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February 20, 1997

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Secretary Williams:

I have enclosed two originals and eight certified copies of the two documents described below, to be recorded pursuant to 49 U.S.C. § 11301.

The first document is an Equipment Lease Agreement, a primary document, dated November 1, 1994. We request that this document be recorded under the next available recordation number, and be cross-indexed and recorded under Recordation Nos. 7678-M, 7836-G, 8103-U, and 8290-K.

The names and addresses of the parties to the Equipment Lease Agreement are as follows:

Lessor:

GATX Third Aircraft Corporation
Suite 2200
Four Embarcadero Center
San Francisco, CA 94111

Lessee:

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

A description of the equipment covered by the document consists of railcars fully described in Schedules entered into pursuant to the document, including 178 4000 cu. ft. 100-ton rotary couplar equipped open top hopper cars numbered DRGW 40845-40987, inclusive, and 40989-41023, inclusive. Also attached to this letter is a list of the former AEPX and UFIX car numbers that correspond to the current DRGW car numbers.

The second document is Schedule No. 1, a secondary document, dated November 1, 1994. We request that this document be recorded under the next suffix for the primary document, and be cross-indexed and recorded under Recordation Nos. 7678-N, 7836-H, 8103-V, and 8290-L.

The names and addresses of the parties to Schedule No. 1 are as follows:

Lessor:

GATX Third Aircraft Corporation
Suite 2200
Four Embarcadero Center
San Francisco, CA 94111

Lessee:

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

A description of the equipment covered by the document consists of 178 4000 cu. ft. 100-ton rotary couplar equipped open top hopper cars numbered DRGW 40845-40987, inclusive, and 40989-41023, inclusive.

A fee of $220.00 is enclosed. Please return one original of each document to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
1455 F Street, N.W.
Suite 225
Washington, DC 20005

A short summary of the documents to appear in the index follows: (1) an Equipment Lease Agreement between GATX Third Aircraft Corporation, Suite 2200, Four Embarcadero Center, San Francisco, CA 94111, and Southern Pacific Transportation Company, One Market Plaza, San Francisco, CA 94105; and (2) Schedule No. 1 between GATX Third Aircraft Corporation, Suite 2200, Four Embarcadero Center, San Francisco, CA 94111, and Southern Pacific Transportation Company, One Market Plaza, San Francisco, CA 94105, both covering 178 4000 cu. ft. 100-ton rotary couplar equipped open top hopper cars numbered DRGW 40845-40987, inclusive, and 40989-41023, inclusive.

Very Truly Yours,

Louis E. Gitomer

Enclosures

ATTACHMENT

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Old-to-New Car Numbers

Current DRGW #'s	Original AEPX #'s	Interim UFIX #'s
40845	2229	90056
40846	2740	90348
40847	2800	90374
40848	2361	90050
40849	2661	90370
40850	2443	90055
40851	2819	90266
40852	2487	90113
40853	2113	90066
40854	2813	90403
40855	2577	90145
40856	2926	90310
40857	2636	90270
40858	2564	90011
40859	2807	90312
40860	2903	90236
40861	2681	90415
40862	2584	90368
40863	2919	90314
40864	2683	90420
40865	2596	90032
40866	2788	90377
40867	2913	90309
40868	2776	90375
40869	2832	90369
40870	3121	90306
40871	3058	90448
40872	2953	90446
40873	2975	90323
40874	2997	90304
40875	2719	90337
40876	2621	90326
40877	3011	90387
40878	3162	90380
40879	2972	90329
40880	2749	90378
40881	3111	90367
40882	2985	90390
40883	2151	90083
40884	2895	90227
40885	2900	90366

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Old-to-New Car Numbers

Current DRGW #'s	Original AEPX #'s	Interim UFIX #'s
40886	2292	90063
40887	2658	90449
40888	2505	90171
40889	2877	90362
40890	2981	90302
40891	2297	90002
40892	2466	90190
40893	2612	90259
40894	2831	90339
40895	2375	90052
40896	2239	90088
40897	2907	90343
40898	2823	90331
40899	2187	90026
40900	2502	90047
40901	2316	90218
40902	3088	90344
40903	2342	90022
40904	2102	90069
40905	3020	90330
40906	2108	90038
40907	2605	90360
40908	2109	90114
40909	2515	90036
40910	2391	90019
40911	2840	90361
40912	2863	90372
40913	2091	90090
40914	2555	90037
40915	2739	90324
40916	2265	90057
40917	2469	90122
40918	2582	90165
40919	2377	90148
40920	3123	90394
40921	2233	90183
40922	2281	90028
40923	2960	90318
40924	2387	90173
40925	2446	90013
40926	2330	90112
40927	2789	90316

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Old-to-New Car Numbers

Current DRGW #'s	Original AEPX #'s	Interim UFIX #'s
40928	3093	90391
40929	2588	90017
40930	2056	90187
40931	2395	90077
40932	2186	90001
40933	2349	90014
40934	2138	90007
40935	2559	90158
40936	2654	90410
40937	2482	90191
40938	2177	90015
40939	2473	90040
40940	2259	90104
40941	2136	90029
40942	2600	90200
40943	2547	90030
40944	2338	90156
40945	2830	90231
40946	2288	90210
40947	2225	90087
40948	2649	90291
40949	2329	90051
40950	2436	90123
40951	2533	90160
40952	2266	90105
40953	3102	90386
40954	2293	90175
40955	2888	90228
40956	2632	90313
40957	2089	90209
40958	2204	90096
40959	2608	90404
40960	2461	90084
40961	2023	90215
40962	2743	90338
40963	3048	90401
40964	3076	90371
40965	2945	90268
40966	2935	90340
40967	3069	90281
40968	2606	90242
40969		90349

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Old-to-New Car Numbers

Current DRGW #'s	Original AEPX #'s	Interim UFIX #'s
40970	2718	90365
40971	2957	90460
40972	2826	90397
40973	2852	90347
40974	3059	90454
40975	2734	90395
40976	3187	90450
40977	3008	90253
40978	3108	90311
40979	2752	90341
40980	2882	90376
40981	2809	90305
40982	2730	90235
40983	2741	90382
40984	3015	90396
40985	2421	90177
40986		90275
40987	2944	90433
40989	2199	90010
40990	2554	90078
40991	2135	90092
40992	2140	90107
40993	2586	90108
40994	2257	90109
40995	2247	90115
40996	2118	90141
40997	2519	90162
40998	2129	90193
40999	2086	90206
41000	2838	90222
41001	3062	90407
41002	2991	90429
41003	3018	90255
41004	3006	90387
41005	2879	90412
41006	2148	90163
41007	2073	90048
41008	2174	90097
41009	2520	90102
41010	2068	90142
41011	3164	90317
41012	3188	90322

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Old-to-New Car Numbers

Current DRGW #'s	Original AEPX #'s	Interim UFIX #'s
41013	2817	90336
41014	2755	90346
41015	2969	90350
41016	3089	90357
41017	2803	90359
41018	2641	90373
41019	3016	90392
41020	2836	90393
41021	3110	90398
41022	3019	90400
41023	3063	90408

7678-M

FEB 20 1997

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT is dated as of November 1, 1994, by and between GATX THIRD AIRCRAFT CORPORATION, a Delaware corporation ("Lessor,"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation ("Lessee").

RECITAL

Lessor desires to lease to Lessee certain railcars more fully described in the Schedule or Schedules entered into pursuant hereto from time to time and Lessee desires to lease such railcars from Lessor on the terms set forth herein and in the such Schedule or Schedules.

NOW, THEREFORE, Lessor and Lessee agree as follows:

1. Definitions; Interpretation. Certain capitalized terms used herein are defined in Exhibit A hereto. The terms and provisions of Exhibit A and the Schedule or Schedules shall prevail over any inconsistent or contrary terms and provisions otherwise contained in this Agreement. The provisions of Exhibit A and the Schedule or Schedules from time to time are incorporated herein by reference.

2. Agreement to Lease. Lessee agrees to lease the Cars from Lessor upon the terms and conditions set forth herein and in the applicable Schedule or Schedules. The parties hereto intend that this be a true lease and that Lessor for all purposes be treated as the owner and lessor of the Cars. Lessee's possession of the Cars shall not be construed as any claim of ownership.

3. Term. This Agreement shall commence as of the date hereof and remain in full force until it is terminated as to all of the Cars. As to any Car the Term shall be as specified in the applicable Schedule.

4. Delivery. Unless otherwise specified in the applicable Schedule, commencing upon the Delivery Date for any Car, Lessee shall be liable for all costs, charges and expenses on account of or relating to transportation or movement of such Car.

5. Recordkeeping. The party designated on the applicable Schedule shall be responsible for the preparation and filing of all documents relating to the registration of the Cars and for recordkeeping with respect to maintenance. Each party will cooperate with the other in connection with the maintenance of records. Within 60 days after the end of any calendar year, Lessee shall furnish Lessor with a statement as to the percentage of use, based on mileage during the prior year, of the Cars in each state and, if applicable, in each of Canada and Mexico. On Lessor's request, Lessee shall furnish Lessor promptly with complete reports of the movements of each of the Cars, including dates loaded and shipped, commodity, destination, and full junction routing and such other information as Lessor shall reasonably request.

6. Warranties and Waiver. Lessee acknowledges, warrants and agrees that the Cars are of a size and capacity selected by Lessee and that Lessee is satisfied that the Cars are suitable for its purposes. Lessor warrants and acknowledges that as of the Delivery Date for a Car, Lessor will have the full power and authority to lease such Car hereunder. Lessee acknowledges and agrees that Lessor is not a manufacturer of the Cars. LESSEE FURTHER ACKNOWLEDGES THAT LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE CARS WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE CARS PURSUANT TO THIS AGREEMENT TO HAVE MADE, ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN, THE CARS, PARTS, MATERIALS, OR THE LIKE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED

AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT, OR STRICT LIABILITY FOR ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL LOSS OR DAMAGES, WHETHER OR NOT RESULTING FROM ANY OF THE FOREGOING OR RESULTING FROM ANY REPAIRS OR MAINTENANCE TO ANY CARS FOR WHICH LESSEE IS RESPONSIBLE HEREUNDER, OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY CARS.

7. Maintenance

(a) General Maintenance. Except as otherwise expressly provided herein, Lessee shall, at Lessor's cost, perform or have performed all inspections, maintenance, repairs and servicing of the Cars to maintain the Cars in accordance with the Interchange Rules and the rules and regulations of the FRA (collectively "Maintenance") except that Lessee shall seek prior written approval from Lessor for any Maintenance the cost of which exceeds $1,500. Maintenance shall be performed at Lessee's expense if and to the extent such Maintenance: (i) was necessary due to damage as defined in Rule 95 of the Interchange Rules; (ii) arises in any instance in which the applicable Interchange Rules would assign responsibility to Lessee for the loss, damage, destruction or liability requiring such Maintenance; (iii) results from shipper loading or unloading (in excess of reasonable wear and tear); or (iv) results from the negligence of Lessee or any other user of the Cars.

Lessee shall make running repairs at Lessor's cost without Lessor's prior consent but in no event will Lessor be responsible for running repair expenses in excess of the Schedule of Standard Costs provided by the AAR and in effect at the time of such repair. Lessor's liability to bear the cost of any running repairs shall be subject to its receipt of satisfactory evidence of the performance of such repairs and the cost thereof. Any Car requiring Maintenance (other than running repairs) shall be delivered by Lessee, cleaned of commodities, to a repair shop, which shop shall be subject to Lessor's prior approval. Notwithstanding the foregoing, Lessee shall be responsible for replacement of all lost or missing parts and for the cost of all maintenance of and repairs to the gates and hatch covers of the Cars. Any Maintenance (including running repairs) effected with respect to any Car or part thereof made by Lessee shall be done to standards and with parts that are like kind and at least equal quality to items being repaired or replaced.

If any Maintenance (including running repairs) for which Lessor is liable to bear the cost in accordance with this Section 7(a) shall have been effected, Lessee shall either provide to Lessor (i) written evidence reasonably satisfactory to Lessor that such Maintenance has been paid for in full by Lessee, whereupon Lessor will promptly reimburse Lessee for the cost of such Maintenance or (ii) a certificate of Lessee confirming that such maintenance has been completed to Lessee's satisfaction together with the invoice or invoices of the person or persons who performed the relevant Maintenance, whereupon Lessor will promptly settle such invoice or invoices directly with such person or persons.

(b) Substitution. If any Car requires Maintenance or Modification and Lessor determines that it would be uneconomical to perform such work or if any Car is determined by a railroad to have been destroyed, Lessor shall have the option, exercisable on notice to Lessee, to: (i) terminate this Agreement with respect to such Car effective as of the date Lessor so notifies Lessee; or (ii) substitute another railcar of approximately the same age, type and capacity within 60 days after notification to Lessee.

(c) Required Modifications. In the event the U.S. Department of Transportation, or any other governmental agency or nongovernmental agency having jurisdiction over operation, safety, or use of railroad equipment, requires that Lessor add, modify or in any manner whatsoever adjust the Cars subject to this Agreement in order to qualify them for operation in

railroad interchange (hereinafter referred to as "Modifications"), Lessor may, at its option but with at least 90 days notice to Lessee, either (i) terminate this Agreement with respect to the affected Cars, or (ii) perform such Modification. If Lessor elects to perform such Modification, Lessee shall pay Lessor, as Supplemental Rent, an amount equal to the greater of: (i) $1.50 per Car per month for each $100.00 per Car cost to Lessor for such Modification; or (ii) an amount equal to the cost of the Modification, including Lessor's then current cost of money, over the estimated life of such Modification or, if shorter, the life of the Car. Such Supplemental Rent will be effective upon the date of acceptance by a railroad of instructions to forward such Car to Lessee following completion of the Modification and thereafter will be due on the same day as the Fixed Rent.

If Lessor elects option 7(c)(i), Lessee has forty-five (45) days from receipt of Lessor's notice within which to notify Lessor that Lessee will perform the appropriate Modifications at its expense. If the Modifications are made by Lessee at its expense, the Term for the Cars will be extended, at the then existing rental rates, by the number of days, rounded to the nearest whole, obtained by dividing the Lessee's total charges for performing the Modification by the proportional daily rate for the Cars.

(d) Title to Improvements. Title to any Modification, alteration or improvement made, whether or not authorized, shall be and remain with Lessor.

8. Rent

(a) No Offset. During the term of this Agreement, Lessee shall pay to Lessor for each Car, commencing on the Delivery Date thereof, Rent in the amount and on the date as specified in the applicable Schedule. Rent due hereunder will be paid by Lessee without deduction, set-off, counterclaim, recoupment, defense, notice or demand due (or alleged to be due by reason of any past, present or future claims of Lessee against Lessor for any reason whatsoever).

(b) Late Payments. If any Rent or other payment due Lessor hereunder is not paid on the due date, Lessee shall also pay to Lessor interest on such amount at a rate equal to the from time to time publicly announced prime rate, or other comparable rate, of The Chase Manhattan Bank, N.A., plus four percent (4%) per annum or at such lesser rate as shall be the highest rate permitted by applicable law, for the period until the past due payment, together with interest thereon, is received by Lessor. Partial payments of any past due amounts will be credited first to accrued interest.

9. Possession and Use

(a) Use. Throughout the term of this Agreement and so long as no Event of Default has occurred and is continuing, Lessee shall be entitled to the possession and use of the Cars: (i) in accordance with the terms of this Agreement; (ii) in conformity with all Interchange Rules; and (iii) solely in the use, service and manner for which the Cars were designed. Lessee shall not use or permit any Car to be used for the transportation or storage of any hazardous (as determined by Title 49 of the Code of Federal Regulations, "Hazardous Materials Regulation") substances or materials or corrosive substances or materials. At no time shall the Cars be used in a service in which the Cars will be subjected to loading or unloading practices damaging to the Cars. Lessee will be responsible for the equal distribution of lading in all compartments of each Car. Damage caused by the improper loading of any Car will be repaired at Lessee's expense. The Cars shall be used within the boundaries of the United States of America (excluding Alaska and Hawaii), Canada and Mexico (provided that usage in Canada and Mexico shall not exceed 20% of total usage on an annual basis. Lessee is responsible for complying with all governmental requirements arising out of any of the Cars leaving, being outside of, or returning to the boundaries of the United States, and Lessee shall indemnify, defend and hold harmless Lessor from any claim connected therewith.

Without prejudice to Lessee's obligations pursuant to Section 10, Lessee shall not be responsible for any Taxes whatsoever pursuant to this Section 9(a).

(b) Compliance with Regulations. Lessee agrees that the Cars shall at all times be used and operated under and in compliance with the laws of the jurisdiction in which operated, in compliance with all lawful acts, rules, regulations and orders of any governmental agencies or officials having power to regulate or supervise the use of such property, and in accordance with applicable rules established by the AAR, except that either Lessor or Lessee, by appropriate proceedings timely instituted and diligently conducted, may contest the application of any such act, rule, regulation or order at the expense of applicant.

(c) Markings. At Lessor's election the Cars may be marked to indicate the rights of Lessor or any other party designated by Lessor. If during the continuance of this Agreement, any such marking shall at any time be removed or become illegible in whole or in part, Lessee shall immediately cause such marking to be restored or replaced. No lettering or marking shall be placed upon any Car by Lessee and Lessee will not remove or change any reporting mark or number indicated on the applicable Schedule except upon the written direction or consent of Lessor.

(d) No Liens. Lessee shall not, directly or indirectly, create, incur, assume, or permit to exist any Lien (other than Permitted Liens) over or with respect to any Car or any interest therein (including any revenues therefrom) or this Agreement (collectively "Relevant Property"). Lessee shall notify Lessor as soon as possible (but in no event later than five days) after any Lien (other than a Permitted Lien) shall be created over or shall first exist with respect to any Relevant Property and Lessee shall promptly, at its expense, take such action as may be necessary to duly discharge any and all such Liens. If Lessee fails to take any such action, Lessor may, at Lessee's expense, take such action and Lessee shall pay the cost thereof within ten days of receiving an invoice from Lessor for such costs.

(e) No Liability for Commodities. Lessor shall not be liable for any loss of, or damage to, commodities or any part thereof, loaded or shipped in the Cars, however such loss or damage shall be caused, or shall result, except if solely caused by Lessor's gross negligence or wilful misconduct. Lessee assumes responsibility for, and indemnifies Lessor against, and will save it harmless from, any such loss or damage or claim, including, but not limited to, reasonable attorney's fees and costs in connection therewith, except if solely caused by Lessor's gross negligence or wilful misconduct. Lessee is responsible for having each Car visually inspected prior to each loading to determine whether such Car is suitable for receiving, transporting and discharging the commodity to be loaded therein. Lessee shall indemnify and hold Lessor harmless from all claims resulting from conditions which have or should have been determined from such inspection. In addition Lessee shall be responsible for any loss of or damage (including corrosion damage) to any commodity, or to any Car or part thereof caused by the commodity contained therein or incurred in the process of loading or unloading such commodity, or caused by Lessee's negligence or misconduct by its agents or representatives, or caused by the chemical environment in which the Car is loaded, unloaded or stored, and Lessee shall indemnify Lessor from all claims resulting therefrom, unless such claims result directly from the negligent act or omission of Lessor.

(f) Inspection. Lessee will, upon Lessor's written request, permit Lessor, or its agents, to visit and inspect the Cars and to examine Lessee's records related to the Cars.

10. Taxes.

(a) Lessee agrees to indemnify, pay, cause to be paid or reimburse Lessor for all Taxes levied, assessed or imposed against Lessor, Lessee or any of the Cars (or any item thereof) in connection with this Agreement or any Schedule (or the transactions contemplated

hereby or thereby) or arising out of any sale, lease, rental, use, operation, possession, shipment or delivery of any of the Cars (or any item thereof) hereunder, the ownership of any Car or upon or with respect to any amount payable by Lessee hereunder; Provided Always that Lessee's obligation under this Section 10(a) shall not apply to:

(i) any income Tax if and to the extent it is levied, assessed or imposed against Lessor by reference to the net income of Lessor (including any minimum or alternative minimum income Taxes) or any franchise or capital Taxes (except for any such Taxes imposed by any State or local Taxing authority (1) on rentals hereunder or (2) with respect to any Car, in either case resulting solely from the operation of any Car in the relevant jurisdiction);

(ii) Taxes if and to the extent they arise out of:

(1) the purchase or other acquisition by Lessor of the Cars, any item thereof or any component part thereof (unless such purchase or other acquisition is made in connection with any maintenance of a Car which, in accordance with this Agreement, is at Lessee's expense);

(2) a voluntary or involuntary sale, assignment, transfer or other disposition by Lessor (other than to Lessee) of:

(A) the Cars, any item thereof or any interest therein; or

(B) this Agreement, any Schedule or any rights of Lessor created under this Agreement or any Schedule; or

(3) any disposition resulting from the bankruptcy of Lessor;

(iii) with respect to any Car, Taxes if and to the extent that they arise with respect to any period prior to the Delivery Date for such Car or after such Car shall have been redelivered to Lessor in accordance with Section 15(a);

(iv) Taxes imposed on Lessor which arise out of or are caused by the gross negligence or willful misconduct of Lessor;

(v) any interest, penalties or additions to Tax if and to the extent that the same are imposed on Lessor by any Taxing authority and are attributable to a failure by Lessor to:

(1) file when due any report or return (other than any such report or return relating to *ad valorem* property Tax with respect to the Cars (or any of them)) (each a "Relevant Report") properly required of Lessor by any Federal or California State Taxing authority;

(2) file when due any Relevant Report properly required of Lessor by any State Taxing authority (other than any California State Taxing authority) after Lessor shall have received written notice from such Taxing authority or Lessee of an obligation to file; or

(3) pay or remit when due any Tax demanded of it (the payment of which Lessee is not contesting in accordance with Section 10(e)) and which Lessor shall not have directed Lessee to pay on Lessor's behalf in accordance with this Section 10;

(vi) Taxes if and to the extent they form the basis of an asserted claim or liability:

(1) in respect of which Lessor failed to provide to Lessee (in accordance with Section 10(d)) notice or copies of written information and, as a result thereof Lessee's ability to initiate or continue the contest of such claim or liability is materially and adversely affected; and

(2) which, in the opinion of an independent Tax advisor of national repute (in the relevant jurisdiction) and acceptable to Lessor and Lessee, Lessee would have had a reasonable basis for successfully defending or contesting if Lessor had complied with its obligation pursuant to Section 10(d);

(vii) any Taxes collected by withholding pursuant to Sections 1441 or 1442 of the Internal Revenue Code of 1986, as amended (hereinafter the "Code");

(viii) any Taxes arising out of a violation by Lessor of Section 406 of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Code.

(b) All reports and returns required to be filed with regard to Taxes shall be prepared and filed timely by the party required by the applicable Taxing authority to file such reports or return; Provided Always that Lessee shall be responsible (and Lessor shall have no responsibility) for reporting the Cars for *ad valorem* property Tax or other similar Tax returns filed by it in such states or localities (and the other provisions of this Section 10 shall be construed accordingly).

(c) All payments of Taxes to be made by Lessee pursuant to Section 10(a) shall be made no later than the date on which such Taxes are due and shall be made directly to Lessor or (upon instruction from or with the prior agreement of Lessor) to the relevant Taxing authority. Any payment by Lessee to a Taxing authority in satisfaction of Taxes for which Lessee has a payment obligation under Section 10(a) shall be given full credit against Lessee's obligations hereunder if and to the extent that such payment discharges Lessor's legal obligation to pay such Taxes.

(d) If Lessor is notified in writing that any claim is made or liability asserted, by commencement of appropriate proceedings, against Lessor for any Taxes which *prima facie* Lessee is obliged to pay pursuant to Section 10(a), Lessor shall promptly notify Lessee of such claim or liability and shall furnish to Lessee copies of the claim or notice of liability and all other writings received from the relevant Taxing authority. Lessee may at its expense and without reimbursement from Lessor, in good faith and by appropriate legal or administrative proceedings, contest such asserted claim or liability in its own name or, if required by the applicable Taxing authority and subject always to Section 10(e), in Lessor's name on Lessor's behalf. Notwithstanding anything to the contrary in Section 10(c), any contest conducted pursuant to this Section 10(d) may, in Lessee's discretion, be conducted by paying the Taxes at issue and seeking a refund of such Taxes or by resisting payment of such Taxes. Lessor shall, at Lessee's cost, cooperate in good faith with

Lessee with regard to any contest conducted pursuant to this Section 10(d). Lessee shall keep Lessor fully informed of the progress of any such contest.

(e) Lessee may only contest any asserted claim or liability referred to in Section 10(d) in Lessor's name if:

(i) and for as long as no Event of Default shall have occurred and be continuing; and

(ii) prior to commencing such contest, Lessee shall have furnished Lessor with an opinion of an independent Tax advisor of national repute (in the relevant jurisdiction) selected by Lessee and acceptable to Lessor to the effect that there exists a reasonable basis for the position Lessee will assert in pursuing such contest.

Notwithstanding anything to the contrary in this Section 10, Lessee may not take any action to contest any such asserted claim or liability in Lessor's name if Lessor shall have given notice to Lessee requiring that Lessee not take such action. If Lessor gives any such notice, it shall thereby waive its right (pursuant to Section 10(a)) to an indemnity payment in respect of such claim.

(f) The provisions of this Section 10 shall continue in full force and effect notwithstanding the expiration or termination of the Agreement, any applicable Schedule or any related operative document until all obligations hereunder have been met and all liabilities hereunder have been paid in full.

(g) The provisions of this Section 10 shall be binding upon, inure to the benefit of, and be enforceable by Lessor, Lessee and their respective successors and permitted assigns.

11. Storage. If any Car is not in use while subject to this Agreement, Lessee shall be responsible for storing such Car, at its expense, at a storage location that (a) will reasonably keep the Cars free from theft, vandalism, other loss, and access by third parties that may result in damage and (b) upon Lessor's written request, will be accessible to inspection by Lessor.

12. Casualties. On the occurrence of an Event of Loss, Lessee shall promptly notify Lessor of the date of such Event of Loss. On the rental payment date next succeeding the date of such notice, Lessee shall pay to Lessor the Casualty Value for the relevant Car as of the rent payment date on which Rent was last paid and all other amounts which may be due to Lessor hereunder with respect to such Car. On payment to Lessor of all such amounts, Rent for such Car shall cease to accrue and the Lease shall terminate with respect to such Car. All Casualty Values assume that Rent due and payable with respect to such Car has been paid in full. Subject to payment in full by Lessee to Lessor of all sums which become due and payable pursuant to this Section 12 in consequence of an Event of Loss, Lessor shall (if requested by Lessee) promptly transfer title to the relevant Car to Lessee.

13. Default. The occurrence of any of the following events shall be an Event of Default by Lessee hereunder:

(a) Failure of Lessor to receive any payment within five days of the date the same is due hereunder.

(b) Breach by Lessee of any other term or condition of this Agreement, which breach is not cured within 30 days after receipt of written notice of such breach.

(c) Filing by or against Lessee (i) for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder; or (ii) under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, financial reorganization, arrangements with creditors, compositions of or extensions of indebtedness, if in the case of petitions or proceedings filed against Lessee, such petitions or proceedings have not been dismissed within 45 days of filing.

(d) Insolvency of Lessee or the subjection of any portion of Lessee's property to any levy, seizure, assignment, application sale for or by any creditor or governmental agency the effect of which would be to impair Lessee's ability to perform its obligations hereunder.

(e) Occurrence of any default under any other lease between Lessee or any of its affiliates and Lessor or any of its affiliates.

14. Remedies. On the occurrence of any Event of Default, without limiting Lessor's rights and remedies otherwise provided by law, either at law or in equity, which legal remedies shall be available to Lessor in addition to the following rights and remedies (no right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor, and Lessor, in any case, being entitled to recover all costs, expenses and attorneys' fees incurred by Lessor in enforcing its rights and remedies hereunder), Lessor may, at its option:

(a) Terminate this Agreement and recover damages pursuant to the terms hereof and under applicable law.

(b) Proceed to enforce specific performance by Lessee of this Agreement or to recover damages pursuant to the terms hereof and under applicable law for a breach hereof.

(c) By notice in writing to Lessee, terminate Lessee's right to possession and use of some or all of the Cars, whereupon all right and interest of Lessee in such Cars shall terminate; thereupon, Lessor may enter upon any premises where the terminated Cars may be located and take possession of such Cars and henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all Rent which under the terms of this Agreement may then be unpaid and due or which may have accrued to that date with respect to terminated Cars, together with Lessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof.

(d) Without terminating this Agreement, Lessor may repossess the Cars and relet or sell the same or any part thereof to others upon such terms as Lessor desires. The proceeds of any such disposition shall first be applied to the expenses (including reasonable attorneys' fees and any necessary maintenance or repair expenses) of the retaking and disposition of the Cars and of their delivery to the new lessee(s), and then to the payment of Rent and any other sums due hereunder through the term of this Agreement. Lessee shall pay any deficiency remaining due after the proceeds have been so applied. The election of Lessor to dispose of the Cars and the acceptance of the Cars by a new lessee or a purchaser shall not release Lessee from liability for any existing or future default in connection with any other covenant or promise herein contained.

The obligation to pay such deficiency or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Agreement and the retaking of the Cars.

15. Expiration or Termination.

(a) Return of Cars. On the expiration or termination of this Agreement, Lessee

shall surrender possession of such Cars to Lessor pursuant to the provisions in this Section 15 and the applicable Schedule. Following the redelivery of all of the Cars, representatives of Lessor and Lessee will perform and execute a joint inspection to ensure that such Cars are in the condition required by this Agreement. Each such Car shall be: (i) delivered to Lessor at Lessee's expense, at any point on Lessee's lines reasonably designated by Lessor; (ii) in interchange condition in accordance with the Interchange Rules and FRA rules and regulations; (iii) capable of performing the functions for which it was designed in a commercially acceptable manner, with all components operating; (iv) cleaned of commodities and ready for immediate loading; (v) free of any and all damage as defined by Rule 95 of the Interchange Rules; and (vi) free and clear of liens in accordance with Section 9(d). Until the Cars are delivered to and accepted by Lessor pursuant to this Section, Lessee shall continue to be liable for and shall pay all Rent at the rate then in effect. Lessor shall either accept or reject the Cars within ten business days of completion of the joint inspection. If Lessor requests the return of the Cars and Lessee fails to return any Cars in its possession within 15 days of such notification, Lessor, at its option, may increase without notice to Lessee the rate to one hundred fifty percent (150%) of the Rent rate then in effect for such Cars, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Agreement as though such expiration had not occurred; provided, however, that if the Cars were made available to Lessor for return prior to or upon expiration, but were not inspected by Lessor within a reasonable time under the circumstances, no Rent shall accrue after expiration or termination hereunder, provided, further, that any and all requirements and conditions for Lessor's acceptance of such Cars for return shall have been met by Lessee at such time. Nothing in this Section shall give Lessee the right to retain possession of any Car after expiration or termination of this Agreement with respect to such Car.

(b) Remarking. Prior to the return of any Car to Lessor, Lessee, at its own expense, shall have each Car remarked with the reporting marks designated by Lessor and shall provide Lessor with evidence of all necessary filings or other actions reasonably required in connection with such remarking.

16. Insurance. The Lessee will, at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained in full force and effect in such amounts and with such terms (including coinsurance, deductibles, limits of liability and loss payment provisions and self insurance the terms and conditions and amounts of which have been agreed with Lessor in writing and in advance) as are customary under the Lessee's risk management programs and in keeping with risks assumed by corporations of established size and reputation: (a) Comprehensive General Liability Insurance in a minimum amount of Ten Million Dollars ($10,000,000) per occurrence with respect to loss or damage for personal injury, death or property damage suffered upon, in or about any premises occupied by it or occurring as a result of the ownership, leasing, subleasing, maintenance or operation by it of any Car or any automobile, truck or other vehicle or services rendered by Lessee and (b) "all risk" property insurance on the Cars in an amount at least equal to the applicable Casualty Values for the Cars.

All policies of insurance shall: (i) be issued with insurance carriers and in a form reasonably acceptable to Lessor, (ii) name Lessor or its assignees as an additional insured or loss payee, or both, as appropriate, (iii) provide for (1) at least thirty (30) days prior written notice by the insurance carrier to Lessor in the event of cancellation, expiration or material modification of the insurance and (2) a waiver of subrogation against Lessor, (iv) not be invalidated by a remedial action of Lessor and (v) insure the interest of Lessor regardless of any breach of warranty or other provision of the insurance policies by Lessee. Lessee's policies shall be primary and without contribution from Lessor. The liability policy shall contain a cross-liability provision. Lessee shall, annually on the anniversary of the Delivery Date, furnish Lessor with appropriate written evidence of such insurance (including, without limitation, any self insurance agreed with Lessor in accordance with this Section 16).

17. Indemnification. Lessee assumes liability for, and unconditionally agrees to indemnify, protect, save and keep harmless Lessor and its successors, assigns, and their respective representatives, directors, officers, employees and agents from and against and agrees to pay, when due, any and all losses, damages, liabilities, obligations, penalties, fines, interest, payments, charges, demurrage claims, actions, suits, costs, expenses and disbursements, including legal expenses, of whatsoever kind and nature in contract or tort, including but not limited to, Lessor's strict liability in tort, arising out of the use, possession, leasing, subleasing, storage, operation, condition, repair, replacement, reconstruction, removal, return or other disposition of Cars, except for such losses and claims which (a) arise from Lessor's gross negligence or wilful misconduct or (b) (without prejudice to Lessee's obligations pursuant to Section 10) are in respect of Taxes.

Lessor shall indemnify and save harmless Lessee from and against all claims made against Lessee or which Lessee may incur arising out of Lessor's failure to comply with the terms and conditions of this Agreement, unless and to the extent such claim results from Lessee's negligent act or omission, or is a claim for which any other railroad is responsible.

For the avoidance of doubt, Lessor shall not be entitled to any indemnity pursuant to this Section 17 for any amount for which it is entitled to an indemnity pursuant to Section 9(a).

18. Financial Reports. Lessee will furnish to Lessor a copy of Lessee's audited financial statements, complete with notes, as soon as practicable and in any event within 120 days after the end of each of its fiscal years.

19. Subordination. This Agreement and all rights of Lessee (and of any persons claiming or who may hereafter claim under or through Lessee) hereunder are hereby made subject and subordinate to any equipment trust agreement, leveraged lease, chattel mortgage, conditional sale or other financing agreement established with respect to any of the Cars. Any assignment, transfer, subcontract, or loan of cars made by Lessee shall require the prior written consent of Lessor and shall be expressly made subject to the above subordination.

20. Miscellaneous.

(a) Lessee shall not sublease the Cars without receiving the prior written consent of Lessor. Notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Lease and such sublease should be subject and subordinate to this Lease. Lessee shall not assign any interest in the Cars or this Agreement. Any purported assignment in violation hereof shall be void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(b) All rights of Lessor under this Agreement or in the Cars may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with notice to Lessee.

(c) If any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to other persons or circumstances shall not be affected thereby, and each provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

(d) Lessor's or Lessee's failure to exercise or delay in exercising any right, power or remedy shall not constitute a waiver or otherwise affect or impair its rights to the future exercise by Lessor or Lessee of any such right, power, or remedy. No waiver, indulgence or partial exercise by Lessor of any right, power, or remedy shall preclude any further exercise

thereof or the exercise of any additional right, power or remedy.

(e) Any notices required or permitted to be given pursuant to the terms of this Agreement shall be deemed given when given by telecopy or received in writing, by United States mail, registered or certified, postage prepaid, addressed to:

Lessor:

GATX Third Aircraft Corporation
Four Embarcadero Center
Suite 2200
San Francisco, CA 94111
Attn: Rail Portfolio Management
Facsimile: (415) 955-3418

Lessee:
Southern Pacific Transportation Company
Attn: Supply Management
1860 Lincoln Street, 4th Floor
Denver, CO 80295
Facsimile: (303) 812-4998
(copy):
Southern Pacific Transportation Company
One Market Plaza
Southern Pacific Building, Room 250
San Francisco, CA 94105
Attn: Assistant Vice President and Counsel - Taxes
Facsimile: (415) 541-1075

or to such other addresses as Lessor or Lessee may from time to time designate.

(f) The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of California.

(g) The obligations and liabilities of Lessor and Lessee under Section 17 shall survive the expiration or termination of this Agreement with respect to events, conditions, facts and/or circumstances to the extent they arise prior to such expiration or termination.

(h) This Agreement and any Schedules hereto represent the entire agreement of the parties with respect to the Cars. This Agreement shall not be modified, altered, or amended, except by an agreement in writing signed by the parties.

(i) This Agreement may be executed in any number of counterparts, and such counterparts together shall constitute but one and the same contract.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Lessor:

GATX THIRD AIRCRAFT CORPORATION

By: Thomas C. Nord

Title: Vice President

Lessee:

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: [signature]

Title: Director, Supply Management

State of California)
)
County of San Francisco)

On AUGUST 29, 1996 before me, ROMAYNE W. WENNER, Notary Public, personally appeared THOMAS C. NORD, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

ROMAYNE W. WENNER
COMM. # 988272
Notary Public — California
SAN FRANCISCO COUNTY
My Comm. Expires MAR 18, 1997

Romayne W. Wenner
Notary Public

State of)
)
County of)

On Sept. 3, 1996 before me, Sandra L. Neely, Notary Public, personally appeared Jeffrey J Smith, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

SANDRA L. NEELY
NOTARY
PUBLIC
STATE OF COLORADO

Sandra L Neely
Notary Public

My Commission Expires Feb. 22, 1999

EXHIBIT A

Definitions

"AAR" means the Association of American Railroads.

"Basic Term" means, with respect to any Car, the period commencing with the first day following the Interim Term and continuing until the Termination Date for such Car.

"Cars" means each and every item of equipment described in the Schedules until such item of equipment is no longer subject to this Agreement in accordance with Sections 7(a), 7(b), 7(c), or 12.

"Casualty Value" means, for any Car suffering an Event of Loss, a settlement amount equal to the depreciated value ("Depreciated Value") of such Car as defined in Rule 107 of the AAR Interchange Rules.

"Cleaned of Commodities" (whether capitalized or not) means cleaned of all commodities and accumulations and deposits caused by commodities to the effect that there is no measurable amount of such commodities, accumulations and deposits remaining in the Car and the Car is safe for human entry.

"Delivery Date" means, for any Car, the date set forth in the applicable Schedule.

"Event of Default" means the occurrence of any of the events described in Section 13.

"Event of Loss" means any of the following: (a) the loss, theft of, destruction of, or any irreparable damage to any Car or any other occurrence which renders a Car permanently unfit for use in interchange, or (b) the requisition or other taking of title to any Car by a governmental authority; provided, however, during such time as any Car is in the possession of Lessor the risk of any loss, theft destruction or damage to such Car shall be the responsibility of Lessor and shall not be deemed an Event of Loss.

"Expiration Date" means, with respect to any Car, the scheduled last day of the Basic Term for such Car, which is set forth on the applicable Schedule.

"Fixed Rent" means the monthly rental amount due with respect to the Cars as set forth on the applicable Schedule.

"FRA" means Federal Railroad Administration.

"ICC" means the Interstate Commerce Commission.

"Interchange Rules" means those rules adopted by the AAR Mechanical Division, Operations and Maintenance Department as the same may be amended or restated from time to time.

"Interim Rent" means the daily rental amount due with respect to each Car during the Interim Term (if any) and provided for in the applicable Schedule.

"Interim Term" means, for any Cars, the period (if any) set forth on the applicable Schedule.

"Lien" means any mortgage, pledge, lease, lien, charge, encumbrance, security interest whatsoever.

"Maintenance" has the meaning given to it in Section 7(a).

"Manufacturer" means Greenville Steel Car Company or Bethlehem Steel Corporation - Freight Car Division.

"Modifications" has the meaning given to it in Section 7(c).

"Permitted Liens" means, with respect to Relevant Property, any Lien over such Relevant Property in favor of Lessor or any Assignee and (ii) any Lien for Taxes not yet assessed or, if assessed, not yet due and payable or, if due and payable, being contested in good faith by appropriate proceedings and for which adequate reserves have been made.

"Relevant Property" has the meaning given to it in Section 9(d).

"Rent" means, collectively, Fixed Rent (or, if applicable, Interim Rent) and Supplemental Rent.

"Running Repairs" (whether capitalized or not) means those repairs to any Car made pursuant to Rule 96 of the Interchange Rules.

"Schedule" means any Schedule entered into between Lessor and Lessee from time to time and which is expressed to be a "Schedule" for the purposes of this Lease, the terms of which are hereby incorporated into this Agreement.

"Supplemental Rent" means all amounts due to Lessor hereunder other than Fixed Rent and Interim Rent.

"Taxes" means any and all sales, value added, withholding, use, gross receipts, capital, property, *ad valorem*, excise or other taxes of whatever nature imposed or levied by any Federal, state or local government authority of or in the United States or of or in any foreign jurisdiction (or any subdivision thereof) (and "Tax" and "Taxation" shall be construed accordingly).

"Termination Date" means the last day of this Agreement with respect to any Car which, unless earlier terminated pursuant to Sections 12 or 14, shall be the later of (i) the Expiration Date for such Car as set forth on the applicable Schedule and (ii) the date on which all Cars with the same Expiration Date are returned to Lessor in full compliance with the provisions of Section 15.

"UMLER" means the Universal Machine Language Equipment Register.

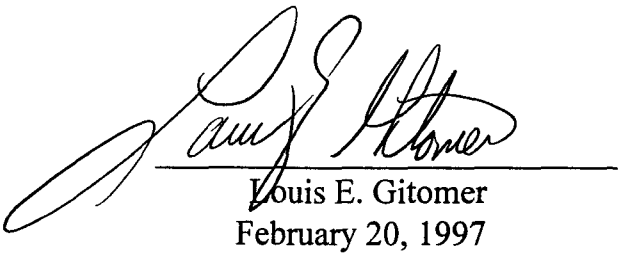
"Unavoidable Delay" means delays by the manufacturer, casualties, or any other event beyond Lessor's control, including, but not limited to labor disputes, defaults and delays of carriers, and defaults and delays of Lessee.

The definitions set forth above are equally applicable to both the singular and plural forms of the terms defined.

BALL JANIK LLP

CERTIFICATION

I, LOUIS E. GITOMER, have compared this copy to the original Equipment Lease Agreement, dated November 1, 1994, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.



Louis E. Gitomer
February 20, 1997