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Chicago Title Insurance Company

When Recorded Mail to:

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140797

NEVADA
DEED OF TRUST,
ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND FINANCING STATEMENT

Dated as of May 1, 1992

among

SOUTHERN PACIFIC TRANSPORTATION COMPANY,
CHICAGO TITLE INSURANCE COMPANY,

and

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
as Agent

THIS DEED OF TRUST IS GOVERNED BY THE PROVISIONS OF
SECTIONS 106.300 THROUGH 106.400 OF THE NEVADA REVISED
STATUTES AND SECURES FUTURE ADVANCES TO THE MAXIMUM
AMOUNT OF PRINCIPAL OF \$450,000,000 WHICH MAXIMUM
AMOUNT MAY INCREASE OR DECREASE FROM TIME TO TIME BY
AMENDMENT OF THIS INSTRUMENT.

Recording jurisdiction:

Eureka County
Nevada

Core Asset Collateral

BOOK 234 PAGE 270

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COPY

NEVADA

DEED OF TRUST,

ASSIGNMENT OF RENTS, SECURITY AGREEMENT

AND FINANCING STATEMENT

THIS NEVADA DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT (this "Deed of Trust"), made as of May 1, 1992, by and among SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation (for itself and on behalf of and as successor to all Corporate Predecessors listed in Exhibit B attached hereto and all other corporate predecessors of Southern Pacific Transportation Company, "Trustor"), whose address is Southern Pacific Building, One Market Plaza, San Francisco, California 94105, Attention: General Counsel, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation ("Trustee"), whose address is 700 South Flower Street, Suite 900, Los Angeles, California 90017, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, whose address is 315 Montgomery Street, 15th Floor, San Francisco, California 94104, Attention: Global Agency, as agent ("Beneficiary") for the several financial institutions from time to time party to the Credit Agreement dated as of May 1, 1992, among Trustor, such financial institutions and Beneficiary (as from time to time hereafter amended, modified or supplemented, the "Credit Agreement"),

W I T N E S S E T H:

FOR VALUABLE CONSIDERATION, the receipt of which is acknowledged, Trustor hereby irrevocably grants, transfers and assigns to Trustee, IN TRUST, WITH POWER OF SALE AND RIGHT OF REENTRY AND POSSESSION, for the benefit and security of Beneficiary, all of the following to the extent constituting real property, and grants to Beneficiary a security interest in, all of the following to the extent constituting personal property:

All of the real property described in Exhibit A attached hereto and made a part hereof (together with the property and rights described in the four paragraphs immediately following, the "Mortgaged Property");

TOGETHER WITH all easements, rights of way and rights appurtenant to the Mortgaged Property, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;

TOGETHER WITH all right, title, estate and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right of way of any street, open or proposed,

adjoining the Mortgaged Property, and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Mortgaged Property;

TOGETHER WITH all right, title, estate and interest of Trustor in and to all options to purchase or lease the Mortgaged Property or any part thereof or interest therein, and any greater estate in the Mortgaged Property now owned or hereafter acquired by Trustor;

TOGETHER WITH all right, title, estate and interest of every kind and nature, at law or in equity, which Trustor now has or may hereafter acquire in the Mortgaged Property;

TOGETHER WITH all roadbeds, rails, ties, tracks, ballasts, switches, tunnels, crossings, bridges, trestles, culverts, signals, crossing protection devices, railroad communications systems, poles, terminal or station facilities, yards, buildings, structures, additions, improvements, betterments, and all other similar properties of whatever kind and which shall at any time, now or hereafter, be located on the Mortgaged Property (all of which shall, to the full extent under applicable law, constitute real property) (the "Improvements");

TOGETHER WITH all equipment, appliances, machinery, attachments and other goods, now or hereafter affixed or attached (or to become affixed or attached) to the Mortgaged Property or the Improvements and all replacements, additions, accessories, accessions, substitutions and proceeds thereof or thereto (the "Fixtures");

TOGETHER WITH any and all corporate or other rights, privileges, and franchises which the Trustor now has, or which the Trustor hereafter shall acquire, possess or become entitled, for, or appertaining to, the construction, maintenance, use or operation of the Trustor's line or lines of railroad referred to in Exhibit A (including all Foreign Trackage Agreements and other rights to use facilities owned by others), all to the extent, but only to the extent, that consents of other parties (other than Affiliates of Trustor) to such corporate or other rights, privileges and franchises are not required (pursuant to the terms thereof to the extent such terms are enforceable giving effect to UCC § 9318(4)) on the date of this Deed of Trust to be obtained (or the relevant consent has been or is at any time obtained) in order so to include such corporate or other rights, privileges and franchises as part of the Collateral (the "Corporate Core Asset Collateral");

TOGETHER WITH all right, title, estate and interest of Trustor in, to and under all leases, subleases, licenses, Domestic Trackage Agreements, and Domestic Longitudinal Easement Agreements, now or hereafter in effect, of or with respect to the Real Estate Collateral (as defined below) or the Corporate Core Asset Collateral or any part thereof, including all

security or other deposits, advance or prepaid rents, and deposits or payments of similar nature, all to the extent, but only to the extent, that consents of parties (other than Affiliates of Trustor) to such leases, subleases, licenses or agreements are not required (pursuant to the terms thereof to the extent such terms are enforceable giving effect to UCC § 9318(4)) on the date of this Deed of Trust to be obtained (or the relevant consent has been or is at any time obtained) in order so to include such leases, subleases, licenses and agreements as part of the Collateral hereunder (collectively, the "Assigned Agreements"), and all other rents, issues, profits, royalties (including oil and gas royalties), bonuses, income and other benefits derived from or produced by the Real Estate Collateral or the Corporate Core Asset Collateral (collectively, the "Rents and Profits") (subject, however, to the revocable license of Trustor to collect payments under the Assigned Agreements and the Rents and Profits under Section 4.1 hereof); excluding, however (to the extent covered by the foregoing), the ABS Receivables from the Assigned Agreements and the Rents and Profits until such time (but only until such time) as (i) the occurrence of an Unwind Event, or (ii) the SP Receivables Purchase Agreement shall have terminated and the ABS Receivables (or any applicable portion thereof, as to such portion) are not covered by any other Permitted ABS Documentation, or, if covered, the inclusion of agreements relating to the ABS Receivables (or any applicable portion thereof, as to such portion) among the Rents and Profits or the Assigned Agreements would not be a breach of or default under such Permitted ABS Documentation;

TOGETHER WITH all plans, maps (including "val maps"), drawings, deeds, title documents, surveys, plot plans, plat maps, site plans, parcel or subdivision maps, engineering drawings, title insurance policies, title abstracts and opinions, documents (or counterparts or copies thereof embodying agreements, contracts, leases, licenses, and easements), and all other documents, records, written materials (excluding privileged communications to and from counsel for Trustor) or information in any form (including forms for use or access by computers) now owned or hereafter acquired or prepared and covering, showing, insuring or in any way relating or pertaining to the Mortgaged Property, the Improvements, the Fixtures or the Corporate Core Asset Collateral (the "Related Collateral");

TOGETHER WITH all of Trustor's right, title and interest in and to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Mortgaged Property, the Improvements, the Fixtures, the Related Collateral or the Corporate Core Asset Collateral into cash or liquidated claims, including proceeds of any Event of Loss, and all causes of action and the proceeds thereof of all types for any damage or injury to the Mortgaged Property, the Improvements, the Fixtures, the Related Collateral or the Corporate Core Asset Collateral or any part thereof, including, without

limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact (collectively "Proceeds").

The entire Mortgaged Property, Improvements, Fixtures, Assigned Agreements (to the extent constituting real property), Rents and Profits (to the extent constituting real property), and Proceeds (to the extent constituting real property) may hereafter be referred to collectively as the "Real Estate Collateral." The Real Estate Collateral, the Related Collateral, the Corporate Core Asset Collateral, the Assigned Agreements, the Rents and Profits and the Proceeds may hereafter be referred to collectively as the "Collateral"; provided, however, that notwithstanding the foregoing, the Collateral shall not include (a) rolling stock, or (b) Revenues (as defined in the ICTF Indenture). All Collateral which is not Real Estate Collateral may hereafter be referred to collectively as the "Personal Property Collateral."

FOR THE PURPOSE OF SECURING:

A. Payment of the Credits, with interest thereon, in accordance with the Credit Agreement (which, before giving effect to any amendments, modifications or supplements, provides for loans, issuance of letters of credit, future advances and other credits to Trustor in an aggregate principal amount of up to four hundred fifty million dollars (\$450,000,000)). The Credit Agreement includes a revolving line of credit. Funds may be advanced by the Banks, repaid and subsequently readvanced by the Banks. Notwithstanding the amount outstanding at any particular time, this Deed of Trust secures the total amount of indebtedness and all other Obligations under the Credit Agreement. Subject to the conditions stated in the Credit Agreement, all advances thereunder by the Banks are obligatory and are secured by this Deed of Trust. All such obligatory advances will have the same priority as the funds initially advanced under the Credit Agreement. The unpaid balance of the revolving line of credit under the Credit Agreement may at certain times be zero. A zero balance does not affect the Banks' obligation to advance funds and thus, the Lien of the Beneficiary hereunder will remain in full force and effect and with the same priority, notwithstanding a zero balance outstanding under the revolving line of credit under the Credit Agreement.

B. Payment and performance of all Obligations of Trustor under the Credit Agreement and all other Loan Documents, and all modifications, amendments, replacements, extensions and renewals thereof and substitutions therefor, including the obligation of Trustor to pledge and deliver cash collateral from time to time pursuant to the Credit Agreement and the Pledge Agreement.

C. Payment and performance of all obligations of Trustor under this Deed of Trust, and all modifications, amendments, replacements, extensions and renewals thereof and substitutions therefor.

D. Payment of all sums expended or advanced by Beneficiary to protect, preserve or enhance the security of this Deed of Trust or the Collateral or the interests of Beneficiary or the Banks, with interest thereon at the Advance Interest Rate (as defined below).

All of the above payments and performances are herein referred to collectively as the "Secured Obligations."

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY WARRANTS, REPRESENTS, COVENANTS AND AGREES AS SET FORTH BELOW.

ARTICLE 1

Definitions

1.1 Defined Terms. All terms not otherwise defined herein have the meanings specified in the Credit Agreement. In addition to the terms defined elsewhere in this Deed of Trust, the following terms have the following meanings:

"ABS Receivables" means all property covered by Section 2.01 of the SP Receivables Purchase Agreement and also described in Exhibit C attached hereto.

"Advance Interest Rate" means the annual interest rate after maturity set forth in subsection 2.09(d) of the Credit Agreement.

"Assigned Agreements" has the meaning specified in the preamble hereto.

"Beneficiary" has the meaning specified in the preamble hereto.

"Collateral" has the meaning specified in the preamble hereto.

"Corporate Core Asset Collateral" has the meaning specified in the preamble hereto.

"Credit Agreement" has the meaning specified in the preamble hereto.

"Deed of Trust" has the meaning specified in the preamble hereto.

"Domestic Longitudinal Easement Agreement" means any contract or agreement (or series of related contracts or agreements) pursuant to which the Trustor grants to any party a license, easement or other similar right whereby such party may, during the term of such contract or agreement, install, operate and maintain a telecommunications line or pipeline or signboards along (or over and along or under and along) any segment of railroad right of way (including any previously Abandoned) of the Trustor.

"Domestic Trackage Agreement" means any Trackage Agreement whereunder the Trustor is a Trackage Provider.

"Event of Default" has the meaning specified in Section 6.1.

"Fixtures" has the meaning specified in the preamble hereto.

"ICTF Indenture" means that certain Indenture of Trust, dated as of November 1, 1984, by and between Intermodal Container Transfer Facility Joint Powers Authority and Morgan Guaranty Trust Company of New York, in the form delivered to Beneficiary prior to the date hereof.

"Improvements" has the meaning specified in the preamble hereto.

"Interline Arrangements" means arrangements entered into in the Ordinary Course of Rail Business which (a) allow one rail carrier to establish rates and conditions of service over the lines of another rail carrier or over the network of a non-rail carrier, in either or both of such carriers' names, or (b) provide for the purchase or sale of rail transportation services by and between rail carriers or with a non-rail carrier, or (c) consist of contract or tariff switching or line haul arrangements relating to terminal railroads and terminal facilities.

"Material Adverse Effect" means a material adverse change in, or a material adverse effect upon, any of: (a) the operations, business, or condition (financial or otherwise) of Trustor, or of Trustor and its Subsidiaries taken as a whole, or of any Primary Subsidiary; (b) the legal or financial ability of Trustor to perform its obligations under any Loan Document and to avoid any Default or Event of Default under the Credit Agreement; (c) the legality, validity, binding effect or enforceability against Trustor or any of its Affiliates party to any Loan Document of any Loan Document; (d) the perfection, priority (except as otherwise permitted by Section 9.01 of the Credit Agreement) or enforceability of any Lien granted to the Banks or to Beneficiary for the benefit of the Banks under any Collateral Document encumbering (prior to such change or effect) Ancillary Asset Collateral or Passenger Transit Corridor

Collateral having an ECV of \$1,000,000 or more, or Core Asset Collateral having an ECV of \$25,000,000 or more.

"Material Adverse Property Effect" means a material adverse change in, or a material adverse effect upon, (a) in respect of any Passenger Transit Corridor Collateral, one or more parcels, items, lines or segments thereof having an aggregate ECV prior to such adverse change or effect in excess of \$20,000,000, or (b) in respect of any Core Asset Collateral, one or more parcels, items, lines or segments thereof having an aggregate ECV of \$75,000,000 prior to such adverse change or effect.

"Material Domestic Longitudinal Easement Agreement" means any Domestic Longitudinal Easement Agreement under which gross revenues payable to the Trustor exceed one million Dollars (\$1,000,000) during any calendar year thereof.

"Mortgaged Property" has the meaning specified in the preamble hereto.

"Ordinary Course of Rail Business" means, in respect of any transaction involving the Trustor, the ordinary course of the Trustor's business as a railroad operator, and undertaken by Trustor in good faith and not for purposes of evading any covenant or restriction herein.

"Permitted ABS Documentation" means the SP Receivables Purchase Agreement, together with documents executed and delivered after the date hereof in connection with any replacement receivables sale facility, provided that such documents and facility (a) involve the true sale by the Trustor of receivables to a special purpose entity, (b) do not expire in the ordinary course until after December 31, 1996, (c) do not and will not breach, conflict with or otherwise result in a default or Event of Default hereunder or a Default or Event of Default under the Credit Agreement or any other Loan Document, (d) do not include receivables comprising Assigned Agreements or Proceeds, other than Trackage Rentals or receivables under Trackage Agreements, and (e) do not materially impair the effect of the definition of "Unwind Event" and its usage herein or in the Credit Agreement.

"Personal Property Collateral" has the meaning specified in the preamble hereto.

"Proceeds" has the meaning specified in the preamble hereto.

"Real Estate Collateral" has the meaning specified in the preamble hereto.

"Related Collateral" has the meaning specified in the preamble hereto.

"Rents and Profits" has the meaning specified in the preamble hereto.

"Secured Obligations" has the meaning specified in the preamble hereto.

"SP Receivables Purchase Agreement" means that certain Receivables Purchase Agreement dated as of November 1, 1989 by and between Southern Pacific Transportation Company and Rio Grande Receivables, Inc.

"SPTCo Indenture" means that Third Supplemental Indenture dated July 15, 1976 to the Central Pacific Railway Company General Mortgage dated August 1, 1958 (now known as Southern Pacific Transportation Company First and Refunding Mortgage), as amended, modified or supplemented prior to the date hereof and as amended thereafter (with notice to Beneficiary) only to the extent necessary in order to substitute trustees thereunder or to cancel bonds theretofore issued thereunder.

"SSW" means St. Louis Southwestern Railway Company, a Missouri corporation.

"Trackage Agreement" means any contract, agreement or arrangement (or any series of related contracts, agreements, or arrangements) whereby any party ("Trackage Taker") that is a railroad operating company or rail carrier is entitled, during the term of such contract, agreement or arrangement, and subject to any applicable conditions and restrictions, to use for rail transportation purposes any rail line, terminal, yard or other operating fixed rail assets of another party ("Trackage Provider"), and includes any paired track, interlocker, interchange, joint facility, terminal or other trackage agreement or arrangement; but excludes, however, any arrangement to the extent it is an Interline Arrangement.

"Trackage Provider" has the meaning specified in the definition of "Trackage Agreement."

"Trackage Rental" means any periodic fixed payments required to be made by a Trackage Taker to or for the account of a Trackage Provider pursuant to any Trackage Agreement, other than such periodic payments to the extent such payments are expressly attributed and allocated under the written terms of such Trackage Agreement to reimbursement for direct, out-of-pocket costs of operations and maintenance (including capital expenditures incurred after such Trackage Agreement is entered into), property taxes, and other costs (such other costs not to include depreciation and not to exceed 5% of the total amount of all payments made by the Trackage Taker under such Trackage Agreement for the applicable period) incurred by the Trackage Provider in respect of the Operating Rail Line that is the subject of such Trackage Agreement.

"Trackage Taker" has the meaning specified in the definition of "Trackage Agreement."

"Trustee" has the meaning specified in the preamble hereto.

"Trustor" has the meaning specified in the preamble hereto.

"UCC" means the Uniform Commercial Code as in effect in the state in which the Mortgaged Property is located.

"Unwind Event" means any "Wind-Down Event" (as defined in the SP Receivables Purchase Agreement or other Permitted ABS Documentation) other than (a) any "Wind-Down Event" described in clause (ii) of the definition of such term (as of the date hereof), and (b) any "Wind-Down Event" not arising as a result of a material act or omission by the Trustor or SSW and not arising from any other matter reasonably within the control of the Trustor or SSW.

1.2 Other Definitional Provisions.

(a) Unless otherwise specified herein or therein, all terms defined in this Deed of Trust shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and words of similar import when used in this agreement shall refer to this Deed of Trust as a whole and not to any particular provision of this Deed of Trust; and section, schedule and exhibit references are to this Deed of Trust unless otherwise specified. The term "including" is not limiting and means "including without limitation".

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document. References herein to Section and subsection numbers of the Credit Agreement are to such Section and subsection numbers of the Credit Agreement as in effect when entered into by the parties thereto.

(e) References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation.

(f) The captions and headings of this Deed of Trust are for convenience of reference only and shall not affect the construction of this Deed of Trust.

ARTICLE 2

Warranties and Representations

In addition to the warranties and representations made in the Credit Agreement, Trustor hereby unconditionally warrants and represents to Beneficiary as follows:

2.1 Lien of This Deed of Trust and Title to Personal Property Collateral. This Deed of Trust constitutes a valid first lien deed of trust on the Real Estate Collateral, subject only to Permitted Exceptions, the lien of current real property taxes not delinquent and the lien of the SPTCo Indenture, and also constitutes a valid assignment of the Assigned Agreements and the Rents and Profits in accordance with the terms hereof. Trustor lawfully holds and owns the Personal Property Collateral, subject to no Lien, adverse claim or interest, other than Permitted Exceptions. Under this Deed of Trust, and upon filing financing statements under the UCC in the offices of the Secretaries of State of Arizona, California, Nevada, New Mexico, Oregon, and Texas, with the Clerk of Court in any parish in Louisiana in which any Mortgaged Property is located, and in the office of the Division of Corporations and Commercial Code of the Department of Commerce of the State of Utah, naming Trustor as debtor and Beneficiary as secured party, and covering the Personal Property Collateral, Trustor has granted to Beneficiary a perfected security interest of first priority in the Personal Property Collateral under the UCC. Other than continuation statements, no other filings are necessary in order to continue the perfected status of such security interest.

2.2 Use of Improvements. The Improvements and their intended use comply in all material respects with all material applicable Requirements of Law (including zoning laws, but excluding Environmental Laws, as to which Trustor shall comply with its obligations set forth in the Credit Agreement).

2.3 Assigned Agreements and Corporate Core Asset Collateral. The Assigned Agreements and Corporate Core Asset Collateral are in full force and effect, except (as to Assigned Agreements or Corporate Core Asset Collateral other than Material Domestic Longitudinal Easement Agreements) as occurring in the Ordinary Course of Rail Business or except Material Domestic Longitudinal Easement Agreements the term of which expires; there exists no defaults or events of default (or similar event or circumstance, however denominated, which would allow either party thereto to declare a breach of and terminate

such arrangement) thereunder which would in the aggregate reasonably be expected to have a Material Adverse Effect.

2.4 Personal Property Collateral.

The Personal Property Collateral is not (and shall not be) used or bought for personal, family or household purposes.

ARTICLE 3

Covenants and Agreements of Trustor

Trustor hereby unconditionally covenants and agrees as follows:

3.1 Payment of Secured Obligations. Trustor shall pay when due the principal sum of, and all interest on, the Credits, all prepayment charges and late charges provided in the Credit Agreement, and all other Secured Obligations, when and as provided in the applicable Loan Documents.

3.2 Care of Collateral. Trustor shall in accordance with and to the extent required by the Credit Agreement (a) keep and maintain that portion of the Collateral which consists of tangible property, (b) comply with all laws, ordinances, regulations and requirements of any governmental authority and all covenants, conditions and restrictions now or hereafter applicable to the Collateral or any part thereof, (c) not commit, suffer or permit any act to be done in or upon the Collateral in violation of any law, ordinance, regulation or requirement of governmental authority or any covenants, conditions or restrictions now or hereafter applicable to the Collateral or any part thereof, and (d) not commit, suffer or permit any waste of that portion of the Collateral which consists of tangible property. Trustor shall do all things and perform all acts, in a timely and proper manner, which from the character or use of the Collateral are reasonably necessary or prudent to protect or preserve the value and condition of the Collateral.

3.3 Insurance. Trustor shall obtain and maintain insurance with respect to the Collateral as required by the Credit Agreement. Subject to the terms and provisions of Sections 2.07 and 8.07 of the Credit Agreement, Beneficiary shall have the right to receive all proceeds of insurance payable on account of any loss, damage or destruction affecting the Collateral or any part thereof. Subject to any other applicable provisions of the Credit Agreement, Trustor hereby absolutely and irrevocably assigns all such insurance proceeds to Beneficiary and authorizes and directs each insurance company to pay all such insurance proceeds directly to Beneficiary. Trustor agrees to execute such further assignments of such insurance proceeds consistent with the foregoing as Beneficiary may from time to time reasonably request.

3.4 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Collateral (in whole or in part) in lieu thereof, all right, title and interest of Trustor in and to all policies of insurance covering the Collateral so transferred shall inure to the benefit of and pass to the successor in title to Trustor.

3.5 Actions Affecting Collateral. Trustor shall appear in, contest and defend any action or proceeding purporting to affect the Collateral, the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee under this Deed of Trust. Trustor shall defend and protect the first lien and security interest status of this Deed of Trust, subject only to Permitted Exceptions. Trustor shall pay all costs and expenses, including cost of evidence of title and attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear and shall reimburse Beneficiary for any losses incurred by Beneficiary if an interest in the Collateral, other than as permitted hereunder, is claimed by others. If Trustor shall fail to satisfy its obligations under this Section 3.5, Beneficiary shall have the rights granted herein to take such actions as Beneficiary deems necessary to defend, protect, preserve and enhance the first lien and security interest status of this Deed of Trust.

3.6 Actions by Trustee or Beneficiary To Preserve Collateral. If Trustor fails to make any payment or to do any other act as and in the manner provided in any of the Loan Documents, Beneficiary or Trustee, each in its own discretion, without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation, may make or do the same in such manner and to such extent as either may deem reasonably necessary to protect, preserve or enhance the security of this Deed of Trust. In connection therewith (without limiting their general powers), Beneficiary and Trustee each shall have and are hereby given the right, but not the obligation: (a) to enter upon the Real Estate Collateral and take possession thereof; (b) to make additions, alterations, repairs and improvements to that portion of the Collateral consisting of tangible property which they or either of them may reasonably consider necessary or proper to keep such Collateral in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the Collateral, the security of this Deed of Trust, or the rights or powers of Beneficiary or Trustee under this Deed of Trust; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, Lien or debt which in the judgment of either may affect or appears to affect the security of this Deed of Trust or may be prior or superior hereto and is not a Permitted Exception; and (e) in exercising such powers, to pay necessary expenses, including employment of attorneys or necessary or desirable consultants. Trustor shall, immediately upon demand

therefor by Beneficiary, pay all amounts paid by Beneficiary and all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including costs of evidence of title, court costs, appraisals, surveys and attorneys' fees, together with interest thereon from the date of expenditure until paid at the Advance Interest Rate.

3.7 Eminent Domain. To the extent required by Section 8.07 of the Credit Agreement, if the Collateral, or any part thereof or interest therein, is subject to a Taking, or if Trustor receives any notice or other information regarding any such proceeding, Trustor shall give notice thereof to Beneficiary. Subject to the terms and provisions of Sections 2.07 and 8.07 of the Credit Agreement, Beneficiary shall have the right to receive all proceeds, compensation, awards, damages and other payments on account of any such Taking. Trustor agrees to execute such further assignments of any such proceeds as Beneficiary may require. Beneficiary shall not be responsible for any failure to collect any such proceeds, regardless of the cause of such failure. To the extent provided in Section 8.07 of the Credit Agreement, Beneficiary shall have the right to commence, appear in and prosecute in its own name any action or proceeding and to make any compromise or settlement in connection with any such Taking.

3.8 Liens. To the extent provided in Section 8.08 of the Credit Agreement, Trustor shall pay and discharge, at Trustor's cost and expense, as and when payment is due, all Liens upon the Collateral, or any part thereof or interest therein.

3.9 Trustee's Powers. At any time, and from time to time, without liability therefor and without notice, upon written request of Beneficiary, and without affecting the personal liability of any Person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Collateral, Trustee may (a) reconvey any part of the Collateral, (b) consent in writing to the making of any map or plat of the Collateral, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien of this Deed of Trust.

3.10 Beneficiary's Powers. Without affecting the liability of any Person liable for the payment or performance of any Secured Obligation, and without affecting the lien of this Deed of Trust upon any portion of the Collateral not then or theretofore released as security for the Secured Obligations, Beneficiary may, from time to time and without notice or consent of Trustor, (a) release any Person so liable, (b) extend the maturity or alter any of the terms of any Secured Obligation, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed, any parcel, portion or all of the Collateral, whether in connection with any sale or other disposition or for some other purpose, (e) take or release any other or additional security for any Secured Obligation,

(f) make compositions or other arrangements with debtors in relation to any Secured Obligation, or (g) advance additional funds to protect, preserve or enhance the security of this Deed of Trust and pay or discharge the obligations of Trustor hereunder or under the Loan Documents, and all amounts so advanced, together with interest at the Advance Interest Rate, shall be paid by Trustor to Beneficiary on demand and shall be secured by this Deed of Trust.

3.11 Rights of Reverter and Power of Termination. With respect to any portion of the Mortgaged Property subject to a right of reverter or power of termination, Trustor shall not change the use thereof or take or omit to take any other actions with respect thereto which would enable the holder of such right or power to obtain the benefit thereof, if the obtaining of such benefit would have a Material Adverse Property Effect.

3.12 Beneficiary's Costs and Expenses. If Beneficiary commences an action against Trustor to enforce this Deed of Trust or because of the breach by Trustor of this Deed of Trust, or for the recovery of any sum secured hereby, Trustor shall pay to Beneficiary attorneys' fees and expenses and other costs and expenses of Beneficiary and the Banks in accordance with Section 12.04 of the Credit Agreement. The right to such attorneys' fees and expenses and such other costs and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Trustor breaches any covenant or agreement in this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect, preserve or enhance its rights hereunder and, in the event of such employment following any breach by Trustor, Trustor shall pay to Beneficiary attorneys' fees and expenses incurred by Beneficiary and such other costs and expenses, whether or not an action is actually commenced against Trustor by reason of such breach.

3.13 Assigned Agreements.

(a) Trustor shall promptly and fully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements imposed upon or assumed by Trustor under any Material Domestic Longitudinal Easement Agreement, including any amendments or supplements thereto. Trustor shall not do or fail to do, or permit or fail to permit to be done, any act or thing, the doing or omission of which will give any party a right to terminate any Material Domestic Longitudinal Easement Agreement or to abate the rental or other payment required thereunder. As to all Assigned Agreements other than Domestic Longitudinal Easement Agreements, Trustor shall take all actions reasonably necessary in the Ordinary Course of Rail Business to preserve and protect the rights of Trustor thereunder.

(b) Beneficiary may rely on any notice of default received from any other party to an Material Domestic Longitudinal

Easement Agreement, and such notice of default shall be prima facie evidence that a default exists for the purposes of this Section 3.13; provided, that Beneficiary may not rely on such notice if it has actual knowledge of the inaccuracy thereof.

(c) Neither the assignment of the Assigned Agreements and the Rents and Profits set forth herein nor any other provision of any of the Loan Documents shall impose upon Beneficiary any duty to enforce the Assigned Agreements or to produce Rents and Profits from the Real Estate Collateral or cause Beneficiary to be (i) deemed a "mortgagee in possession" for any purpose, (ii) responsible for performing any of the obligations of the Trustor under any Assigned Agreement, or (iii) responsible or liable for any waste by any lessees or any other parties, for any dangerous or defective condition of the Real Estate Collateral, for any negligence in the management, upkeep, repair or control of the Real Estate Collateral or for any other act or omission by any other Person. Any other provision hereof to the contrary notwithstanding, the assignment of the Rents and Profits set forth herein is an absolute assignment and not an assignment for security only and Beneficiary's right to the Rents and Profits is not contingent upon its possession of the Real Estate Collateral.

(d) Trustor shall not accept any deposit or prepayment of rental or lease payment under any Material Domestic Longitudinal Easement Agreement in excess of one year in advance. When there exists an Event of Default, Beneficiary at any time may require that all deposits and prepayments be delivered to Beneficiary. Trustor covenants and agrees that Trustor shall not (i) amend, modify or change any term, covenant or condition of any Material Domestic Longitudinal Easement Agreement in existence on the date of this Deed of Trust without the prior written consent of Beneficiary, if any such action would have any adverse or potentially adverse effect on the rights or interests of Beneficiary, or (ii) enter into any lease of the Mortgaged Property or any Assigned Agreement without the prior written consent of Beneficiary, if any such action would have a Material Adverse Property Effect, or (iii) enter into any Material Domestic Longitudinal Easement Agreement having a term of longer than three years without the prior written consent of Beneficiary.

3.14 Corporate Core Asset Collateral. Trustor shall perform all of its obligations under or with respect to the Corporate Core Asset Collateral and shall take all steps necessary to enforce its rights thereunder, except where the failure to do so would not have a Material Adverse Effect or a Material Adverse Property Effect. Trustor shall not agree to terminate or modify or amend any Main Line Foreign Trackage Agreement, if the effect thereof would be to prevent or substantially prohibit Trustor from operating railroad service over its Main Lines so as to provide continuity of rail service along such lines in the Ordinary Course of Rail Business.

3.15 Related Collateral.

(a) Permanent storage for the Related Collateral shall be at the Southern Pacific Building, One Market Plaza, San Francisco, California, or other locations within the City and County of San Francisco, and at 1200 Corporate Center Drive, Suite 100, Monterey Park, California or other locations within the city of Monterey Park, and at 4099 McEwen Road, Suite 600, Dallas, Texas or other locations within the city of Dallas. Trustor shall take reasonable steps to see that any parts of the Related Collateral which are removed from such locations are appropriately protected and preserved and returned to such permanent storage locations within a reasonable time.

(b) Trustor shall maintain the Related Collateral in the ordinary course of business consistent with the manner in which Trustor heretofore has maintained the Related Collateral. Trustor shall use reasonable efforts to add to the Related Collateral in order to keep the Related Collateral current with respect to all aspects of ownership, operation and management of the Mortgaged Property and the Corporate Core Asset Collateral. Trustor shall use reasonable means to preserve and protect the Related Collateral and to avoid damage to or loss of the Related Collateral.

3.16 No Obligations of Beneficiary. Beneficiary has no responsibility for, and does not assume any of, Trustor's obligations or duties under any agreement or obligation which is part of the Collateral or any obligation relating to the acquisition, preparation, custody, use, enforcement or operation of any of the Collateral.

ARTICLE 4

Assigned Agreements and Rents and Profits

4.1 Collection of Rents. Any other provisions hereof to the contrary notwithstanding, Trustor hereby irrevocably gives to and confers upon Beneficiary the right, power and authority to collect all of the Rents and Profits. Trustor shall, nevertheless, have a license to collect all amounts due under the Assigned Agreements and to collect the Rents and Profits, which license shall be revocable in whole or in part at Beneficiary's option while an Event of Default exists. The assignment of the Rents and Profits in this Deed of Trust is intended to be a present and absolute assignment from Trustor to Beneficiary and not merely the creation of a security interest. Beneficiary's right to collect the Rents and Profits is not contingent upon Beneficiary's taking possession of the Real Estate Collateral.

4.2 Collection Upon Default. While any Event of Default exists, Trustor's license to collect amounts due under the Assigned Agreements and to collect the Rents and Profits may be terminated in whole or in part at the option of Beneficiary, and, upon Beneficiary electing to exercise such option, Beneficiary shall have the right, either in person, by agent or by a receiver appointed by a court, and without regard to the value of the Real Estate Collateral, the Corporate Core Asset Collateral or the adequacy of the security for the payment and performance of the Secured Obligations, to enter upon and take possession of the Real Estate Collateral (or any part thereof) or to use or benefit from the Corporate Core Asset Collateral, in its own name sue for or otherwise collect any amounts due under the Assigned Agreements and the Rents and Profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The collection of amounts due under the Assigned Agreements, the collection of the Rents and Profits, the entering upon and taking possession of the Real Estate Collateral, the use of the Corporate Core Asset Collateral or the application of the Rents and Profits as aforesaid, shall not cure or waive any Event of Default.

ARTICLE 5

Security Agreement

5.1 Creation of Security Interest. Trustor hereby grants to Beneficiary a security interest in the Personal Property Collateral as security for the Secured Obligations. This Deed of Trust constitutes a security agreement as that term is used in the UCC. This Deed of Trust constitutes a financing statement filed as a fixture filing under UCC section 104.9402(6) in the official records of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Collateral" and with respect to any goods or other personal property that may now be or hereafter become such a fixture. PARTS OF THE COLLATERAL ARE, OR ARE TO BECOME, FIXTURES ON THE MORTGAGED PROPERTY. Trustor is the record owner of the Mortgaged Property. For purposes of this financing statement, Trustor shall be considered the "debtor" and Beneficiary shall be considered the "secured party."

5.2 Financing Statements. At the request of Beneficiary, Trustor shall join Beneficiary in executing one or more financing statements and continuations and amendments thereof pursuant to the UCC in form satisfactory to Beneficiary, and Trustor shall pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

ARTICLE 6

Events of Default; Remedies Upon Default

6.1 Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Deed of Trust:

(a) Failure to pay when due the principal sum of the Credits, or any interest thereon, or any installment, fee or charge payable under the Credit Agreement, or any other sum or indebtedness secured hereby, after lapse of any applicable grace period under the Credit Agreement; or

(b) Failure of Trustor to perform any term or covenant contained in this Deed of Trust, and such failure continues unremedied for a period of 30 days, or any of the representations and warranties of Trustor contained herein are not true and correct in any material respect on or as of the date made or deemed made; or

(c) Any Event of Default under the Credit Agreement.

6.2 Actions by Beneficiary. If Trustor shall in any manner fail to comply with any term, provision or covenant in this Deed of Trust, Beneficiary may (but shall not be obligated to) take any action which Beneficiary shall reasonably deem necessary or desirable to prevent or cure any such failure by Trustor. Beneficiary may expend such sums of money as are reasonable and necessary for any such purpose, and Trustor hereby agrees to pay to Beneficiary, immediately upon demand, all sums so expended by Beneficiary, together with interest thereon from the date of such payment at the Advance Interest Rate, and until so paid by Trustor, all sums so expended by Beneficiary, and the interest thereon shall be additional Secured Obligations.

6.3 Acceleration and Certain Remedies. If any Event of Default under this Deed of Trust exists, Beneficiary shall, as provided in the Credit Agreement, have the right to declare all Secured Obligations to be immediately due and payable, and all such indebtedness shall thereupon become immediately due and payable, without any presentment, demand, protest or notice of any kind, all of which are expressly waived by Trustor, and Beneficiary shall have the following remedies:

(a) Beneficiary shall have the right, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of the security, to enter upon and take possession of the Collateral, or any part thereof, in its own name or in the name of Trustee, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rent-

ability of the Collateral or increase the income therefrom or protect or preserve the security hereof, and, with or without taking possession of the Collateral, to sue for or otherwise collect the Rents and Profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any Secured Obligations, all in such order as Beneficiary may determine. The entering upon and taking possession of the Collateral, the collection of the Rents and Profits, and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Collateral or the collection, receipt and application of the Rents and Profits, Trustee or Beneficiary shall be entitled to exercise every right or remedy provided for in any of the Loan Documents or by law upon the occurrence of any Event of Default under this Deed of Trust, including the right to exercise the power of sale.

(b) Beneficiary shall have the right to commence an action to foreclose this Deed of Trust as a deed of trust or a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof.

(c) Beneficiary shall have the right to exercise and enforce any or all of the rights and remedies available to a secured party under the UCC, including the rights to:

(i) Either personally or by means of a court appointed receiver, take possession of all or any part of the Personal Property Collateral which is tangible property and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to, and exercise all rights and powers of Trustor in respect of, such tangible property, and Trustor agrees upon demand to turn over and deliver complete possession of such tangible property to Beneficiary;

(ii) Without notice to or demand upon Trustor, make such payments and do such acts as Beneficiary may deem necessary to protect or preserve its security interest in the Personal Property Collateral, including paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior or superior to the security interest granted hereunder, and, in exercising any such powers or authority, to pay all expenses incurred in connection therewith;

(iii) Require Trustor to assemble all or any part of the Personal Property Collateral which is tangible property at a place designated by Beneficiary and reasonably convenient to Trustor and Beneficiary, and Trustor shall deliver such tangible property to

Beneficiary, or an agent or representative designated by Beneficiary, and Beneficiary, and its agents and representatives, shall have the right to enter upon any or all of Trustor's premises and property to exercise Beneficiary's rights hereunder; or

(iv) Sell, lease or otherwise dispose of the Personal Property Collateral at public or private sale, with or without having the Related Collateral at the place of sale, and upon such terms and in such manner as Beneficiary may determine. Beneficiary or one or more of the Banks may be a purchaser at any such sale. Unless the Personal Property Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Trustor at least 10 days' prior written notice of the time and place of any public or private sale of the Personal Property Collateral or other intended disposition thereof. Such notice may be mailed to Trustor at the address set forth at the beginning of this Deed of Trust.

(d) Beneficiary shall have the right to deliver to Trustee a written declaration of default and demand for sale pursuant to the power of sale in this Deed of Trust.

(e) Beneficiary shall have the right to elect to sell by power of sale the Real Estate Collateral and, upon such election, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as may then be required by law and by this Deed of Trust. Thereafter, Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law after recording of such notice of default and election to sell, sell the Collateral (including the Related Collateral, if requested by Beneficiary, as agent for Beneficiary) at the time and place of sale fixed by Trustee in such notice of sale, either as a whole or in separate lots or parcels or items as determined solely by Beneficiary, and in such order as Beneficiary alone may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustor waives, and relinquishes to Beneficiary, all rights to direct the order in which the Collateral shall be sold or to require that the Collateral be sold in separate lots or parcels or items. Trustee shall deliver to such purchaser or purchasers Trustee's deed or deeds (and, if applicable, bill of sale or bills of sale) conveying the property so sold, but without any covenant or warranty, express or implied. Any or all purchaser or purchasers or title company or other third party shall be entitled to rely upon the recitals in such deed or bill of sale of any matters or facts. Any Person, including Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers. Upon any sale or sales made under or

by virtue of this section, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Collateral or any part thereof. In lieu of paying cash for the Collateral, Beneficiary may make settlement for the purchase price by crediting against the Secured Obligations the sales price of the Collateral, as adjusted for the expenses of sale and the costs of the action any other sums for which Trustor is obligated to reimburse Trustee or Beneficiary under this Deed of Trust.

(f) After deducting all costs, fees and expenses of Trustee and of this trust, including costs of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under this Deed of Trust, not then repaid, with interest thereon at the Advance Interest Rate; all indebtedness and other obligations secured hereby; and, subject to the provisions of Section 10.03 of the Credit Agreement, the remainder, if any, to the Person or Persons legally entitled thereto.

(g) Trustee may postpone sale of all or any portion of the Collateral by public announcement at the time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement or subsequently noticed sale, and without further notice make such sale at the time and place fixed by the last postponement, or may, in its discretion, give a new notice of sale.

(h) The power of sale under this Deed of Trust shall not be exhausted by any one or more sales (or attempts to sell) as to all or any portion of the Collateral remaining unsold, but shall continue unimpaired until all of the Collateral has been sold by exercise of the power of sale in this Deed of Trust and all indebtedness and obligations secured by this Deed of Trust have been paid and discharged in full.

6.4 No Conditions Precedent to Exercise of Remedies.
Trustor shall not be relieved of any obligation it has under this Deed of Trust by reason of (a) the release, regardless of consideration, of any of the Collateral or the addition of any other property to the Collateral; (b) any agreement or stipulation between any subsequent owner of all or any portion of the Collateral and Beneficiary extending, renewing, rearranging or in any other way modifying the terms of the Credit Agreement or the other Loan Documents without first having obtained the consent of, given notice to or paid any consideration to Trustor, and in such event Trustor shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Beneficiary; or (c) any other act or occurrence, save and except the complete satisfaction of all of the

Obligations, and the termination of the Commitments of the Banks under the Credit Agreement.

6.5 Release of and Resort to Collateral. To the fullest extent permitted by law, Beneficiary may release or cause to be reconveyed, regardless of consideration, any part of the Collateral without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by any of the Loan Documents or their status as first and prior liens and security interests in and to the Collateral. Each partial release or partial reconveyance may be conditioned upon the execution, acknowledgment and recording by Trustor of waivers in form satisfactory to the Beneficiary. For payment of the Secured Obligations, to the fullest extent permitted by law, Beneficiary may resort to any other security therefor held by Beneficiary or Trustee in such order and manner as Beneficiary may elect.

6.6 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Trustor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Trustor by virtue of any present or future law exempting the Collateral from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (b) except as expressly set forth in the Credit Agreement or herein, all notices of any demand, Event of Default, intent to accelerate or acceleration or the election by Trustee or Beneficiary, as applicable, to exercise any right, remedy or recourse provided for under any of the Loan Documents; (c) any right to a marshalling of assets or a sale in inverse order of alienation; and (d) any restrictions or conditions upon the exercise by Trustee or Beneficiary, as applicable, of the remedies set forth in Section 6.2.

6.7 Discontinuance of Proceedings. To the extent permitted by law, in case Trustee or Beneficiary, as the case may be, shall have proceeded to invoke any right, remedy or recourse permitted under any of the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, Trustee or Beneficiary, as the case may be, shall have the unqualified right so to do and, in such event, Trustor, Trustee and Beneficiary shall be restored to their former positions with respect to the Credit Agreement, the other Loan Documents, the Collateral and otherwise, and the rights, remedies, recourse and powers of Trustee and Beneficiary shall continue as if same had never been invoked.

6.8 Beneficiary as Trustor's Attorney-in-Fact. Trustor hereby appoints Beneficiary as Trustor's true and lawful attorney-in-fact to take any and all actions on Trustor's behalf which Trustor is obligated to perform hereunder or which Beneficiary has the right to take under other provisions hereof, including but not limited to the following: (a) file any

financing statement with respect to the security interest granted hereunder in the Personal Property Collateral; (b) either with or without taking possession of the Real Estate Collateral, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all of the Rents and Profits and apply the same to the Secured Obligations; (c) appear in, contest and defend any action or proceeding purporting to affect the Collateral, the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee under this Deed of Trust; and (d) take any action on Trustor's behalf with respect to an Event of Loss, including collecting all Proceeds payable on account of any loss, damage or destruction affecting the Collateral or any part thereof, collecting any and all proceeds, compensation, awards, damages and other payments on account of any Taking, and to commence, appear in and prosecute any action or proceeding and to make any compromise or settlement in connection with any Taking. Beneficiary shall have no obligation to take any of the foregoing actions and, in the absence of willful misconduct or gross negligence, shall have no liability in respect thereof.

6.9 Remedies Not Exclusive. Every right, power and remedy granted to Trustee or Beneficiary in this Deed of Trust shall be cumulative and not exclusive, and in addition to all rights, powers and remedies granted at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy.

6.10 Additional Security. If Beneficiary at any time holds additional security for any of the Secured Obligations, Beneficiary may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

6.11 Request for Notice. Trustor hereby requests that a copy of any notice of default and of any notice of sale under this Deed of Trust be mailed to Trustor at the address of Trustor set forth in the first paragraph of this Deed of Trust as required by applicable law or such other address of which Trustor has notified Beneficiary in compliance with Section 12.02 of the Credit Agreement.

ARTICLE 7

Miscellaneous

7.1 Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Nevada.

7.2 Trustor Waiver of Rights. Trustor hereby waives the right to assert any statute of limitations as a bar to the enforcement of this Deed of Trust or to any action brought to enforce any indebtedness or obligation secured by this Deed of Trust. Notwithstanding the existence of any other liens or security interests in the Collateral held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which the indebtedness secured hereby is satisfied from the proceeds realized upon the exercise of the remedies provided herein. Trustor, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a Lien on the Collateral and who has actual or constructive notice of this Deed of Trust hereby expressly waives and relinquishes any and all rights to demand or require the marshaling of liens or the marshaling of assets by Beneficiary in connection with the exercise of any of the remedies provided herein or permitted by applicable law.

7.3 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or the Person or Persons legally entitled thereto, without warranty, any portion of the Collateral then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the Person or Persons legally entitled thereto."

7.4 Notices. All approvals, consents, notices and other communications under this Deed of Trust shall be given, and shall be effective, as provided in Section 12.02 of the Credit Agreement.

7.5 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The trust hereby created shall be irrevocable by Trustor.

7.6 Appointment of Successor Trustee. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary and recorded in the county in which the Collateral is located, and by otherwise complying with applic-

able law, substitute a successor or successors to the Trustee named herein or acting hereunder.

7.7 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their personal representatives, heirs, successors and assigns. The term "Trustor" includes both the original Trustor and any subsequent owner of the Collateral or any part thereof. The term "Beneficiary" shall mean the Agent or the owner and holder of the Secured Obligations, whether or not named as Beneficiary herein. All covenants and obligations under this Deed of Trust are intended by Trustor to be, and shall be construed as, covenants running with the Mortgaged Property.

7.8 Subrogation. To the extent that proceeds of the Credits or advances by Beneficiary under this Deed of Trust are used to pay any outstanding Lien, such proceeds or advances will be deemed to have been advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and Liens held by any owner or holder of such outstanding Lien, irrespective of whether such Lien is released.

7.9 Nonwaiver.

(a) The acceptance by Beneficiary or any Bank of any sum after the same is due shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums hereby secured or to declare an Event of Default as herein provided. The acceptance by Beneficiary of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due, and Trustor's failure to pay such entire sum then due shall be and continue to be an Event of Default notwithstanding such acceptance of such amount on account, as aforesaid, and Beneficiary or Trustee shall, at all times thereafter and until the entire sum then due has been paid, and notwithstanding the acceptance by Beneficiary or any Bank thereafter of further sums on account, or otherwise, be entitled to exercise all rights in this Deed of Trust conferred upon them, or either of them, upon the occurrence of an Event of Default, and the right to proceed with a sale under any notice of default, and election to sell, shall in no way be impaired, whether any of such amounts are received prior or subsequent to such notice.

(b) Consent or approval by Beneficiary or the Banks to any transaction or action of Trustor which is subject to consent or approval of Beneficiary or the Banks hereunder or under the Credit Agreement shall not be deemed a waiver of the right to require such consent or approval to future or successive transactions or actions.

(c) This Deed of Trust cannot be waived, amended, modified, changed, discharged or terminated orally, but only by

an instrument in writing signed by Trustor and Beneficiary. Any third party may rely on any such writing without any inquiry as to the scope of Beneficiary's authority.

(d) Beneficiary's failure, at any time or times hereafter, to require strict performance by Trustor of any provision of this Deed of Trust or of any provision of any other Loan Document shall not waive, affect or diminish any right of Beneficiary or Trustee thereafter to demand strict compliance and performance therewith, and Beneficiary's or Trustee's single or partial exercise of any right, remedy, power or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(e) The rights, remedies, powers or privileges herein provided are cumulative and not exclusive of any rights, remedies, powers or privileges provided by law or under any of the Loan Documents. Any suspension or waiver by Beneficiary or Trustee of a default by Trustor under this Deed of Trust or any of the other Loan Documents shall not suspend, waive or affect any other default thereunder, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character.

(f) None of the undertakings, agreements, warranties, covenants and representations of Trustor contained in this Deed of Trust or any of the other Loan Documents and no default by Trustor under this Deed of Trust or any of the other Loan Documents shall be deemed to have been suspended or waived unless such suspension or waiver is in writing signed by an officer of Beneficiary and directed to Trustor specifying such suspension or waiver.

7.10 No Merger. So long as this Deed of Trust encumbers the Real Estate Collateral, there shall be no merger of the interest of the lessor and lessee under any lease or sublease of any part of the Real Estate Collateral.

7.11 Further Assurances. Trustor, upon the request of Trustee or Beneficiary, and Beneficiary or Trustee, upon the request of Trustor, will execute, acknowledge and record and/or file such further instruments and do such further acts as may be reasonably necessary, desirable or proper to carry out more effectively the purposes of the Credit Agreement and this Deed of Trust and to subject to the liens and security interests thereof any property intended by the terms thereof to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, betterments or appurtenances to the then Collateral.

7.12 Severability. This Deed of Trust is intended to be performed in accordance with, and only to the extent permitted by, all applicable Requirements of Law. If any provision of

this Deed of Trust or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, then neither the remainder of this Deed of Trust nor the application of such provision to other Persons or circumstances nor the other instruments referred to hereinabove shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the indebtedness or obligations secured hereby, or if such lien is invalid or unenforceable as to any part of the Collateral, the unsecured or partially secured portion of such indebtedness and obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion, and all payments made, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of such indebtedness and obligations which is not secured or not fully secured by the lien of this Deed of Trust.

7.13 No Representation by Trustee or Beneficiary. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Trustee or Beneficiary pursuant to the Loan Documents, including but not limited to, any officer certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, neither Trustee nor Beneficiary shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty, consent or affirmation with respect thereto by Trustee or Beneficiary.

7.14 Attorneys' Fees. References to "attorneys' fees" shall include the fees of outside counsel and the allocated cost of in house counsel and all expenses and disbursements incurred or advanced by any such counsel.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first hereinabove written.

SOUTHERN PACIFIC TRANSPORTATION
COMPANY, a Delaware corporation

By



S. David Steel
Vice President

STATE OF CALIFORNIA,)
)
City and County of San Francisco.) SS.

On May 2, 1992, personally appeared before me, F. William Makinney, a Notary Public in and for the State of California, S. DAVID STEEL, 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 executed the within instrument in his authorized capacity and that, by his signature on the within instrument, the person or entity upon behalf of which he acted executed the within instrument.

WITNESS my hand and official seal.

Signature



(Seal)



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EXHIBIT A

NEVADA

(Southern Pacific Transportation Company)

All real property of Trustor, now owned or hereafter acquired, located in the Counties of Churchill, Elko, Eureka, Humboldt, Lander, Lyon, Mineral, Pershing, Storey and Washoe, State of Nevada, including the Core Asset Collateral described below, but excluding the Ancillary Asset Collateral described below.

I. CORE ASSET COLLATERAL

The Core Asset Collateral shall consist of all real property (including real property interests of whatever nature or character, including without limitation property owned in fee simple, leasehold interests, options, rights-of-way and other easements, licenses, trackage rights (to the extent considered real property), and other rights in real property) now owned or hereafter acquired by Trustor (whether or not such ownership is shown by the public records, and including any such real property vested of record in the name of any of the Corporate Predecessors of Trustor listed in Exhibit B hereto) and located in the above-named counties in the State of Nevada, but excluding the Ancillary Asset Collateral.

Without limitation, the Core Asset Collateral includes that portion of a line or lines of railroad located within said state, which line or lines of railroad (including portions thereof lying outside said state), are described as follows (and are illustrated in Schedule I attached hereto):

(a) A line of railroad, beginning at the westerly line of the State of Nevada being also the westerly line of Washoe County, that is approximately 3 miles westerly of Verdi in the County of Washoe, State of Nevada and thence running easterly and northeasterly through Reno, Sparks, Hazen, Lovelock, Winnemucca, Weso and Elko to the easterly line of the State of Nevada, being also the easterly line of Elko County, that is approximately 2 miles easterly of Tecoma, County of Elko, State of Nevada; all lying and being situated in the Counties of Washoe, Storey, Lyon, Churchill, Pershing, Humboldt, Lander, Eureka and Elko, in the State of Nevada.

(b) A line of railroad beginning at the westerly line of the State of Nevada being also the westerly line of Washoe County, that is approximately 7 miles northwesterly of Flanigan, in said County and State and thence running

northeasterly and easterly through the Counties of Washoe, Pershing and Humboldt to Winnemucca, in said Humboldt County, State of Nevada.

(c) A line of railroad, beginning at Hazen, Churchill County, Nevada and thence running southerly through the Counties of Churchill and Lyon, to a point distant 3 miles southeasterly of Wabuska, Lyon County, State of Nevada.

(d) A line of railroad, from Hazen to Fallon, in Churchill County, Nevada.

The above-described line or lines of railroad shall include, without limitation, all main lines, branch lines, spur lines, extensions, sidetracks, paired tracks, double tracks, drill tracks, industrial tracks, team tracks, roadbeds, rails, ties, tracks, ballasts, switches, tunnels, crossings, bridges, trestles, culverts, signals, crossing protection devices, railroad communications systems, poles, terminal or station facilities, yards, buildings, structures, additions, improvements, betterments, and all other similar properties (including fixtures, but excluding rolling stock or any other tangible personal property other than fixtures) of whatever kind and which shall in any way, or at any time, now or hereafter, belong to or appertain to, or be provided for transportation service upon, or be constructed, made, acquired or used in the operation of, Trustor's line or lines of railroad, including specifically, but without limitation, any line of railroad serving as a cut-off or alternate route between points upon said line or lines of railroad.

TOGETHER WITH the easement excluded from the Ancillary Asset Collateral referred to in Section II below (the "Railroad Easement") within the area (the "Easement Area") (i) 15 feet on either side of any main line, branch line or spur line presently located on the Ancillary Asset Collateral described in Section II below, and (ii) 15 feet on either side of any team track presently located on such property. The owner of the Railroad Easement (and its lessees, sublessees, and licensees) shall have the exclusive right to utilize the Railroad Easement for railroad purposes and to construct, reconstruct, maintain, operate, use and/or remove the existing railroad tracks and all other rail and railroad related equipment used or useful as of the date hereof in connection with providing railroad service to the public. All improvements presently existing on or hereafter constructed on the Easement Area shall remain the property of the owner of the Railroad Easement. Upon abandonment or termination of the Railroad Easement, the then owner thereof shall be obligated to execute and deliver to the then owner of fee title to the Easement Area an instrument in form and substance satisfactory to said owner of fee title to the Easement Area quitclaiming the Railroad Easement.

II. ANCILLARY ASSET COLLATERAL

For Washoe County, Nevada, only, attached is a specific description as listed below of the Ancillary Asset Collateral located in said county. This description is numbered consecutively with the designation of A-II before each page number:

<u>No.</u>	<u>Property</u>	<u>County</u>
A-39	Reno	Washoe

Excluding from the Ancillary Asset Collateral described above an easement (the "Railroad Easement") within the area (the "Easement Area") (i) 15 feet on either side of any main line, branch line or spur line presently located on the property described above in this Section II, and (ii) 15 feet on either side of any team track presently located on said property. The owner of the Railroad Easement (and its lessees, sublessees, and licensees) shall have the exclusive right to utilize the Railroad Easement for railroad purposes and to construct, reconstruct, maintain, operate, use and/or remove the existing railroad tracks and all other rail and railroad related equipment used or useful as of the date hereof in connection with providing railroad service to the public. All improvements presently existing on or hereafter constructed on the Easement Area shall remain the property of the owner of the Railroad Easement. Upon abandonment or termination of the Railroad Easement, the then owner thereof shall be obligated to execute and deliver to the then owner of fee title to the Easement Area an instrument in form and substance satisfactory to said owner of fee title to the Easement Area quitclaiming the Railroad Easement.

A-3

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SCHEDULE I

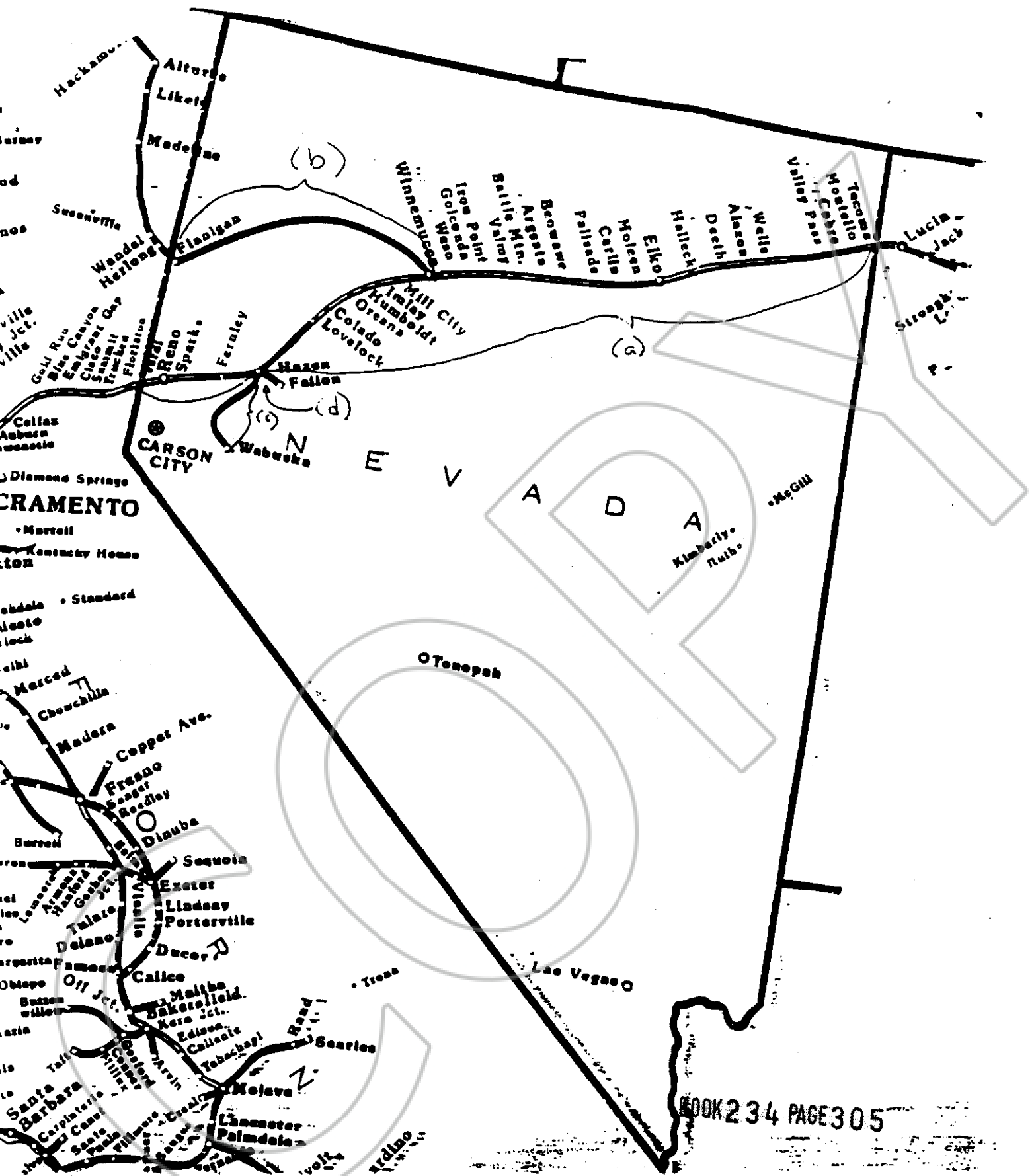


EXHIBIT B

CORPORATE PREDECESSORS OF SOUTHERN PACIFIC TRANSPORTATION COMPANY

1. Almaden Branch Railroad Company
2. Bay and Coast Railroad Company
3. Beaverton and Willsburg Railroad Company
4. Central Pacific Railway Company
5. Coos Bay, Roseburg and Eastern Railway and Navigation Company, The
6. Corvallis and Eastern Railroad Company
7. Dawson Railway Company
8. El Paso and Southwestern Railroad Company, of Texas, The
9. El Paso Southern Railway Company
10. Felton and Pescadero Railroad Company
11. Holton Inter-Urban Railway Company
12. Inter-California Railway Company
13. Johnson, Dragoon & Northern Railway
14. Marion and Linn County Railroad Company
15. Oakland Township Railroad Company
16. Oregon and California Rail Road Company
17. Pacific Railway and Navigation Company
18. Phoenix and Eastern Railroad Company
19. Porterville Northeastern Railway Company
20. Portland, Eugene and Eastern Railway Company
21. Salem, Falls City and Western Railway Company, The
22. San Francisco and Colorado River Railroad Company
23. Santa Cruz and Felton Rail Road Company, The
24. South Pacific Coast Railroad Company

25. South Pacific Coast Railway Company
26. South San Francisco Belt Railway
27. Southern Pacific Air Freight, Inc.
28. Southern Pacific Company, a Delaware corporation
incorporated on March 21, 1947.
29. Southern Pacific Railroad Company
30. Southern Pacific Terminal Company
31. Texas and New Orleans Railroad Company
32. Willamette Pacific Railroad Company

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EXHIBIT C

All right, title and interest in, to and under:

(i) all amounts owing from time to time by any account debtor or obligor to Southern Pacific Transportation Company, a Delaware corporation ("Southern Pacific"), that represent a right to payment for services rendered or for Railroad Rolling Stock (as such term is defined below) sold or leased, which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance and whether such amounts are now existing or hereafter created of present and future customers and that are (a) from other railroad companies for interline freight charges, or (b) for freight transportation and other charges incidental to transportation, and from agents and other representatives charged with the collection or custody of current revenues, or (c) in audited accounts for non-transportation miscellaneous bills against other railroad corporations, firms and individuals, or (d) for unbilled current items for Southern Pacific's proportion of line-haul freight transportation charges receivable by it, and including its proportion of line-haul freight receivable from other railroads for unreported interline freight charges (the amounts set forth in items (i)(a), (b), (c) and (d) above are collectively referred to herein as the "Receivables"); and (e) all rights to, but not the obligations under, any related agreements under which the Receivables arose or will arise;

(ii) all monies due or to become due with respect to the items described in (i) above;

(iii) all proceeds thereof;

(iv) with respect to any Receivable now existing or hereafter arising, (a) all of Southern Pacific's right, title and interest in the Railroad Rolling Stock (including returned Railroad Rolling Stock), if any, relating to the sale which gave rise to such Receivable, (b) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to a contract related to such Receivable or otherwise, (c) all UCC financing statements or similar instruments covering any collateral securing payment of such Receivable, and (d) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the contract related to such Receivable or otherwise (the property set forth in this item (iv) is referred to herein as "Related Property"); and

(v) the following lockboxes and all funds at any time and from time to time on deposit or otherwise to the credit of each lockbox and all claims of Southern Pacific in and to such funds and proceeds thereof, which lockboxes are maintained in the name of Southern Pacific at the banks listed below:

<u>Lockbox No.</u>	<u>Type of Collections</u>	<u>Bank</u>
File No. 21824 P.O. Box 60000 San Francisco, CA 94160-1824	Freight	Bank of America National Trust & Savings Association San Francisco, CA Main Office
File No. 61855 P.O. Box 60000 San Francisco, CA 94160-1855	Bills Collectible	Bank of America National Trust & Savings Association San Francisco, CA Main Office
P.O. Box 100328 Houston, Texas	Freight	First City, Texas- Houston, N.A. Houston, Texas
P.O. Box 75858 Chicago, IL 60675-5858	Freight	Northern Trust Company Chicago, Illinois

Definitions: "Railroad Rolling Stock" means all railroad rolling stock, including, without limitation all of the locomotives, freight cars, cabooses, work equipment and official cars, automotive transport racks, equipment relating to maintenance of way and maintenance of equipment, and other railroad rolling stock.

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Holme Roberts & Owen
'92 MAY -5 P2:20

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE \$ 44⁰⁰

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