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WRITER'S DIRECTOR

RECORDATION NO. 18223

FILED 1425

(312)

MAY 4 1993 3:25 PM

INTERSTATE COMMERCE COMMISSION

3-124A045

May 3, 1993

VIA FEDERAL EXPRESS

Secretary
Interstate Commerce Commission
Room 2303
Washington, DC 20423

RECORDATION NO. 18223

FILED 1425

MAY 4 1993 3:25 PM

Attention: Mrs. Mildred Lee

INTERSTATE COMMERCE COMMISSION

Re: DOCUMENTS FOR RECORDATION

Dear Mr. Strickland:

I am an attorney representing a party to the enclosed documents. I have enclosed six (6) original counterparts of each of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and the regulations adopted thereto.

The first document is a Railcar Lease Agreement, a primary document, dated as of April 28, 1993.

The second document is an Acceptance Certificate, a secondary document, dated as of April 29, 1993.

The primary document to which this document is connected is the Railcar Lease Agreement described above.

The names and addresses of the parties to the enclosed documents are as follows:

Lessor: The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036

Lessee: Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105

May 3, 1993

A description of the equipment covered by the foregoing documents follows:

115 3870 cubic foot 100 ton aluminum rapid discharge hopper cars having the following marks and numbers: CTRN 400001 through 400115 (inclusive).

A fee of \$32.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation and the enclosed copy of this letter, each stamped with your recordation number in the enclosed self-addressed envelope.

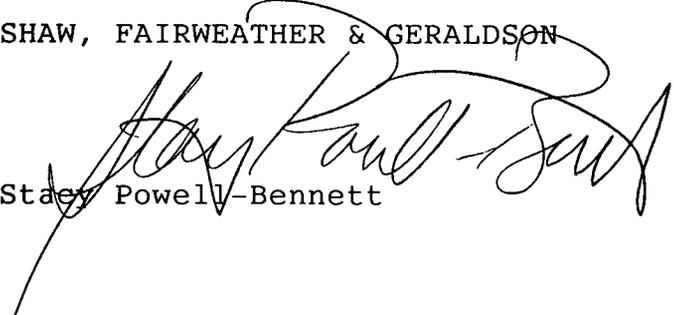
A short summary of the documents to appear in the index follows:

1. Railcar Lease Agreement between Southern Pacific Transportation Company, San Francisco, California, and The CIT Group/Equipment Financing, Inc., New York, New York, dated as of April 28, 1993, and covering 115 rapid discharge hopper cars.
2. Supplement and Acceptance Certificate between Southern Pacific Transportation Company, San Francisco, California, and The CIT Group/Equipment Financing, Inc., New York, New York, dated as of April 29, 1993, and covering 115 rapid discharge hopper cars.

Yours very truly,

SEYFARTH, SHAW, FAIRWEATHER & GERALDSON

By


Stacy Powell-Bennett

SPB/cjp
1149P

Enclosures

cc: Richard Demarest Yant
Paul Lechner
Timothy White
Gary Laakso

Interstate Commerce Commission
Washington, D.C. 20423

5/5/93

OFFICE OF THE SECRETARY

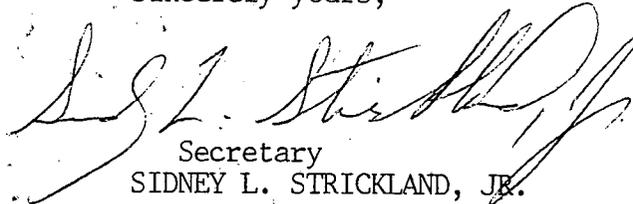
Stacey Powell-Bennett
Seyfarth, Shaw Fairweather & Geraldson
55 East Monroe Street, Suite 4200
Chicago, Illinois 60603-5803

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on 5/4/93 at 3:25pm, and assigned
recordation number(s).

18223 & 18223-A

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. **18223** FILED 1425

MAY 4 1993 3-25 PM

INTERSTATE COMMERCE COMMISSION

RAILCAR LEASE AGREEMENT

This RAILCAR LEASE AGREEMENT, dated as of April 28, 1993 ("Lease"), is entered into by and between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation ("Lessor"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation ("Lessee").

1. Lease.

(a) Pursuant to the terms and conditions of this Lease, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor hereunder, those units of railroad rolling stock which are specifically described on the Equipment Schedule attached hereto as Exhibit A and which are described on any Supplement and Acceptance Certificate ("Acceptance Certificate") executed by the parties from time to time in substantially the form of Exhibit B attached hereto, together with all attachments, additions, accessories, appliances, replacement parts, substitutions and repairs attached thereto or incorporated therein (referred to herein collectively as the "Equipment" or individually as a "Unit"). Lessee shall execute an Acceptance Certificate in the form attached hereto as Exhibit B for each Unit or group of Units. Lessee shall not be obligated to execute any Acceptance Certificate until 105 Units are ready for movement to Lessee. Lessee's execution and delivery to Lessor of an Acceptance Certificate with respect to any Unit shall constitute Lessee's irrevocable acceptance of such Unit for all purposes of this Lease. Receipt of an Acceptance Certificate shall be a condition to any obligation of Lessor to acquire and lease to Lessee any Unit.

Each Acceptance Certificate shall be executed and all Equipment subjected to this Lease on or before April 30, 1993. Lessor shall have no obligation after such date to purchase or commence the lease of any Equipment. Lessor shall have no obligation to acquire or lease any Equipment other than that described on Exhibit A.

(b) Lessee shall be responsible for arranging transportation and all costs of delivery of each Unit, and Lessor shall have no responsibility or obligation whatsoever with respect to such arrangement.

(c) Lessor shall not be obligated to acquire or lease any Unit unless all of the conditions set forth in Section 26 hereof shall have been fulfilled to the satisfaction of Lessor.

2. Definitions.

(a) As used in this Lease, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"AAR" shall mean the Association of American Railroads or any successor organization or agency having similar responsibilities.

"Amortization Deductions" as defined in the Tax Indemnity Agreement.

"Business Day" shall mean a day other than a Saturday, Sunday or legal holiday under the laws of the State of New York.

"Code" shall mean the Internal Revenue Code of 1986, as it may be amended hereafter, or any comparable successor law.

"Commencement Date" as defined in Section 3 hereof.

"Commodity" shall mean the commodity for which use of a Unit is permitted pursuant to the applicable Acceptance Certificate.

"Default" shall mean any event or condition which after the giving of notice or lapse of time or both would become an Event of Default.

"Equipment" as defined in Subsection 1(a) hereof.

"Event of Default" as defined in Section 17 hereof.

"Event of Loss" with respect to any Unit means any of the following events: (i) a Unit shall be or become lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever during the Term hereof or any Renewal Term or until the Unit is returned pursuant to the Lease, or during any storage period, or (ii) title to the Unit shall be taken by any governmental entity by condemnation or otherwise, or (iii) use of the Unit shall be taken or requisitioned (a) by condemnation or otherwise resulting in loss of possession by the Lessee for 180 consecutive days or (b) by any governmental entity for a period which equals or exceeds or is expected (based upon notice from

such governmental entity) to equal or exceed the shorter of (I) the then remaining term of the Lease or (II) a period of two years, or (iv) as a result of any rule, regulation, order or other action by the AAR, FRA or any government or any agency or instrumentality thereof, the use of such Unit in the normal course of interstate rail transportation and unrestricted interchange shall have been prohibited for a continuous period of 180 days. If a Unit is damaged on the line of railroad of Lessee, Lessee shall determine whether an Event of Loss has occurred within 180 days following the event causing such damage. An Event of Loss shall be deemed to have occurred with respect to any Unit damaged on the line of a railroad other than that of Lessee on the date that Lessee receives notice that the Unit has been declared destroyed for the purpose of Rule 107 of the AAR Interchange Rules.

"Fair Market Rental Value" shall mean the value which would be obtained in an arm's length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to buy, sell or lease and on the assumption that such Units are in the condition required herein and are free and clear of liens, for the lease of the Units pursuant to a lease having terms and conditions (other than rent and lease term) similar to the terms and conditions of this Lease. Fair Market Rental Value shall be determined pursuant to the "Valuation Process" (herein defined) (a) without deduction for any costs or expenses of transportation; and (b) on the assumption that such Unit is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Subsection 6(a) hereof.

"Fair Market Sale Value" shall, at any time with respect to any Units, be equal to the sale value of such Units which would be obtained in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user (other than a lessee currently in possession or a used equipment or scrap dealer). For purposes of Subsection 6(c) hereof, Fair Market Sale Value shall be determined pursuant to the "Valuation Process" (herein defined), which determination shall be made (a) without deduction for any costs or expenses of transportation; and (b) on the assumption that such Units are free and clear of all Liens and are in the condition and repair in which they are required to be returned pursuant to Subsection 6(a) hereof. For purposes of Subsection 18(c) hereof, Fair Market Sale Value shall be determined (at Lessee's expense) by an independent appraiser selected by Lessor, on an "as-is, where-is" basis, provided, that, if Lessor shall have sold any Units pursuant to Subsection 18(b) hereof prior to giving the notice referred to

in Subsection 18(c) hereof, Fair Market Sale Value of such Units shall be the net proceeds of such sale after deduction of all costs and expenses incurred by Lessor in connection therewith; provided, further, that if for any reason Lessor is not able to obtain possession of any Units pursuant to Subsection 18(a) hereof, the Fair Market Sale Value of such Units shall be zero.

"FRA" shall mean the United States Department of Transportation, the Federal Railroad Administration or any successor agency having similar jurisdiction or responsibilities.

"ICC" shall mean Interstate Commerce Commission or any successor agency having similar jurisdiction or responsibilities.

"Late Charge Rate" shall mean an interest rate per annum equal to the higher of three percent (3%) over the Prime Rate or fifteen percent (15%), but not to exceed the highest rate permitted by applicable law.

"Lease" and the terms "hereof", "herein", "hereto" and "hereunder," when used in this Railcar Lease Agreement, shall mean and include this Railcar Lease Agreement and each supplement and amendment hereto, as the same may from time to time be amended, modified or supplemented.

"Lease Term" or "Term" shall mean, with respect to any Unit, the term of the lease of such Unit hereunder specified in Section 3 hereof.

"Lessee" as defined in the introductory paragraph to this Lease.

"Lessor" as defined in the introductory paragraph to this Lease.

"Lessor's Lien" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person claiming through or under Lessor.

"Lien" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person, other than any Lessor's Lien.

"Loss Payment Date" shall mean, with respect to any Unit, the date on which payment, as described in Subsection 15(b) hereof, is made to Lessor by Lessee as the result of an Event

of Loss with respect to such Unit. The Loss Payment Date shall be upon the next Rent Payment Date that is at least thirty (30) days after the said Event of Loss.

"Prime Rate" shall mean the rate publicly announced from time to time as the prime rate of Chemical Bank ("Chemical"); the Prime Rate shall be determined by Lessor at the close of business on the 15th day of each calendar month (if the 15th day is not a Business Day then on the first preceding Business Day) and shall become effective as of the first day of the calendar month succeeding such determination and shall continue in effect to, and including, the last day of said calendar month. The Prime Rate is not intended to be the lowest rate of interest charged by Chemical in connection with extensions of credit to debtors.

"Recovery Deductions" as defined in Section 7(j)(iii).

"Renewal Term" shall mean the Lease Term as extended pursuant to any renewal of the Lease.

"Rent Payment Date" shall mean each date on which an installment of rent is due and payable pursuant to Section 4 hereof.

"Stipulated Loss Value" shall mean, with respect to any Unit, the amount set forth on Schedule 2 to the applicable Acceptance Certificate opposite the applicable Rent Payment Date (provided, that for purposes of Subsections 15(b), 18(c) and 18(d) hereof, any determination of Stipulated Loss Value as of a date occurring after the Final Rent Payment Date with respect to such Unit shall be as of such Final Rent Payment Date).

"Tax Assumptions" shall mean the assumptions set forth in Subsection 3(b)(i) of the Tax Indemnity Agreement as adjusted pursuant to Subsection 3(b)(vii) of the Tax Indemnity Agreement.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement of even date herewith between Lessor and Lessee.

"Valuation Process" shall mean the following:

The parties may agree to such value. If, after 15 days from the giving of notice to Lessor of Lessee's election to renew the Lease subject to Section 6 or to purchase the Units pursuant to Section 6 Lessor and Lessee are unable to agree upon a determination of the Fair Market Rental Value or the Fair Market Sale Value of such Units, the value shall be determined in accordance with

the foregoing definitions by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 days after such notice is given, each party shall appoint an independent appraiser within 20 days after such notice is given, and the two appraisers so appointed shall within 20 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 20 days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by an appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the value of such Units within 25 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of value by the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the value. The appraiser proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this Valuation Process shall be the exclusive means of determining value and shall be in lieu of any judicial or other party hereto hereby consents and agrees not to assert any such judicial or other procedures. The cost and expenses of a single appraiser or of a third appraiser shall be divided equally between Lessee and Lessor. If there are three appraisers, each party will pay the cost and expenses for the appraiser appointed by such party.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

3. Term. The term of the lease of each Unit hereunder shall commence on the date specified in the Acceptance Certificate as the Commencement Date (the "Commencement Date") and, unless earlier terminated pursuant to the provisions hereof, shall continue for the term provided in such Acceptance Certificate. Lessor will promptly provide written notice to Lessor of the Commencement Date of each Unit.

4. Rent; Unconditional Obligations.

(a) Interim rent shall accrue for each Unit from the date of its acceptance until the end of the calendar month in which it is accepted. Such interim rent shall be calculated on a pro rata and per diem basis from the rent for such Unit. Lessee shall pay to Lessor rent for each Unit in consecutive monthly installments, with interim rent and the first installment of rent with respect to such Unit of Equipment being due on the first day of the month following Commencement Date with respect to such Unit and succeeding installments being due on the same date of each month thereafter. Each installment of rent with respect to the Equipment specified shall be payable at such address as Lessor may designate and shall be the amount specified in the applicable Acceptance Certificate.

(b) Lessee shall also pay to Lessor, on demand, interest at the Late Charge Rate on any installment of rent and on any other amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Each payment made under this Lease shall be applied first to the payment of interest then owing and then to rent or other amounts owing hereunder. Interest shall be computed on the basis of a 365-day year and actual days elapsed.

(c) This Lease is a net lease, and Lessee's obligation to pay all rent and all other amounts payable hereunder is ABSOLUTE AND UNCONDITIONAL except as set forth elsewhere in this Agreement, under any and all circumstances and shall not be affected by any circumstances of any character whatsoever, including, without limitation, (i) any setoff, counterclaim, recoupment, defense, abatement or reduction or any right which Lessee may have against Lessor, the manufacturer or supplier of any of the Equipment or anyone else for any reason whatsoever; (ii) any defect in the condition, design or operation of or lack of fitness for use of, or any damage to, or loss of, all or any part of the Equipment from any cause whatsoever; (iii) (1) the existence of any Lien or (2) the existence of any Lessor's Lien that does not prevent Lessee's use of the Equipment; (iv) the invalidity, unenforceability or disaffirmance of this Lease or any other document related hereto; or (v) the prohibition of or interference with the use or possession by Lessee of all or any part of the Equipment, for any reason whatsoever, including, without limitation, by reason of (1) claims for patent, trademark or copyright infringement; (2) present or future laws, rules, regulations, or orders whether governmental or imposed by an association with jurisdiction; (3) the insolvency, bankruptcy or reorganization of any person; and (4) any other cause 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 may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any Equipment. Except as otherwise expressly provided herein, if for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, Lessee will nonetheless pay to Lessor an amount equal to each installment of rent at the time such installment would have become due and payable in accordance with the terms hereof. Each payment of rent or other amount paid by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

5. Disclaimer; Assignment of Warranties.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE AND LESSEE HEREBY EXPRESSLY WAIVES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO THE DESIGN, QUALITY OR CONDITION OF THE EQUIPMENT OR ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO ANY PATENT, TRADEMARK OR COPYRIGHT OWNERSHIP OR INFRINGEMENT OR AS TO ANY OTHER MATTER RELATING TO THE EQUIPMENT OR ANY PART THEREOF.

LESSEE CONFIRMS THAT IT HAS SELECTED THE EQUIPMENT AND EACH PART THEREOF ON THE BASIS OF ITS OWN JUDGMENT AND EXPRESSLY DISCLAIMS RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MERCHANT WITH RESPECT TO THE EQUIPMENT AND IS NOT A MANUFACTURER OF ANY PART OF THE EQUIPMENT.

LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED BY LESSEE TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE OR AS TO ANY TAX CONSEQUENCES AND/OR TAX TREATMENT THEREOF.

(b) Lessor hereby assigns to Lessee such rights as Lessor may have (to the extent Lessor may validly assign such rights) under all manufacturers' and suppliers' warranties with respect to the Equipment; provided, however, that the foregoing rights shall automatically revert to Lessor upon the occurrence and during the continuance of any Event of Default hereunder, or upon the return of the Equipment to Lessor. Lessee agrees to settle all claims with respect to the Equipment directly with the manufacturers or suppliers thereof, and to give Lessor prompt notice of any such settlement and the details of such settlement.

6. Return; Storage; Purchase Option; Renewal Option.

(a) Return. Lessee shall, upon the expiration of the Lease Term of each Unit or any earlier termination hereof, return such Unit to Lessor at such location on the rail lines of Lessee and its affiliates as currently constituted as Lessor shall designate in writing to Lessee. Until such Unit and at least 105 Units are returned to Lessor pursuant to the provisions of this Section (including with respect to condition), all of the provisions of this Lease with respect to such Unit shall continue in full force and effect except that rent shall accrue at 150% of the rate effective prior to such expiration or termination. Lessee shall pay all the costs and expenses in connection with or incidental to the return of the Equipment, including, without limitation, the cost of assembling, insuring and transporting the Equipment. At the time of such return, the Equipment shall be: (i) in the condition and repair required to be maintained by Section 11 hereof, (ii) in a condition at least as good as if such Unit was used only to carry coal, (iii) in a condition such that after a change of user and running marks it will be acceptable in unrestricted interchange in the United States and Canada, (iv) free of all accumulations or residues, and (v) free and clear of all Liens.

(b) Storage. On or before the expiration of the Lease Term or applicable Renewal Term with respect to any Unit, Lessee shall cause such Units to be moved, at its own expense and risk, onto storage facilities in such locations as to which Lessor shall specify in writing. If Lessor does not specify such locations, Lessee will inform Lessor of the location it intends to store such Units at least thirty (30) days prior to moving such Units to storage. Lessee shall provide or arrange for storage, at no cost to Lessor for 60 days after the latest of the end of the Lease Term, the end of a Renewal Term or return of all such Units. All storage fees (including those that may accrue during the first 60 days after return of all Units) payable on tracks or facilities shall be paid directly by Lessee. At the request of Lessor, Lessee shall provide an additional 30 days' storage for which Lessor will pay a storage fee at the then prevailing market rate. The assembling, delivery, storage and transporting of the Equipment as herein provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to cause the assembling, delivery, storage and transporting of the Equipment. If any Unit suffers an Event of Loss during any storage period provided for in this section, Lessee shall pay to Lessor the Stipulated Loss Value of such Unit as determined in accordance with this Lease. Lessee shall pay rental at 150%

of the rate provided herein for any Unit not returned to Lessor or placed in storage in accordance with the terms hereof immediately upon expiration or the termination of the initial or any extended term of this Lease until return. Nothing contemplated by this section, including payment of the above-specified amounts, shall be deemed to relieve Lessee from its obligations to Lessor to deliver and store the Units or affect Lessor's rights and remedies with respect to such obligation.

(c) Purchase Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee may, by written notice given to Lessor at least 180 days (but not more than 360 days) prior to the expiration date of the Lease Term or any Renewal Term with respect to the Equipment (which notice shall become irrevocable if not revoked at least 90 days before the end of the Lease Term or Renewal Term), elect to purchase all (but not less than all) of the Equipment on such expiration date for a cash purchase price equal to the Fair Market Sale Value of such Equipment determined as of such expiration date, plus an amount equal to all taxes (other than income taxes on any gain on such sale; provided further Lessor and Lessee agree to use their best efforts to minimize or eliminate the imposition of taxes in the nature of or in lieu of sales, use, transfer or a similiar type of taxes), incurred or paid by Lessor in connection with such sale. Upon payment by Lessee of such purchase price, and of all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Liens.

(d) Renewal Option. Provided that this Lease has not been earlier terminated and that no Default or Event of Default shall have occurred and be continuing hereunder at both the time of election and the time of renewal, Lessee may, by written notice delivered to Lessor (which notice shall be irrevocable if not revoked at least 90 days before the end of the Lease Term or Renewal Term) not less than 180 days (but not more than 360 days) prior to the end of the Lease Term in respect to all of the Equipment, elect to renew this Lease for a period of years agreed to by both parties hereto at such time from its then existing expiration date (each such period a "Renewal Term"). The amount of rentals ("Renewal Rent") shall be an amount equal to the Fair Market Rental Value as of the end of the Lease Term, payable in monthly payments, in advance, in the same manner as during the initial Lease Term. In the event of any such renewal, the Stipulated Loss Value payable in respect of an Event of Loss involving any Unit shall be the higher of the Stipulated Loss Value in effect for the last Rent Payment Date during the initial Lease Term or the Fair Market Sale Value thereof immediately preceding such Event of Loss. All other terms of this Lease shall apply during the Renewal

Term. The parties will execute an extension agreement at the time of any such renewal, which will be filed with the ICC. Lessee shall have no right to terminate the Lease during any Renewal Term for any reason other than an Event of Loss.

7. Representations and Warranties.

(a) Lessee represents and warrants that:

(i) Organization. Lessee is a corporation duly organized, validly existing and in good standing under the law of the State of Delaware.

(ii) Power and Authority. Lessee has full power, authority and legal right to execute, deliver and perform this Lease, and the execution, delivery and performance hereof has been duly authorized by all necessary corporate action of Lessee.

(iii) Enforceability. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms subject to (i) any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) the application of usual equitable principles where equitable remedies are sought.

(iv) Consents and Permits. The execution, delivery and performance of this Lease does not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee, and will not contravene any law, regulation, judgment or decree applicable to Lessee, or the certificate of incorporation or bylaws of Lessee, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon any property of Lessee under any mortgage, instrument or other material agreement to which Lessee is a party or by which Lessee or its assets may be bound or affected; and no authorization, approval, license, filing or registration with any court or governmental agency or instrumentality is necessary in connection with the execution, delivery, performance, validity and enforceability of this Lease.

(v) No Defaults. Lessee is not in default, and no event or condition exists which after the giving of notice or lapse of time or both would constitute an event of default, under any mortgage, indenture, contract, agreement, judgment or other undertaking to which Lessee is a party or upon any of the assets of Lessee, except for any such default, event or condition which, individually or in the aggregate, would not

affect Lessee's financial condition, business or operations or ability to perform its obligations under this Lease.

(vi) No Litigation. There is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or other governmental authority pending or threatened against or affecting Lessee (A) which involves the Equipment or the transactions contemplated by this Lease; or (B) which there is a reasonable probability of an adverse determination which could have a material adverse effect on the ability of Lessee to perform its obligations hereunder.

(vii) Financial Condition. The financial statements of Lessee heretofore furnished to Lessor are complete and correct and fairly present the financial condition of Lessee and the results of its operations for the respective periods covered thereby, there are no known material contingent liabilities or liabilities for taxes of Lessee which are not reflected in said financial statements; and since the date thereof, there has been no material adverse change in such financial condition or operations.

(viii) Chief Executive Office; Name Change; Trade Styles. Lessee's chief executive office is located at Southern Pacific Building, One Market Plaza, San Francisco, California 94105. Lessee has not changed its name in the last five (5) years.

(b) Lessor represents and warrants that:

(i) Organization. Lessor is a corporation duly organized, validly existing and in good standing under the law of the State of New York.

(ii) Power and Authority. Lessor has full power, authority and legal right to execute, deliver and perform this Lease, and the execution, delivery and performance hereof has been duly authorized by all necessary corporate action of Lessee.

8. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment.

9. Insurance. Lessee will at all times after delivery and acceptance of the Equipment, at its own expense, carry and maintain or cause to be carried and maintained all-risk property insurance and public liability insurance, including but not limited to sudden and accidental pollution and evacuation expense to the extent available on the same terms as to other Class I railroads, with respect to the Equipment, in amounts, with deductibles and against risks customary for

insurance obtained by Class I railroads on similar equipment, and in any event in amounts, with deductibles and against risks comparable to those provided for in insurance maintained by the Lessee on similar equipment leased by it. Such insurance policies will, among other things, name Lessor as an additional insured or as loss payee (as the case may be), require that the insurer give Lessor at least thirty (30) days prior written notice (at the address for notice to Lessor set forth in Section 24 hereof) of any alteration in or cancellation of the terms of such policy, and require that the interests of Lessor be continually insured regardless of any breach of or violation by Lessee of any warranties, declarations or conditions contained in such insurance policy. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor. The obligations of Lessee under this Section shall be independent of all other terms under this Lease and shall in no event relieve Lessee from any indemnity obligation hereunder.

10. Taxes. Lessee will comply with its obligations under the Tax Indemnity Agreement.

11. Compliance with Laws; Operation and Maintenance; Additions.

(a) Lessee: will use the Equipment in a manner such that the maximum value thereof will be preserved to the extent reasonably possible consistent with normal railroad operations, will comply with and conform to all governmental laws, rules and regulations relating thereto, and will cause the Equipment to be operated in accordance with the manufacturer's or supplier's instructions or manuals. Without limitation to the generality of the foregoing, Lessee will (i) cause the Equipment to be used in compliance with all rules of AAR and FRA and any other state, federal or provincial agency having jurisdiction over the condition, maintenance, repair or safety of the Equipment or any Unit; (ii) will not permit any Unit to be loaded improperly or in excess of the load limit stenciled thereon; (iii) in no event permit any hazardous material, hazardous commodity, hazardous waste or hazardous substance to be loaded in any Unit; and (iv) not permit any Unit to be outside the continental United States at any time except for incidental use in Mexico and Canada.

(b) Lessee will, at its own expense, keep and maintain the Equipment in good repair, condition and working order and furnish all parts, replacements, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, reasonable wear and tear excepted. Lessee will cause each Unit to be maintained in conformance with all rules

and regulations of AAR and FRA and any other state, federal or provincial agency having jurisdiction over the condition, maintenance, repair or safety of the Equipment or any Unit and, if mandated, modified so that it will qualify for unrestricted interchange in the United States and Canada and remain suitable for loading, transporting and unloading the Commodity. All such repairs, parts, mechanisms, devices, replacements and modifications shall immediately, without further act, become the property of Lessor and part of the Equipment.

(c) Lessee will not make or authorize any improvement, change, addition or alteration to the Equipment (i) if such improvement, change, addition or alteration will impair the originally intended function or use of the Equipment or impair the value of the Equipment as it existed immediately prior to such improvement, change, addition or alteration; (ii) unless the parts installed are new and in compliance with all rules and recommendations of AAR and FRA and any other state, federal or provincial agency having jurisdiction over the condition, maintenance, repair or safety of the Equipment or any Unit; or (iii) if any parts installed in or attached to or otherwise becoming a part of the Equipment as a result of any such improvement, change, addition or alteration shall not be readily removable without damage to the Equipment (unless such improvement is mandated by AAR, FRA and any other state, federal or provincial agency having jurisdiction over the condition, maintenance, repair or safety of the Equipment or any Unit). All such parts shall be and remain free and clear of any Liens. Any such part attached to any Unit shall, without further act, become the property of Lessor and part of the Equipment..

12. Inspection. Lessor or its authorized representatives may at any reasonable time or times inspect the Equipment and the maintenance and movement records of Lessee. Lessee will at all times requested by Lessor cooperate with and assist Lessor in locating and gaining access to the Equipment.

13. Identification. Lessee shall, at its own expense, attach to and cause to be maintained on each Unit a notice satisfactory to Lessor disclosing Lessor's ownership of such Unit. The following notice will initially be satisfactory if stenciled or contained in a placard attached to each side of each Unit in letters having a height of one inch or more and continually legible:

"SUBJECT TO LEASE OR SECURITY INTEREST FILED WITH
U.S. INTERSTATE COMMERCE COMMISSION."

14. [Intentionally omitted]

15. Loss or Damage.

(a) All risk of loss, theft, damage or destruction to the Equipment or any part or Unit thereof, however incurred or occasioned, shall be borne by Lessee and, unless such occurrence constitutes an Event of Loss pursuant to Subsection (b) of this Section 15, Lessee shall promptly cause the affected part or parts of any Unit to be replaced or restored to the condition and repair required to be maintained by Section 11 hereof.

(b) If an Event of Loss with respect to any Unit shall occur, Lessee shall promptly give Lessor written notice thereof, and Lessee shall pay to Lessor on or before the next Loss Payment Date an amount equal to the sum of (i) the Stipulated Loss Value of such Unit computed as of the Rent Payment Date with respect to such Unit on or immediately preceding the date of the occurrence of such Event of Loss; and (ii) all rent and other amounts due and owing hereunder for such Unit on or prior to the Loss Payment Date. Upon payment of such amount to Lessor, the lease of such Unit hereunder shall terminate, and Lessor will transfer to Lessee Lessor's right, title and interest in and to such Unit, on an "as-is, where-is" basis, without recourse and without representation or warranty, express or implied, other than a representation and warranty that such Unit is free and clear of any Lessor's Liens.

(c) Any payments received at any time by or for the benefit of Lessor or Lessee from any insurer or railroad with respect to loss or damage to Unit shall be applied as follows: (i) if such payments are received with respect to an Event of Loss they shall be paid to Lessor, but to the extent received by Lessor, they shall reduce or discharge, as the case may be, Lessee's obligation to pay the amounts due to Lessor under Subsection 15(b) hereof with respect to such Event of Loss and any excess over the Stipulated Loss Value will be paid to Lessee; or (ii) if such payments are received with respect to any loss of or damage to the Equipment other than an Event of Loss, such payments shall, unless a Default or Event of Default shall have occurred and be continued, be paid over to Lessee to reimburse Lessee for its payment of the costs and expenses incurred by Lessee in replacing or restoring pursuant to Subsection 15(a) hereof the part or parts of the Equipment which suffered such loss or damage.

16. General Indemnity. Lessee assumes liability for, and shall indemnify, protect, save and keep harmless Lessor and its agents, servants, officers, directors, employees, affiliates, successors and assigns (each, an "Indemnatee") from and against any and all liabilities, obligations, losses, damages,

penalties, claims, actions, suits, costs and expenses, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any Indemnitee, in any way relating to or arising out of this Lease or the enforcement hereof, or the manufacture, acceptance, ownership, possession, use, selection, delivery, lease, operation, condition or return or other disposition (other than to Lessee) of the Equipment or any part or Unit thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark or copyright infringement); provided, however, that Lessee shall not be required to indemnify any Indemnitee for loss or liability arising from acts or events which occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting predominately from the willful misconduct or gross negligence of such Indemnitee, or for loss or liability relating to Lessor's Liens or Lessor's title as it existed immediately prior to the Lease Term. Any payments made by Lessee under this Section 16 shall be made on an after-tax basis. The provisions of this Section 16 shall survive the expiration or earlier termination of this Lease; provided further, however, the Lessee shall not be required to indemnify or reimburse Lessor pursuant to this Section 16 for any taxes, whether or not the Lessee is required to indemnify or reimburse therefor under the Tax Indemnity Agreement, the Lessee's entire obligation with respect to taxes being fully set forth in the Tax Indemnity Agreement.

17. Events of Default. The following events shall each constitute an event of default (herein called "Event of Default") under this Lease:

- (a) Lessor fails to receive any payment of rent or other amount owing hereunder within ten (10) days after the date the same is due; or
- (b) Lessee shall fail to maintain the insurance required by Section 9 hereof or to perform or observe any of the warranties or covenants contained in Subsection 7(j)(iv) or Section 20 hereof; or
- (c) Lessee shall fail to perform or observe any other material warranty, covenant, condition or agreement to be performed or observed by it with respect to this Lease and such failure shall continue unremedied for 30 days after the earlier of (a) the date on which a responsible officer Lessee obtains knowledge of such failure, or (b) the date on which notice thereof shall be given by Lessor to Lessee; or

(d) any material representation or warranty made by Lessee herein or in any document, certificate or financial or other statement now or hereafter furnished Lessor in connection with this Lease shall prove at any time to have been untrue or misleading in any material respect as of the time when made; or

(e) [Intentionally omitted]; or

(f) the entry of a decree or order for relief by a court having jurisdiction in respect of Lessee adjudging Lessee a bankrupt or insolvent, or approving as properly filed a petition seeking a reorganization, arrangement, adjustment or composition of or in respect of such entity in an involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, state or foreign bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Lessee or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 days; or

(g) the institution by Lessee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the commencement by such entity of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, state or foreign bankruptcy, insolvency or other similar law, or the consent by it to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Lessee or of any substantial part of its property, or the making by it of any assignment for the benefit of creditors or the admission by it of its inability to pay its debts generally as they become due or its willingness to be adjudicated a bankrupt or the failure of Lessee generally to pay its debts as they become due or the taking of corporate action by Lessee in furtherance of any of the foregoing.

18. Remedies. If an Event of Default described in Subsections 17(f) or (g) above shall occur, then, and in any such event, this Lease shall automatically, without any notice or other action by Lessor, be deemed to be in default, and if any other Event of Default shall occur and be continuing, then, and in any such event, Lessor may, at its option, declare this Lease to be in default; and at any time after this Lease shall be deemed to be in default pursuant to this sentence or be declared to be in default, Lessor may do any one or more of the following with respect to all of the Equipment or any part

thereof as Lessor in its sole discretion shall elect, to the extent permitted by applicable law then in effect:

(a) demand that Lessee, and Lessee shall at its expense upon such demand, return the Equipment promptly to Lessor at such place or places in North America as Lessor shall specify, or Lessor, at its option, may enter upon any property where any Unit is located and take immediate possession of such Unit and remove the same by summary proceedings or otherwise, all without liability for or by reason of such entry or taking of possession, whether for the restoration of damage of property caused by such taking or otherwise;

(b) sell the Equipment or any Unit at public or private sale, with or without notice, advertisement or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment or any Unit as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto;

(c) by written notice to Lessee specifying a payment date, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the excess, if any, of the Stipulated Loss Value of the Equipment as of the payment date specified in such notice over the Fair Market Sale Value of the Equipment as of such date;

(d) by written notice to Lessee specifying a payment date, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice, plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the Stipulated Loss Value for the Equipment computed as of the payment date specified in such notice; and upon such payment of liquidated damages and the payment of all other amounts then due hereunder, Lessor shall proceed to exercise its best efforts promptly to sell the Equipment in any quantity and shall pay over to Lessee the net proceeds of such sale (after deducting from such proceeds all costs and expenses whatsoever

incurred by Lessor in connection therewith and all other amounts which may become payable by Lessor) up to the amount of the Stipulated Loss Value actually paid;

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to terminate his Lease.

In addition, Lessee shall be liable for any and all unpaid rent and other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the placing of the Equipment in the condition required by Section 11 hereof.

NO REMEDY REFERRED TO IN THIS SECTION 18 IS INTENDED TO BE EXCLUSIVE BUT EACH SHALL BE CUMULATIVE AND IN ADDITION TO ANY OTHER REMEDY REFERRED TO HEREIN OR OTHERWISE AVAILABLE TO LESSOR AT LAW OR IN EQUITY; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of an Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

19. Lessor's Right to Perform. If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Charge Rate, shall be deemed to be additional rent, payable by Lessee on demand.

20. Assignment or Sublease. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, ASSIGN THIS LEASE OR ANY INTEREST HEREIN OR SUBLEASE OR OTHERWISE TRANSFER ITS INTEREST IN ANY UNIT, AND ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER BY LESSEE IN VIOLATION OF THIS PROVISION SHALL BE VOID; provided, however, Lessee may place the Equipment in interchange in accordance with industry custom so long as such Units remain subject to this Lease and Lessee remains the primary obligor hereunder.

21. Lessee as Railroad. Lessee will continue to be a railroad subject to the jurisdiction of the ICC.

22. Further Assurances; Financial Information; Reports.

(a) Lessee will, at its own expense, promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request in order to establish and protect the rights, interests and remedies created or intended to be created in favor of Lessor hereunder.

(b) Lessee will qualify to do business, and remain qualified in good standing, in each jurisdiction in which the nature of its activities from time to time may require.

(c) Lessee will furnish or cause to be furnished to Lessor the following reports: (i) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the relevant entity, consolidated balance sheets as at the end of such fiscal year, and consolidated statements of income and consolidated statements of cash flow for such fiscal year, as contained in Lessee's Form 10K, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and audited and certified by certified public accountants for Lessee; (ii) as soon as available, but in any event not later than 90 days after the end of each of the first three quarterly periods of each fiscal year of the relevant entity, consolidated balance sheets as at the end of such quarterly period and consolidated statements of income for such quarterly period and for the portion of the fiscal year then ended, all in reasonable detail as contained in Lessee's Form 10Q, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of the Lessee; (iii) promptly, such additional financial and other information of Lessee as Lessor may from time to time reasonably request; and (iv) on or before May 31 of each year, a report or reports executed by an officer or officers of Lessee certifying as to the prior calendar year the identity of each Unit by serial number and running mark and number, the condition of such Unit, whether there has been a casualty to such Unit, whether or not a Default has occurred under the Lease, that all taxes imposed on each Unit have been paid in full, and such other information as Lessor may reasonably request.

23. Recording. Lessor will cause this Lease and all supplements and amendments to this Lease to be filed with the ICC pursuant to 49 U.S.C. Section 11303. Lessor will further cause this Lease and/or appropriate financing statements to be filed and recorded in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of California and Colorado (and, if Lessee changes its chief place of business, in any other state) in the same manner as if Lessor's interest in this Lease represented a security interest and in any other state of the United States of America or the District of Columbia where filing is necessary or requested by Lessor. This Lease and the applicable Acceptance Certificate shall be filed by Lessor with the ICC pursuant to 49 U.S.C. Section 11303 prior to or contemporaneous with the delivery and acceptance hereunder of any Unit. Lessee will from time to time will execute, acknowledge, deliver, file, register and record any and all instruments required by the law of any jurisdiction in which use of any Unit may occur or requested by the Lessor for the purpose of proper protection of the title of Lessor and of fully carrying out and effectuating this Lease and the intent hereof.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing, and any such notice shall become effective upon personal delivery thereof 24 hours following delivery to or deposit with a recognized overnight delivery service or three days after the date on which it shall have been deposited in the United States mail with return receipt requested, addressed as follows:

(i) if to Lessor, at

THE CIT GROUP/EQUIPMENT FINANCING, INC.
1211 Avenue of the Americas
New York, New York 10036
Attention: Senior Vice President-Credit

(ii) if to Lessee, at

Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza, Room 303
San Francisco, California 94105
Attention: Director of Fleet Management

(iii) if a notice to Lessee pursuant to Section 10, at

Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza

San Francisco, California 94105
Attn: Tax Department, Room 250

25. Identification Marks. Lessee will cause each Unit to be kept marked and numbered with the identifying mark and number set forth in Exhibit A or the applicable Acceptance Certificate. Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such number shall have been so marked on all sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. Lessee will not change or permit to be changed the identifying mark or number of any Unit unless and until (i) a statement of new mark and/or number or numbers to be substituted therefor shall have been filed, recorded and deposited by Lessee in all public offices where this Lease or any Acceptance Certificate shall have been filed, recorded and deposited by Lessee and (ii) Lessee shall have furnished Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interests in such Units and no additional filing, recording, deposit or giving of notice with or to any other federal, state, provincial or local government or agency thereof is necessary to protect the interests of the Lessor in such Units. During the Lease Term and any Renewal Term, Lessee will not alter, deface, cover or remove such markings without the prior written consent of Lessor.

26. Conditions Precedent. Lessor shall not be obligated to lease any Equipment to Lessee and Lessor shall not be obligated to accept any Acceptance Certificate hereunder unless:

(a) Lessor shall have received evidence satisfactory to it of authority of Lessee to execute, deliver and perform this Lease and all documents in connection herewith.

(b) Lessor shall have received an incumbency and signature certificate of Lessee, dated the date of the Lease and in form and substance satisfactory of Lessor, setting forth the names and signatures of each officer of Lessee, authorized to sign this Lease, the Acceptance Certificate and all other instruments and documents relating thereto, which certificate may be relied on by Lessor until it receives written notice to the contrary;

(c) Lessor shall have received an opinion of counsel for Lessee satisfactory to Lessor, dated the date of the first Acceptance Certificate and in form and substance satisfactory to Lessor, to the same effect as clauses (a) through (f),

inclusive, of Section 7 hereof, and as to such other matters as Lessor may reasonably request;

(d) Lessor shall have received evidence satisfactory to it as to the due compliance by Lessee with the provisions regarding insurance contained in Section 9 hereof;

(e) Lessor shall have received an appraisal report describing and appraising the applicable Units in form and substance satisfactory to Lessor;

(f) Lessor shall have received good and marketable title to the applicable Units, free and clear of Liens;

(g) Such Uniform Commercial Code financing statements and other documents with respect to the Units as Lessor shall deem necessary or desirable in order to perfect and protect its interests therein shall have been duly executed and filed in such public offices as Lessor shall direct;

(h) All representations and warranties of Lessee and all other parties contained herein or in any document or certificate furnished Lessor in connection herewith shall be true and correct with the same force and effect as if made on such date; no Event of Default or Default shall be in existence;

(i) In the sole judgment of Lessor, there shall have been no material adverse change in the business, financial condition or operations of Lessee;

(j) All proceedings to be taken in connection with the transactions contemplated by this Lease, and all documents incidental thereto, shall be satisfactory in form and substance to Lessor and its counsel;

(k) Lessor shall have received from Lessee, in form and substance satisfactory to it, such other documents and information as Lessor shall reasonably request;

(l) Lessor shall have received, reviewed and approved in its sole discretion the most recent financial statements of Lessee;

(m) All legal matters in connection with the transactions contemplated by this Lease shall be satisfactory to Lessor's counsel;

(n) No amendment, modification or change shall have been proposed or made in or to the provisions of the Code or any other Federal tax statute, the Treasury Regulations, Internal

Revenue Service revenue procedures, revenue rulings or other administrative publications, or any interpretation of any of the foregoing by a court which would, in the Lessor's reasonable opinion adversely affect (other than in a de minimis manner) any of the Federal, state or local income tax consequences anticipated by the Lessor with respect to the transactions contemplated by this Lease unless the Lessee agrees in writing to make the Lessor whole with respect to such amendment, modification, change or proposal in a manner reasonably satisfactory to the Lessor; and

(o) Lessee will deliver to Lessor Lessee's original counterpart of any management, or marks agreement relating to any of the Units and Lessor shall have approved of the contents of such agreement, and Lessee shall have granted to Lessor a security interest in all such agreements and executed and recorded such documents as Lessor may request with respect thereto.

27. Additional Security and Covenants.

(a) [Intentionally Omitted]

(b) Lessee will provide, or direct any manager of any Unit to provide, to Lessor at all times with the pass key and other access information with respect to any register containing information relating to any Unit, including without limitation the Uniform Machine Language Equipment Register or any other register maintained by AAR.

(c) [Intentionally Omitted]

(d) During the Lease Term and any Renewal Term relating to any Unit, Lessee will not agree to the voluntary depreciation of the car hire rate for such Unit or establishment of any car hire rate with respect to such Unit that is lower than the current prescribed rate without the prior written consent of Lessor.

28. Quiet Enjoyment. So long as Lessee remains in compliance with the terms and conditions of this Lease, neither Lessor nor a person or entity acting by, through or for Lessor shall disturb Lessee's quiet enjoyment of the Equipment.

29. Miscellaneous.

(a) Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provision 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.

(b) Amendment; Waiver. NO TERM OR PROVISION OF THIS LEASE MAY BE CHANGED, WAIVED, DISCHARGED OR TERMINATED ORALLY, BUT ONLY BY AN INSTRUMENT IN WRITING SIGNED BY LESSOR AND LESSEE. No delay or failure on the part of Lessor of exercise any power or right hereunder shall operate as a waiver hereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. After the occurrence of any Default or Event of Default, the acceptance by Lessor of any payment of rent or other amount owed pursuant hereto shall not constitute a waiver by Lessor of such Default or Event of Default, regardless of Lessor's knowledge or lack of knowledge thereof at the time of acceptance of any such payment, and shall not constitute a reinstatement of this Lease if the Lease shall have been declared in default by Lessor pursuant to Section 18 hereof or otherwise, unless Lessor shall have agreed in writing to reinstate the Lease and to waive the Default or Event of Default.

(c) Fees and Expenses. Each party shall pay its own expenses in connection with the preparation, execution and delivery of this Lease and related documents.

(d) Entire Agreement. This Lease and the agreements referred to herein contain the full, final and exclusive statement of the agreement between Lessor and Lessee relating to the lease of the Equipment.

(e) Agreement of Lease. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Equipment except as lessee only.

(f) Successors and Assigns. This Lease and the covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lessor and its successors and assigns and Lessee and, to the extent permitted by Section 20 hereof, its successors and assigns.

(g) Captions. The headings of the Sections are for convenience of reference only, are not a part of this Lease and shall not be deemed to effect the meaning or construction of any of the provisions hereof.

(h) Execution in Counterparts. This Lease may be executed by the parties hereto on any number of 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.

(i) GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) JURISDICTION. LESSEE HEREBY IRREVOCABLY CONSENTS AND AGREES THAT ANY LEGAL ACTION, SUIT, OR PROCEEDING ARISING OUT OF OR IN ANY WAY IN CONNECTION WITH THIS LEASE MAY BE INSTITUTED OR BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, IN THE COUNTY OF NEW YORK, OR THE UNITED STATES COURTS FOR THE SOUTHERN DISTRICT OF NEW YORK, AS LESSOR MAY ELECT, AND BY EXECUTION AND DELIVERY OF THIS LEASE, LESSEE HEREBY IRREVOCABLY ACCEPTS AND SUBMITS TO, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY SUCH COURT, AND TO ALL PROCEEDINGS IN SUCH COURTS. LESSEE IRREVOCABLY CONSENTS TO SERVICE OF ANY SUMMONS AND/OR LEGAL PROCESS BY REGISTERED OR CERTIFIED UNITED STATES AIR MAIL, POSTAGE PREPAID, TO LESSEE AT THE ADDRESS SET FORTH IN SECTION 24 HEREOF, SUCH METHOD OF SERVICE TO CONSTITUTE, IN EVERY RESPECT, SUFFICIENT AND EFFECTIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDING. NOTHING IN THIS LEASE SHALL AFFECT THE RIGHT TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR LIMIT THE RIGHT OF LESSOR TO BRING ACTIONS, SUITS OR PROCEEDINGS IN THE COURT OF ANY OTHER JURISDICTION. LESSEE FURTHER AGREES THAT FINAL JUDGMENT AGAINST IT IN ANY SUCH LEGAL ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION, WITHIN OR OUTSIDE THE UNITED STATES OF AMERICA, BY SUIT ON THE JUDGMENT, A CERTIFIED OR EXEMPLIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND THE AMOUNT OF LIABILITY.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed all as of the date first above written, and the undersigned signatories each hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

LESSOR:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: Paul Wehner

Title: VICE PRESIDENT

Date: 4-28-93

LESSEE:

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By: J C Omi

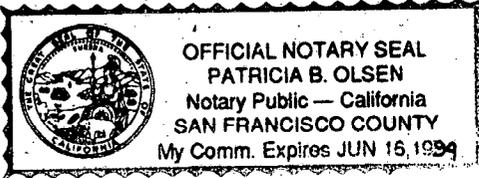
Title: Executive Vice President - Distribution Services

Date: April 29, 1993

ACKNOWLEDGMENTS

State of California)
County of San Francisco) ss.

On this 28th day of April, 1993, before me personally appeared PAUL A. LECTNER, to me personally known, who, being by me duly sworn, did say that he is a VICE PRESIDENT of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.



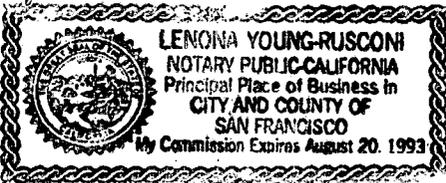
Patricia B. Olsen
Notary Public

My commission expires: June 16, 1994

STATE OF CALIFORNIA }
City and County of San Francisco } ss.

On this 29th day of April in the year One Thousand Nine Hundred and Ninety-three before me, LENONA YOUNG-RUSCONI, a Notary Public in and for the City and County of San Francisco, State of California, personally appeared D. C. Orris

known to me to be the Executive Vice President-
Distribution Services
of the corporation _____ described in and that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of the corporation _____ therein named and _____ he _____ acknowledged to me that such corporation _____ executed the same.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

Lenona Young-Rusconi
Notary Public in and for the City and County of San Francisco, State of California.

Corporation

My Commission Expires August 20, 1993

4. This Rider A is hereby made a part of the Lease as if set forth in full therein.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Rider A to be duly executed as of the date first above written, and the undersigned signatories each hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

LESSOR:

LESSEE:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: *Paul Lehner*
Name: Paul A. Lehner
Title: Vice President
Date: April 28, 1993

By: *D.C. Davis*
Name: D.C. Davis
Title: Executive Vice President - Distribution Services
Date: April 29, 1993

Exhibits and Schedules

Exhibit A	Equipment Schedule
Exhibit B	Supplement and Acceptance Certificate
Schedule 1	Units Subject to Supplement
Schedule 2	Stipulated Loss Values

EXHIBIT A

Equipment Schedule

115-3870 cubic foot 100 ton aluminum rapid discharge hopper cars, 1991 Bethlehem Steel built, originally bearing marks MCHX and running numbers in series 30815-31044 (inclusive) and to be remarked to bear marks CTRN and numbers: 400001 through 400115 (inclusive).

AAR Mechanical Design: HTS

AAR Car Type Code: K341

EXHIBIT B

SUPPLEMENT AND ACCEPTANCE CERTIFICATE

Commencement Date: _____

THIS SUPPLEMENT AND ACCEPTANCE CERTIFICATE is executed and delivered by THE CIT GROUP/EQUIPMENT FINANCING, INC. ("Lessor") and SOUTHERN PACIFIC TRANSPORTATION COMPANY ("Lessee") pursuant to and in accordance with the Railcar Lease Agreement dated as of April 28, 1993 between Lessor and Lessee (the "Lease", the defined terms therein being used herein with their defined meanings).

1. The Units covered by this Certificate are described in Schedule 1, Part A attached hereto, and Schedule 1, Part A provides for the Lease Term and Commodity for such Units.

2. The rent for the Units is set forth on Schedule 1, Part B.

3. The Stipulated Loss Values for the Units are as set forth on Schedule 2.

4. Lessee confirms that

(a) the Units covered hereby have been inspected by Lessee, have been delivered to Lessee at Pueblo, Colorado, in good working order and condition and are of the size, design, capacity and manufacture selected by Lessee;

(b) Lessee irrevocably accepts said Units "AS-IS, WHERE-IS" for all purposes of the Lease as of the Commencement Date set forth above;

(c) the rent for each Unit will commence on the Commencement Date and will be payable on or before the first day of the first calendar month thereafter.

IN WITNESS WHEREOF, Lessee has caused this Acceptance Certificate to be duly executed by its duly authorized officer as of the Commencement Date set forth above.

LESSEE:

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____

Title: _____

ACCEPTED AND AGREED TO AS OF THE
DATE SET FORTH ABOVE

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____

Title: _____

ACKNOWLEDGMENTS

State of)
) ss.
County of)

On this ____ day of _____, 1993, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.

Notary Public

My commission expires:

ATTACH CALIFORNIA FORM OF ACKNOWLEDGEMENT

SCHEDULE 1

Part A:

Units: 115-3870 cubic foot 100 ton aluminum rapid discharge hopper cars, 1991 Bethlehem Steel built, originally bearing marks MCHX and running numbers in series 30815-31044 (inclusive) and to be remarked to bear marks CTRN and numbers: 400001 through 400115 (inclusive).

AAR Mechanical Design: HTS

AAR Car Type Code: K341

Term: Expiring April 30, 2008

Part B:

Rent: \$_____ per Unit per month in advance

SCHEDULE 2

Stipulated Loss Values

Rent Payment Date

Stipulated Loss Value