease.

SECTION 2. Purchase and Lease; Term.

(a) Purchase and Lease. Effective on each Closing Date, if the conditions set forth in Article IV of the Participation Agreement have been satisfied, (i) Lessor shall purchase from Seller the Railcars described in the relevant Bill of Sale, shall accept title to and ownership of such Railcars from Seller, and through Lessee acting as Lessor's agent, shall accept delivery and care, custody and control of such Railcars, (ii) Lessor shall be deemed to have tendered delivery of such Railcars to Lessee hereunder and Lessee shall be deemed to have accepted delivery thereof hereunder, (iii) Lessor shall lease such Railcars to Lessee and Lessee shall lease such Railcars from Lessor under this Lease for the Rent and Lease Term hereinafter described and upon the terms and conditions herein set forth and (iv) Lessor and Lessee shall conclusively evidence that such Railcars have been made subject to this Lease by executing and delivering a Lease and Indenture Supplement substantially in the form attached as Exhibit A hereto covering the Railcars so purchased and leased on such Closing Date.

(b) Lease Term. The interim term for the Railcars delivered on any Closing Date shall commence on such Closing Date and shall continue until the Basic Term Commencement Date (each an "Interim Term"). The Basic Term for the Railcars shall commence on the Basic Term

Commencement Date and shall (unless this Lease in respect of such Railcars shall have been earlier terminated pursuant to the terms hereof or later terminated pursuant to Section 4) continue until 11:59 p.m. (New York City time) on July 1, 2014 in the case of Covered Hoppers, January 1, 2013 in the case of Open Hoppers, January 1, 2010 in the case of Bi-Level Autoracks and January 1, 2010 in the case of Tri-Level Autoracks (each a "Basic Term") (an Interim Term plus a Basic Term and any Renewal Terms actually entered hereunder being referred to herein as a "Lease Term").

SECTION 3. Rent. (a) Interim Interest; Interim Rent. Pursuant and subject to Section 2.02(b) of the Participation Agreement, Owner Participant has agreed to pay to Indenture Trustee the interest accruing on the Certificates Outstanding on the date of redemption of Interim Trust Certificates (so long as such date is prior to January 1, 1995) and on January 1, 1995 and any principal due on January 1, 1995 with respect to Outstanding Certificates. To the extent any such amounts are not so paid by Owner Participant on such dates, Lessee agrees to pay to Lessor as Interim Rent amounts equal to such amounts on such dates. Lessee shall have the right to recover the amount, if any, of Interim Rent paid by it in lieu of payment by Owner Participant pursuant to this Section 3(a) on the terms and conditions set forth in Section 2.02(b) of the Participation Agreement.

(b) Basic Rent. Subject to any adjustments or offsets required by Section 3(f) of this Lease and Section 2.02(b) of the Participation Agreement, Lessee agrees to pay to Lessor (i) on each Payment Date during a Basic Term, Basic Rent for each Railcar in an amount equal to Lessor's Cost for such Railcar multiplied by the percentage listed opposite the relevant Payment Date in Schedule 3A, 3B, 3C or 3D hereto, as appropriate, (ii) for any Renewal Term, Basic Rent payable on such dates and in such amounts as is provided in Section 4(a) and (iii) for any extension of the Lease Term contemplated by Section 4(d), Basic Rent payable on such dates and in such amounts as are provided for in Section 4(d). Basic Rent shall be deemed for all purposes of this Lease to have been paid in advance or in arrears in accordance with the information set forth on Schedules 3A, 3B, 3C and 3D hereto.

(c) Supplemental Rent. In addition to its obligation to pay Interim Rent and Basic Rent hereunder,

Lessee shall pay to Lessor or such other Person entitled thereto any and all Supplemental Rent (whether provided for herein or in any other Operative Document) as and when the same shall become due and owing, including the following:

(i) to the extent permitted by Applicable Law, interest at a rate per annum equal to the Overdue Rate on any part of any installment of Rent not paid when due (or received by Indenture Trustee too late on any day when due to permit timely distribution by Indenture Trustee to the Holders on said date) for the period from and including the date due to but excluding the date paid;

(ii) an amount equal to the Premium, if any, payable with respect to the Certificates; and

(iii) amounts due pursuant to Section 7.02 of the Trust Agreement and Section 7.09 of the Indenture.

(d) Manner of Payment; Unconditional Payment.
All Rent (other than Excepted Property) shall be paid by Lessee to Indenture Trustee. All Rent shall be payable in U.S. Dollars in immediately available funds at the place where payment is required to be made on or before 12:00 noon (New York City time) on the due date. Except as specifically provided in this Lease or Section 2.02(b) of the Participation Agreement, Lessee's obligation to pay Rent shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including (i) any setoff, counterclaim, recoupment, offset, defense or other right which Lessee may have against Lessor, Indenture Trustee or any other Person for any reason whatsoever, (ii) any unavailability of any Railcar, after its delivery and acceptance by Lessee hereunder, for any reason, including any lack or invalidity of title or any other defect in title, condition, design, operation, merchantability or fitness for use of such Railcar, (iii) any loss or destruction of, or damage to, any Railcar or interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever and of whatever duration, (iv) any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against Lessor, Indenture Trustee, Lessee or any other Person, (v) the requisitioning, seizure or other taking of title to or use of any Railcar by any government or governmental authority or otherwise, whether or not by reason of any act or omission of Lessor or Lessee or Indenture Trustee, or any

other deprivation or limitation of use of such Railcar in any respect or for any length of time, whether or not resulting from accident and whether or not without fault on the part of Lessee, (vi) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any other Operative Document, (vii) the lack of right, power or authority of Lessor or any other Person to enter into this Lease or any other Operative Document, (viii) any ineligibility of such Railcar for any particular use, whether due to any failure of Lessor, Lessee or any other Person to comply with any law or governmental regulation or otherwise, (ix) any event of force majeure or any frustration, (x) any legal requirement, (xi) any Liens or rights of others with respect to any Railcar, (xii) any right conferred by Applicable Law to a rebate of Rent or (xiii) any other cause, circumstance or happening, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Lessee hereby waives, to the extent permitted by Applicable Law, 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 this Lease except in accordance with the express terms hereof. All obligations of Lessee under this Lease shall be performed at its own cost, expense and risk, unless otherwise expressed. Except to the extent of any payment in excess of that required to be made hereunder, each payment of Rent made by Lessee shall be final, and Lessee will not seek to recover all or any part of such payment from Indenture Trustee, any Holder, Lessor or any Participant for any reason whatsoever, absent manifest error, except to the extent that the recipient was not entitled to receive the same. Nothing in this Section 3 or in Section 5 shall be construed as (a) a warranty by Lessee of the value of Lessor's or Owner Participant's interest upon termination of a Lease Term or the useful life of the Railcars or (b) a prohibition of or restriction against an assertion of any claim or cause of action by Lessee with respect to Lessor, Indenture Trustee, any Participant or any other Person in an independent action. Notwithstanding the foregoing, provided no Event of Default has occurred and is continuing, in the event of any breach of Section 24(j) by Lessor or Section 10.02 of the Participation Agreement by Owner Participant, or by any Person claiming through or against Lessor or Owner Participant, other than Indenture Trustee or any Holder (unless such breach results from an Indenture Default not occasioned by a Default or an Event of Default), Lessee shall have the right to abate and withhold payment of that

[JOHNSON-UP/LEASE.616/120A/4575]

portion of Basic Rent payable by Lessee during the Basic Term and any Renewal Term, and to withhold all other amounts payable by Lessee to Lessor or Owner Participant under the Operative Documents, with respect to the Railcars affected by such breach until such breach is cured; provided, however, that no such abatement or withholding shall reduce the amount of any installment of Interim Rent or Basic Rent or any payment of Stipulated Loss Value or Termination Value or any payment under Section 4(c)(ii) below the amount necessary to pay principal of and accrued interest on the Certificates that is due and payable at the time such installment or payment is otherwise required; and provided, further, (i) that any action of Lessor authorized or permitted by this Lease shall not be considered a breach by Lessor of Section 24(j) and, (ii) Lessee shall provide Lessor with prompt notice of any claimed breach of Section 24(j).

(e) Payment on Business Days. Whenever the date scheduled for any payment of Rent shall not be a Business Day, then such payment need not be made on such scheduled date but may be made on the next Business Day with the same force and effect as if made on such scheduled date and (provided such payment is made on such next Business Day) no interest shall accrue on the amount of such payment from and after such scheduled date to such next Business Day.

(f) Adjustments. The Owner Participant's Percentage Commitment, Basic Rent, Stipulated Loss Value percentages, Termination Value percentages and percentages set forth in Section 4(c)(ii)(C) shall be adjusted upward or downward (except that Owner Participant's Percentage Commitment in no event shall be less than 20% nor more than 29.60% and no such adjustment increasing Owner Participant's Commitment shall be made after December 31, 1994) (i) as provided in Section 2.01 of the Participation Agreement, (ii) at any time, if Transaction Costs payable by Owner Participant are other than 1.50% of Lessor's Cost of all Railcars or if the interest rate on the Certificates is other than 7.75% per annum or if a Closing Date occurs on any date other than July 6, 1994 or September 30, 1994, (iii) at any time if there is any refinancing pursuant to Article III of the Participation Agreement, (iv) at any time if an indemnity is payable to Owner Participant pursuant to Section 4(c) of the Tax Indemnification Agreement that is capable of being paid through adjustment of Basic Rent and Lessee elects to pay such indemnity by means of such adjustment and (v) as of each Closing Date, if the Railcars

to be subjected to the Lease or their Lessor's Cost is other than as set forth in Schedule 2 as originally attached to the Participation Agreement. Such adjustments shall maintain Owner Participant's Net Return, after giving effect to the changed factors taken into account in such adjustments and using a calculation method which shall minimize the net present value (computed utilizing a semiannual discount rate equal to the Debt Rate or such other rate selected by Lessee) of Basic Rent payments and the percentages set forth in Section 4(c)(ii)(C). Such adjustments shall not reduce the percentages set forth in Section 4(c)(ii)(C) below 55.8202% in the case of Covered Hoppers, 54.2531% in the case of Open Hoppers, 39.0645% in the case of Bi-Level Autoracks, or 39.0645% in the case of Tri-Level Autoracks.

(g) Determination of Adjustments. Any adjustment pursuant to Section 3(f) shall initially be computed by Owner Participant, which shall employ a computer optimization program which results in Basic Rent (and, where applicable, Certificate amortization payment) structures similar to those in effect on the date the Participation Agreement is executed (any such adjustment to be calculated in a manner consistent with the assumptions and calculation method originally used by Owner Participant). The results of such computation by Owner Participant shall promptly be delivered to Lessee and, unless verification is requested by Lessee as provided below, shall be final, binding and conclusive on Lessee, Owner Participant and Lessor. Within 10 Business Days after the receipt of the results of an adjustment, Lessee may request that the Verifying Accountant verify, after consultation with Owner Participant and Lessee, the accuracy of such adjustment in accordance with Section 3(f), and Lessee and Lessor (on behalf of Owner Participant) hereby agree to provide the Verifying Accountant with all information and materials as shall be reasonably necessary or desirable in connection therewith. In no event shall the Verifying Accountant be permitted to review the documents, programs or procedures used to calculate Owner Participant's internal rate of return, except to the extent necessary to make its verification. Prior to the selection of any Verifying Accountant, such Verifying Accountant shall execute a confidentiality agreement with respect to the subject matter of its review and agree to return to Owner Participant any materials of Owner Participant used by such Verifying Accountant in the course of such verification or the performance of any duties in accordance with this Lease. If the Verifying Accountant

confirms that such adjustment is in accordance with Section 3(f), it shall so certify to Lessee, and such certification shall be final, binding and conclusive on Lessee, Owner Participant and Lessor. If the Verifying Accountant concludes that such adjustment is not in accordance with Section 3(f), it shall so certify to Lessee and Owner Participant, and Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 3(g), until the Verifying Accountant shall certify to Lessee that such adjustment is in accordance with Section 3(f). Lessee and Owner Participant shall instruct the Verifying Accountant to deliver its certification within ten Business Days after each request for verification. The final determination of any recalculation or adjustment hereunder may be set forth in an amendment to this Lease, provided that any such adjustment shall be effective for all purposes of this Lease regardless of whether such amendment is actually executed and delivered and, provided, further that any adjustments to the Stipulated Loss Values shall be effective as of the applicable Closing Date. The reasonable fees of the Verifying Accountant shall be paid by Lessee within 10 days after demand, except that Owner Participant shall pay such fees, costs and expenses if the final determination differs from Owner Participant's original adjustment such that (A) the net present value (calculated at a semiannual discount rate of the Debt Rate) of the adjusted Basic Rent (expressed as a percentage of Lessor's Cost) is 10 or more basis points lower than the net present value (calculated at such rate) of the Basic Rent (expressed as a percentage of Lessor's Cost) set forth in Owner Participant's original adjustment or (B) the adjusted Stipulated Loss Value or Termination Value varies by more than one-tenth of one percent of the Stipulated Loss Value or Termination Value set forth in Owner Participant's original adjustment.

(h) Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease (other than Section 13(c)) or in any other Operative Document, in all events the amounts payable by Lessee under this Lease shall be at least sufficient to pay the amounts due on the Certificates. The amount of each Basic Rent payment payable hereunder shall at all times be at least sufficient to pay, on each Payment Date, payments then due on the Certificates and, after taking into account any Basic Rent payable on such date (during any period when Basic Rent is payable in arrears), the amounts of Stipulated Loss Value and

Termination Value payable hereunder and the amounts payable under Section 4(c)(ii) shall at all times be at least sufficient to pay in full the principal and accrued interest on the Certificates to be paid with such amounts.

SECTION 4. Renewal Terms; Redelivery; Purchase Options. (a) Renewal Terms. Provided that no Default or Event of Default shall have occurred and be continuing, Lessee shall be entitled to renew this Lease pursuant to the following terms and conditions with respect to all or a Minimum Number of Railcars of any Type being leased under this Lease on the last day of the relevant Basic Term or Renewal Term then in effect, for any number of Renewal Terms, each of which shall be for a minimum period of one year (with Basic Rent payable in arrears on the two Payment Dates during each year of such Renewal Term) and shall commence at the end of such Basic Term or preceding Renewal Term (each a "Renewal Term Commencement Date"):

(i) In order to renew this Lease, Lessee shall provide Lessor and Indenture Trustee with notice electing such renewal at least 90, and not more than 270, days prior to the relevant Renewal Term Commencement Date and specifying the numbers and Types of Railcars that Lessee desires to re-lease which notice shall become irrevocable 90 days prior to the relevant Renewal Term Commencement Date. Promptly after such notice is given by Lessee, a determination shall be made (pursuant to the Appraisal Procedure or otherwise) of (x) the then estimated remaining useful life of the relevant Railcars measured from the relevant Renewal Term Commencement Date, the date on which there shall remain 20% of such remaining useful life and the date on which the estimated residual value (without regard to inflation or deflation subsequent to the relevant Closing Date or Dates) of such Railcars is equal to 20% of Lessor's Cost thereof and (y) the Fair Market Sale Value and the Fair Market Rent of such Railcars as required by Section 4(a)(ii). Such determination shall be made as of and completed prior to the relevant Renewal Term Commencement Date.

(ii) On or prior to the relevant Renewal Term Commencement Date, Lessee shall specify in writing to Lessor the duration of the Renewal Term (which shall end on a Payment Date) and whether Basic Rent payable during such Renewal Term will be equal to 50% of Average Rent in respect of such Railcars (in which case

such Renewal Term shall end not later than the earliest date referred to in Section 4(a)(i)(x)) or Fair Market Rent of such Railcars. During any Renewal Term, the Stipulated Loss Value of any Railcar shall be determined by amortizing the Fair Market Sale Value of such Railcar as of the relevant Renewal Term Commencement Date down to the Fair Market Sale Value of such Railcar as of the last day of such Renewal Term on a straight line basis.

(iii) All provisions of this Lease shall be applicable during each Renewal Term, except that the Basic Rent and Stipulated Loss Value payable during each Renewal Term shall be those specified in this Section 4(a) and Lessee shall have no right pursuant to Section 13 to terminate a Renewal Term prior to the end thereof.

(b) Redelivery; Storage. Lessee shall use its best efforts to assemble and redeliver possession of the Railcars, other than Railcars that become subject to a Renewal Term or are purchased by Lessee in accordance with the terms of this Lease, at the expiration of the Lease Term therefor or any applicable storage period provided herein, in such numbers and, with respect to each Type, to not more than two locations (each of which shall be at or within 50 miles of a major interchange point) that are on Lessee's lines or that are interconnection points with Lessee's lines (the "Redelivery Locations") as Lessee shall designate by notice to Lessor not less than 30 days prior to such redelivery. Lessee shall continue to insure and bear the risk of loss of any Railcar in accordance with this Lease until so redelivered. Lessee will store each redelivered Railcar free of charge but at Lessor's risk on storage tracks selected and owned by Lessee for a period of 30 days commencing on the date of delivery of 80% of the Railcars of its Type in accordance herewith, provided that any Railcars not redelivered by such date shall be stored as herein provided for a period of 30 days from the date of redelivery thereof.

The provisions set forth above are applicable to Bi-Level Autoracks and Tri-Level Autoracks to the extent that Lessor has arranged for the use thereof by any Person who is qualified to utilize the underlying flatcar (and who has made arrangements or is permitted so to utilize such

flatcar) and to the extent not inconsistent with the following. To the extent Lessor has not so arranged, Lessor will, at least 30 days prior to the end of the relevant Lease Term, direct Lessee to have such Autoracks removed from the underlying flatcar in such a manner so as to be in such mechanical condition that it is capable of being properly installed on another underlying flatcar, in which case Lessee shall, within 30 days after the end of the relevant Lease Term, deliver such Autoracks to Lessee's shop or to any other shop chosen by Lessor which is capable of performing the removal work in a reasonable period of time and is acceptable to Lessee. Lessor shall direct the shop to remove such Autoracks from the underlying flatcar, but such removal shall be at Lessee's expense, including any expense or damages payable to the Person who owns the underlying flatcars including daily rental charges arising as a result of the Autoracks remaining on the underlying flatcars. If such shop is along Lessee's lines, the cost of transporting such Autoracks to the shop shall be for Lessee's account, and if the shop is not along Lessee's lines, Lessee shall be responsible for any transportation costs on its lines and Lessor shall pay all other transportation costs. Upon removal of an Autorack from the underlying flatcar, Lessor shall direct the shop to redeliver the flatcar to Lessee at such shop, but such redelivery shall be at Lessee's expense.

(c) Purchase Options. Provided that no Default or Event of Default under Section 15(a) or 15(b) shall have occurred and be continuing, Lessee shall be entitled to purchase pursuant to the following terms and conditions all or a Minimum Number of Railcars of any Type then being leased under this Lease as follows:

(i) In order to purchase Railcars, Lessee shall provide Lessor and Indenture Trustee with notice electing such purchase at least 90, but not more than 270, days in the case of clause (ii)(A), (ii)(B) or (ii)(D) below, or at least 40, but not more than 180, days in the case of clause (ii)(C) or (ii)(E) below, in each case prior to the date of purchase, which notices shall become irrevocable 90 days and 40 days, respectively, prior to the date of purchase, and specifying the numbers and Type of Railcars to be purchased and in the case of a purchase pursuant to clause (ii)(C) below, the payment option therefor pursuant to clause (f) below. Promptly after such notice is given by Lessee, a determination shall be

made (pursuant to the Appraisal Procedure or otherwise) of the Fair Market Sale Value of the relevant Railcars, except in the case of a purchase pursuant to clause (ii)(C) below. Such determination shall be made as of and completed prior to the date of purchase.

(ii) The dates of purchase and purchase prices are as follows: (A) on the last day of the relevant Basic Term, an amount equal to the lesser of the Fair Market Sale Value of the relevant Railcars as of such date and the following percentages of Lessor's Cost of such Railcars: Covered Hoppers, 53%; Open Hoppers, 55%; Bi-Level Autoracks, 34%; or Tri-Level Autoracks, 34%; (B) on the last day of any Renewal Term, an amount equal to the Fair Market Sale Value of the relevant Railcars as of such date; (C) on the following dates, an amount equal to the following percentages of Lessor's Cost of the relevant Railcars (with payment of such amount to be as provided in Section 4(f)): Covered Hoppers, January 1, 2012, 55.8202%; Open Hoppers, January 1, 2011, 54.2531%, Bi-Level Autoracks, January 1, 2008, 39.0645%; Tri-Level Autoracks, January 1, 2008, 39.0645%; (D) on any Payment Date on or after July 1, 1999, an amount equal to the greater of the Fair Market Sale Value of the relevant Railcars and Termination Value thereof as of such Payment Date; and (E) on any Payment Date on or after July 1, 1999, an amount equal to Termination Value as of such date of any Covered Hoppers or Open Hoppers if Lessee determines that the cost of any Improvements thereto required by Section 9 would exceed 20% of the Fair Market Sale Value of such Covered Hoppers or Open Hoppers as of such date. Upon payment of such purchase price (or at such time as is specified in Section 4(f), if applicable) and the payment by Lessee of all other Rent payable hereunder with respect to such Railcars on or before such purchase date (including the Basic Rent becoming due and payable on such purchase date), and provided that no Event of Default under Section 15(a) or 15(b) has occurred and is continuing, the Lease Term for such Railcars shall end, Lessee's obligation to pay further Basic Rent therefor shall terminate and Lessor shall transfer all its right, title and interest in and to such Railcars to Lessee, "as is", "where is" and without any representation, recourse or warranty on the part of Lessor except that such Railcars are free and clear of all Owner Encumbrances. In the case of a purchase under clause (C), (D) or (E) above, Lessee may

credit against the purchase price the principal amount of Certificates assumed by it pursuant to Section 4.04 of the Indenture.

(d) Extension of Lease Term. Upon the expiration of a Lease Term for any Railcar, such Lease Term shall be extended for the period, if any, necessary for the return of such Railcar pursuant to Section 4(b), so long as Lessee is attempting to remedy any condition delaying such return, and in any case the covenants of Lessee (other than with respect to Basic Rent) under the Lease (including those pertaining to indemnities, liens, maintenance and insurance) shall continue on a daily basis with respect to such Railcar until return of such Railcar (which in any event shall be accomplished within 60 days after the expiration of the Lease Term) and regardless of whether such delay shall be attributable to Lessee or any sublessee permitted under Section 14(b). Lessee shall pay, monthly, on the first day of each month the daily equivalent of Average Rent for each Railcar not so redelivered for the period from but excluding the date 60 days after the expiration of such Lease Term to and including the date of actual redelivery hereunder.

(e) Time Is of the Essence. The provisions of Section 4(b) must be fulfilled in a timely manner and time is of the essence in connection with the performance of each party's obligations under this Section 4.

(f) Deferred Purchase Price Option. In the case of any purchase of Railcars pursuant to Section 4(c)(ii)(C), Lessee may, at its option, either (i) pay the entire purchase price for such Railcars on the purchase date therefor or (ii) pay a portion of the purchase price for such Railcars on the purchase date therefor and the balance in installments thereafter, as follows, in amounts equal to the following percentages of Lessor's Cost of the relevant Railcars: (A) in the case of Covered Hoppers, 33.5102% on January 1, 2012, and 5.5775% on each of April 15, 2012, June 15, 2012, September 15, 2012, and December 15, 2012; (B) in the case of Open Hoppers, 32.5591% on January 1, 2011, and 5.4235% on each of April 15, 2011, June 15, 2011, September 15, 2011, and December 15, 2011; and (C) in the case of Bi-Level Autoracks or Tri-Level Autoracks, 23.4833% on January 1, 2008, and 3.8953% on each of April 15, 2008, June 15, 2008, September 15, 2008, and December 15, 2008. Lessee shall elect its payment option in the applicable notice given pursuant to Section 4(c)(i). In the event that Lessee elects the option specified in clause (ii) above, then, (x)

as a condition to such purchase, Lessee shall secure its obligation to pay the purchase price installments by granting to Lessor a perfected security interest in the applicable Railcars, pursuant to documentation reasonably satisfactory to Lessor, and (y) upon satisfaction of such condition, Lessor shall transfer all its right, title and interest in and to such Railcars on the applicable purchase date in accordance with and subject to the other conditions specified in the second sentence of Section 4(c)(ii), except that payment of the installment of the purchase price payable on the purchase date shall be required in lieu of payment of the full purchase price. All reasonable costs and expenses of Lessor or Owner Participant incurred in connection with Lessee's election under this Section 4(f) shall be paid by Lessee.

SECTION 5. Disclaimer of Warranties. (a) No Representation or Warranty. LESSEE ACKNOWLEDGES THAT (i) THE RAILCARS ARE OF SIZE, CAPACITY, DESIGN AND MANUFACTURE SELECTED BY LESSEE, (ii) THE RAILCARS ARE SUITABLE FOR LESSEE'S PURPOSES, (iii) NEITHER LESSOR, INDENTURE TRUSTEE NOR ANY PARTICIPANT IS A MANUFACTURER OR DEALER IN SUCH PROPERTY AND NEITHER HAS INSPECTED THE RAILCARS PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE, (iv) LESSEE HAS RECEIVED A COPY OF THE PURCHASE CONTRACT(S), IF ANY, RELATING TO THE RAILCARS, AND (v) EACH RAILCAR IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS. LESSOR LEASES AND LESSEE TAKES EACH RAILCAR "AS IS", "WHERE IS" AND WITH ALL FAULTS. LESSEE ACKNOWLEDGES THAT, EXCEPT AS SET FORTH IN SECTION 5(b) OR AS OTHERWISE PROVIDED IN THE OPERATIVE DOCUMENTS, NONE OF LESSOR, INDENTURE TRUSTEE NOR ANY PARTICIPANT MAKES , AND EACH EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND WAIVES, AS BETWEEN ITSELF AND LESSOR, INDENTURE TRUSTEE AND ANY PARTICIPANT, ANY AND ALL RIGHTS OR CLAIMS AS TO THE TITLE OF THE RAILCARS OR THE DESIGN, OPERATION OR CONDITION OF THE RAILCARS OR AS TO THE VALUE, CONDITION, DESIGN OR MERCHANTABILITY OF THE RAILCARS, OR AS TO THE FITNESS OF THE RAILCARS FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF MATERIAL OR WORKMANSHIP OR CONFORMITY TO SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE RAILCARS AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL LESSOR, INDENTURE TRUSTEE OR

ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO LESSEE FOR ANY CONSEQUENTIAL DAMAGES. TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE AND ANY OTHER RIGHTS OR REMEDIES NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE TO THE EXTENT THAT SUCH RIGHTS OR REMEDIES MAY LIMIT OR MODIFY THE TERMS OF THIS LEASE. The provisions of this Section 5 have been negotiated and, except as provided above, are intended to be a complete exclusion and negation of any representation or warranty, express or implied, by Lessor, Indenture Trustee or any Participant in any capacity with respect to any Railcar or any part thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect or otherwise.

(b) Title. Notwithstanding Section 5(a), Lessor represents and warrants that on each Closing Date it will have whatever title to the Railcars being delivered on such date as was conveyed to it on such date by Seller, subject to no Owner Encumbrances.

SECTION 6. Use and Operation of Railcars; Certain Agreements. During the Lease Term, so long as no Event of Default has occurred and is continuing, Lessee has the exclusive right to possession, control and full use of the Railcars leased hereunder and may use such Railcars in any lawful trade or commerce, except that Lessee shall use each Railcar only in the manner for which it was designed and intended, and such Railcars shall not be used or operated in any manner contrary to any Applicable Law. Nothing in this Section 6 shall be deemed to constitute permission by Lessor to any Person who acquires possession of any Railcars to take any action inconsistent with the terms and provisions of this Lease or any other Operative Document. The rights of any Person who acquires possession of any Railcar shall be subject and subordinate to the rights of Lessor hereunder.

SECTION 7. Maintenance; Return Condition.
(a) Maintenance. Lessee shall throughout the Lease Term maintain and repair the Railcars so as to keep the Railcars in as good operating condition as when originally delivered, ordinary wear and tear excepted, and in the manner and in the same condition as Lessee maintains and repairs similar equipment owned or leased by it at such time so that such Railcars will remain (i) in compliance with any and all Applicable Laws and industry regulations as would have

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condition required by this Section 7(b), then such reinspections, repairs and work shall continue in accordance with the procedures set forth above until such Railcar is in the condition required by this Section 7(b).

SECTION 8. Inspection. Lessor, Owner Participant and Indenture Trustee, or their duly authorized representatives (and during a period when any Railcar is stored pursuant to Section 4(b), any prospective purchaser or user of such Railcar), may inspect (during normal business hours (Monday through Friday, between 8:00 a.m. and 4:00 p.m. local time) and at such other times as may be mutually agreeable), upon reasonable notice and at their own risk and expense (except in the case of negligence or misconduct of Lessee), the Railcars and applicable maintenance and use records relating thereto, and Lessee shall make the foregoing available to each such party, but none of Lessor, Owner Participant or Indenture Trustee shall have any duty to do so. In exercising such right of inspection, Lessor, Owner Participant, Indenture Trustee and their duly authorized representatives shall not unreasonably interfere with Lessee's normal business operations, shall abide by all Lessee's rules and regulations regarding safety and operation and shall not unreasonably interfere with any repairs or maintenance or the use and operation of the Railcars.

SECTION 9. Improvements. (a) Improvements. Except if Lessee elects to exercise the purchase option set forth in Section 4(c)(ii)(E), Lessee shall make such Improvements to the Railcars as shall be required in order to comply with Section 7. In addition, Lessee may make such other Improvements to any Railcar as Lessee may deem desirable but only to the extent that (i) in the case of Severable Improvements, such Severable Improvements are readily removable without causing material damage to such Railcar and without materially diminishing or impairing its fair market value, utility or remaining economic life at the end of the Lease Term therefor (determined as if such Improvements had not been made), (ii) in the case of Nonseverable Improvements, such Nonseverable Improvements do not diminish or impair such Railcar's fair market value, utility or remaining economic life at the end of the Lease Term therefor and (iii) such Nonseverable Improvements would not cause such Railcars to become "limited use property" within the meaning of Revenue Procedure 76-30 promulgated by the Internal Revenue Service.

(b) Title; Removal of Severable Improvements.

Title to each Nonseverable Improvement shall without further act vest in Lessor. Title to each Severable Improvement shall without further act vest or remain, as the case may be, in Lessee, and, provided no Event of Default shall then have occurred and be continuing, Lessee at its own expense and risk may remove any Severable Improvement from a Railcar at any time during or at the expiration of its Lease Term if (i) such Severable Improvement constitutes an addition, and not a replacement of or a substitution for, any part originally incorporated or installed in or attached to such Railcar at the time of delivery thereof hereunder or any part in replacement of or substitution for any such original part, (ii) such Severable Improvement is not required pursuant to the first sentence of Section 9(a), (iii) such Severable Improvement can be removed without diminishing or impairing the value, utility or remaining economic life which such Railcar would have had at the time of removal had such Improvement not been effected by Lessee, assuming that such Railcar is otherwise maintained in the manner required by this Lease and (iv) Lessee repairs any damage to such Railcar caused by such removal. At the expiration of the Lease Term, any Severable Improvement not so removed shall without further act become the property of Lessor. Lessor shall have the right, upon 30 days' prior notice, at the expiration date of the Lease Term with respect to any Railcar (i) to purchase any Severable Improvements (unless proprietary to Lessee) from Lessee for the Fair Market Sale Value thereof (as determined pursuant to the Appraisal Procedure) or (ii) to require Lessee to remove such Severable Improvements.

(c) Removal of Property; Replacements. Lessee

may, in the ordinary course of maintenance or repair of any Railcar, remove any item of property constituting a part of such Railcar, and, unless the removal of such item is required by Section 7, Lessee shall replace such item as promptly as possible by an item of property that is free and clear of all Liens (other than Permitted Encumbrances) and in as good operating condition as, and with a value, utility and useful life at least equal to, the item of property being replaced, assuming such item was in the condition required by this Lease. Any item of property removed from such Railcar as provided in the preceding sentence shall remain the property of Lessor until replaced in accordance with the terms of the preceding sentence, but shall then without further act become the property of Lessee. Any such replacement property shall without further act become the

property of Lessor and be deemed part of such Railcar for all purposes hereof.

(d) Identification Marks. Lessee shall (i) cause each Railcar to be kept numbered with the identifying number set forth in Schedule 1 to the Lease and Indenture Supplement executed and delivered on the relevant Closing Date and (ii) as soon as practicable after such Railcar becomes subject to this Lease, keep and maintain plainly, distinctly, permanently and conspicuously marked on both sides of such Railcar in letters not less than one inch in height, the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission" or "Owned by a bank or finance company, and subject to a security agreement filed with the Interstate Commerce Commission" or "Owned by a bank or finance company, and subject to a security interest in favor of one or more financial institutions" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law or reasonably deemed necessary or advisable by Lessor or by Indenture Trustee in order to protect the title of Lessor and the rights of Lessor and Indenture Trustee under the Operative Documents. Lessee will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee will not permit the identifying number of any Railcar to be changed except in accordance with a Lease amendment or statement of new identifying numbers to be substituted therefor, which Lease amendment or statement shall have been previously filed, recorded or deposited with Lessor and Indenture Trustee and in all public offices where this Lease has been filed, recorded or deposited. Except as provided above, Lessee will not allow the name of any Person to be placed on the Railcars (other than that of the manufacturer of such Railcars) as a designation that might reasonably be interpreted as a claim of ownership; but Lessee may cause the Railcars to be lettered with the names or initials or other insignia customarily used by Lessee, its permitted sublessees or any of their respective Affiliates on railroad equipment used by it or its sublessees of the same or a similar type.

SECTION 10. Liens. (a) Liens. None of Lessee, any sublessee or any other Person shall directly or indirectly have any right, power or authority to, and shall not, create, assume, incur or permit to exist any Lien on or with respect to any Railcar, title thereto or any interest therein or in this Lease, other than Permitted Encumbrances

and Owner Encumbrances. Lessee shall notify Lessor promptly of the imposition of any such Lien (other than Permitted Encumbrances or Owner Encumbrances) and shall at its own cost and expense promptly cause the same to be discharged, dismissed or removed pursuant to Section 10(b), and in any event within 30 days after Lessee first knows of the existence thereof. Notwithstanding the foregoing, Lessee shall have the right to contest any such Lien in good faith by appropriate proceedings, diligently prosecuted or appealed, so long as such Lien does not involve any non-de minimis risk of a sale, forfeiture or loss of such Railcar and so long as Lessee has provided adequate security therefor in the reasonable opinion of Lessor and Indenture Trustee.

(b) Release of Liens. Lessee agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any Liens with respect to any Railcars, title thereto or any interest therein or in this Lease that are not Permitted Encumbrances or Owner Encumbrances. In the event that any Railcar shall be attached, levied upon or taken into custody, or detained or sequestered, by virtue of any proceeding in any court or tribunal, or by any governmental or other authority on account of any such Lien, Lessee shall cause such Railcar to be released and all such Liens to be promptly discharged (except to the extent that the same shall be contested by Lessee in good faith by appropriate proceedings diligently prosecuted or appealed, so long as such Lien does not involve any non-de minimis risk of a sale, forfeiture or loss of such Railcar and so long as Lessee has provided adequate security therefor in the reasonable opinion of Lessor and Indenture Trustee).

SECTION 11. Insurance. (a) Lessee shall at all times after each Closing Date, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each Railcar subject to this Lease and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks, with such insurance companies of recognized responsibility and subject to such self-insurance, as is consistent with prudent industry practice for Class I Railroads, and, in any event, in amounts not less than and against such risks so as to be at least equal to the insurance, if any, maintained by Lessee with respect to similar types of railcars owned or

leased by Lessee. Lessor and Indenture Trustee shall be named additional insureds on each such policy.

(b) The proceeds of any insurance for damage to any Railcar not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Railcar in accordance with Section 7, if such repair shall not have already been paid for by Lessee, or, if already paid by Lessee, to reimburse Lessee for its payment of such repair, and any balance remaining after compliance with Section 7 shall be paid over to or retained by Lessee.

(c) Lessee will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained hereunder shall or may be suspended or impaired and will not suffer or permit any Railcar to be used in a manner not permitted under the insurance policies, if any, maintained hereunder without first covering such Railcar for such use.

(d) Any Participant, Indenture Trustee or Lessor may, but shall not be required to, at its own expense provide insurance on or with respect to the Railcars or the operation thereof unless such insurance would conflict with or otherwise limit any insurance maintained by Lessee pursuant to this Section 11 and the proceeds of such insurance shall be payable as provided therein. Any insurance so maintained by Indenture Trustee, Lessor or any Participant shall provide by its terms that the insurer shall have no rights of subrogation against Lessee with respect to claims thereunder. Nothing in this Section 11(d) shall be deemed to limit Lessor's or Indenture Trustee's rights under Section 22.

(e) Lessee will arrange to be delivered to Lessor, each Participant and Indenture Trustee on or prior to the first Closing Date a certificate of a Responsible Officer of Lessee to the effect that the insurance required hereunder has been obtained and is in full force, together with certificates of insurance signed by the insurer or an independent insurance broker of national reputation evidencing same. Lessor or Indenture Trustee may, but not more than once in any twelve-month period, request from Lessee, and Lessee shall promptly thereafter furnish to Lessor and Indenture Trustee, a certificate of a Responsible Officer setting forth all insurance maintained by Lessee pursuant to this Section 11 and describing such policies, if

any, including the amounts of coverage, any deductible amounts, the names of the insurance providers and a general description of each such policy's terms.

SECTION 12. Loss, Requisition or Seizure.

(a) Requisition. A taking of any Railcar for use by any governmental entity shall not terminate this Lease with respect to such Railcar, but Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such Railcar, including its liability for payment of Rent, unless and until such taking becomes an Event of Loss, at which time the provisions of Section 12(b) shall apply. So long as such taking shall not have become an Event of Loss, all payments received by Lessor or Lessee for use of such Railcar as a result of such taking during the Lease Term shall be paid over to or retained by Lessee unless an Event of Default shall have occurred and be continuing, in which event such payments shall be paid over to and held by Lessor. Provided no Event of Default shall have occurred and be continuing, after an Event of Loss with respect to a Railcar, all payments received by Lessor or Lessee for use of such Railcar under this Section 12(a) shall be paid over to or retained by Lessee if Lessee has either made payment to Lessor for any such Railcar as provided in Section 12(b) or replaced any such Railcar as provided in Section 12(c). If an Event of Default shall have occurred and be continuing, all such payments shall be paid over to and held by Lessor.

(b) Event of Loss. Subject to the provisions of Section 12(c), after an Event of Loss Lessee shall pay to Lessor on the first Payment Date following such Event of Loss, unless such first Payment Date shall occur less than 60 days after such Event of Loss, in which event on the second Payment Date after such Event of Loss, (x) the Stipulated Loss Value for any Railcar which has suffered an Event of Loss and for which Stipulated Loss Value has not theretofore been paid, computed as of the appropriate Payment Date plus (y) all other unpaid Rent for such Railcar payable on or prior to such Payment Date (other than that portion of Basic Rent otherwise required to be paid in advance on such Payment Date). Upon the payment in full of such Stipulated Loss Value and such other amounts, the Lease Term for such Railcar shall end, Lessee's obligation to pay further Basic Rent therefor shall terminate, Lessor will, at Lessee's expense, transfer to Lessee, "as is", "where is" and without recourse or warranty (except as to the absence

of Owner Encumbrances), all of Lessor's right, title and interest in and to such Railcar and Lessee or its designee shall be subrogated to all rights that Lessor shall have with respect to such Railcar and shall have the right to abandon such Railcar to underwriters on behalf of Lessor as well as itself (in which case Lessor, at Lessee's expense, shall execute or cause to be executed such documents and take such other action as Lessee shall require to effect the surrender to the insurance underwriters of such Railcar). All payments received by Lessor or Lessee from any insurer or governmental authority or otherwise as compensation for an Event of Loss with respect to a Railcar shall be applied to pay the Stipulated Loss Value of such Railcar, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value, and the balance, if any, of such payments shall be shared between Lessee and Lessor as their interests may appear, except that the balance of any such payments constituting insurance payments under insurance maintained by Lessee shall be retained by Lessee.

(c) Replacement. Provided no Default under Section 15(a) or 15(b) and no Event of Default shall have occurred and be continuing, in lieu of payment of Stipulated Loss Value for any Railcar that has suffered an Event of Loss (other than by virtue of clause (vi) of the definition thereof), Lessee may, on or prior to the date on which such Stipulated Loss Value would have otherwise been due, convey or cause to be conveyed to Lessor, as replacement for such Railcar, title to a Replacement Railcar free and clear of all Liens other than Permitted Encumbrances and Owner Encumbrances and having a fair market value, capacity, utility and remaining useful life at least equal to, and being in as good operating condition as, and being the same or a superior model as, such replaced Railcar, assuming such replaced Railcar was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Prior to or at the time of any such conveyance, Lessee will, at its own expense, (i) furnish Lessor with a full warranty bill of sale (including an assignment of warranties), in form and substance reasonably satisfactory to Lessor, with respect to such Replacement Railcar; (ii) duly execute a Lease and Indenture Supplement which shall subject such Replacement Railcar to this Lease and, so long as the Indenture shall not have been satisfied and discharged, to the lien of the Indenture and cause such Lease and Indenture Supplement to be delivered to Lessor and, so long as the Indenture shall not have been satisfied

and discharged, to Indenture Trustee for execution and, upon such execution, cause such Lease and Indenture Supplement to be filed for recordation in the same manner as provided for the Lease and Indenture Supplement covering the replaced Railcar pursuant to Section 23; (iii) furnish to Lessor and Indenture Trustee an Officer's Certificate certifying that the Replacement Railcar is free and clear of all Liens other than Permitted Encumbrances and Owner Encumbrances; (iv) furnish to Lessor and Indenture Trustee an opinion of Lessee's counsel to the effect that (x) the bill of sale referred to in clause (i) above constitutes an effective instrument for the conveyance to Lessor of title to the Replacement Railcar and (y) that all filings, recordings and other action necessary to perfect Lessor's and Indenture Trustee's respective interests in the United States of America and Canada in the Replacement Railcar have been accomplished; (v) furnish to Lessor and Indenture Trustee a certificate of a qualified engineer (who may be an engineer employed by Lessee) certifying that the Replacement Railcar has a fair market value, capacity, utility and remaining economic useful life at least equal to the Railcar replaced thereby (assuming that such replaced Railcar was maintained in the condition required by the terms of this Lease) and setting forth a reasonable basis for such conclusion in reasonable detail. Upon full compliance by Lessee with the terms of this Section 12(c), Lessor will transfer to Lessee, "as is", "where is" and without recourse or warranty (except as to the absence of Owner Encumbrances), all of Lessor's right, title and interest in and to such replaced Railcar and Lessee or its designee shall be subrogated to all rights that Lessor shall have with respect to such Railcar and shall have the right to surrender such Railcar to insurance underwriters on behalf of Lessor as well as itself (in which case Lessor, at Lessee's expense, shall execute or cause to be executed such documents and take such other actions as Lessee shall require to effect such surrender). For all purposes hereof, each such Replacement Railcar shall, after such conveyance, be deemed a "Railcar" as defined herein with the same Lessor's Cost as the Railcar it replaced. No Event of Loss with respect to a Railcar under the circumstances contemplated by the terms of this Section 12(c) shall result in any reduction in Basic Rent.

SECTION 13. Termination for Obsolescence or Surplus. (a) So long as no Default or Event of Default under Section 15(a) or 15(b) shall have occurred and be continuing, in the event that a Responsible Officer of Lessee shall reasonably determine that Railcars of any Type

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have become obsolete or surplus to Lessee's requirements and shall have delivered to Lessor and Indenture Trustee an Officer's Certificate to such effect, Lessee shall have the right (the "Termination Right") at its option, on one or more occasions, on at least 90 days' prior written notice to Lessor and Indenture Trustee, to terminate this Lease with respect to all or a Minimum Number of such Railcars, on any Payment Date on or after July 1, 1999 (for the purpose of this Section 13(a) called the "Termination Date") specified in such notice (a "Termination Notice"). Lessee may revoke, on no more than three occasions, any Termination Notice not less than 35 days prior to the Termination Date (unless Lessor has elected to retain ownership as provided below prior to such revocation).

(b) Within 30 days of receipt of a Termination Notice, Lessor may elect, by prior written notice to Lessee and Indenture Trustee, to retain ownership of any Railcars being terminated, in which case Lessee shall have no obligation to pay Termination Value or any portion thereof with respect to the Railcars being terminated (but Lessee shall pay to Lessor all Rent due on such date with respect to such Railcars, including any Supplemental Rent payable pursuant to Section 3(c)(ii)), and Lessee shall redeliver such Railcars to Lessor in the condition required by Section 7(b) on the Termination Date at an interchange point on the lines of Lessee designated by Lessor and reasonably acceptable to Lessee or, at the option of Lessor, Lessee shall arrange for the storage and redelivery of such Railcars pursuant to Section 4(b). If Lessor shall not so elect, during the period from the expiration of such 30-day period until the day immediately preceding the Termination Date, Lessee, as non-exclusive agent for Lessor, shall attempt to obtain bids for the purchase of such Railcars, but Lessee shall act in its sole discretion and shall not be responsible to Lessor for failure to obtain the best price. Lessee's sole interest in selling such Railcars shall be to obtain a price that reduces or eliminates its obligation to pay the difference between such sales price and the Termination Value applicable to such Railcars. On the day immediately preceding the Termination Date, Lessee shall certify to Lessor the amount of any such bids and the name and address of each bidder. On the Termination Date Lessor shall sell such Railcars for cash to the bidder who shall have submitted the highest bid (including Owner Participant, who shall be permitted to bid on the same basis as any other bidder, but excluding Lessee, any Affiliate of Lessee or any successor or assign of Lessee). The sales price (net of

costs and expenses, including all applicable sales taxes, of Lessor and of Owner Participant) realized at such sale shall be paid to Lessor, and on the Termination Date Lessee shall pay to Lessor all Rent due on such date with respect to such Railcars (other than any Basic Rent payable in advance) and Lessee shall pay to Lessor the amount, if any, by which the Termination Value for such Railcars, computed as of such Termination Date, exceeds such net sales price, whereupon the Lease Term for such Railcars shall end and Lessee's obligation to pay further Basic Rent therefor shall terminate. Neither Lessor nor Indenture Trustee shall be under any duty to solicit bids (but shall have the right to do so), to inquire into the efforts of Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this Section 13 other than to transfer or cause to be transferred to the highest bidder all Lessor's right, title and interest in and to such Railcars. Any sale pursuant to this Section 13 shall be made "as is", "where is" and without any representation, recourse or warranty on the part of Lessor except that such Railcars are free and clear of Owner Encumbrances.

(c) If Lessor elects to retain such Railcars as set forth in the first sentence of Section 13(b), not less than 35 days prior to the Termination Date, Lessor shall pay or cause to be paid to Indenture Trustee an amount equal to the principal of, and accrued interest and any Premium on, the Certificates to be redeemed as a consequence of such termination and, if it fails to do so, Lessor shall not be entitled so to retain such Railcars.

(d) Unless Lessor elects to retain such Railcars as set forth in the first sentence of Section 13(b), Lessee shall pay the reasonable out-of-pocket appraisal, legal, inspection and similar costs and expenses of Lessor, Indenture Trustee, Loan Participants and Owner Participant in connection with any Termination Notice regardless of whether such Termination Notice is subsequently revoked pursuant to Section 13(a).

SECTION 14. Assignment and Sublease.

(a) Assignment. If no Default or Event of Default under Section 15(a), 15(b), 15(e) or 15(f) has occurred and is continuing, Lessee may, without the prior consent of Lessor or Indenture Trustee, assign or transfer all of its rights and obligations under this Lease and the other Operative Documents (i) to any Affiliate in Lessee's consolidated tax

group for Federal income tax purposes, so long as Lessee shall remain fully liable for all its obligations under this Lease and the other Operative Documents as though no such assignment or transfer occurred, (ii) to any entity with which Lessee shall have merged or consolidated or which shall have acquired all or substantially all of the railroad properties of Lessee, so long as (A) such assignee or transferee shall have duly assumed the obligations of Lessee under this Lease and the other Operative Documents by written instrument reasonably satisfactory to Lessor and Indenture Trustee and (B) such assignment or transfer will not cause an Event of Default, in which case Lessee shall be released from its obligations under this Lease and the other Operative Documents and, if requested by Lessee, Lessor, at the expense of Lessee, shall execute and deliver such documents as may be necessary or appropriate to effectuate and confirm such release or (iii) if no Certificates are Outstanding or Lessee has assumed all Certificates pursuant to Section 4.04 of the Indenture, to any entity, but only with Lessor's written consent, which shall not be unreasonably withheld or delayed. Any assignment done in violation of this Section 14(a) shall be void.

(b) Sublease. Lessee may, so long as no Event of Default under Section 15(a), 15(b), 15(e) or 15(f) shall have occurred and be continuing, enter into a sublease of or interchange or similar arrangement for any Railcar, provided that (i) such sublease or arrangement shall be expressly subject and subordinate to the terms of this Lease and the Indenture, including the rights of Lessor and Indenture Trustee to avoid such sublease in the exercise of their rights to repossession of the relevant Railcars hereunder and thereunder, (ii) such sublease or arrangement shall not have a term which extends beyond the expiration of the Lease Term for such Railcar and shall require that the sublessee use the Railcars for the purpose for which they were designed and intended and (iii) Lessee shall remain fully liable for all its obligations under this Lease and the other Operative Documents to the same extent as if such sublease or interchange arrangement were not in effect.

(c) Indenture. Lessee hereby specifically consents to the Indenture and the mortgage, pledge and assignment effected or to be effected thereby. Lessee agrees to deliver any further consents and acknowledgments with respect to any such mortgage, pledge or assignment as Lessor or Indenture Trustee may reasonably request.

(d) Assignment by Lessor. Lessor will not assign or transfer its right, title and interest in and to this Lease or any Railcar, except as contemplated by the Indenture and except that Lessor may prior to the end of the Lease Term agree to sell or otherwise dispose of such Railcar effective at or after the end of the Lease Term therefor, provided that such agreement is expressly subject and subordinate to the Indenture and to the rights of Lessee hereunder. Prior to executing any such agreement, Lessor shall notify Lessee and Indenture Trustee thereof, but need not disclose the economic terms of such agreement.

SECTION 15. Events of Default. Each of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body or other Applicable Law):

(a) Lessee shall fail to make any payment of Basic Rent, Interim Rent, Stipulated Loss Value or Termination Value on the date the same shall become due and such failure shall be continuing at the end of the seventh Business Day after the date the same shall become due; or

(b) Lessee shall fail to make any required payment of Supplemental Rent or any other payment required hereunder or under the Tax Indemnification Agreement other than those covered in clause (a) above before the end of the thirtieth Business Day after Lessee shall have received written demand for such payment from Lessor or Indenture Trustee; or

(c) Lessee shall fail to perform or observe or shall otherwise breach, in a material respect, any other covenant, condition or agreement to be performed or observed by it hereunder or under any other Operative Document to which it is a party (except for the Tax Indemnification Agreement) and such failure or breach shall continue unremedied for a period of 30 days after Lessee shall have received written notice thereof from Lessor or Indenture Trustee, except that, so long as Lessee is diligently attempting to cure such failure using commercially reasonable efforts and such failure is of such a nature that it cannot be cured within such 30-day period, then such failure shall not

constitute an Event of Default for an additional 60 days; or

(d) any representation or warranty made by Lessee herein or in any Operative Document (other than the Tax Indemnification Agreement) shall fail at any time to be correct as of the date made in any material respect and such failure shall not have been cured on or prior to 30 days after Lessee shall have received written notice thereof from Lessor or Indenture Trustee, except that, so long as Lessee is diligently attempting to cure such failure using commercially reasonable efforts and such failure is of such a nature that it cannot be cured within such 30-day period, then such failure shall not constitute an Event of Default for an additional 60 days; or

(e) Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against Lessee in any such proceeding, or Lessee shall by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors, or take any corporate action to authorize any of the foregoing; or

(f) a receiver, trustee, liquidator or custodian of Lessee or of a substantial part of its property shall be appointed by court order and such order shall remain in effect for more than 60 days; or Lessee shall be adjudicated bankrupt or insolvent or any of its properties shall be sequestered by court order and such order shall remain in effect for more than 60 days; or a petition shall be filed against Lessee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 60 days after such filing; or Lessee makes a general assignment for the benefit of its creditors; or Lessee admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its

debts as they become due, or take any corporate action to authorize any of the foregoing.

SECTION 16. Action Following an Event of Default.

Upon the occurrence of an Event of Default and at any time thereafter (unless Lessee shall have remedied all Events of Default prior to (i) the Notes having been accelerated pursuant to Section 6.03 of the Indenture (and such acceleration not having been rescinded pursuant to Section 6.02 of the Indenture), (ii) the Lease having been terminated or (iii) the Railcars having been redelivered pursuant to Section 16(a)) so long as the same shall be continuing, Lessor or its agent may, at its option, do one or more of the following, as Lessor in its sole discretion shall so elect, to the extent permitted by and subject to compliance with any mandatory requirements of Applicable Law then in effect:

(a) Redelivery and Retaking. By notice in writing to Lessee, Lessor may terminate this Lease (or upon the occurrence of an Event of Default under Section 15(e) or 15(f), this Lease shall automatically terminate without the need for giving any notice), whereupon all right of Lessee to the possession and use of the Railcars shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may cause Lessee, at Lessee's expense, to, and Lessee hereby agrees that it will, promptly redeliver the Railcars, or cause the Railcars to be redelivered, to Lessor with all reasonable dispatch and in the same manner and in the same condition as if the Railcars were being redelivered in accordance with all the provisions of Sections 4(b) and 7(b) and all obligations of Lessor under said Sections and this Lease shall apply to such redelivery, provided that Lessor shall have the right to store each such redelivered Railcar on storage tracks selected and owned by Lessee free of charge and at Lessee's risk for a period commencing on the date of the actual delivery thereof to such storage tracks and terminating on a date 365 days after the actual delivery of the last Railcar to such storage tracks and Lessee shall be obligated, upon ten days prior notice from Lessor, delivered from time to time during such storage period, to transport the number of Railcars designated in such notice or notices to any interchange points on the lines of Lessee as Lessor may designate in such notice or notices; or Lessor, without further notice, may, but shall be under no obligation to, retake the Railcars wherever found and irrespective of

whether Lessee, any sublessee or any other Person is in possession of the Railcars or any of them, and for that purpose Lessor may enter upon any premises where any such Railcar is and may take immediate possession thereof and remove the same, and may use and employ in connection with such removal any services, aids, equipment, trackage and other facilities of Lessee, except that Lessor shall be liable for damages resulting from the wilful misconduct or gross negligence of Lessor, Lessor's assignees or their respective agents and representatives in any such entry or repossession. The exercise by Lessor of its remedies under this Section 16(a) shall be without prejudice and in addition to any of Lessor's other remedies referred to below in this Section 16.

(b) Liquidated Damages. Provided Lessor shall not have exercised any remedies under Section 16(c) with respect to the applicable Railcar, Lessor, by written notice to Lessee specifying a payment date with respect to any Railcar not earlier than 10 nor later than 100 days after the date of such notice, may require Lessee to pay to Lessor, and Lessee hereby agrees that it will pay to Lessor on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of any further Basic Rent for such Railcar, all unpaid Basic Rent for such Railcar payable prior to, or in arrears on, the Payment Date occurring on or before the payment date specified in such notice, plus any Supplemental Rent then due, plus an amount equal to the Stipulated Loss Value for such Railcar computed as of the Payment Date immediately preceding the payment date specified in such notice (or as of such payment date if such payment date is a Payment Date), together with interest on all such amounts at the Overdue Rate for the period, if any, from the Payment Date as of which such Stipulated Loss Value shall be computed to and including the date of actual payment; if Lessee shall have made the foregoing payments in full, Lessor shall thereafter pay over to Lessee, as and when from time to time received, the net proceeds of any sale, lease or other disposition of such Railcar (after deducting all costs and expenses whatsoever incurred by Lessor, Owner Participant and Indenture Trustee in connection therewith and all other amounts which may become payable by Lessor, Owner Participant or Indenture Trustee with respect thereto) up to the amount of such Stipulated Loss Value actually paid.

(c) Alternate Liquidated Damages. Whether or not Lessor shall have exercised, or shall thereafter at any time

exercise, any options, rights or remedies under Section 16(a) or 16(d), Lessor, in lieu of exercising its rights under Section 16(b) with respect to any Railcar, may, by notice to Lessee specifying a payment date not earlier than 10 nor later than 100 days after the date of such notice, demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on such payment date, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of Basic Rent for such Railcar due after such payment date, all unpaid Basic Rent for such Railcar payable prior to, or in arrears on, such payment date, plus any Supplemental Rent then due, plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Overdue Rate for the period, if any, from the Payment Date immediately preceding the payment date specified in such notice to and including the date of actual payment):

(i) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the Payment Date immediately preceding the payment date specified in such notice over the Fair Market Rent thereof, determined by an Independent appraiser selected by Lessor, for the period from such Payment Date to the end of the useful life of such Railcar after discounting such Fair Market Rent semiannually to present worth as of such Payment Date at a rate equal to the Debt Rate;

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the Payment Date immediately preceding the payment date specified in such notice over the Fair Market Sale Value thereof, determined by an Independent appraiser selected by Lessor, as of such Payment Date; or

(iii) an amount equal to the excess, if any, of the present value of the Basic Rent remaining to be paid for the period from such Payment Date to the end of the applicable Lease Term for such Railcar (computed utilizing a semiannual discount rate equal to the Debt Rate over the present value of Fair Market Rent determined by an Independent appraiser, for such Railcar for the period from such Payment Date to the end of such Lease Term (computed utilizing a semiannual discount rate equal to the Debt Rate).

(d) Sale; Use. Lessor may sell any Railcar at public or private sale, by such advertisement or publication, if any, as Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Lease Term in the absence of the termination of Lessee's rights to such Railcar) to others or keep idle such Railcar, all on such terms and conditions and at such place or places as Lessor may in its sole discretion determine and all free and clear of any rights of Lessee and of any claim of Lessee in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to Lessee except to the extent specifically provided above.

(e) Other Remedies. Lessor may exercise any other right or remedy, not inconsistent with the foregoing, that may be available to it at law or in equity or by statute or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Rent payable hereunder before, during or after the exercise of any of the foregoing remedies, which Supplemental Rent shall include, on an After-Tax Basis, all reasonable legal fees and other costs and expenses incurred by Lessor, Owner Participant, any Holder and Indenture Trustee by reason of the occurrence of any Event of Default or by reason of the exercise by Lessor, Owner Participant, any Holder or Indenture Trustee of any remedy hereunder, including any redelivery or retaking of such Railcar in accordance with this Section 16 or the placing of such Railcar in the condition required by the terms of Sections 4(b) and 7(b). Except as specifically provided herein, no remedy referred to in this Section 16 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Section 16 or which may otherwise be available at law or in equity or by statute. To the extent not required to satisfy any amounts payable under the Indenture or due to Lessor under this Lease and the other Operative Documents, there shall be deducted from the aggregate amount recoverable by Lessor any remaining moneys held by Lessor which would have been required by the terms hereof or any other Operative Document to have been paid to Lessee but payment of which has been suspended due to the occurrence of an Event of Default. To the extent permitted by Applicable Law, the rights of Lessor

and the obligations of Lessee under this Section 16 shall be effective and enforceable regardless of the pendency of any proceeding which has or might have the effect of preventing Lessor and Lessee from complying with the terms of this Lease. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Default.

SECTION 17. Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and any such notice shall become effective upon the earlier of actual receipt or five Business Days after being deposited in the mails, certified or registered, with appropriate postage prepaid for first-class mail or, if delivered by hand or courier service or in the form of facsimile transmission (with evidence of delivery attached thereto), when received, and shall be addressed (i) if to any party to the Participation Agreement, to the relevant addressee set forth in Schedule 1 thereto or (ii) in the case of any addressee, to such other address as any such addressee may designate by notice given to the parties hereto.

SECTION 18. Further Assurances; Perfection of Security Interests. Each party hereto shall promptly and duly execute and deliver to the other party or Indenture Trustee such further documents and assurances and take such further action as may from time to time be reasonably requested in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessee, Lessor and Indenture Trustee hereunder and under the Indenture. Upon termination of this Lease (by expiration or otherwise), Lessor shall, upon Lessee's request and at Lessee's expense, execute and deliver to Lessee or Indenture Trustee such further documents and assurances and take such further actions as Lessee may reasonably request in order to satisfy the lien of the Indenture.

SECTION 19. Successor Trustees. Lessee agrees that in the case of the appointment of any successor trustee pursuant to the terms of the Trust Agreement or the Indenture, such successor trustee shall, upon written notice by such successor trustee to Lessee, succeed to all the respective rights, powers and title of Lessor hereunder or to all the rights and powers of Indenture Trustee hereunder,

as the case may be, and shall be deemed to be the owner or mortgagee, respectively, of the Railcars for all purposes hereof, without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor trustee shall not exhaust the right to appoint and designate further successor trustees pursuant to the Trust Agreement or the Indenture, but such right may be exercised repeatedly as long as this Lease shall be in effect.

SECTION 20. Indenture Trustee. The provisions of this Lease that require or permit action by, the payment of any moneys to, the consent or approval of, the furnishing of any instrument or information to, or the performance of any other obligation to, Indenture Trustee shall not be effective after the lien of the Indenture has been released in accordance with the terms thereof and Indenture Trustee has given Lessee and Lessor written notice thereof.

SECTION 21. Warranty Enforcement. For so long as no Event of Default has occurred and is continuing, Lessor constitutes Lessee as the agent and attorney-in-fact of Lessor for the purpose of exercising and enforcing, and with full right, power and authority to exercise and to enforce, to the exclusion of Lessor and all Persons claiming through or under Lessor, all of the right, title and interest of Lessor in, under and to all manufacturer's warranties in respect of the Railcars. Lessor shall, at Lessee's request, execute and deliver any instruments reasonably requested by Lessee to enable Lessee to enforce such rights.

SECTION 22. Lessor's Right To Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of the terms of this Lease or any of its agreements contained herein, Lessor or Indenture Trustee may, on behalf of Lessee and upon notice to Lessee, but shall not be obligated to, itself make such payment, perform such agreement or remedy such failure to perform or comply. The amount of any such payment and the amount of the reasonable expenses of Lessor or Indenture Trustee incurred in connection with such payment or performance, together with interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, shall be deemed Supplemental Rent, payable promptly by Lessee to Lessor or Indenture Trustee upon demand. This Section 22 is not intended in any way as between Owner Participant and Lessor, on the one hand, and

Indenture Trustee and the Holders, on the other hand, to expand or otherwise vary the cure rights of Owner Participant and Lessor set forth in the Indenture, or the limitations on exercise thereof set forth therein.

SECTION 23. Filings. Prior to the delivery and acceptance of any Railcar, Lessee will (i) cause this Lease (or a memorandum thereof), the Indenture and the relevant Lease and Indenture Supplement to be (a) duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303 of the Interstate Commerce Act and (b) deposited in the office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada (and all necessary action shall have been taken for publication of notice of such deposit in the Canada Gazette in accordance with such Section 90) and (ii) cause financing statements under the Uniform Commercial Code to be filed against Lessor in respect of the security interest created by the Indenture in all places reasonably specified by Indenture Trustee or Loan Participant as necessary or desirable to perfect such security interest. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, deposit, register and record (and will refile, redeposit, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor or Indenture Trustee for the purpose of protecting Lessor's title to, or Indenture Trustee's security interest in, any Railcar and the Lease, and in connection with any such action will deliver to Lessor and Indenture Trustee proof of such filings. Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording, rerecording, depositing and redepositing.

SECTION 24. Miscellaneous. (a) Amendments. 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 the party or parties to be charged and Indenture Trustee. No failure or delay of any party in exercising any power or right under this Lease shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(c) Currency. All amounts and moneys referred to in this Lease shall refer to lawful money of the United States of America.

(d) Liabilities of Lessor. It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Lessor or Owner Trustee are made and intended not as personal representations, warranties, covenants, undertakings and agreements by Bank of Boston, or for the purpose or with the intention of binding Bank of Boston personally, but are made and intended for the purpose of binding only the Trust Estate, and this Lease is executed and delivered by Bank of Boston not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner Trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against Bank of Boston on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor or Owner Trustee, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by Lessee and by all Persons claiming by, through or under it, and that all recourse against Bank of Boston under this Lease shall be limited to the Trust Estate. Nothing herein shall be interpreted to relieve Bank of Boston from any personal liability expressly assumed in any Operative Document.

(e) Descriptive Headings. The Table of Contents and the descriptive headings of the several sections and paragraphs of this Lease are inserted for convenience of reference only and do not constitute a part of this Lease.

(f) Counterparts. This Lease may be executed by the 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. All signatures need not be on the same counterpart.

(g) Chattel Paper. No security interest in this Lease may be created through the transfer or possession of

any counterpart other than the original counterpart that contains the receipt therefor executed by Harris on or immediately following the signature page hereof.

(h) Severability of Provisions. Any provision of this Lease that may be determined by competent authority to be 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 provision 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.

(i) Governing Law. This Lease shall in all respects be governed by, and construed in accordance with, the law of the State of Nebraska (excluding the laws applicable to conflicts or choice of law), including all matters of construction, validity and performance.

(j) Quiet Enjoyment. Lessor acknowledges and agrees to the provisions of Section 10.02 of the Participation Agreement which are hereby incorporated herein by reference.

(k) Indemnities. Lessee agrees to perform all its obligations under Article XIV of the Participation Agreement, which are hereby incorporated herein by reference.

(l) Lease Not Conveyance to Lessee. This Lease shall be construed as an agreement of lease and nothing herein shall be construed as conveying to Lessee any right, title or interest in or to any Railcar except as lessee only.

(m) True Lease. It is the intent of the parties that this Lease shall be a true lease for all purposes, and Owner Participant (through its interest in Lessor) shall at all times be considered to be the owner of each Railcar. Nothing contained in this Section 24(m) shall be construed to limit Lessee's use or operation of any Railcar or constitute a representation, warranty or covenant by Lessee as to any tax consequences.

(n) Entitlement to §1168 Benefits. It is the intent of the parties that Lessor (and Indenture Trustee as assignee of Lessor under the Indenture) shall be entitled to the benefits of 11 U.S.C. §1168 with respect to the right to repossess any Railcar as provided herein, and in any circumstances where more than one construction of the terms and conditions of this Lease is possible, a construction which would preserve such benefits shall control over any construction which would not preserve such benefits or would render them doubtful. To the extent consistent with the provisions of 11 U.S.C. §1168 or any analogous section of the Bankruptcy Code or other Applicable Law, it is hereby expressly agreed and provided that, notwithstanding any other provision of the Bankruptcy Code, any right of Lessor to take possession of any Railcar in compliance with the provisions of this Lease shall not be affected by the provisions of 11 U.S.C. §362 or 363 or any analogous provision of any superseding statute or any power of a bankruptcy court to enjoin such undertaking or possession.

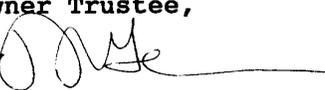
IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Lease to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written and each of the undersigned signatories declares pursuant to 28 U.S.C. § 1746 under penalty of perjury under the laws of the United States of America that the foregoing is a true and correct document and was executed and delivered as of the date first above written.

Attest:

THE FIRST NATIONAL BANK OF BOSTON
not in its individual
capacity but solely as
Owner Trustee,



Name:
[Seal]

by 

Name:

Attest:

UNION PACIFIC RAILROAD COMPANY,

by

Name:
[Seal]

Name:
Title:

Receipt of this original counterpart
of this Lease is hereby acknowledged
this day of June 1994.

HARRIS TRUST AND SAVINGS BANK
as Indenture Trustee,

by

Name:
Title:
[Seal]

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Lease to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written and each of the undersigned signatories declares pursuant to 28 U.S.C. § 1746 under penalty of perjury under the laws of the United States of America that the foregoing is a true and correct document and was executed and delivered as of the date first above written.

Attest:

THE FIRST NATIONAL BANK OF BOSTON
not in its individual
capacity but solely as
Owner Trustee,

by

Name:
[Seal]

Name:

Attest:

UNION PACIFIC RAILROAD COMPANY,



Name T. E. Whitaker
[Seal] Assistant Secretary

by 

Name: John B. Larsen
Title: Assistant Treasurer

Receipt of this original counterpart
of this Lease is hereby acknowledged
this day of June 1994.

HARRIS TRUST AND SAVINGS BANK
as Indenture Trustee,

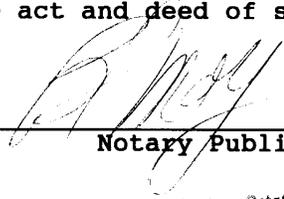
by

Name:
Title:
[Seal]

[JOHNSON-UP/LEASE.610/120A/4575]

STATE OF The Commonwealth of Massachusetts)
COUNTY OF Norfolk)

On this 15th day of June 1994, before me personally appeared ERIC J. Donaghy to me personally known, who, being by me duly sworn, says that he is an Assistant Cashier of THE FIRST NATIONAL BANK OF BOSTON, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.



Notary Public

My Commission Expires: October 31, 1997

[Notarial Seal]

My Commission Expires

STATE OF)
) ss.:
COUNTY OF)

On this day of 1994, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of UNION PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission Expires

[JOHNSON-UP/LEASE.610/120A/4575]

STATE OF)
)
COUNTY OF)

On this day of 1994, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of THE FIRST NATIONAL BANK OF BOSTON, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.

Notary Public

[Notarial Seal]

My Commission Expires

COMMONWEALTH

~~STATE OF PENNSYLVANIA~~)
) ss.:
COUNTY OF LEHIGH)

On this 14th day of June 1994, before me a notary public, personally appeared John B. Larsen , to me personally known, who, being by me duly sworn, says that he is an Asst. Treasurer of UNION PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said Corporation.

Kathleen F. Owens

Notary Public

[Notarial Seal]

My Commission Expires

Notarial Seal
Kathleen F. Owens, Notary Public
Bethlehem, Lehigh County
My Commission Expires Oct. 19, 1996
Member, Pennsylvania Association of Notaries

[JOHNSON-UP/LEASE.610/120A/4575]

EXHIBIT A TO LEASE

LEASE AND INDENTURE SUPPLEMENT NO. ___

Dated _____, 1994

Among

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity but solely
as Owner Trustee,

UNION PACIFIC RAILROAD COMPANY,

and

HARRIS TRUST AND SAVINGS BANK, as Indenture Trustee

HOPPER RAIL CARS AND OTHER RAIL EQUIPMENT

CERTAIN RIGHTS, TITLE AND INTEREST COVERED HEREBY HAVE BEEN ASSIGNED TO HARRIS TRUST AND SAVINGS BANK, AS INDENTURE TRUSTEE, UNDER AN INDENTURE AND SECURITY AGREEMENT DATED AS OF JUNE 1, 1994. NO SECURITY INTEREST IN THIS LEASE AND INDENTURE SUPPLEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY HARRIS TRUST AND SAVINGS BANK ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF. THIS IS NOT THE ORIGINAL COUNTERPART.

THIS LEASE AND INDENTURE SUPPLEMENT NO. ___ HAS BEEN FILED WITH THE INTERSTATE COMMERCE COMMISSION PURSUANT TO 49 U.S.C. §11303 AND DEPOSITED IN THE OFFICE OF THE REGISTRAR GENERAL OF CANADA PURSUANT TO SECTION 90 OF THE RAILWAY ACT OF CANADA

[JOHNSON.UP/L-SUP.615/120A/4575]

LEASE AND INDENTURE SUPPLEMENT NO. __, dated
, 1994 among The First National Bank of
Boston, a national banking association, not in its
individual capacity but solely as Owner Trustee under that
certain Trust Agreement dated as of June 1, 1994 with FIRST
UNION COMMERCIAL CORPORATION, a North Carolina corporation,
UNION PACIFIC RAILROAD COMPANY, a Utah corporation, and
HARRIS TRUST AND SAVINGS BANK, a Delaware banking
corporation, as Indenture Trustee.

Lessor, Lessee and Indenture Trustee have, with
the other parties thereto, heretofore entered into a
Participation Agreement, Lessor and Lessee have heretofore
entered into a Lease Agreement and Indenture Trustee and
Owner Trustee have heretofore entered into an Indenture and
Security Agreement, each dated as of June 1, 1994
(capitalized terms used herein without definitions having
the meanings set forth in Schedule X to the Participation
Agreement dated as of June 1, 1994, among Union Pacific
Railroad Company, Union Pacific Holdings, Inc., First Union
Commercial Corporation, The First National Bank of Boston
and Harris Trust and Savings Bank (the "Participation
Agreement"). The Participation Agreement and the Lease
provide that on each Closing Date Seller shall deliver to
Owner Trustee a Bill of Sale by which Seller bargains,
conveys, assigns, sets over, sells and delivers to Owner
Trustee, and Owner Trustee purchases and accepts from
Seller, the Railcars to be conveyed by Seller on such
Closing Date, and said Bill of Sale has been delivered by
Seller and accepted by Owner Trustee on such Closing Date.
The Participation Agreement, the Lease and the Indenture
provide for the execution of a Lease and Indenture
Supplement substantially in the form hereof for the purpose
of leasing the Railcars under the Lease as and when
delivered by Lessor to Lessee in accordance with the terms
thereof and subjecting such Railcars to the lien of the
Indenture.

ACCORDINGLY, in consideration of the premises and
for good and sufficient consideration, Lessor, Lessee and
Indenture Trustee hereby agree as follows:

1. Lessor hereby delivers and leases to
Lessee, and Lessee hereby accepts and leases from
Lessor, under the Lease as hereby supplemented, the Railcars
listed on Schedule 1 hereto.

[JOHNSON.UP/L-SUP.615/120A/4575]

2. Lessee hereby confirms to Lessor and Indenture Trustee that Lessee has accepted such Railcars for all purposes of the Lease as meeting and being in compliance in all material respects with the specifications attached as Schedule 3 to the Participation Agreement for such Railcars, and in good working order and in conformance with all provisions of the Lease.

3. The aggregate Lessor's Cost of such Railcars is \$_____ and the amounts comprising such Lessor's Cost and the Lessor's Cost of each such Railcar are set forth on Schedule 1 hereto. The Stipulated Loss Value percentages, Termination Value percentages and Basic Rent applicable to such Railcars and to all other Railcars subjected to the Lease are set forth on schedules to the Lease unless replacement schedules are attached hereto in which case such replacement schedules shall apply to such Railcars and to all other Railcars subjected to the Lease.

4. In order to secure the prompt payment of the Obligations, Lessor has granted, assigned, transferred, pledged and set over a security interest unto Indenture Trustee in (i) the Railcars listed on Schedule 1 hereto and (ii) the Lease and this Lease and Indenture Supplement, in each case excluding Excepted Property and Excepted Rights, to have and to hold unto Indenture Trustee and its successors and its assigns.

5. This Lease and Indenture Supplement may be executed by the parties hereto in 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.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Lease and Indenture Supplement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. § 1746 under penalty of perjury under the laws of the United States of America that the foregoing is a true and correct document and was executed and delivered on the date first above written.

Attest

THE FIRST NATIONAL BANK OF
BOSTON,
not in its individual
capacity but solely as
Owner Trustee,

Name:

By: _____
Name:
Title:

Attest

UNION PACIFIC RAILROAD
COMPANY,

Name:

By: _____
Name:
Title:

Attest

HARRIS TRUST AND SAVINGS BANK,
as Indenture Trustee

Name:

By: _____
Name:
Title:

Receipt of this original counterpart of this Lease
and Indenture Supplement is hereby acknowledged this _____
day of _____, 1994.

HARRIS TRUST AND SAVINGS BANK,
as Indenture Trustee

By: _____
Name:
Title:

[JOHNSON.UP/L-SUP.615/120A/457B]

STATE OF)
)
COUNTY OF)

On this day of 1994, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of HARRIS TRUST AND SAVINGS BANK, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation on such day 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

STATE OF)
) ss.:
COUNTY OF)

On this day of , 1994, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of UNION PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation on such day 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

[JOHNSON.UP/L-SUP.615/120A/4575]

STATE OF)
) ss.:
COUNTY OF)

On this day of , 1994, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of The First National Bank of Boston, that one of the seals affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association on such day 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 association.

Notary Public

[Notarial Seal]

My Commission Expires

SCHEDULE 1
to Lease and
Indenture
Supplement No.

SCHEDULE OF RAILCARS TO BE DELIVERED

<u>Quantity of Units</u>	<u>Description and Serial Numbers</u>	<u>Lessor's Cost Per Unit</u>	<u>Aggregate Lessor's Cost</u>
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[JOHNSON.UP/L-SUP.615/120A/4575]