

\$349,274,000

Union Pacific Railroad Company 2006-1 Pass Through Trust

PASS THROUGH CERTIFICATES, SERIES 2006-1

Each pass through certificate offered hereby will represent a fractional undivided interest in the Union Pacific Railroad Company 2006-1 Pass Through Trust, to be formed pursuant to a pass through trust agreement between Union Pacific Railroad Company and Wells Fargo Bank Northwest, National Association, as trustee of the pass through trust.

The pass through trustee will use the proceeds of the sale of the pass through certificates to purchase equipment notes issued by lessors in five separate leveraged lease transactions. Each such lessor will use the proceeds of such issue of equipment notes, together with funds provided by such lessor, to purchase railroad equipment. Such equipment will then be leased to the Company. The pass through certificates are not direct obligations of, or guaranteed by, the Company. The amounts unconditionally payable by the Company under the leases will be at least sufficient to pay when due all amounts of principal of, premium, if any, and interest on, the equipment notes held in the pass through trust. The equipment notes held in the pass through trust will be non-recourse obligations of the respective lessors. Each lessor's equipment notes will be secured by a security interest in the equipment owned by such lessor and by an assignment of the rents and certain other obligations of the Company under the lease of such lessor's equipment.

Interest payments on the equipment notes held in the pass through trust will be passed through to the holders of the pass through certificates semiannually, on January 2 and July 2 of each year, commencing January 2, 2007, and continuing until the final distribution date. Principal payments on the equipment notes held in the pass through trust will be passed through to the holders of the pass through certificates in scheduled amounts semiannually on January 2 or July 2, or both, of each year, commencing on July 2, 2007, and continuing until the final distribution date. See "Scheduled Payments." Under certain circumstances, distributions other than scheduled distributions may be made prior to the final distribution date, as described herein.

THE SECURITIES OFFERED HEREBY ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

<u>Pass Through Certificates</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Distribution Date</u>	<u>Price to Public(1)(2)</u>
Series 2006-1	\$349,274,000	5.866%	July 2, 2030	100%

- (1) Plus accrued interest, if any, from July 27, 2006.
- (2) The underwriting commission aggregates \$2,270,281, which constitutes 0.65% of the principal amount of the pass through certificates. The underwriting commission and certain other expenses will be paid by the owner participants in the leveraged lease transactions; or will be paid initially by the Company and reimbursed by such owner participants. No underwriting commission or other expenses in connection with the sale of the pass through certificates will be paid from the proceeds from such sale.

The pass through certificates are offered by the underwriters, subject to prior sale, when, as and if delivered to and accepted by the underwriters and subject to approval of certain legal matters by Mayer, Brown, Rowe & Maw LLP, counsel for the underwriters. Delivery of the pass through certificates in book-entry form will be made on or about July 27, 2006, through The Depository Trust Company, against payment therefor in immediately available funds.

Joint Bookrunners

MORGAN STANLEY

BARCLAYS CAPITAL

CITIGROUP

BANC OF AMERICA SECURITIES LLC

BNP PARIBAS

DAIWA SECURITIES AMERICA INC.

SUNTRUST ROBINSON HUMPHREY

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No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this offering circular in connection with the offer made by this offering circular and, if given or made, such information or representations must not be relied upon as having been made or authorized by Union Pacific Railroad Company or any underwriter. Neither the delivery of this offering circular nor any sale made hereunder shall under any circumstances create an implication or be interpreted to imply that there has been no change with respect to the affairs of Union Pacific Railroad Company since the date hereof. This offering circular does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

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IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF UNION PACIFIC RAILROAD COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, EACH RECIPIENT (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF SUCH RECIPIENT) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND THE TAX TREATMENT AND TAX STRUCTURE OF (I) THE PASS THROUGH TRUST AND PASS THROUGH CERTIFICATES AND (II) ANY RELATED TRANSACTIONS, AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSIS) THAT ARE PROVIDED TO THE RECIPIENT RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

AVAILABLE INFORMATION

Union Pacific Railroad Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Information concerning the Company filed with the Commission by the Company may be inspected and copied at the public reference facility maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such material may also be accessed electronically by means of the Commission's home page on the Internet (<http://www.sec.gov>). Information about the operation of the Commission's public reference facilities may be obtained by calling the Commission at 1-800-SEC-0330.

The Company is also subject to the informational requirements of Title 49 of the United States Code and, accordingly, files reports and other information with the Surface Transportation Board of the United States Department of Transportation (the "STB"). Certain information concerning its business and properties and the holder of its common stock is disclosed in its Annual Report on Form R-1, which is filed with the STB and is available for inspection at the STB's offices at 1925 K Street, N.W., Washington, D.C. 20423.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission by the Company are incorporated in this offering circular by reference: the Company's Annual Report on Form 10-K for the year ended December 31, 2005, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, and the Company's Current Report on Form 8-K dated July 20, 2006. All reports and other documents filed by the Company pursuant to section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subsequent to the date of this offering circular and prior to the termination of the offering of the pass through certificates offered hereby shall be deemed to be incorporated by reference in this offering circular and to be part hereof. Any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this offering circular to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering circular. This offering circular may contain forward looking statements or information as defined by the Securities Act of 1933, as amended, and the Exchange Act, including, without limitation, the statements and information regarding the capital expenditures of the Company on page 16 of this offering circular. Forward-looking information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. More detailed information regarding forward-looking information and such risks and uncertainties is contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the Commission on February 24, 2006.

The Company will provide without charge to each person, including any beneficial owner of the pass through certificates, to whom a copy of this offering circular is delivered, on the written or oral request of any such person, a copy of any or all of the documents incorporated herein by reference, except the exhibits to such documents (unless such exhibits are specifically incorporated by reference in such documents). Requests for such copies should be directed to the Secretary of the Company at 1400 Douglas Street, Omaha, Nebraska 68179 (telephone (402) 544-5000).

REPORTS TO CERTIFICATEHOLDERS BY THE TRUSTEE

Wells Fargo Bank Northwest, National Association, as pass through trustee for the holders of the pass through certificates, will provide to The Depository Trust Company certain periodic statements concerning distributions made with respect to the pass through trust, which statements will be available for forwarding to owners of the pass through certificates. See "Pass Through Certificates—Reports to Holders of Pass Through Certificates."

SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by the detailed information appearing elsewhere or incorporated by reference in this offering circular. Except as otherwise indicated in this offering circular, capitalized terms have the meanings specified in this summary.

Company	Union Pacific Railroad Company, a Delaware corporation, is engaged in the rail transportation business. The Company's executive offices are located at 1400 Douglas Street, Omaha, Nebraska 68179 (telephone (402) 544-5000). The Company is an indirect wholly owned subsidiary of Union Pacific Corporation.
The Pass Through Certificates	
Pass Through Trust.....	The property of the Union Pacific Railroad Company 2006-1 Pass Through Trust will consist of Equipment Notes bearing interest at the rate and maturing on or before the final distribution date set forth on the cover of this offering circular.
Pass Through Certificate.....	Each of the Pass Through Certificates, Series 2006-1, will represent a fractional undivided interest in the Pass Through Trust.
Book-Entry Registration.....	The Pass Through Certificates will be evidenced only by book-entry through the facilities of The Depository Trust Company and its participants, unless definitive certificates are issued under certain limited circumstances.
Pass Through Trust Agreement.....	The Pass Through Trust will be established under a Pass Through Trust Agreement between the Company and the Pass Through Trustee.
Distributions	The Pass Through Trustee will distribute to the holders of Pass Through Certificates payments of principal of, premium, if any, and interest on, the Equipment Notes held in the Pass Through Trust on the date receipt of such payments is confirmed, except in certain cases in which Equipment Notes are in default. See "Scheduled Payments" for the dates for the scheduled payments of principal and interest.
Delayed Purchase of Equipment Notes; Extraordinary Distribution	<p>Some of the Equipment will be delivered to its Lessor, and the related Equipment Notes will be issued, after the issue of the Pass Through Certificates. Any proceeds from the issue of the Pass Through Certificates not immediately used to purchase Equipment Notes will be held by the Pass Through Trustee in a trust account for the benefit of the holders of the Pass Through Certificates and invested at the direction of the Company. To the extent that the return on such investments is less than the interest that would have accrued on the Equipment Notes scheduled to be purchased had they been issued on the date of issue of the Pass Through Certificates, the Company will provide to the Pass Through Trustee the amount of the earnings shortfall.</p> <p>Any proceeds not used to purchase Equipment Notes on or prior to September 30, 2006, will be distributed, with interest but without premium, on October 16, 2006.</p>
Pass Through Trustee	Wells Fargo Bank Northwest, National Association, located at 299 South Main Street, Salt Lake City, Utah 84111, will be the Pass Through Trustee under the Pass Through Trust.

The Equipment Notes

Equipment Notes

The Equipment Notes to be held in the Pass Through Trust will be issued by the respective Lessors pursuant to five separate leveraged lease transactions and secured by the Equipment subject to the related Lease and by certain of the obligations of the Company under such Lease.

The Equipment Notes will be issued on a nonrecourse basis by each Lessor. Although the Equipment Notes will not be direct obligations of, or guaranteed by, the Company, amounts unconditionally payable by the Company under the related Lease will be at least sufficient to pay in full when due all payments of principal of, premium, if any, and interest on, the related Equipment Notes. See "Equipment Notes" for a more detailed description of the Equipment Notes.

Equipment.....

The Equipment Notes are to be secured by security interests in certain railroad equipment. The Equipment is divided into five groups, with each group to be acquired by a separate Lessor. See "Use of Proceeds" for a more detailed description of the Equipment.

The aggregate cost of the Equipment is \$474,975,800. Not more than 80% of the cost of the Equipment is being financed with the proceeds of the issuance of the Equipment Notes. The remainder of the cost will be contributed to the applicable Lessor by the Owner Participant for which the Lessor is acting.

The Equipment Notes will not be cross-collateralized and, consequently, the Equipment Notes issued by each Lessor will be secured only by the Equipment acquired by such Lessor.

Interest Payments.....

Interest on the Equipment Notes held in the Pass Through Trust will be payable on January 2 and July 2 of each year, commencing January 2, 2007. See "Scheduled Payments."

Principal Payments

The principal of the Equipment Notes held in the Pass Through Trust will be payable on January 2 or July 2, or both, of each year, commencing on July 2, 2007, and ending on the final distribution date specified on the cover of this offering circular. See "Scheduled Payments."

Prepayments with Premium.....

All the Equipment Notes issued by a Lessor may be prepaid at any time, with premium, if the Company elects to refinance such Equipment Notes. Equipment Notes issued by a Lessor to finance units of Equipment in a particular group may also be prepaid in part or in whole, with premium, if the Company elects to terminate such Lessor's Lease with respect to some or all of such Equipment, or if the Company elects to purchase some or all of such Equipment covered by such Lessor's Lease. See "Equipment Notes—Prepayments." See "Equipment Notes—Premium" for a description of the computation of such premium.

Prepayments at Par.....

Equipment Notes issued by a Lessor to finance units of Equipment in a particular group may be prepaid in part, without premium, in case of loss or destruction of any unit of such Equipment, if the Company does not substitute another unit for the unit suffering such loss or destruction. Equipment Notes issued under any Indenture may also be prepaid in whole without premium in certain circumstances following an event of default under such Indenture or the related Lease.

Assumption by the Company

Under certain circumstances in which the Company exercises its option to purchase units of Equipment from a Lessor, the Company may assume all or part of the obligations of such Lessor under the Equipment Notes issued to finance such units. In such case, such Equipment Notes would become direct obligations of the Company to the extent so assumed, secured by the Equipment so purchased. Such assumption is subject to certain conditions,

including obtaining an opinion of tax counsel that a taxable exchange will not result from such assumption.

Indenture.....

The Equipment Notes will be issued by each Lessor pursuant to a separate Indenture and Security Agreement between such Lessor and the Indenture Trustee. See "Equipment Notes."

Indenture Trustee.....

Wells Fargo Bank Northwest, National Association will be the indenture trustee under each Indenture.

Leases

Each Lessor will lease the Equipment acquired by it to the Company pursuant to a Lease Agreement between the Company and such Lessor. See "Leases."

Lessors.....

Each Lessor is the Owner Trustee acting for an owner trust, organized under the Delaware Business Trust Act, for the benefit of an Owner Participant.

Owner Trustee.....

Wilmington Trust Company, a Delaware banking corporation, will act as Owner Trustee for each Lessor.

Owner Participants

The beneficial owner of each separate owner trust is a financial institution or an affiliate thereof.

Legal Matters

**Section 1168 of the United States
Bankruptcy Code**

The Company has been advised by counsel that the Indenture Trustee will be entitled to the benefits of section 1168 of the United States Bankruptcy Code with respect to the Equipment originally subjected to the lien of the related Indenture. See "Legal Matters—Bankruptcy Considerations."

Federal Income Tax Consequences.....

The Company has been advised by counsel that, under currently applicable law, the Pass Through Trust will not be classified as an association taxable as a corporation, but rather should be classified as a grantor trust for federal income tax purposes and each holder of the Pass Through Certificates should be treated as the owner of a *pro rata* undivided interest in each of the Equipment Notes and any other property held in the Pass Through Trust and should report on its federal income tax return its *pro rata* share of income from such Equipment Notes and such other property in accordance with such holder's method of accounting. See "Federal Income Tax Consequences," including the "Notice Pursuant to IRS Circular 230" thereunder.

ERISA

In general, employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (or entities which may be deemed to hold the assets of any such plan) (collectively, "Plans"), will be eligible to purchase the Pass Through Certificates if the conditions of one or more administrative class exemptions are satisfied. By its acceptance of a Pass Through Certificate, each holder of a Pass Through Trust Certificate will be deemed to have represented and warranted that either (i) no Plan assets have been used to purchase such Pass Through Certificate or (ii) the purchase and holding of such Pass Through Certificate is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to an administrative class exemption. Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning any investment in any of the Pass Through Certificates. See "ERISA Considerations."

USE OF PROCEEDS

The Pass Through Certificates are being issued to finance in part five separate leveraged lease transactions entered into by the Company, as lessee, with respect to five separate groups of Equipment.

The Pass Through Trustee will use the proceeds from the sale of the Pass Through Certificates to purchase Equipment Notes issued by each of the five Lessors pursuant to the related Indenture. Equipment Notes will bear interest at the interest rate applicable to the Pass Through Certificates and will mature on or before the final expected distribution date applicable to the Pass Through Certificates.

The proceeds from the sale of Equipment Notes issued by each Lessor will be used by such Lessor to finance the purchase of Equipment, which will then be leased by such Lessor to the Company pursuant to the related Lease. Such proceeds of the issue of the Equipment Notes by each Lessor will not exceed 80% of the cost of Equipment acquired by such Lessor.

All of the Equipment that will constitute security for the Equipment Notes has been or will be acquired from the manufacturers on or after January 31, 2006.

The following table sets forth certain information relating to the Equipment to be financed with the proceeds of the issue of the Pass Through Certificates.

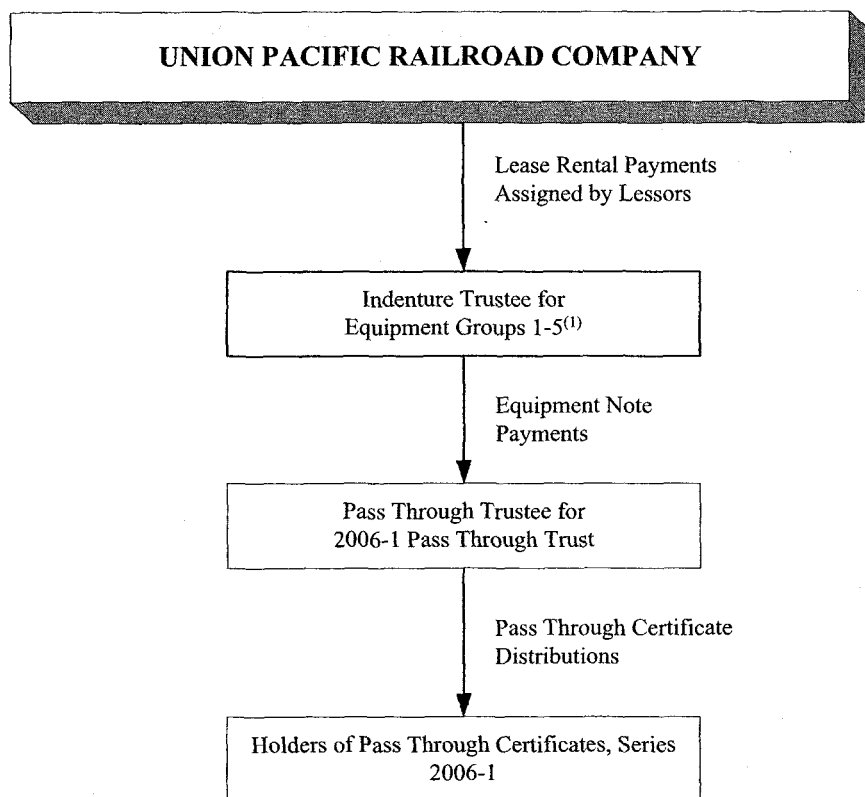
<i>Description</i>	<i>Quantity</i>	<i>Estimated Aggregate Cost</i>	<i>Principal Amount of Equipment Notes</i>
<i>Equipment Group 1</i>			
EMD SD70ACe Locomotives	14	\$25,233,600	\$18,063,000
GE ES4400AC Locomotives	13	\$25,713,350	\$18,417,000
<i>Equipment Group 2</i>			
EMD SD70ACe Locomotives	24	\$43,257,600	\$32,142,000
EMD SD70ACe Locomotives ⁽¹⁾	20	\$36,048,000	\$26,686,000
GE ES4400AC Locomotives	43	\$85,051,850	\$63,200,000
GE ES4400AC Locomotives ⁽¹⁾	16	\$31,647,200	\$23,432,000
<i>Equipment Group 3</i>			
EMD SD70ACe Locomotives	12	\$21,628,800	\$16,035,000
EMD SD70ACe Locomotives ⁽¹⁾	18	\$32,443,200	\$23,964,000
GE ES4400AC Locomotives	19	\$37,581,050	\$27,862,000
Covered Hopper Railcars	195	\$13,698,750	\$10,089,000
Covered Hopper Railcars ⁽¹⁾	50	\$3,512,500	\$2,587,000
<i>Equipment Group 4</i>			
EMD SD70ACe Locomotives ⁽¹⁾	12	\$21,628,800	\$16,000,000
GE ES4400AC Locomotives	9	\$17,801,550	\$13,228,000
Covered Hopper Railcars	445	\$31,261,250	\$23,049,000
<i>Equipment Group 5</i>			
Covered Hopper Railcars	410	\$28,802,500	\$20,491,000
Aggregate Gondola Railcars	280	\$19,665,800	\$14,029,000
Total	1,580	\$474,975,800	\$349,274,000

(1) This equipment is expected to be delivered not later than August 2006.

FLOW OF PAYMENTS

Each Lessor will purchase a group of Equipment and will lease such Equipment to the Company pursuant to the applicable Lease. The Company will be required to make, in the case of each Lease, payments of all rent due and to become due under each Lease directly to the Indenture Trustee acting under the Indenture pursuant to which such Lease has been assigned. From such payments, the Indenture Trustee will make such payments in respect of the Equipment Notes issued under such Indenture to the Pass Through Trustee for the account of the Pass Through Trust. The Indenture Trustee will distribute any excess from the amounts paid by the Company as rent or otherwise under the related Lease to the appropriate Lessor for the benefit of the appropriate Owner Participant. The Pass Through Trustee will distribute to the holders of the Pass Through Certificates payments received on the Equipment Notes.

The following diagram illustrates certain aspects of the flow of payments.



⁽¹⁾ Each Equipment Group will be subject to a separate Lease and related Indenture.

SCHEDULED PAYMENTS

Interest on the Equipment Notes held in the Pass Through Trust will be payable on January 2 and July 2 of each year, commencing January 2, 2007, until the maturity of such Equipment Notes, at the rate specified on the cover of this offering circular. Such payments will be distributed to the holders of the Pass Through Certificates on the date receipt is confirmed.

The principal amount of the Equipment Notes held in the Pass Through Trust will be payable in installments, in the amounts and on the dates set forth below assuming that all proceeds are used to purchase Equipment Notes prior to September 30, 2006. Such payments will be distributed to the holders of the Pass Through Certificates on the date receipt is confirmed. The "Pool Factor" set forth below for each such date represents the remaining unpaid principal amount of the Equipment Notes held in the Pass Through Trust, expressed as a percentage of the aggregate original principal amount, after taking into account the payment of principal scheduled on such date.

Regular Distribution Date	Scheduled Principal Repayment	Pool Factor
January 2, 2007	\$ 0.00	1.0000000000
July 2, 2007	24,308.00	0.99993040421
January 2, 2008	731,732.65	0.99783539385
July 2, 2008	1,940,809.00	0.99227869910
January 2, 2009	5,756,429.08	0.97579757231
July 2, 2009	6,097,481.12	0.95833998566
January 2, 2010	6,545,271.85	0.93960033756
July 2, 2010	6,545,271.85	0.92086068946
January 2, 2011	6,545,271.85	0.90212104136
July 2, 2011	6,545,271.85	0.88338139326
January 2, 2012	6,557,248.52	0.86460745498
July 2, 2012	6,560,204.24	0.84582505423
January 2, 2013	6,548,227.56	0.82707694369
July 2, 2013	6,545,271.85	0.80833729559
January 2, 2014	6,545,271.85	0.78959764749
July 2, 2014	6,545,271.85	0.77085799939
January 2, 2015	6,557,248.52	0.75208406111
July 2, 2015	6,560,204.24	0.73330166036
January 2, 2016	6,548,227.56	0.71455354982
July 2, 2016	6,545,271.85	0.69581390172
January 2, 2017	6,666,405.90	0.67672743694
July 2, 2017	6,578,421.48	0.65789287874
January 2, 2018	39,948,308.98	0.54351760609
July 2, 2018	741,629.24	0.54139426098
January 2, 2019	22,373,890.85	0.47733598338
July 2, 2019	0.00	0.47733598338
January 2, 2020	24,165,883.39	0.40814708472
July 2, 2020	0.00	0.40814708472
January 2, 2021	25,672,713.49	0.33464400837
July 2, 2021	0.00	0.33464400837
January 2, 2022	27,482,194.08	0.25596024124
July 2, 2022	0.00	0.25596024124
January 2, 2023	26,744,900.65	0.17938740545
July 2, 2023	0.00	0.17938740545
January 2, 2024	12,061,563.05	0.14485416492
July 2, 2024	0.00	0.14485416492
January 2, 2025	4,011,846.05	0.13336792189
July 2, 2025	0.00	0.13336792189
January 2, 2026	0.00	0.13336792189
July 2, 2026	0.00	0.13336792189
January 2, 2027	1,251,301.79	0.12978534262
July 2, 2027	694,070.85	0.12779816107

Regular Distribution Date	Scheduled Principal Repayment	Pool Factor
January 2, 2028	\$ 6,588,155.24	0.10893573432
July 2, 2028	741,629.24	0.10681238921
January 2, 2029	7,850,460.72	0.08433587874
July 2, 2029	16,979,981.18	0.03572080524
January 2, 2030	10,317,144.53	0.00618197747
July 2, 2030	2,159,204.00	0.00000000000

The installments of principal of the Equipment Notes to be held in the Pass Through Trust, with respect to each group of Equipment, will be payable as set forth in the following tables assuming that all proceeds are used to purchase Equipment Notes prior to September 30, 2006.

Payment Date	Equipment Group 1 Equipment Notes		Equipment Group 2 Equipment Notes			
	EMD SD70ACe Locomotives	GE ES4400AC Locomotives	EMD SD70ACe Locomotives	EMD SD70ACe Locomotives ⁽¹⁾	GE ES4400AC Locomotives	GE ES4400AC Locomotives ⁽¹⁾
January 2, 2007	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
July 2, 2007	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2008	0.00	0.00	0.00	0.00	0.00	0.00
July 2, 2008	0.00	0.00	208,189.61	0.00	412,659.61	0.00
January 2, 2009	0.00	0.00	579,478.19	468,894.72	1,139,353.37	415,522.67
July 2, 2009	110,863.34	123,551.06	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2010	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
July 2, 2010	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2011	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
July 2, 2011	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2012	338,748.81	345,189.22	580,712.26	483,665.82	1,141,779.77	424,619.09
July 2, 2012	338,887.25	345,330.29	580,949.56	484,124.64	1,142,246.34	425,021.89
January 2, 2013	338,028.96	344,455.68	579,478.19	483,159.55	1,139,353.37	424,174.63
July 2, 2013	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2014	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
July 2, 2014	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2015	338,748.81	345,189.22	580,712.26	483,665.82	1,141,779.77	424,619.09
July 2, 2015	338,887.25	345,330.29	580,949.56	484,124.64	1,142,246.34	425,021.89
January 2, 2016	338,028.96	344,455.68	579,478.19	483,159.55	1,139,353.37	424,174.63
July 2, 2016	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2017	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
July 2, 2017	337,890.52	344,314.61	579,240.89	482,700.74	1,138,886.79	423,771.83
January 2, 2018	2,715,003.77	2,774,796.61	4,635,677.02	3,756,931.68	9,197,640.80	3,341,030.50
July 2, 2018	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2019	1,241,779.34	1,264,332.10	2,174,642.48	1,790,214.45	4,288,565.60	1,576,773.69
July 2, 2019	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2020	1,316,823.15	1,340,738.83	2,306,061.53	1,898,401.56	4,547,734.27	1,672,062.04
July 2, 2020	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2021	1,396,402.05	1,421,763.01	2,445,422.56	2,013,126.69	4,822,565.16	1,773,108.91
July 2, 2021	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2022	1,480,790.10	1,507,683.68	2,593,205.52	2,134,784.93	5,114,004.75	1,880,262.28
July 2, 2022	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2023	1,570,277.92	1,598,796.75	2,039,153.29	2,263,795.29	3,858,410.48	1,870,692.66
July 2, 2023	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2024	1,665,173.72	1,695,416.01	0.00	0.00	0.00	0.00
July 2, 2024	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2025	789,542.73	744,648.58	0.00	0.00	0.00	0.00
July 2, 2025	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2026	0.00	0.00	0.00	0.00	0.00	0.00
July 2, 2026	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2027	0.00	0.00	0.00	0.00	0.00	0.00
July 2, 2027	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2028	241,089.62	304,886.53	0.00	0.00	0.00	0.00
July 2, 2028	0.00	0.00	0.00	0.00	0.00	0.00
January 2, 2029	125,019.02	127,290.36	0.00	1,998,121.63	0.00	0.00
July 2, 2029	0.00	0.00	4,888,073.90	2,150,120.89	4,087,229.32	3,693,425.90
January 2, 2030	0.00	0.00	418,166.09	0.00	6,357,322.99	0.00
July 2, 2030	0.00	0.00	0.00	0.00	0.00	0.00
Total	\$18,063,000.00	\$18,417,000.00	\$32,142,000.00	\$26,686,000.00	\$63,200,000.00	\$23,432,000.00

(1) Expected to be delivered not later than August 2006.

Equipment Group 3
Equipment Notes

Payment Date	EMD SD70ACe Locomotives	EMD SD70ACe Locomotives ⁽¹⁾	GE ES4400AC Locomotives	Covered Hopper Railcars	Covered Hopper Railcars ⁽¹⁾
January 2, 2007	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
July 2, 2007	0.00	0.00	0.00	0.00	0.00
January 2, 2008	0.00	0.00	0.00	209,590.87	43,844.66
July 2, 2008	68,094.88	0.00	118,756.59	209,590.87	53,741.25
January 2, 2009	289,739.10	368,605.35	503,435.22	209,590.87	53,741.25
July 2, 2009	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2010	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
July 2, 2010	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2011	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
July 2, 2011	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2012	290,356.12	435,299.24	504,507.32	209,590.87	53,741.25
July 2, 2012	290,474.78	435,712.17	504,713.50	209,590.87	53,741.25
January 2, 2013	289,739.10	434,843.59	503,435.22	209,590.87	53,741.25
July 2, 2013	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2014	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
July 2, 2014	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2015	290,356.12	435,299.24	504,507.32	209,590.87	53,741.25
July 2, 2015	290,474.78	435,712.17	504,713.50	209,590.87	53,741.25
January 2, 2016	289,739.10	434,843.59	503,435.22	209,590.87	53,741.25
July 2, 2016	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2017	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
July 2, 2017	289,620.44	434,430.66	503,229.05	209,590.87	53,741.25
January 2, 2018	1,651,486.01	2,427,036.49	2,886,329.58	209,590.87	53,741.25
July 2, 2018	0.00	0.00	0.00	209,590.87	53,741.25
January 2, 2019	1,012,799.24	1,507,950.02	1,759,380.69	419,181.75	107,482.50
July 2, 2019	0.00	0.00	0.00	0.00	0.00
January 2, 2020	1,074,005.21	1,599,079.19	1,865,704.43	419,181.75	107,482.50
July 2, 2020	0.00	0.00	0.00	0.00	0.00
January 2, 2021	1,138,910.02	1,695,715.52	1,978,453.59	444,855.37	160,062.19
July 2, 2021	0.00	0.00	0.00	0.00	0.00
January 2, 2022	1,207,737.18	1,798,191.82	2,098,016.45	715,457.06	184,031.93
July 2, 2022	0.00	0.00	0.00	0.00	0.00
January 2, 2023	1,280,723.74	1,906,861.02	2,224,804.80	759,194.09	195,153.44
July 2, 2023	0.00	0.00	0.00	0.00	0.00
January 2, 2024	1,358,121.06	2,022,097.37	2,359,255.28	804,703.15	206,947.05
July 2, 2024	0.00	0.00	0.00	0.00	0.00
January 2, 2025	401,346.05	1,788,813.49	287,495.20	0.00	0.00
July 2, 2025	0.00	0.00	0.00	0.00	0.00
January 2, 2026	0.00	0.00	0.00	0.00	0.00
July 2, 2026	0.00	0.00	0.00	0.00	0.00
January 2, 2027	0.00	0.00	0.00	0.00	0.00
July 2, 2027	0.00	0.00	0.00	209,590.87	6,182.86
January 2, 2028	785,937.25	0.00	1,762,262.24	209,590.87	53,741.25
July 2, 2028	0.00	0.00	0.00	209,590.87	53,741.25
January 2, 2029	839,135.42	1,459,202.47	1,457,274.30	209,590.87	53,741.25
July 2, 2029	0.00	0.00	0.00	209,590.87	53,741.25
January 2, 2030	0.00	0.00	0.00	209,590.87	232,281.62
July 2, 2030	0.00	0.00	0.00	657,882.47	0.00
Total	<u>\$16,035,000.00</u>	<u>\$23,964,000.00</u>	<u>\$27,862,000.00</u>	<u>\$10,089,000.00</u>	<u>\$2,587,000.00</u>

(1) Expected to be delivered not later than August 2006.

Payment Date	Equipment Group 4 Equipment Notes			Equipment Group 5 Equipment Notes	
	EMD SD70ACe Locomotives ⁽¹⁾	GE ES4400AC Locomotives	Covered Hopper Railcars	Covered Hopper Railcars	Aggregate Gondola Railcars
January 2, 2007	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
July 2, 2007	0.00	0.00	24,308.00	0.00	0.00
January 2, 2008	0.00	0.00	478,297.12	0.00	0.00
July 2, 2008	0.00	86,463.75	478,297.12	158,595.19	146,420.13
January 2, 2009	269,736.92	238,469.31	478,297.12	440,678.25	300,886.74
July 2, 2009	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2010	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
July 2, 2010	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2011	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
July 2, 2011	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2012	290,199.49	238,977.15	478,297.12	440,678.25	300,886.74
July 2, 2012	290,474.78	239,074.81	478,297.12	440,678.25	300,886.74
January 2, 2013	289,895.73	238,469.31	478,297.12	440,678.25	300,886.74
July 2, 2013	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2014	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
July 2, 2014	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2015	290,199.49	238,977.15	478,297.12	440,678.25	300,886.74
July 2, 2015	290,474.78	239,074.81	478,297.12	440,678.25	300,886.74
January 2, 2016	289,895.73	238,469.31	478,297.12	440,678.25	300,886.74
July 2, 2016	289,620.44	238,371.65	478,297.12	440,678.25	300,886.74
January 2, 2017	289,620.44	238,371.65	478,297.12	561,812.30	300,886.74
July 2, 2017	289,620.44	238,371.65	478,297.12	373,446.38	401,268.24
January 2, 2018	1,940,910.66	1,663,488.53	478,297.12	1,286,830.45	929,517.64
July 2, 2018	0.00	0.00	478,297.12	0.00	0.00
January 2, 2019	1,038,277.55	867,557.96	999,209.97	1,364,596.81	961,146.70
July 2, 2019	0.00	0.00	0.00	0.00	0.00
January 2, 2020	1,101,023.24	919,986.65	1,531,305.07	1,447,062.78	1,019,231.19
July 2, 2020	0.00	0.00	0.00	0.00	0.00
January 2, 2021	1,167,560.81	975,583.73	1,623,845.64	1,534,512.38	1,080,825.86
July 2, 2021	0.00	0.00	0.00	0.00	0.00
January 2, 2022	1,238,119.41	1,034,540.67	1,721,978.67	1,627,246.78	1,146,142.85
July 2, 2022	0.00	0.00	0.00	0.00	0.00
January 2, 2023	1,312,942.05	1,097,060.54	1,826,042.12	1,725,585.35	1,215,407.11
July 2, 2023	0.00	0.00	0.00	0.00	0.00
January 2, 2024	931,134.81	322,060.11	0.00	114,897.26	581,757.23
July 2, 2024	0.00	0.00	0.00	0.00	0.00
January 2, 2025	0.00	0.00	0.00	0.00	0.00
July 2, 2025	0.00	0.00	0.00	0.00	0.00
January 2, 2026	0.00	0.00	0.00	0.00	0.00
July 2, 2026	0.00	0.00	0.00	0.00	0.00
January 2, 2027	0.00	0.00	428,669.64	822,632.15	0.00
July 2, 2027	0.00	0.00	478,297.12	0.00	0.00
January 2, 2028	0.00	0.00	478,297.12	1,691,935.47	1,060,414.89
July 2, 2028	0.00	0.00	478,297.12	0.00	0.00
January 2, 2029	0.00	0.00	478,297.12	730,994.70	371,793.58
July 2, 2029	1,378,412.58	41,089.35	478,297.12	0.00	0.00
January 2, 2030	694,917.13	1,926,568.71	478,297.12	0.00	0.00
July 2, 2030	0.00	0.00	1,501,321.53	0.00	0.00
Total	<u>\$16,000,000.00</u>	<u>\$13,228,000.00</u>	<u>\$23,049,000.00</u>	<u>\$20,491,000.00</u>	<u>\$14,029,000.00</u>

(1) Expected to be delivered not later than August 2006.

In addition to scheduled payments of principal, the Equipment Notes held in the Pass Through Trust, and consequently the Pass Through Certificates, are subject to partial or full prepayment in certain circumstances. Prepayments arising out of loss or destruction of any unit of Equipment, early termination of the related Lease with respect to any Equipment, the purchase of Equipment by the Company or a refinancing or redemption of any Equipment Notes, together with premium, if any, in certain cases, and interest thereon, are payable on 15 days' prior notice on a date, specified in the applicable Lease, on which interest on the Equipment Notes is payable or, in the case of a refinancing or redemption, on the date of such refinancing or redemption. Such payments will be distributed to the holders of Pass Through Certificates on the date receipt is confirmed.

Payments of principal, premium, if any, and interest received by the Pass Through Trustee following a default in respect of any Equipment Notes or the exercise of remedies under the related Indenture will be distributed by the Pass Through Trustee on the earliest date for which it is practical for the Pass Through Trustee to give 15 days' prior notice.

Each holder of Pass Through Certificates will be entitled to a *pro rata* share of any distribution of principal, premium, if any, and interest on the Equipment Notes held in the Pass Through Trust, reflecting such holder's fractional undivided interest in the Pass Through Trust.

In case of any prepayment of Equipment Notes, the scheduled principal repayments and Pool Factors set forth above will be recalculated and notice thereof distributed to holders of the Pass Through Certificates.

THE COMPANY

The Company, a Class I railroad incorporated in Delaware, is an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation. With its subsidiaries and certain affiliates, the Company operates the largest rail system in North America, consisting of 32,426 route miles, linking Pacific Coast and Gulf Coast ports with the Midwest and eastern U.S. gateways and providing several north/south corridors to key Mexican gateways. The Company serves the western two-thirds of the country and maintains coordinated schedules with other rail carriers for the handling of freight to and from the Atlantic Coast, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. Export and import traffic is moved through Gulf Coast and Pacific Coast ports and across the Mexican and Canadian borders. Major commodities hauled by the Company are agricultural, automotive, chemicals, energy, industrial products and intermodal.

CAPITALIZATION

Set forth below is the consolidated capitalization of the Company as of March 31, 2006. Financial data for the Company in the table is derived from the March 31, 2006, unaudited consolidated financial statements of the Company and should be read in conjunction with such unaudited consolidated financial statements, including the notes thereto, which are incorporated by reference in this offering circular. The sale of the Pass Through Certificates will not alter the capitalization of the Company because they are not obligations of, nor guaranteed by, the Company and because each of the leases will be accounted for as an operating lease.

	<u>March 31,</u> <u>2006</u>
	(in millions)
<i>Debt:</i>	
Third-Party Debt Due Within One Year	\$ 143
Third-Party Debt Due After One Year	1,553
Intercompany Borrowings from Union Pacific Corporation	5,156
Total Debt	<u>\$ 6,852</u>
<i>Shareholders' Equity:</i>	
Capital Stock and Surplus	\$ 4,782
Retained Earnings	9,638
Accumulated Other Comprehensive Loss	(227)
Total Shareholders' Equity	<u>\$ 14,193</u>
Total Debt and Shareholders' Equity	<u>\$ 21,045</u>
Debt/Debt Plus Shareholders' Equity	32.6%

CAPITAL EXPENDITURES

The cash capital expenditures of the Company during 2006 are expected to be approximately \$2.3 billion, with total capital expenditures, including long-term leases, of approximately \$2.8 billion. These expenditures will be used to build and maintain track and structures, remove bottlenecks, upgrade and augment equipment, build and improve facilities and terminals, and develop and implement new technologies, and upgrade and augment equipment, including the acquisition of new locomotives and freight cars. These capital expenditures of the Company are expected to be funded through cash generated from operations, additional debt financings, the sale or lease of various operating and non-operating properties, and cash on hand at December 31, 2005. Additionally, during its earnings presentation on July 20, 2006, the Company announced tentative plans to increase its projected total capital expenditures for 2007 by about 15% to approximately \$3.2 billion, including leasing. The Company currently expects that cash generated from operations will support this additional spending. However, the Company will continue to monitor its performance and may adjust its planned expenditures as necessary, if demand or financial returns deteriorate.

CONSOLIDATED SUMMARY OF EARNINGS

The following is a consolidated summary of earnings for the three months ended March 31, 2006 and 2005 and for each of the years ended December 31, 2005, 2004, and 2003. The information for the three months ended March 31, 2006 and 2005 was derived from the unaudited consolidated financial statements of the Company and its consolidated subsidiary and affiliate companies for the respective periods. The information for the years ended December 31, 2005, 2004, and 2003 was derived from the audited consolidated financial statements of the Company and its consolidated subsidiary and affiliate companies. This summary should be read in conjunction with the Company's historical consolidated statements of financial position as of December 31, 2005, 2004, and 2003 and March 31, 2006 and 2005, and historical consolidated statements of income, cash flows and changes in common shareholders' equity for the years ended December 31, 2005, 2004, and 2003 and the three months ended March 31, 2006 and 2005, together with notes thereto, which are incorporated by reference in this offering circular and are included in the Company's Annual Reports on Form 10-K for the years ended December 31, 2005, 2004, and 2003 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2006 and 2005.

(Millions of Dollars Except for Ratios)

	<u>Three Months Ended</u> <u>March 31,</u>		<u>Year Ended</u> <u>December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenues	\$ 3,702	\$ 3,144	\$ 13,545	\$ 12,180	\$ 11,509
Operating Expenses	<u>3,097</u>	<u>2,831</u>	<u>11,753</u>	<u>10,882</u>	<u>9,367</u>
Operating Income	605	313	1,792	1,298	2,142
Other Income	7	16	137	72	119
Interest Expense	<u>(125)</u>	<u>(122)</u>	<u>(492)</u>	<u>(492)</u>	<u>(492)</u>
Income Before Income Taxes	487	207	1,437	878	1,769
Income Taxes	<u>(184)</u>	<u>(78)</u>	<u>(401)</u>	<u>(261)</u>	<u>(629)</u>
Income before cumulative effect of accounting change	303	129	1,036	617	1,140
Cumulative effect of accounting change, net of income tax expense of \$167	-	-	-	-	274
Net Income	<u>\$ 303</u>	<u>\$ 129</u>	<u>\$ 1,036</u>	<u>\$ 617</u>	<u>\$ 1,414</u>
Ratio of Earnings to Fixed Charges ⁽¹⁾	3.6x	2.2x	3.0x	2.2x	3.7x

- (1) The ratio of earnings to fixed charges has been computed on a consolidated basis. Earnings represent income before cumulative effect of accounting change, less equity earnings net of distributions, plus fixed charges and income taxes. Fixed charges represent interest charges, amortization of debt discount, and the estimated amount representing the interest portion of rental charges.

FORMS OF AGREEMENTS

The following summaries of certain terms and conditions of the Pass Through Certificates, the Pass Through Trust Agreement, the Equipment Notes, the Indentures, the Leases and related documents do not purport to be complete and are qualified in their entirety by reference to such documents or agreements. The forms of such documents are available without charge to each person to whom this offering circular is delivered from the Secretary of the Company at 1400 Douglas Street, Omaha, Nebraska 68179 (telephone (402) 544-5000).

PASS THROUGH CERTIFICATES

The Pass Through Certificates offered hereby will be issued pursuant to a Pass Through Trust Agreement between the Company and the Pass Through Trustee.

General

Each Pass Through Certificate will represent a fractional undivided interest in the Pass Through Trust. The property of the Pass Through Trust will include the Equipment Notes held in the Pass Through Trust, all money at any time paid thereon, all money due and to become due thereunder, funds from time to time deposited with the Pass Through Trustee in accounts relating to the Pass Through Trust and any proceeds from the sale of Equipment Notes obtained by the Pass Through Trust in the exercise of remedies by the Pass Through Trustee. Each Pass Through Certificate will correspond to a pro rata share of the outstanding principal amount of the Equipment Notes held in the Pass Through Trust and will be issued in denominations of \$1,000 or any integral multiple of \$1,000.

Interest will be passed through to holders of the Pass Through Certificates at the rate per annum set forth on the cover of this offering circular. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Pass Through Certificates will not represent an interest in, or obligation of, the Company, any Lessor, any Owner Participant, the Pass Through Trustee, the Indenture Trustee in its individual capacity or any affiliate thereof.

Neither the Pass Through Trust Agreement nor any Indenture or Lease contains any covenants or provisions that would afford holders of the Pass Through Certificates protection in the event of a highly leveraged transaction that may or may not involve a change of control of the Company or Union Pacific Corporation.

Book-Entry Registration

All Pass Through Certificates will be represented initially by certificates registered in the name of a nominee of The Depository Trust Company ("DTC") (or a successor clearing agency). DTC has advised the Company that it is a "clearing agency" registered under section 17A of the Securities Exchange Act of 1934, as amended, created to hold securities and facilitate the settlement through electronic book-entry of securities transactions among the banks, brokers, dealers and trust companies that participate in the system maintained by DTC.

Unless and until definitive certificates are issued in the circumstances set forth below, all interests in the Pass Through Certificates must be held through the facilities of DTC and its participants, and no person acquiring an interest in the Pass Through Certificates will be entitled to receive a certificate representing such person's interest in the Pass Through Certificates. All actions by owners of Pass Through Certificates will be taken by DTC upon instructions from its participants, and all distributions, notices, reports and statements to holders of Pass Through Certificates will be made to DTC or its participants for distribution to owners of Pass Through Certificates in accordance with DTC procedures.

Owners of Pass Through Certificates that desire to purchase, sell or otherwise transfer ownership of, or other interests in, Pass Through Certificates may do so only through DTC and its direct and indirect participants.

The ability of an owner of Pass Through Certificates to pledge Pass Through Certificates to persons or entities that do not participate in the system of DTC, or otherwise to act with respect to such Pass Through Certificates, may be limited due to the lack of a physical certificate for such Pass Through Certificates.

Owners of Pass Through Certificates will receive all distributions of principal and interest from the Pass Through Trustee through DTC and its direct and indirect participants in accordance with customary industry practice.

Neither the Company nor the Pass Through Trustee will have any liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Pass Through Certificates held by DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Definitive Certificates

The Pass Through Certificates will be issued in fully registered, certificated form to owners of such Pass Through Certificates or their nominees, rather than to DTC or its nominee, only if (i) DTC is no longer willing or able to discharge properly its responsibilities, and the Pass Through Trustee or the Company is unable to locate a qualified successor, (ii) the Company elects to terminate the book-entry system through DTC with respect to such Pass Through Certificates or (iii) after the occurrence of a default with respect to such Pass Through Certificates, owners thereof aggregating not less than a majority in interest in the Pass Through Trust advise the Pass Through Trustee and DTC through DTC participants that the continuation of a book-entry system through DTC for the Pass Through Trust is no longer in the best interests of owners of such Pass Through Certificates.

Upon the occurrence of any such event, the Pass Through Trustee will notify all owners of the Pass Through Certificates through DTC of the availability of definitive certificates, and will issue and deliver definitive certificates to owners of the Pass Through Certificates. Thereafter, distributions of principal of, premium, if any, and interest on, the Pass Through Certificates will be made by the Pass Through Trustee directly to holders of definitive certificates in accordance with the procedures set forth in the Pass Through Trust Agreement.

Definitive certificates will be freely transferable and exchangeable at the office of the Pass Through Trustee upon compliance with the requirements set forth in the Pass Through Trust Agreement. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge will be required.

Same-Day Settlement

Settlement for the Pass Through Certificates will be made by the underwriters in immediately available funds. The Pass Through Certificates will trade in DTC's same-day funds settlement system, and secondary market trading activity in the Pass Through Certificates will therefore be required by DTC to settle in immediately available funds.

Payments and Distributions

All payments made by the Company to the Indenture Trustee and by the Indenture Trustee to the Pass Through Trustee will be in same-day funds.

Distributions by the Pass Through Trustee will be made in same-day funds to DTC. DTC, in turn, will make such distributions to its participants in same-day funds. Payments by participants in DTC to owners of Pass Through Certificates will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such participants.

If at any time the Pass Through Certificates are issued in the form of definitive certificates and not to DTC, distributions by the Pass Through Trustee will be made by check mailed to each holder of the Pass Through Certificates at its address appearing on the register maintained with respect to the Pass Through Trust. The final distribution for such Pass Through Certificates, however, will be made only upon presentation and surrender of the Pass Through Certificates at the office or agency of the Pass Through Trustee specified in the notice given by the Pass Through Trustee of such final distribution.

If any date for distribution is not a business day, distributions scheduled to be made on such date will be made on the next succeeding business day without any additional interest.

Delayed Purchase of Equipment Notes; Extraordinary Distribution

Some of the Equipment will be delivered to its Lessor, and the related Equipment Notes will be issued, after the issue of the Pass Through Certificates. Any proceeds from the issue of the Pass Through Certificates not immediately used to purchase Equipment Notes will be held by the Pass Through Trustee in a trust account for the benefit of holders of the Pass Through Certificates and invested at the direction of the Company. To the extent that the return on such investments is less than the interest that would have accrued on the Equipment Notes scheduled to be purchased had they been issued on the date of issue of the Pass Through Certificates, the Company will provide to the Pass Through Trustee an amount sufficient to allow the Pass Through Trustee to distribute to the holders of the Pass Through Certificates, on the first date for distribution of interest, an amount equal to the interest that would have accrued on the Equipment Notes from the date of issue of the Pass Through Certificates.

To the extent that the full proceeds from the issue of the Pass Through Certificates are not used to purchase Equipment Notes on or prior to September 30, 2006, the Pass Through Trustee will distribute to the holders of the Pass Through Certificates upon not less than 10 days' prior notice on October 16, 2006, any unused proceeds together with interest but without premium, at a rate equal to the rate on the Equipment Notes to the date of payment. On each such date, the Company will provide to the Pass Through Trustee an amount equal to the difference between the amount of such distribution and the balance in the trust account, including earnings on investments, on such date.

Reports to Holders of Pass Through Certificates

On each date for distribution of any payments, the Pass Through Trustee will include with such distribution to the holders of record of Pass Through Certificates a statement, giving effect to such distribution to be made on such date, setting forth the following information (per \$1,000 aggregate principal amount of such Pass Through Certificates, as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and the amount allocable to premium, if any;
- (ii) the amount of such distribution allocable to interest; and
- (iii) the undistributed principal balance of the Equipment Notes and Pool Factor (referred to in "Scheduled Payments" herein) for the Pass Through Trust.

In addition, after the end of each calendar year, the Pass Through Trustee will furnish to each holder of Pass Through Certificates of record at any time during the preceding calendar year a report containing the respective sums of the amounts determined pursuant to clauses (i) and (ii) above for such calendar year with respect to such Pass Through Certificates or, if such person was a holder of Pass Through Certificates of record during a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to the Pass Through Trustee and that a holder of Pass Through Certificates shall reasonably request as necessary for the purpose of such holder's preparation of its federal income tax returns.

If at any time the Pass Through Certificates are issued in the form of definitive certificates, the Pass Through Trustee will prepare and deliver the information described above to each holder of such Pass Through Certificates as the name and period of beneficial ownership of such holder of Pass Through Certificates appear on the records of the registrar of such Pass Through Certificates.

Default

If an event of default specified in an Indenture (an "Indenture Event of Default") shall have occurred and be continuing, the Pass Through Trustee may vote all of the Equipment Notes issued under such Indenture and held in the Pass Through Trust, and upon the direction of the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in the Pass Through Trust, the Pass Through Trustee shall vote a corresponding majority of such Equipment Notes, in favor of directing the Indenture Trustee to declare the unpaid principal amount of all Equipment Notes issued under such Indenture and any accrued and unpaid interest thereon to be immediately due and payable. In addition, subject to the next sentence, the Pass Through Trustee may vote the Equipment Notes issued under such Indenture in favor of directing the Indenture Trustee as to the exercise of remedies available to the Indenture Trustee under such Indenture. Holders of Pass Through Certificates evidencing a fractional undivided interest aggregating not less than a majority in interest in the Pass Through Trust shall have the right, subject to certain exceptions, to direct the time, method and place of conducting any proceeding for any remedy available to the Pass Through Trustee, or exercising any trust or power conferred on the Pass Through Trustee on behalf of the Pass Through Trust, including the rights of the Pass Through Trustee as holder of the Equipment Notes held in the Pass Through Trust, provided that, if an Indenture Event of Default shall have occurred and be continuing under an Indenture, such direction shall not oblige the Pass Through Trustee to vote more than a corresponding majority of Equipment Notes issued under such Indenture in favor of directing any action by the Indenture Trustee with respect to such Indenture Event of Default.

As an additional remedy, if an Indenture Event of Default under an Indenture shall have occurred and be continuing, the Pass Through Trustee, on behalf of the Pass Through Trust, may, and upon the direction of the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in the Pass Through Trust shall, sell all or part of the Equipment Notes issued under such Indenture that are held in the Pass Through Trust. Any proceeds received by the Pass Through Trustee upon any such sale will first be applied to amounts due the Pass Through Trustee under the Pass Through Trust Agreement and then be distributed to the holders of the Pass Through Certificates. The market for Equipment Notes in default may be very limited and there can be no assurance that they could be sold for their outstanding principal amount or for a reasonable price. If the Pass Through Trustee sells any such Equipment Notes with respect to which an Indenture Event of Default exists for less than their outstanding principal amount, the holders of Pass Through Certificates would receive a smaller amount of principal distributions than anticipated and would not have any claim for the shortfall against the Company, the Lessors, the Indenture Trustee or the Pass Through Trustee. The exercise of this remedy by the Pass Through Trustee would depend on the then existing facts and circumstances, including evaluation of the probability of a better recovery by directing the Indenture Trustee to exercise one or more remedies under the related Indenture.

An Indenture Event of Default under an Indenture would permit the exercise of only those remedies contained in, or the sale of only those Equipment Notes issued under, such Indenture. There are no cross-default provisions in the Indentures, and events resulting in an Indenture Event of Default under one Indenture will not necessarily result in an Indenture Event of Default under the other Indentures. If an Indenture Event of Default occurs under only one Indenture, the Equipment Notes issued pursuant to the Indentures with respect to which an Indenture Event of Default has not occurred will continue to be held in the Pass Through Trust and payments of principal of, and interest on, such Equipment Notes will continue to be distributed to the holders of the Pass Through Certificates as originally scheduled.

Any funds representing payments received with respect to any Equipment Notes in default, or the proceeds from the sale by the Pass Through Trustee of any such Equipment Notes, held by the Pass Through Trustee pending distribution shall, to the extent practicable, be invested and reinvested by the Pass Through Trustee in government securities or other money-market investments of a type specified in the Pass Through Trust Agreement.

The Pass Through Trustee, within 90 days after the occurrence of an Indenture Event of Default under an Indenture, will give to the holders of Pass Through Certificates notice by mail of such Indenture Event of Default if

such Indenture Event of Default is known to the Pass Through Trustee, unless such Indenture Event of Default shall have been cured or waived or the Pass Through Trustee in good faith determines that the withholding of such notice is in the interests of the holders of the Pass Through Certificates.

The Pass Through Trust Agreement contains provisions entitling the Pass Through Trustee, subject to the duty of the Pass Through Trustee during a default to act with the required standard of care, to be indemnified by the holders of Pass Through Certificates before exercising any right or power under the Pass Through Trust Agreement at the request of the holders of the Pass Through Certificates.

In certain cases, the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in the Pass Through Trust may on behalf of the holders of the Pass Through Certificates waive any past default under the Pass Through Trust Agreement with respect to the Pass Through Trust thereby annulling any direction given by such holders of Pass Through Certificates to the Pass Through Trustee with respect thereto, or may instruct the Pass Through Trustee to waive any past Indenture Event of Default, except (i) a default in the deposit of any payment or in the distribution of any such payment, (ii) a default in payment of the principal of, premium, if any, or interest on, any of the Equipment Notes and (iii) a default in respect of any covenant or provision of the Pass Through Trust Agreement that cannot be modified or amended without the consent of each affected holder of Pass Through Certificates.

Modification of the Pass Through Trust Agreement

The Pass Through Trust Agreement contains provisions permitting the Company and the Pass Through Trustee to enter into a supplemental trust agreement with respect to the Pass Through Trust, without the consent of any holder of Pass Through Certificates, for the following purposes: (i) to evidence the succession of another corporation to the Company and the assumption by such corporation of the Company's obligations under the Pass Through Trust Agreement, (ii) to add to the covenants of the Company for the benefit of the holders of the Pass Through Certificates or to surrender any right or power conferred on the Company under the Pass Through Trust Agreement, (iii) to cure any ambiguity in, or to correct or supplement any defective or inconsistent provision of, the Pass Through Trust Agreement or any supplemental trust agreement, or to make other provisions with respect to matters or questions arising under the Pass Through Trust Agreement, provided such actions will not adversely affect the interests of the holders of the Pass Through Certificates, (iv) to amend the Pass Through Trust Agreement for qualification under the Trust Indenture Act of 1939 and (v) to provide for the acceptance of appointment of a successor trustee or facilitate the administration of the Pass Through Trust Agreement.

The Pass Through Trust Agreement also contains provisions permitting the Company and the Pass Through Trustee, with the consent of the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in the Pass Through Trust, to execute supplemental trust agreements adding any provisions to, or changing or eliminating any of the provisions of, the Pass Through Trust Agreement or modifying the rights of such holders of Pass Through Certificates, except that no such supplemental trust agreement may, without the consent of each holder of Pass Through Certificates affected thereby, (a) reduce the amount of, or delay the timing of, any receipt by the Pass Through Trustee of payments on the Equipment Notes held in the Pass Through Trust, or distributions required to be made in respect of any Pass Through Certificate, or change the date of any payment on any Pass Through Certificate, or change the place of payment where, or the currency in which the Pass Through Certificates are payable or impair the right of any holder of Pass Through Certificates to institute suit for the enforcement of any such payment or distribution when due, (b) permit the disposition of any Equipment Note held in the Pass Through Trust, except as provided in the Pass Through Trust Agreement, or otherwise deprive any holder of Pass Through Certificates of the benefit of ownership of any such Equipment Note or (c) reduce the percentage of the aggregate fractional undivided interests in the Pass Through Trust provided for in the Pass Through Trust Agreement, the consent of the holders of which is required for any such supplemental trust agreement or for any waiver provided for in the Pass Through Trust Agreement.

Modification of Indentures, Leases and Related Documents

If the Pass Through Trustee receives a request for its consent to any amendment, modification, waiver or supplement under an Indenture or Lease or other specified agreement relating to any Equipment Notes held in the Pass Through Trust, the Pass Through Trustee will request instructions from the holders of Pass Through Certificates as to whether or not to consent to such amendment, modification, waiver or supplement. The Pass Through Trustee shall vote or consent with respect to such Equipment Notes in the same proportion as the Pass Through Certificates are actually voted by the holders thereof by a certain date. However, if an Indenture Event of Default under an Indenture shall have occurred and be continuing, the Pass Through Trustee, subject to the voting instructions applicable to defaults, may in its own discretion consent to such amendment, modification, waiver or supplement with respect to such Indenture or the related Lease, and may so notify the Indenture Trustee. In the case of any amendment, modification, waiver or supplement involving a change to the terms of the Equipment Notes, the Pass Through Trustee may not take any such action, cast such vote or give such consent which is not pursuant to the original terms of the applicable documents, unless the Pass Through Trustee obtains an opinion of independent tax counsel to the effect that the Pass Through Trust should continue to be treated as a grantor trust for Federal income tax purposes.

Termination of the Pass Through Trust

The obligations of the Company and the Pass Through Trustee created by the Pass Through Trust Agreement with respect to the Pass Through Trust will terminate upon the distribution to holders of Pass Through Certificates of all amounts required to be distributed to them pursuant to the Pass Through Trust Agreement and the disposition of all property held in the Pass Through Trust. Notice of the termination of the Pass Through Trust, specifying the date on which holders of the Pass Through Certificates may surrender their Certificates and receive payment of the final distribution, will be mailed to such holders by the Pass Through Trustee not more than 60 or less than 15 days prior to the final distribution date.

The Pass Through Trustee

Wells Fargo Bank Northwest, National Association will be the Pass Through Trustee for the Pass Through Trust. With certain exceptions, the Pass Through Trustee will not make any representations as to the validity or sufficiency of the Pass Through Trust Agreement, the Pass Through Certificates, the Equipment Notes, the Indentures, the Leases or other related documents. Wells Fargo Bank Northwest, National Association may serve as trustee in other financings to which the Company or Union Pacific Corporation is or will be a party.

The Pass Through Trustee may resign as trustee with respect to the Pass Through Trust at any time, in which event the Company will be obliged to appoint a successor trustee. If the Pass Through Trustee ceases to be eligible to continue as trustee under the Pass Through Trust Agreement or becomes insolvent, the Company may remove the Pass Through Trustee, and, in either such case, any holder of Pass Through Certificates for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Pass Through Trustee and the appointment of a successor trustee for the Pass Through Trust. The Pass Through Trustee may be removed at any time by the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in the Pass Through Trust.

The Pass Through Trust Agreement provides that the Company will pay the Pass Through Trustee's fees and expenses. The Pass Through Trust Agreement further provides that the Pass Through Trustee will be entitled to indemnity by the Company for any loss, liability or expense incurred by the Pass Through Trustee, with certain exceptions.

EQUIPMENT NOTES

General

The Equipment Notes are to be issued pursuant to separate Indentures, each between a Lessor and the Indenture Trustee.

The Equipment Notes issued by each Lessor will be nonrecourse obligations of such Lessor, and such Lessor will not be personally liable for any payments thereunder. The sole source of repayment of the Equipment Notes will be from the assigned rental payments due and to become due from the Company under the related Lease and other income and proceeds from the Equipment securing such Equipment Notes. Such assigned rental obligations of the Company will be absolute and unconditional, and the amounts of such assigned rents and other payments will be required to be at least sufficient to pay the principal of, premium, if any, and interest on, the Equipment Notes issued under the related Indenture. The Equipment Notes will not, however, be direct obligations of, or guaranteed by, the Company. The Company's rental obligations under the Leases will be general obligations of the Company.

The Equipment Notes issued by each Lessor will be secured by a security interest in the Equipment acquired by such Lessor and by an assignment of certain rights of such Lessor under the related Lease. The Equipment Notes will not be secured by any Equipment other than the Equipment acquired by the Lessor issuing such Equipment Notes. There will not be cross-default provisions in the Indentures, and events resulting in an Indenture Event of Default under one Indenture will not necessarily result in an Indenture Event of Default under the other Indentures.

Scheduled Payments

Regular payments of principal and interest on the Equipment Notes will be payable on the dates and in the amounts set forth under the heading "Scheduled Payments" in this offering circular.

Premium

The premium, if any, payable with respect to certain prepayments of the Equipment Notes, as described below, will be determined by an independent investment banking institution of national standing (the "Investment Banker") appointed by the Company.

The Investment Banker will first determine the Treasury Rate with respect to any prepayment of Equipment Notes. The Treasury Rate means, with respect to each Equipment Note to be prepaid, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity of United States Treasury securities maturing on the Average Life Date (as defined below) of such Equipment Note, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) (as defined below) (or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), as published in H.15(519)), plus 12.5 basis points. H.15(519) means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the third business day prior to the prepayment date. The Average Life Date for any Equipment Note to be prepaid shall be the date which follows the prepayment date by a period equal to the number of days equal to the quotient obtained by dividing (A) the sum of the products obtained by multiplying (1) the amount of each remaining principal payment on such Equipment Note by (2) the number of days from and including the prepayment

date to but excluding the scheduled payment date of such principal payment by (B) the unpaid principal amount of such Equipment Note.

To determine the applicable premium for any Equipment Note, the Investment Banker then will determine, as of the third business day prior to the prepayment date, the sum of the present values of all of the remaining scheduled payments of principal and interest from (but not including) the prepayment date to maturity on such Equipment Note computed on a semiannual basis by discounting such payments (assuming a 360-day year consisting of twelve 30-day months) using such Treasury Rate. If the sum of these present values of the remaining payments as computed above exceeds the aggregate unpaid principal amount of the Equipment Note to be prepaid plus any accrued but unpaid interest thereon, the difference, multiplied by a fraction the numerator of which is the principal amount of such Equipment Note to be prepaid and the denominator of which is the aggregate unpaid principal amount of such Equipment Note, will be payable as a premium upon prepayment of such Equipment Note. If the sum is equal to or less than such principal amount plus accrued interest, there will be no premium payable on such Equipment Note.

Limitation of Liability

The Equipment Notes will not be direct obligations of, or guaranteed by, the Company. Neither the Lessors nor the Owner Participants will be personally liable to any holder of an Equipment Note or the Indenture Trustee for any amounts payable under the Equipment Notes or, except in limited circumstances as provided in the Indentures, for any liability under an Indenture. All payments of principal of, premium, if any, and interest on, the Equipment Notes (other than payments made in connection with a voluntary prepayment) will be made only from the assets subject to the lien of the Indenture under which such Equipment Notes are issued or the income and proceeds received by the Indenture Trustee therefrom (including rent payable by the Company under the related Lease). Although the Equipment Notes issued under each Indenture will not be direct obligations of or guaranteed by the Company, amounts unconditionally payable by the Company under the related Lease will be at least sufficient to pay in full when due all payments of principal of, premium, if any, and interest on, such Equipment Notes.

Except as otherwise provided in the Indentures, neither the Indenture Trustee nor the Owner Trustee in its individual capacity will be answerable or accountable under any circumstances except for its own willful misconduct or gross negligence.

The Owner Participants will not have any duty or responsibility under the Indentures or any Equipment Note.

Prepayments

Equipment Notes may be prepaid only in the following circumstances:

- (a) exercise by the Company of its option to terminate the related Lease with respect to any Equipment covered thereby;
- (b) exercise by the Company of its option to purchase any Equipment subject to the related Lease;
- (c) refinancing of such Equipment Notes;
- (d) occurrence of an Event of Loss (as described under “Leases—Events of Loss”) with respect to any unit of the Equipment subject to the related Lease, unless such unit is replaced by the Company; or
- (e) occurrence of an Indenture Event of Default under the related Indenture and exercise by the applicable Lessor of its right to redeem such Equipment Notes.

Early Termination of a Lease. The Company will have the right to terminate each Lease with respect to some or all of the Equipment subject thereto on a scheduled payment date on or after January 2, 2012. In case of

such termination, the Company will be obliged to pay a certain termination value for the units of Equipment for which the Lease is being terminated, which value will not be less than the principal amount of the Equipment Notes required to be prepaid as a result of such event, plus accrued and unpaid interest thereon. Any such payment will be applied to prepayment of the remaining principal amount of the Equipment Notes issued to finance such units, in the proportion that the original cost of such units bears to the original cost of all units of Equipment financed by such Equipment Notes that are subject to the related Lease immediately prior to prepayment. Such prepayment will be made on a regular date for the payment of principal or interest on the Equipment Notes and shall be with premium, if any.

Early Purchase Option. The Company will have the right to purchase some or all of the Equipment subject to a Lease on certain scheduled payment dates, the earliest of which is January 2, 2025, or on any regularly scheduled payment date (but not sooner than January 2, 2012 in the case of Equipment Groups 1 and 5) if applicable law necessitates certain improvements to the Equipment. Unless the Company shall assume the obligations of the Lessor under the related Indenture with respect to such Equipment, the purchase price paid by the Company will be applied to prepayment of the portion of the principal amount of the Equipment Notes issued to finance the units of Equipment so purchased, in the proportion that the original cost of such units bears to the original cost of all units of Equipment financed by such Equipment Notes that are subject to the related Lease immediately prior to prepayment. Such prepayment will be made on a regular date for the payment of principal or interest on the Equipment Notes and shall be with premium, if any.

Refinancing. The Company will have the right to refinance all, but not less than all, of the Equipment Notes issued under each Indenture at any time. In such case, such Equipment Notes shall be prepaid with premium, if any.

Event of Loss. If a unit of Equipment suffers an Event of Loss under the applicable Lease, the Company will be obliged to substitute another unit of equipment of equal or greater value, capacity, utility and remaining useful life or pay a stipulated loss value for such unit, which stipulated loss value will be not less than the principal amount of the Equipment Notes required to be prepaid as a result of such event, plus accrued and unpaid interest thereon. Any such payment will be applied to prepayment of the remaining principal amount of the Equipment Notes issued to finance the unit of Equipment suffering the Event of Loss, in the proportion that the original cost of such unit bears to the original cost of all units of Equipment financed by such Equipment Notes that are subject to the related Lease immediately prior to prepayment. Such prepayment will be made on a regular date for the payment of principal or interest on the Equipment Notes and shall be without premium.

Default. If the principal amount of any Equipment Notes shall be declared immediately due and payable following an Indenture Event of Default under the related Indenture, the Lessor that issued such Equipment Notes has the right to redeem or purchase such Equipment Notes at a price equal to the unpaid principal amount thereof, with interest, but without premium. Such Lessor may also exercise such right of redemption or purchase if a Lease Event of Default (as described under “Leases—Lease Events of Default”) shall have occurred under the related Lease without the principal of the related Equipment Notes having been declared immediately due and payable; provided that the price shall include premium, if any, if such right is exercised within 200 days from the occurrence of the Lease Event of Default.

Assumption of Equipment Notes by the Company

In connection with the exercise of a purchase option during the term of a Lease, the Company may elect to assume all or a portion of the Equipment Notes issued by the applicable Lessor that would otherwise be required to be prepaid in connection with the exercise of such purchase option, subject to obtaining an opinion of counsel that a taxable exchange will not result from such assumption. In such event, the affected Equipment Notes will not be prepaid, such Lessor will be released and discharged from all obligations and liabilities with respect to such Equipment Notes to the extent so assumed, and such Equipment Notes shall become direct recourse obligations of the Company, separately secured by the Equipment for which the option is being exercised.

Security

The Equipment Notes issued under each Indenture will be secured by (i) a security interest in all of the Equipment acquired by the Lessor that issues such Equipment Notes and that is leased under the related Lease and (ii) an assignment of such Lease, the rents due and to become due thereunder and certain other rights. Such security interests and assignments are subject to the rights of the Company under the related Lease. The assignments by each Lessor to the Indenture Trustee exclude certain rights of such Lessor and the Owner Participant for which such Lessor is acting relating to indemnity by the Company and certain insurance proceeds. Unless an Indenture Event of Default has occurred under an Indenture, the Indenture Trustee may not exercise any of the rights of such Lessor under the related Lease, except the right to receive payments of rent due thereunder.

The Company will file memoranda of the Indentures, the Leases and all supplements thereto with respect to the Equipment with the United States Surface Transportation Board pursuant to the federal laws of the United States in respect of interests in railroad equipment. Such filings will give the Indenture Trustee a perfected security interest in all of the Equipment subject to the Indentures wherever it is located in the United States.

The Equipment may be operated by the Company or under sublease or interchange arrangements in the United States, Canada or Mexico. The Company will deposit summaries of the Indentures, the Leases and all supplements thereto with respect to the Equipment with the Registrar General of Canada pursuant to the federal laws of Canada in respect of interests in railroad equipment, but will not take and is not required to take any action with respect to Mexico. The extent to which an Indenture Trustee's interest would be recognized in a unit of the Equipment located outside the United States is uncertain.

Indenture Events of Default

Each of the following will constitute an Indenture Event of Default under each Indenture:

(a) any failure to make any payment of principal of, or premium, if any, or interest on, any Equipment Note issued under such Indenture within ten business days of the date due;

(b) a "Lease Event of Default" under the related Lease;

(c) breach of any covenant or agreement by the applicable Lessor, the Owner Participant for which such Lessor is acting or any guarantor of the obligations of such Owner Participant for a period of 30 days after notice, subject to a right to cure within an additional 120 days (60 days in the case of the Indenture relating to Equipment Group 1);

(d) material inaccuracy of any representation or warranty made by the applicable Lessor, the Owner Participant for which such Lessor is acting or any guarantor of the obligations of such Owner Participant for a period of 30 days after notice, subject to a right to cure within an additional 120 days (90 days in the case of the Indenture relating to Equipment Group 1); and

(e) voluntary or involuntary bankruptcy or similar proceeding involving the applicable Lessor, the Owner Participant for which such Lessor is acting or any guarantor of the obligations of such Owner Participant unless, in the case of the Owner Participant or guarantor for Equipment Group 1, such proceeding shall not adversely affect such Lessor or the trust estate or unless, in the case of the Lessor for Equipment Groups 2 through 5, the proceeding involves the Lessor solely in its individual capacity and the entity serving as Lessor is replaced without adversely affecting the rights of the holders of the Equipment Notes and the Indenture Trustee.

Remedies

If an Indenture Event of Default shall occur and be continuing under an Indenture, the Indenture Trustee may, and when instructed by the holders of at least 25% in aggregate principal amount of the Equipment Notes issued thereunder shall, declare the unpaid principal of all such Equipment Notes immediately due and payable,

together with all accrued but unpaid interest thereon, except that in the case of an Indenture Event of Default caused by a bankruptcy or similar proceeding involving a Lessor or the related Owner Participant or guarantor such acceleration shall, subject to the determination described in (e) above, occur immediately upon the occurrence of such Indenture Event of Default.

If an Indenture Event of Default shall occur and be continuing under an Indenture, the Indenture Trustee may exercise certain rights or remedies available to it under applicable law, including the right to recover and sell the Equipment securing the obligations under such Indenture. If a Lease Event of Default shall have occurred and be continuing under the related Lease, the Indenture Trustee may exercise the rights and remedies of the Lessor under such Lease. If a Lease Event of Default shall not be continuing under a Lease, the rights and remedies of the Indenture Trustee with respect to the Equipment subject to such Lease are subject to the rights of the Company thereunder.

In the case of an Indenture Event of Default under an Indenture that arises solely because of a Lease Event of Default under the related Lease, the Indenture Trustee can foreclose the lien of such Indenture only if the Indenture Trustee shall have exercised or be exercising one or more of the comparable remedies available under such Lease unless it has been stayed or otherwise prevented by law or otherwise from doing so for a period in excess of 60 days. If the Indenture Trustee is so stayed or prevented in a proceeding under the United States Bankruptcy Code involving the Company, the Indenture Trustee cannot foreclose the lien of the Indenture without exercising remedies under the related Lease (i) until the expiry of the 60-day period provided for in section 1168 of the Bankruptcy Code for the Company or its bankruptcy trustee to agree to perform all obligations of the Company under the related Lease (or such later date to which the Indenture Trustee shall agree), or (ii) if, within such period, the Company or its bankruptcy trustee agrees to perform the obligations of the Company under such Lease and cures past defaults.

The holders of a majority in aggregate principal amount of the Equipment Notes issued under an Indenture may instruct the Indenture Trustee to exercise rights or powers under such Indenture, but the Indenture Trustee is not required to take or refrain from taking any action if it has reasonable grounds for believing that it is not assured of adequate indemnity against any risk or liability associated therewith.

Any amounts held or received by the Indenture Trustee in the course of enforcing remedies under an Indenture (except to the extent such amounts are not subject to the lien of such Indenture) may be applied to reimburse the Indenture Trustee for any fee, tax, expense or other loss incurred by it and to pay any other amounts due the Indenture Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture.

Cure Rights

Each Lessor will have the right to cure not more than three consecutive or six cumulative Lease Events of Default (two consecutive or five cumulative Lease Events of Default in the case of Equipment Group 1) arising out of a failure of the Company to pay semiannual rent under the related Lease. Each Lessor also will have the right to cure certain other payment and performance Lease Events of Default under the related Lease.

Modification of Agreements

Certain provisions of each Indenture and the related Lease may be amended or modified by the parties thereto without the consent of any holders of the Equipment Notes issued under such Indenture. Under each Indenture, such provisions permit amendments or modifications to (i) correct or amplify the description of any property subject to the Indenture or to subject additional property to such Indenture, (ii) add covenants of the related Lessor for the benefit of the holders of Equipment Notes issued thereunder or to surrender any right or power conferred on such Lessor, (iii) cure any ambiguity or correct any inconsistency in the Indenture or make any other provisions not inconsistent with the terms of such Indenture, provided that the Indenture Trustee shall have determined in good faith that such action shall not adversely affect the interests of holders of Equipment Notes issued thereunder, (iv) evidence the succession of a successor to the Owner Trustee, (v) create one or more series of Equipment Notes in accordance with such Indenture, (vi) provide for the release of some or all of the units of

Equipment subject thereto in the event of a termination or expiration of the related Lease and (vii) provide for the assumption of the Equipment Notes by the Company in accordance with such Indenture. In the case of each Lease, such provisions allow for the amendment or modification of, among others, terms relating to rental payments and other payments to reflect certain adjustments required by a refinancing and certain other events, maintenance of the Equipment, improvements to the Equipment and the Company's options to renew the Lease. The consent of each holder of Equipment Notes issued under an Indenture and affected thereby is required to extend the time of certain payments under the related Lease or to release the Company from payments thereunder.

Without the consent of the affected holder of each Equipment Note, however, no amendment or modification of the Indenture under which such Equipment Note is issued may (i) reduce the principal amount of, or premium, if any, or interest payable on any such Equipment Note or impair the right to institute suit for the enforcement of any such payment or change the date on which, the place of payment at which or the currency in which any principal or premium, if any, or interest is due and payable, (ii) create any security interest or mortgage with respect to the property subject to the lien of such Indenture ranking prior to or on a parity with the security interest created by such Indenture, or deprive any holder of an Equipment Note of the benefit of the lien of such Indenture, except as permitted in such Indenture, or (iii) reduce the percentage in principal amount of outstanding Equipment Notes necessary to modify or amend any provision of such Indenture or to waive compliance therewith.

The Indenture Trustee

Wells Fargo Bank Northwest, National Association will be the Indenture Trustee under each Indenture. Wells Fargo Bank Northwest, National Association is also serving as Pass Through Trustee. With certain exceptions, the Indenture Trustee will not make any representations as to the validity or sufficiency of the Pass Through Trust Agreement, the Pass Through Certificates, the Equipment Notes, the Indentures, the Leases or other related documents.

LEASES

The Lessors

Each Lessor will lease the Equipment acquired by it to the Company pursuant to a Lease. The Lessor under each Lease is Wilmington Trust Company, as Owner Trustee for a trust, established by a trust agreement governed by the Delaware Business Trust Act, for the benefit of an Owner Participant.

Term and Rent

The term of each Lease with respect to any unit of Equipment commences upon acceptance and delivery of such unit, and expires on a date on or after the maturity of the Equipment Notes issued under the related Indenture to finance such unit of Equipment. Each Lease is non-cancelable, and cannot be terminated by the Company except pursuant to specific provisions of such Lease, as described below.

Rent will be payable by the Company under each Lease on the dates specified in this offering circular under "Scheduled Payments." Rental payments required under each Lease will not be less than the corresponding required payments of principal of, premium, if any, and interest on, the Equipment Notes issued under the Indenture related to such Lease. In certain cases, the periodic rent payments under a Lease may be adjusted, but under no circumstances will such rent payments be less than the corresponding scheduled payments of principal of, and interest on, the Equipment Notes issued under the Indenture related to such Lease. The balance of any such semiannual basic rental payment, after payment of the scheduled principal of, and interest on, such Equipment Notes, will be paid over to or for the account of the appropriate Lessor and its related Owner Participant.

The Company's obligations to pay that portion of the rent and other payments to be made under each Lease intended to satisfy the obligations of the related Lessor under the related Equipment Notes are absolute and unconditional and not subject to setoff. Such obligations are general obligations of the Company.

Liens

The Company is required to maintain all Equipment subject to each Lease free of liens, other than the rights of the related Lessor and Indenture Trustee, and certain limited liens permitted under such Lease and the related Indenture, including inchoate liens arising in the ordinary course of business and liens for taxes not due or being contested in a manner that does not involve a material risk of a sale, forfeiture or loss of any of such Equipment.

Maintenance

The Company's obligations in respect of the Equipment leased under each Lease are those of a lessee under a "net lease." Accordingly, the Company is obliged, at its cost and expense, to maintain and keep such Equipment (i) in good repair and operating condition, ordinary wear and tear excepted, (ii) in compliance, in all material respects, with all applicable laws, including regulations of the Federal Railroad Administration and the Department of Transportation and interchange rules of the Association of American Railroads (subject to customary contest rights) and (iii) in a manner consistent with maintenance practices used by the Company in respect of other similar equipment owned or leased by the Company.

Sublease

The Company has the right to sublease the Equipment subject to the related Lease to certain users in the United States, Canada or Mexico, but no such sublease will exceed the term of such Lease or discharge the Company from its obligations under such Lease or any related documents. In case of any such sublease or other transfer of possession of any unit of such Equipment, such unit will remain subject to the lien of the related Indenture.

Insurance

The Company is required to maintain insurance under each Lease in such amounts and with such terms as are customary under the Company's risk management program and consistent with prudent industry practice for Class I railroads and which does not discriminate among the units of Equipment, including all risk property insurance on the Equipment and public liability insurance. In the alternative, the Company may provide self-insurance if customary under the Company's risk management program. All insurance coverages, including self-insurance, with respect to the Equipment must be comparable to, and no less favorable than, insurance coverages maintained by the Company with respect to similar types of equipment.

Early Termination

The Company may terminate each Lease at its option on any regularly scheduled payment date occurring on or after January 2, 2012 with respect to some or all of the Equipment subject to such Lease, if such Equipment has become obsolete or surplus to the Company's requirements. In such case, unless the Lessor owning such Equipment elects to keep it, such Equipment will be sold, and the Company will be obliged to pay to such Lessor any difference between the net proceeds of the sale and specified termination values, and certain other amounts, including any premium required in connection with the prepayment of the portion of the Equipment Notes issued to finance such Equipment. Such termination values are calculated to be not less than the portion of the then unpaid

principal amount of the Equipment Notes issued to finance such Equipment, plus accrued and unpaid interest thereon. Such proceeds and payments will be deposited with the Indenture Trustee and applied to the prepayment of the portion of the Equipment Notes issued to finance such Equipment, in accordance with the terms of the related Indenture. The Lessor owning such Equipment being terminated will have the option to keep such Equipment, in which case the Company will not be required to pay any termination value for such Equipment and the Lessor or the related Owner Participant will be required to deposit with the Indenture Trustee the amounts necessary to prepay such portion of the Equipment Notes including any required premium.

Early Purchase Option

In addition to certain purchase options at the end of the term of each Lease, the Company will have the option to purchase some or all of the Equipment subject to each Lease on certain scheduled payment dates, the earliest of which is January 2, 2025, or on any regularly scheduled payment date (but not earlier than January 2, 2012 in the case of Equipment Groups 1 and 5) if applicable law necessitates certain improvements to the Equipment, at a purchase price calculated to be at least sufficient to prepay the portion of the then unpaid principal amount of the Equipment Notes issued to finance such Equipment, plus accrued and unpaid interest thereon and any premium. Such proceeds and payments will be deposited with the Indenture Trustee and applied to the prepayment of the portion of the Equipment Notes issued to finance such Equipment, in accordance with the terms of the related Indenture.

Events of Loss

If any unit of Equipment subject to a Lease:

- (i) suffers an actual or constructive total loss, as determined by a responsible officer of the Company,
- (ii) becomes worn out or suffers destruction or damage beyond economic repair or is rendered permanently unfit for commercial use by the Company, as determined by a responsible officer of the Company,
- (iii) is taken, condemned or requisitioned by any governmental authority,
- (iv) is taken, condemned or requisitioned for use by (a) the United States government for a period exceeding the lesser of 365 days and the remaining lease term therefor or (b) any other governmental authority for a period exceeding the lesser of 180 days and the remaining lease term therefor,
- (v) is lost, stolen or otherwise disappears for a period in excess of the lesser of 90 days and the remaining lease term thereunder,
- (vi) cannot be used in the normal course of interstate rail transportation for a continuous period in excess of the lesser of six months and the remaining lease term thereunder as a result of any rule, regulation, order or other action by the United States government or any agency or instrumentality thereof unless, if the lease term has not expired, the Company has undertaken and is diligently pursuing actions necessary to permit such use for up to a period of the lesser of six additional months and the remaining lease term thereunder; or
- (vii) is permanently returned to the manufacturer pursuant to warranty or patent indemnity agreements.

(each such event being an “Event of Loss” with respect to that Equipment), then the Company must either (a) replace such unit with another similar unit of railroad equipment in as good operating condition and having at least equal fair market value, utility, capacity and remaining useful life or (b) pay to the appropriate Lessor a specified stipulated loss value, unpaid rent that is due for such unit and certain other amounts. Such stipulated loss values are

calculated to be not less than the portion of the then unpaid principal amount of the Equipment Notes issued to finance the affected Equipment, plus accrued and unpaid interest thereon. Such payments will be deposited with the Indenture Trustee and applied to the prepayment of the portion of the Equipment Notes issued to finance such unit of Equipment, in accordance with the terms of the related Indenture.

If the Company elects to replace a unit suffering an Event of Loss, such replacement is subject to certain conditions, including delivery of an opinion of counsel to the effect that the protection of section 1168 of the Bankruptcy Code is available for the replacement unit.

Indemnities

Pursuant to the terms of a participation agreement entered into by the Company in connection with each Lease, the Company will be required to indemnify the applicable Lessor, the Owner Participant for which such Lessor is acting, the Owner Trustee, the Indenture Trustee and the Pass Through Trustee for certain losses, taxes, fees and expenses and for certain other matters.

Lease Events of Default

Each of the following will constitute an event of default under each Lease (each a "Lease Event of Default"):

(a) failure by the Company to make any scheduled payment of rent or payment of amounts in connection with the exercise of the Company's purchase option, in each case within ten business days after the same shall have become due,

(b) failure by the Company to make any payment of stipulated loss value or termination value within ten business days after written demand,

(c) failure by the Company to make any other payment under such Lease or certain other related payments within 30 days after written demand,

(d) failure by the Company to perform or observe any other covenant or agreement under such Lease or certain other related agreements for 30 days after written notice thereof, subject to certain rights to remedy such failure within not more than an additional 365 days (180 days in the case of the Lease relating to Equipment Group 1, except with respect to maintenance obligations),

(e) material inaccuracy of any representation or warranty made by the Company in such Lease or in certain other related agreements for 30 days after written notice thereof, subject to certain rights to remedy such inaccuracy within not more than an additional 180 days (365 days in the case of the Lease relating to Equipment Group 5), and

(f) voluntary or involuntary bankruptcy or similar proceeding involving the Company, unless the bankruptcy trustee or person with similar authority for the Company's bankruptcy estate shall have agreed to perform the obligations of the Company under such Lease.

Each of the following will also constitute a Lease Event of Default under each of the Leases relating to Equipment Groups 2 through 5:

(a) the Company shall operate any unit of Equipment in service when any public liability insurance required by such Lease shall fail to be in effect and such failure shall continue for 30 days, and

(b) the Company makes or permits any unauthorized assignment or transfer of the Lease.

A Lease Event of Default under any Lease will not, of itself, constitute an event of default under the other Leases.

If a Lease Event of Default has occurred and is continuing under a Lease, the Indenture Trustee, as assignee of the Lessor's rights under the related Indenture, may exercise one or more of the remedies provided in such Lease. Such remedies include the right to repossess and use or operate the Equipment covered by such Lease, to sell or release such Equipment free and clear of the Company's rights and retain the proceeds and to require the Company to pay any unpaid rent, certain liquidated damages (which are subject to mitigation in certain circumstances) and other amounts.

LEGAL MATTERS

Bankruptcy Considerations

With respect to railroads, section 1168 of the Bankruptcy Code provides that the right of lessors, conditional vendors and holders of security interests with respect to rolling stock and autoracks to take possession of such equipment in compliance with the provisions of the lease, conditional sale contract or equipment security agreement, as the case may be, and to enforce any of its other rights or remedies under such lease, conditional sale contract or equipment security agreement to sell, lease or otherwise retain or dispose of such equipment, is not affected by (a) the automatic stay provision of the Bankruptcy Code, which provision enjoins repossessions by creditors for the duration of the reorganization period, (b) the provision of the Bankruptcy Code allowing the trustee in reorganization to use property of the debtor during the reorganization period and (c) any power of the bankruptcy court to enjoin a repossession. Section 1168 of the Bankruptcy Code provides, however, that the right of a lessor, conditional vendor or holder of a security interest to take possession of such equipment in the event of a default, and to enforce those other rights and remedies, may not be exercised for 60 days following the date of commencement of the reorganization proceedings and may not be exercised at all if, within such 60-day period, the trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor).

The Company has been advised by James J. Theisen, Jr., Assistant General Counsel, that each Lessor, as lessor under a Lease, and each Indenture Trustee, as assignee of certain of such Lessor's rights under such Lease pursuant to the Indenture corresponding to such Lease, will be entitled to the benefits of section 1168 of the Bankruptcy Code with respect to the Equipment originally delivered under such Lease.

Regulatory Approvals

Various states have statutes that may impose a requirement of prior approval for securities issued by railroad companies, including statutes that provide, among other things, that any securities issued without such approval are void or voidable. Until December 31, 1995, such statutes were specifically preempted by the jurisdiction of the Interstate Commerce Commission. In December 1995, however, Congress enacted the ICC Termination Act of 1995 which, effective January 1, 1996, abolished the ICC, transferred exclusive jurisdiction to regulate rail transportation to the STB and repealed a provision of the Interstate Commerce Act requiring ICC approval of security issues by railroads. The Company, which has not requested approvals of any state regulatory authority in connection with this offering, has been advised by its counsel, that, notwithstanding repeal of such provision, state prior approval statutes should not be applicable to this offering for a number of reasons, including the continued preemption of such statutes under the revised federal regulatory scheme embodied in the ICC Termination Act of 1995 and the invalidity of such statutes as applied to the Company under the Commerce Clause of the United States Constitution.

FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the expected material federal income tax consequences of the purchase, ownership and disposition of Pass Through Certificates to initial purchasers thereof at the issue price. The discussion is based on the Code, Treasury regulations (including proposed regulations) promulgated thereunder, rulings, official pronouncements and judicial decisions, all as in effect on the date of this offering circular and all of which are subject to change, possibly with retroactive effect, or different interpretations. The discussion provides general information only and does not purport to address all of the federal income tax consequences applicable to a holder of Pass Through Certificates. Particular categories of investors (for example, insurance companies, banks, dealers in securities, financial institutions, partnerships, tax exempt entities or foreign investors) may be subject to special rules. In addition, the discussion is generally limited to investors who will hold the Pass Through Certificates as capital assets (generally, property held for investment) within the meaning of section 1221 of the Code.

Investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the federal income tax consequences discussed below and no assurance can be given that the IRS will not take contrary positions. The Pass Through Trust is not indemnified for any federal income taxes that may be imposed, and the imposition of any such taxes on the Pass Through Trust could result in a reduction in the amounts available for distribution to the holders of Pass Through Certificates.

Chapman and Cutler LLP, counsel for the Company, has advised the Company that, although there is no authority directly on point, in its opinion, based upon its interpretation of analogous authorities under currently applicable law, the Pass Through Trust, if operated in accordance with the terms of the Pass Through Trust Agreement, will not be classified as an association taxable as a corporation. Rather, the Pass Through Trust should be classified as a grantor trust under Subpart E of Part I of Subchapter J of the Code, and each holder of Pass Through Certificates should therefore be treated as the owner of a *pro rata* undivided interest in the Equipment Notes and any other property held in the Pass Through Trust. If the Pass Through Trust is not classified as a grantor trust, it should, in the opinion of counsel, be classified as a partnership for U.S. federal income tax purposes and will not be classified as a publicly traded partnership taxable as a corporation provided that at least 90% of the Pass Through Trust's gross income for each taxable year of its existence is "qualifying income" (which includes, among other things, interest income, gain from the sale or disposition of capital assets held for the production of interest income, and income derived with respect to a business of investing in securities). Counsel believes that income derived by the Pass Through Trust from the Equipment Notes will be qualifying income, and that the Pass Through Trust will meet the 90% test described above, assuming that the Trust operates in accordance with the terms of the Pass Through Trust Agreement and other agreements to which it is a party.

Notice Pursuant to IRS Circular 230

THE STATEMENTS REGARDING U.S. FEDERAL INCOME TAX MATTERS MADE HEREIN WERE MADE TO SUPPORT THE PROMOTION OR MARKETING BY THE PASS THROUGH TRUSTEE AND THE UNDERWRITERS OF THE PASS THROUGH CERTIFICATES. SUCH STATEMENTS ARE NOT INTENDED TO BE USED, WERE NOT WRITTEN TO BE USED, AND CANNOT BE USED TO AVOID TAX PENALTIES. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO SUCH INVESTOR, TAKING INTO ACCOUNT SUCH INVESTOR'S OWN PARTICULAR CIRCUMSTANCES, OF ACQUIRING, OWNING AND DISPOSING OF THE PASS THROUGH CERTIFICATES UNDER U.S. FEDERAL INCOME TAX LAWS AND UNDER THE TAX LAWS OF ANY OTHER JURISDICTION WHERE THE INVESTOR MAY BE SUBJECT TO TAXATION.

General

Assuming the Pass Through Trust is a grantor trust, each holder of Pass Through Certificates would report on its federal income tax return its *pro rata* share of the entire income from the Equipment Notes or from any other property held in the Pass Through Trust, in accordance with such holder's method of accounting. A holder of Pass Through Certificates using the cash method of accounting should take into account its *pro rata* share of income as and when received by the Pass Through Trustee. A holder of Pass Through Certificates using an accrual method of

accounting should take into account its *pro rata* share of income as it accrues or is received by the Pass Through Trustee, whichever is earlier.

A purchaser of a Pass Through Certificate would be treated as purchasing an interest in each Equipment Note and in any other property held in the Pass Through Trust at a price determined by allocating the purchase price paid for the Pass Through Certificate among such Equipment Notes and such other property in proportion to their fair market values at the time of purchase of the Pass Through Certificate. The purchase price paid for a Pass Through Certificate by an original purchaser of a Pass Through Certificate should be allocated among the Equipment Notes in the Pass Through Trust in proportion to their respective principal amounts. The portion of the purchase price allocated to each Equipment Note by a holder of Pass Through Certificates should constitute such holder's initial tax basis in such Equipment Note.

Sales of Pass Through Certificates

A holder of Pass Through Certificates should realize gain or loss on the sale, exchange or retirement of a Pass Through Certificate equal to the difference between such holder's adjusted tax basis in the Pass Through Certificate and the amount realized on the sale (except to the extent attributable to accrued interest, which will be taxable as ordinary interest income) and, if an Equipment Note or other property of the Pass Through Trust is disposed of or an Equipment Note is prepaid, a holder of Pass Through Certificates should recognize gain or loss (in the aggregate) in an amount equal to the difference between such Pass Through Certificate holder's adjusted tax basis in such Equipment Note or other property and such holder's *pro rata* portion of the amount realized on the disposition by the Pass Through Trust or upon such prepayment (except to the extent attributable to accrued interest, which will be taxable as ordinary interest income). Any such gain or loss should be capital gain or loss if the Pass Through Certificate was held as a capital asset and, if the Pass Through Certificate was held for more than one year, should be long-term capital gain or loss to the extent the Equipment Notes have been held by the Pass Through Trust for more than one year. For holders of Pass Through Certificates other than corporations, the maximum long-term capital gains rate is 15% for capital assets held for more than one year. After December 31, 2010, this maximum rate is to revert to the previous maximum rate of 20%. Holders of Pass Through Certificates are urged to consult their own tax advisor as to the treatment of a capital gain. Any capital losses recognized will be subject to limitations on deductibility.

Backup Withholding

Payments made on the Pass Through Certificates, and proceeds from the sale of the Pass Through Certificates to or through certain brokers, may be subject to a "backup" withholding tax of 28% unless the holder of Pass Through Certificates complies with certain reporting procedures described in the regulations under section 6049 of the Code, or is an exempt recipient under section 6049(b)(4) of the Code. Any such withheld amounts will be allowed as a credit against the Pass Through Certificate holder's federal income tax.

Under current law, the rate of 28% applies for payments made during the taxable years 2006 through 2010. For payments made after the taxable year 2010, the backup withholding rate will be increased to 31%.

CERTAIN UTAH AND OTHER TAXES

The Pass Through Trustee is a national banking association with its corporate trust office in Salt Lake City, Utah. Ray, Quinney & Nebeker, counsel to the Pass Through Trustee, has advised the Company that, in its opinion, under currently applicable law, assuming that the Pass Through Trust will not be taxable as a corporation, but should be classified as a grantor trust under Subpart E, Part I of Subchapter J of the Code, (i) the Pass Through Trust will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge payable under the laws of the State of Utah or any political subdivision thereof and (ii) holders of Pass Through Certificates who are not residents of or otherwise subject to tax in Utah will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge payable under the laws of the State of Utah or any political subdivision thereof as a result of purchasing, holding

(including receiving payments with respect to) or selling a Pass Through Certificate. Neither the Pass Through Trust nor any holder of Pass Through Certificates will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on the Pass Through Trust could result in a reduction in the amounts available for distribution to a holder of the Pass Through Certificates.

Should a holder of Pass Through Certificates or the Pass Through Trust be subject to any state or local tax that would not be imposed if the Pass Through Trustee were located in a different jurisdiction in the United States, the Pass Through Trustee will resign with respect to the Pass Through Trust and a new Pass Through Trustee in such other jurisdiction will be appointed.

ERISA CONSIDERATIONS

ERISA imposes certain requirements on employee benefit plans subject to ERISA (“ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Department of Labor (the “DOL”) has promulgated a regulation, 29 CFR Section 2510.3-101 (the “Plan Asset Regulation”), describing what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests (directly or indirectly) in a Pass Through Certificate, the Plan’s assets will include both the Pass Through Certificate and an undivided interest in each of the underlying assets of the Pass Through Trust, unless it is established that equity participation in the Pass Through Trust by employee benefit plans (including Plans and entities whose underlying assets include plan assets by reason of an employee benefit plan’s investment in the entity) is not “significant” within the meaning of the Plan Asset Regulation. In this regard, the extent to which there is equity participation in the Pass Through Trust by, or on behalf of, employee benefit plans will not be monitored. If the assets of the Pass Through Trust are deemed to constitute the assets of a Plan, transactions involving the assets of the Pass Through Trust could be subject to ERISA’s fiduciary responsibility rules and the prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction.

The fiduciary of a Plan that proposes to purchase and hold any Pass Through Certificates should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person or (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any Plan assets. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Pass Through Certificates on behalf of a Plan, Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the “Class Exemptions”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Pass Through Certificates.

By its acceptance of a Pass Through Certificate, each holder of a Pass Through Certificate will be deemed to have represented and warranted that either (i) no Plan assets have been used to purchase such Pass Through Certificate or (ii) the purchase and holding of such Pass Through Certificate is exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning an investment in any of the Pass Through Certificates.

UNDERWRITING

Subject to the conditions contained in the Underwriting Agreement (the “Underwriting Agreement”) among the Company and Morgan Stanley & Co. Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., Banc of America Securities LLC, BNP Paribas Securities Corp., Daiwa Securities America Inc. and SunTrust Capital Markets, Inc. (the “Underwriters”), the Underwriters have severally agreed to purchase from the Pass Through Trustee all the Pass Through Certificates in the respective principal amounts set forth below:

Underwriter	Aggregate Principal Amount
Morgan Stanley & Co. Incorporated	\$49,898,000
Barclays Capital Inc.	\$49,896,000
Citigroup Global Markets Inc.	\$49,896,000
Banc of America Securities LLC	\$49,896,000
BNP Paribas Securities Corp.	\$49,896,000
Daiwa Securities America Inc.	\$49,896,000
SunTrust Capital Markets, Inc.	\$49,896,000
Total	\$349,274,000

The Underwriting Agreement provides that the obligation of the Underwriters to pay for and accept delivery of the Pass Through Certificates is subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. Each Underwriter is obliged to take and pay for all of the Pass Through Certificates to be purchased by it if any are taken.

The Underwriters propose to offer all or part of the Pass Through Certificates directly to the public at the public offering price set forth on the cover page of this offering circular and may offer a portion of the Pass Through Certificates to dealers at a price that represents a concession not in excess of 0.40% of the public offering price of the Pass Through Certificates. The Underwriters may allow, and some dealers may reallow, a concession not in excess of 0.25% of the public offering price of the Pass Through Certificates to certain other dealers. After the initial public offering, the public offering price and such concessions may be changed.

The Underwriting Agreement provides that the Company will reimburse the Underwriters for certain expenses and indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and will contribute to payments the Underwriters may be required to make in respect thereof.

The Company does not intend to apply for listing of the Pass Through Certificates on a national securities exchange, but has been advised by the Underwriters that the Underwriters presently intend to make a market in the Pass Through Certificates, as permitted by applicable laws and regulations. The Underwriters are not obliged, however, to make a market in the Pass Through Certificates and any such market making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Pass Through Certificates.

Morgan Stanley & Co. Incorporated, on behalf of the Underwriters, may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Rule 104 of the Securities Exchange Act of 1934, as amended. Stabilization transactions permit bids to purchase the underlying security as long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve the purchase of Pass Through Certificates in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit Morgan Stanley & Co. Incorporated to reclaim a selling concession from a syndicate member when the Pass Through Certificates originally sold by such syndicate member are purchased in a syndicate covering transaction to cover short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Pass Through Certificates to be higher than it would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

It is expected that delivery of the Pass Through Certificates will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this Offering Circular, which will be the fifth business day following the date of pricing of the Pass Through Certificates (such settlement cycle being herein referred to as “T+5”). Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Pass Through Certificates on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Pass Through Certificates initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Pass Through Certificates who wish to trade Pass Through Certificates on the date of pricing or the next succeeding business day should consult their own advisor.

Daiwa Securities America Inc. ("Daiwa") has entered into an agreement with SMBC Securities, Inc. ("SMBC") pursuant to which SMBC provides certain advisory and/or other services to Daiwa, including in respect of this offering. In return for the provision of such services by SMBC to Daiwa, Daiwa will pay to SMBC a mutually agreed upon fee.

In the ordinary course of their respective businesses, certain of the Underwriters and their affiliates have engaged and may in the future engage in investment and/or commercial banking transactions with the Company and its affiliates.

LEGAL OPINIONS

Certain legal matters with respect to the Pass Through Certificates are being passed upon for the Company by James J. Theisen, Jr., Assistant General Counsel, and with respect to certain federal law matters, Chapman and Cutler LLP, and for the Underwriters by Mayer, Brown, Rowe & Maw LLP. Mr. Theisen, Chapman and Cutler LLP and Mayer, Brown, Rowe & Maw LLP will rely on the opinion of Ray, Quinney & Nebeker, counsel for the Pass Through Trustee, as to matters relating to the authorization, execution and delivery of the Pass Through Certificates under the Pass Through Trust Agreement.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements and related consolidated financial statement schedule of the Company as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, and management's report on the effectiveness of internal control over financial reporting as of December 31, 2005, incorporated in this offering circular by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which report with respect to the consolidated financial statements and financial statement schedule expresses an unqualified opinion and includes an explanatory paragraph relating to the change in method of accounting for asset retirement obligations in 2003).

