

Southern Railway System

Law Department
P.O. Box 1808
Washington, D.C. 20013

JAMES L. TAPLEY
VICE PRESIDENT - LAW

RECORDATION No. 10744 Filed 1425 920 15TH STREET, N.W.
TEL: (202) 628-4460

AUG 14 1979 - 12 15 PM

August 14, 1979 INTERSTATE COMMERCE COMMISSION
58104

No. 9-226A040
AUG 14 1979
5000

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Mrs. Mergenovich:

I enclose three original counterparts of the instrument described in paragraph (1) hereof, for recordation pursuant to Section 11303 of Title 49, U.S. Code (formerly Section 20c of the Interstate Commerce Act) and return, together with two additional counterparts thereof which are for the Commission's files.

In accordance with 49 CFR Part 1116, covering the recordation of documents, I wish to advise as follows:

- (1) The enclosed document is a Lease of certain railroad equipment, more fully described below, from Southern Region Industrial Realty, Inc., Lessor, P.O. Box 1808, Washington, D.C. 20013, to Southern Railway Company, Lessee, P.O. Box 1808, Washington, D.C. 20013, dated as of August 14, 1978.
- (2) The equipment covered by this Agreement is described as follows:
 - 17 GP38-2 Diesel-Electric Locomotives, bearing Lessee's road numbers 5240-5256, inclusive, AAR designation B-B.

Each unit of the Equipment will be marked in letters not less than one-half inch in height as follows:

OWNED BY A BANK OR TRUST COMPANY UNDER A FINANCING AGREEMENT RECORDED WITH THE INTERSTATE COMMERCE COMMISSION UNDER SECTION 11303 OF TITLE 49, U.S. CODE."

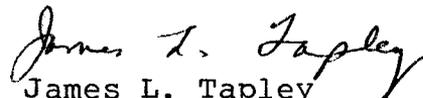
Amberlight Woodruff

C. J. [Signature]

- (3) After recordation, the original documents should be returned to Manfred S. Block, Attorney, Law Department, Southern Railway Company, P.O. Box 1808, Washington, D.C. 20013.
- (4) The recordation fee of \$50.00 is enclosed.

Please acknowledge receipt of these documents on the enclosed copy of this letter.

Very truly yours,


James L. Tapley

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

8/14/79

OFFICE OF THE SECRETARY

James L. Tapley
Vice President-Law
Southern RYW. System
P.O. Box 1808
Washington, D.C. 20013

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/14/79 at 12:15pm, and assigned re-
recording number(s). 10744

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

Executed in five Counterparts of
which this is Counterpart No. /

10744

RECORDATION NO. Filed 1425

AUG 14 1979 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, dated as of August 14, 1979, by and between SOUTHERN REGION INDUSTRIAL REALTY, INC., a Georgia corporation (the "Vendor"), and SOUTHERN RAILWAY COMPANY, a Virginia corporation (the "Vendee")

W I T N E S S E T H: THAT

WHEREAS, Vendee desires to acquire 17 GP38-2 Diesel-Electric Locomotives, to bear Vendee's road numbers 5240-5256, both inclusive, hereinafter called the "Locomotives"; and

WHEREAS, inasmuch as Vendee has not yet consummated financing arrangements for the acquisition of the Locomotives, it is not in a position to accept delivery of the Locomotives at this time; and

WHEREAS, Vendee, by Change Order No. 1 to Purchase Order No. 137578, dated as of January 31, 1979 and October 6, 1978, respectively, has contracted with General Motors Corporation (Electro-Motive Division) ("General Motors") to build the Locomotives; and

WHEREAS, the builder of the Locomotives, General Motors, under the terms of the Purchase Order, is to deliver the Locomotives to Vendee at Jeffersontown, Kentucky, freight charges prepaid; and

WHEREAS, Vendee anticipates that the above-mentioned financing arrangements will be consummated on or before February 14, 1980, and Vendee, in order that it may take possession of and use the Locomotives pending completion of such financing arrangements, has requested Vendor to take an assignment of Vendee's rights to receive and purchase the Locomotives under the Purchase Order, to purchase the Locomotives on delivery and to give Vendee temporary custody and possession of the Locomotives, solely as a lessee of the Locomotives; and

WHEREAS, Vendor is willing to accept such assignment, and to purchase and lease the Locomotives upon the terms and conditions hereinafter stated:

NOW, THEREFORE, in consideration of the premises and of the promises of the parties herein contained, the parties agree as follows:

1. Vendee hereby assigns to Vendor its rights to receive and purchase the Locomotives under the Purchase Order and Vendor hereby accepts such assignment and designates the Vendee as its agent to accept delivery of the Locomotives.

2. Vendor agrees to lease the Locomotives to Vendee and Vendee agrees to hire the Locomotives from Vendor at the delivery point above referred to. The rights of Vendee hereunder in respect of each Locomotive shall commence on

the date of acceptance of such Locomotive as agent for the Vendor and end on the earlier of February 14, 1980, or the date of payment of the purchase price of such Locomotive under the above financing arrangements. Vendee shall purchase the Locomotives from Vendor or provide a purchaser therefor on or before February 14, 1980, and Vendor shall sell the Locomotives to Vendee or such purchaser as Vendee may provide, at the total purchase prices as set in the Purchase Order, and its obligation so to do shall be absolute, regardless of the condition of the Locomotives at such time. When the purchase price of any Locomotive has been paid to Vendor, this Agreement shall automatically be terminated with respect to such Locomotive without further action by or notice to any party concerned. On delivery of each Locomotive to Vendee, Vendee will assume the responsibility and risk of loss with respect to such Locomotive.

3. Title to the Locomotives shall remain in Vendor and Vendee's right and interest therein is and shall be solely that of possession, custody, and use as lessee under this Agreement. Transfer of title shall be effected only at the time of delivery of the bills of sale. Vendee shall do such acts as may be required by law, or reasonably requested by Vendor, for the protection of Vendor's title to and interest in the Locomotives.

4. As rental for the Locomotives, Vendee agrees to pay in cash to Vendor upon the termination of this Agreement the sum of \$1.00.

5. Vendee agrees that it will permit no liens of any kind to attach to the Locomotives, and that it will (a) indemnify and save harmless Vendor from any and all claims, expenses, or liabilities of whatsoever kind, and (b) pay any and all taxes, fines, charges, and penalties that may accrue or be assessed or imposed upon the Locomotives or the Vendor because of its ownership or because of the use, marking operation, management or handling of the Locomotives by Vendee during the term of this Agreement.

6. Vendee will, at its own expense, keep and maintain the Locomotives in good order and running condition and will at its option repair or replace or promptly pay to Vendor the purchase price in cash of those Locomotives which may be damaged or destroyed by any cause during the terms that this Agreement applies to such Locomotives.

7. Prior to the delivery of the Locomotives to Vendee there shall be plainly, distinctly, permanently, and conspicuously marked and maintained by the Vendee upon each side of each Locomotive in letters not less than one-half inch in height the following words:

"OWNED BY A BANK OR TRUST COMPANY UNDER A FINANCING AGREEMENT RECORDED WITH THE INTERSTATE COMMERCE COMMISSION UNDER SECTION 11303 OF TITLE 49, U.S. CODE"

8. Vendor shall have the right to assign its rights under this Agreement or under the Purchase Order pursuant to the financing arrangements referred to above.

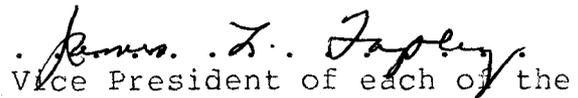
9. Vendor shall have no obligation to warrant the condition of the Locomotives but agrees to pass to Vendee or Vendee's nominee the builder's warranties on the Locomotives.

10. Vendee shall have the right to assign or transfer or sublet the Locomotives (subject to this Agreement and the rights of Vendor hereunder, and without releasing Vendee from any of its obligations hereunder) to any affiliate of Vendee.

SOUTHERN REGION INDUSTRIAL
REALTY, INC., AND
SOUTHERN RAILWAY COMPANY,
By

ATTEST:


Assistant Secretary


Vice President of each of the
above Companies

DISTRICT OF COLUMBIA.

On this 14th day of August, 1979, before me personally appeared James L. Tapley, to me personally known, who, being by me duly sworn, says that he is a Vice President of SOUTHERN RAILWAY COMPANY and of SOUTHERN REGION INDUSTRIAL REALTY, INC., that the corporate seal of each of said corporations is affixed to the foregoing instrument, that said instrument was signed and sealed on behalf of each of said corporations by authority of its respective Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of each of said corporations.


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Notary Public
in and for the
District of Columbia

My Commission Expires May 31, 1982