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Mr. James H. Bayne  
Secretary  
Interstate Commerce Commission  
Washington, D.C.

6-122A023  
MAY 2 1986

Date .....  
Fee \$ ..... 50.00 .....

Dear Mr. Bayne:

ICC Washington, D. C.

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 are four copies each of the following documents:

- NEW NO. 1. Railroad Equipment Lease dated as of September 1, 1982.
- A 2. Amendment and Supplement to Railroad Equipment Lease dated as of June 3, 1983.
- B 3. Second Amendment and Supplement to Railroad Equipment Lease dated as of March 15, 1984.
- C 4. Amendment and Supplement to Second Amendment and Supplement to Railroad Equipment Lease dated December 15, 1984.
- D 5. Third Amendment and Supplement to Railroad Equipment Lease dated as of August 20, 1985

The document listed in paragraph 1. above is a primary document; and the documents listed in paragraphs 2. through 5 above are secondary documents thereto.

A description of the railroad equipment covered by the enclosed documents is set forth therein.

*C. T. Kempler*

Mr. James H. Bayne  
Secretary  
Interstate Commerce Commission  
May 2, 1986  
Page Two

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

Lessor: Greenbrier Leasing Corporation  
One Centerpointe Drive  
Lake Oswego, Oregon 97034

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

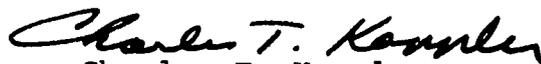
Also enclosed is a check in the amount of \$50 covering the required recordation fees.

Kindly return three stamped copies of each of the enclosed documents to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006

A short summary of the enclosed primary and secondary documents to appear in the Commission's Index is:

Railroad Equipment Lease dated as of September 1, 1982 between Greenbrier Leasing Corporation, Lessor, and Southern Pacific Transportation Company, Lessee, as amended and supplemented.

Very truly yours,

  
Charles T. Kappler

Enclosures

Interstate Commerce Commission  
Washington, D.C. 20423

5/2/86

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.

Alvord & Alvord  
918 16th Street, N.W.  
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/2/86 at 1:20pm and assigned re-  
recording number(s) - 14954, 14954-A, 14954-B, 14954-C & 14954-D

Sincerely yours,

  
Secretary

Enclosure(s)

MAY 2 1986 -1 20 PM

CERTIFICATE

INTERSTATE COMMERCE COMMISSION

E. L. JOHNSON, a Vice President - Finance  
(Name) (Title)

of Southern Pacific Transportation Company, certifies that the Railroad Equipment Lease dated as of September 1, 1982, an Amendment and Supplement to Railroad Equipment Lease dated as of June 3, 1983, and a Second Amendment and Supplement to Railroad Equipment Lease dated as of March 15, 1984 and further amended December 15, 1984, all of which are attached hereto as Exhibit A, are true and complete copies of the originals thereof, and were signed on behalf of Southern Pacific Transportation Company by an officer thereof, and I acknowledge that the execution of the foregoing documents were the free act and deed of Southern Pacific Transportation Company.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

Dated APRIL 30, 1986

By [Signature]  
Its Vice President - Finance

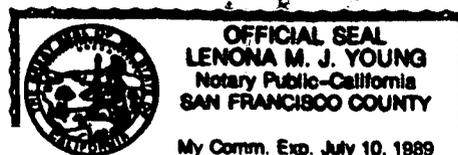
STATE OF CALIFORNIA )  
 )SS:  
COUNTY OF SAN FRANCISCO )

On this 30<sup>th</sup> day of April, 1986, before me personally appeared E. L. JOHNSON to me personally known, who being by me duly sworn, says that he is the Vice President - Finance of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires:

\_\_\_\_\_

Lenona M. J. Young  
Notary Public



14954

REGISTRATION NO. \_\_\_\_\_ Filed 1423

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INTERSTATE COMMERCE COMMISSION

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RAILROAD EQUIPMENT LEASE

Dated as of September 1, 1982

Between

GREENBRIER LEASING CORPORATION  
(As "Lessor")

and

SOUTHERN PACIFIC TRANSPORTATION COMPANY  
("as Lessee")

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Attachments to Lease

- Exhibit A - Description of Cars
- Exhibit B - Certificate of Acceptance Under  
Railroad Equipment Lease
- Exhibit C - Car Purchase and Repair Agreement
- Exhibit D - Schedule of Casualty Values

THIS RAILROAD EQUIPMENT LEASE (the "Lease") dated this 1st day of September, 1982 by and between Greenbrier Leasing Corporation, a Delaware corporation, herein referred to as "Lessor" and SOUTHERN PACIFIC TRANSPORTATION COMPANY ("Southern Pacific"), a Delaware corporation, herein referred to as "Lessee".

W I T N E S S E T H:

In consideration of the mutual promises, covenants and agreements hereinafter set forth and the rentals to be paid by Lessee, the Lessor hereby agrees to lease the cars to Lessee, and the Lessee hereby agrees to lease the cars from Lessor, upon the following terms and conditions:

SECTION 1. DESCRIPTION OF LEASED PROPERTY.

Lessor agrees to lease to Lessee and Lessee agrees to and does hereby lease from Lessor that number of railroad cars, not to exceed 500 cars nor less than 400 cars as are available to Lessor for lease to Lessee within eight (8) months following the date of the execution of this Lease, of the type, construction and such other description as is set forth in Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "Cars"). The Cars covered by this Lease are those which shall be delivered to and accepted by Lessee pursuant to Paragraph 2 hereof. This Lease shall become effective as to any Car upon its delivery pursuant to Paragraph 2 hereof.

Said Cars are to be used exclusively within North America and predominantly within the United States, and in the service of Lessee for the transportation of intermodal trailers under standard Lessee practices for this car type. Each of said Cars will have the general specifications and characteristics described in the drawings heretofore furnished to the Lessor by the Lessee.

SECTION 2. DELIVERY AND ACCEPTANCE OF THE CARS.

The Lessor shall use its best efforts to cause the Cars to be delivered to the Lessee at the same location where certain repairs and modifications were performed on the Cars. The Lessor shall not be liable to Lessee for any failure or delay in making delivery thereof due to accident,

fire, flood, explosion, labor trouble, acts of government, including embargoes, priorities and allocations, wars and war conditions, delays of carriers and any other cause or causes (whether or not of the same kind as herein specifically enumerated) or for defects in manufacture, construction or operation of or for damage to the Cars beyond the Lessor's reasonable control. Subject to the provisions set forth in the paragraph immediately following, from time to time as the Cars are delivered to and received by the Lessee, the Lessee shall, within five (5) days of such delivery, execute and deliver to the Lessor a Certificate of Acceptance in respect of such Cars substantially in the form attached hereto as Exhibit "B". The execution by the Lessee (by any one of its duly authorized representatives) of such Certificate of Acceptance shall, without further act, for all purposes of this Lease be deemed to be conclusive evidence that such Cars have been delivered to and are in the possession of the Lessee under and subject to all terms hereof.

The execution of a Certificate of Acceptance in respect of any Car shall be conclusive evidence that said Car has been accepted and is subject to the terms and provisions of this Lease, notwithstanding that the total numbers of Cars so accepted shall exceed or be less than the number which Lessee is at any one time required to accept pursuant to this paragraph.

### SECTION 3. LEASE TERM OF CARS.

The lease term for each Car shall be a term of forty-seven (47) months commencing on the date appearing on the Certificate of Acceptance relating to such Car ("Primary Term").

### SECTION 4. FIXED RENTS AND PAYMENT DATES.

The Lessee agrees to pay as monthly rent for each Car for and during the term the amount of \_\_\_\_\_ ("Fixed Rent") payable on the 20th day of each calendar month during the term of this Lease commencing on the 20th day of the calendar month next succeeding date of delivery ("Billing Date"). The Lessor agrees to render invoices to the Lessee on or before the 1st day of each month for rentals due under this Section 4.

It is agreed and understood that said monthly rent is based on a total purchase price, net of all taxes and delivery charges, of \_\_\_\_\_ per car, of which \_\_\_\_\_ per car shall be paid to Southern Pacific and St. Louis Southwestern Railway Company for purchase of each car hulk, and \_\_\_\_\_ per car shall be for repairs and modifications

("Purchase Price") all as provided under that certain Car Purchase Agreement and Repair Agreement among Lessor, Southern Pacific and St. Louis Southwestern Railway Company dated 9/1/82, and attached herewith as Exhibit "C".

The Fixed Rent shall be divided by the number thirty (30) to determine the daily rent per car ("Daily Rent"). The first invoice rendered by Lessor to Lessee relating to each Car shall adjust the Fixed Rent due for such Car by computing the number of days intervening between the date of acceptance by Lessee of such Car, which date appears on its Certificate of Acceptance, and the Billing Date for such Car, shall multiply such number of days so determined by the Daily Rent for such Car and add the amount so determined to such invoice.

All rents remaining due and unpaid more than ten (10) days after the due date thereof as provided for herein shall bear interest from the due date thereof at the prime rate as announced from time to time by J. Henry Schroder Bank and Trust Company of New York.

If the rent payment date referred to herein shall not be a business day, the payment otherwise due thereon shall be payable on the next succeeding business day.

This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Fixed Rent payable hereunder, and the rights of Lessor in and to such Fixed Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, setoff, defense, counterclaim or recoupment whatsoever, including without limitation, abatements, reductions, setoffs, defenses, counterclaims or recoupments due or alleged to be due to, or by any reason of, any past, present or future claims which Lessee may have against Lessor, the manufacturer, any lenders or against any person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in the Cars, the condition, design, operation or fitness for use thereof, or any damage to, or any loss or destruction of, or any liens, encumbrances, security interests or rights of others with respect to the Cars, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Cars for any reason whatsoever, the interference with such use, operation or possession by any private person or entity, or by reason of any other indebtedness or liability, howsoever and whenever arising, of Lessor, Lessee or any lenders to any other person, firm or corporation or to any governmental

authority, or by reason of any insolvency, bankruptcy or similar proceedings by or against Lessor or Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present law to the contrary notwithstanding, it being the intention of the parties hereto that the Fixed Rent payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

SECTION 5. ADDITIONAL SUMS PAYABLE BY LESSEE.

In addition to the Fixed Rent and Daily Rent payable by the Lessee under Section 4 hereof, Lessee agrees to pay sums sufficient to pay and discharge the following items when and as the same shall become due and payable:

All amounts required to be paid by the Lessee in order to comply fully with the provisions of Sections 7, 8, 9, 10, 12, 13, 15 and 20 hereof ("Additional Rent"). (Fixed Rent, Daily Rent and Additional Rent are hereinafter sometimes referred to individually and collectively as "Rent").

SECTION 6. PLACE OF PAYMENT OF RENTS.

All payments of Rent shall be made to the Lessor at its office in Oregon City, Oregon, or at such other place as Lessor or its assigns may direct in writing. Additional Rent shall be paid at said place only to the extent that payments thereof are not being or have not been made by the Lessee directly and are instead being paid to the Lessor by way of reimbursement for or to provide the Lessor with funds necessary to pay the amounts called for by said Section 5.

SECTION 7. PAYMENT OF TAXES.

The Lessee agrees to pay sums sufficient to pay and discharge any and all taxes, assessments and other governmental charges whatsoever, together with any penalties, fines or interest thereon, imposed upon the interest of the Lessee in the Cars or upon the Lessee's use or operation thereof or the Lessee's earnings arising therefrom, including without limitation rentals, and ad valorem property taxes in all jurisdictions where such might apply to the cars. In the event any tax reports are required to be made on the basis of individual Cars, the Lessee will either make such reports in such manner as to show the ownership of such Cars by Lessor, or its assignee, or will notify the Lessor, or its assignee, of such

requirement and will make such report in such manner as shall be satisfactory to the Lessor, or its assignee.

SECTION 8. LESSEE'S REPRESENTATIONS AND WARRANTIES.

Lessee represents and warrants for the benefit of Lessor (all such representations and warranties, except for those set forth in paragraphs (e) and (f) below, being continuing) that:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into this Lease and is duly qualified to do business and in good standing in the jurisdiction where the Cars will be located;

(b) this Lease has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms;

(c) no approval, consent or withholding of objection is required from any governmental authority or any other party with respect to the entering into or performance by Lessee of this Lease, of if any such approval is required, it has been obtained;

(d) the entering into and performance of this lease by Lessee will not violate any judgment, order, law or regulation applicable to Lessee or any provision of Lessee's articles of incorporation or by-laws or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument or agreement to which Lessee is a party or by which it or its assets may be bound, other than the rights of Lessee under this lease;

(e) Lessee is not in default in the payment of the principal of or interest on any indebtedness for borrowed money or in default under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been issued; and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute any event of default thereunder;

(f) during the Primary Term of this Lease and any extension or renewal thereof and while the Cars are on the tracks of Lessee pursuant to Sections 18 and 19 hereof, Lessee shall, at its own expense cause to be carried and maintained insurance in respect of the Cars at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by Lessee on similar equipment, and in any event in amounts and against risks comparable to those insured against by Lessee on equipment owned by it.

For so long as Lessee remains a qualified self-insurer under the applicable laws of the states within which it operates, the provisions of this subsection (f) of this Section 8 requiring Lessee to maintain insurance policies in the form and amounts set forth shall be waived.

(g) no Car subject to this lease shall be physically outside the continental limits of the United States for more than fifty (50%) percent of the Primary Term of this Lease or any extension or renewal thereof.

#### SECTION 9. RENEWAL OPTION.

At the expiration of the Primary Term, with respect to all, but not less than all, of the Cars, Lessee shall have the right to renew the Lease, for a renewal term of twenty-five (25) months providing there exists no Event of Default or any event or condition which after lapse of time or the giving of notice or both would constitute an Event of Default shall have occurred or be continuing and providing that its written election is made 120 days prior to scheduled lease expiration ("Renewal Term"). The renewal option shall be at the same Fixed Rent and conditions as the Primary Term and all other terms of this Lease shall also apply if the renewal option is elected by Lessee as herein provided.

#### SECTION 10. REPAIR AND MAINTENANCE.

The Lessee shall at its sole expense maintain and keep all of the Cars subject to this Lease in good order and repair and in satisfactory condition for interchange in accordance with the Interchange Rules and other rules of the Association of American Railroads and with the Interstate Commerce Commission, all as consistent with Section 13 hereof and shall use the Cars only in the manner for which

they were designed and intended and so as to subject them only to ordinary wear and tear.

Lessee shall keep detailed maintenance records on each Car and shall provide a monthly account and report to Lessor for all maintenance and repairs performed by Lessee or its affiliates or agents together with an invoice for the cost of such maintenance and repairs. Payment of such invoice by Lessor shall be made within twenty (20) days of receipt thereof. Included in the Fixed Rent is twenty-five (\$25.00) dollars to cover estimated maintenance and repair costs ("Estimated Maintenance Expense"). Commencing on the Billing Date next succeeding the date upon which all of the Cars become subject to this Lease, and quarterly thereafter, the Fixed Rent shall be adjusted upward or downward to reflect the difference between the Estimated Maintenance Expense and the actual expense invoiced by Lessee to Lessor for maintenance and repairs during the previous quarter for all the Cars computed on a per Car, per month basis. Any charges for maintenance and repairs under this Section which exceed the Estimated Maintenance Expense by one hundred fifty (150%) percent shall be billed by the Lessor to the Lessee as Additional Rent. At the expiration of the Primary Term or any extension or renewal thereof, and after Lessee has been paid all amounts invoiced for maintenance and repairs the credit balance, if any, remaining on the books and records of the Lessor shall be remitted to Lessee. If, however, there is a debit balance in such account, then Lessor shall charge Lessee for such amount as Additional Rent.

In the event any Car is damaged while on the tracks of the Lessee, or on any track other than the tracks of the Lessor or any tracks to which Lessor may have caused any Car to be moved, or in the event any Car is damaged in any manner whatsoever by any commodity which may be transported or stored in said Car by Lessee, such repair, renewals or replacements as may be necessary to place the Car in good order and repair (ordinary wear and tear excepted) shall be at the sole cost and expense of the Lessee.

Lessee shall make no major modifications in the Cars without the advance written consent of Lessor.

#### SECTION 11. DISCLAIMER OF WARRANTIES.

(a) LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, OR TITLE TO, THE CARS DELIVERED TO LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF

MERCHANTABILITY OR FITNESS OF THE CARS FOR ANY PARTICULAR PURPOSE OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AND THE BENEFITS OF ANY AND ALL IMPLIED WARRANTIES OF LESSOR ARE HEREBY WAIVED BY LESSEE. LESSOR SHALL NOT BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

(b) Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the term of this Lease, so long as Lessee shall not be in default hereunder, to assert from time to time, in the name of and for account of Lessor, but for the benefit of Lessee, whatever claims and rights including warranties of the Cars which Lessor may have against the manufacturer, any subcontractors of the manufacturer or any vendors. Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters unless Lessor shall refuse to cooperate to the extent necessary to enable Lessee to assert such claims against the manufacturer, its subcontractors and vendors. To the extent that any claims or rights of Lessor with respect to the Cars may not be assigned or otherwise made available to Lessee, Lessor will use its best efforts, at Lessee's cost, to enforce such claims or rights.

SECTION 12. LOSS, THEFT, IRREPARABLE DAMAGE OR DESTRUCTION OF CARS.

Lessee shall bear the risk of loss, theft or irreparable damage or destruction of the Cars and shall be financially responsible to Lessor for any such loss as provided herein ("Loss"). In the event of any Loss, or title thereto shall be taken by any governmental authority under power of eminent domain or otherwise, the term of the lease in respect of such Car shall terminate as of the date of the settlement for such Loss, or taking by such governmental authority ("Settlement Date") and, except as otherwise provided in the next paragraph of this Section, no further Rent shall accrue for the Car. Appropriate additional billing or credit will be rendered so that Lessee's rental obligation will run to but not beyond the Settlement Date. The Lessor and its successors and assigns shall be the sole parties entitled to the proceeds of any sale or other disposition of the destroyed, damaged, or appropriated Car and any claim for damages or settlement provided for by the Interchange Rules of the Association of American Railroads, and Lessee shall be responsible to collect and remit to Lessor all such claims promptly in accordance with standard industry practice and to indemnify Lessor and its successors

and assigns and guarantee collectibility of all such claims.

In the event the Loss, occurs while a Car is on the property of the Lessee or any property other than the property of the Lessor or any property to which Lessor may have caused the Car to be moved except for property of the Lessee pursuant to Sections 18 and 19 hereof, or has been caused by a commodity which has been transported or stored in the Car by Lessee, the Lessee agrees that within sixty (60) days after notification or actual knowledge of such Loss it will pay to the Lessor an amount calculated in accordance with the provisions of Exhibit "D" attached hereto and by this reference made a part hereof (hereinafter referred to as the "Casualty Value").

The Lessor shall have the right but shall not be obligated to replace any car which has been lost, stolen, destroyed, irreparably damaged or taken by any governmental authority under power of eminent domain or otherwise, with another railroad car of the same type and capacity. Any such replacement shall be leased on the same terms and conditions and for the same Fixed Rents as, and for the unexpired lease term in respect of, the Car which it replaces. In the event of a Loss, Lessee, at its sole option, shall determine whether to repair said Car or Cars or to pay to Lessor the Casualty Value per Car set forth in Exhibit "D".

### SECTION 13. OPERATING RULES AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations and requirements, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Interstate Commerce Commission with respect to the use, maintenance and operation of each Car subject to this Lease. In case any equipment or appliance on any Car shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and Rules, the Lessee upon prior notice to and the consent of the Lessor, which consent shall not be unreasonably withheld, agrees to make such changes, additions and replacements. The cost of such changes, additions and/or replacements shall be invoiced by the Lessee to the Lessor and the Lessor shall pay therefor. The Lessee shall reimburse the Lessor therefor in the following manner: such amount shall be capitalized by the Lessor at a percentage rate of six (6%) per centum per annum, divided by the number of Cars then subject to this Lease, and the quotient shall be pro rated and billed as Additional Rent for each such Car

over the number of months remaining in the Primary Term or, if the Renewal Option has been exercised under Section 9, then over the number of months remaining in the Primary Term and the Renewal Term.

Any parts installed or replacements made upon the Cars pursuant to the provisions of Section 10 or this Section 13 shall be considered accessions to the Cars and not the property of the Lessee.

#### SECTION 14. OWNERSHIP; PERSONAL PROPERTY.

The Lessee acknowledges and agrees that it has not and by the execution hereof it does not have or obtain, and by payments and performance hereunder it does not and will not have or obtain any title to the Cars or any of them at any time subject to this Lease, nor any property right or interest, legal or equitable, therein, except solely as Lessee hereunder and subject to all the terms hereof.

Lessee will at all times protect and defend, at its own cost and expense, the title of Lessor, or its assignee, from and against all claims, liens and legal processes of creditors of Lessee and keep the Cars free and clear from all such claims, liens and processes and other encumbrances.

It is the intention and understanding of both Lessor and Lessee that the Cars shall be and at all times remain separately identifiable personal property. Lessee shall not permit the Cars to be installed in, maintained with, stored or used in such manner or under such circumstances that such Cars might be or become an accession to or confused with such other personal property.

#### SECTION 15. INDEMNITY.

The Lessee does hereby assume and does hereby agree to indemnify, protect, save and keep harmless the Lessor, its successors, assigns and legal representatives, agents and servants, from and against any and all liabilities, obligations, penalties, actions, suits, losses, damages, injuries, claims, demands and expenses, including legal expenses, for loss of or physical damage to property and injury to or death of any person, arising on account of the use, condition or operation of the Cars or any of them, and by whomsoever used or operated, during the lease term of this Lease in respect of such Car or Cars. The indemnities and assumptions of liability in this Section contained shall continue in full force and effect notwithstanding the termination of this Lease or any term hereof in respect of any one or more Cars, whether by expiration of time, by

operation of law or otherwise. It is understood and agreed, however, that Lessor shall give Lessee prompt notice of any claim or liability hereby indemnified against, and the Lessee shall be entitled to control the defense thereof, at Lessee's expense.

#### SECTION 16. IDENTIFICATION.

At or prior to the time of delivery of each of the Cars by the Lessor to the Lessee, the Lessor shall cause the Car to be stenciled, in accordance with the applicable rules of the Association of American Railroads, bearing such insignia as Lessor may deem necessary or desirable, in letters not less than one inch in height (with appropriate changes or differences as from time to time may be required by law in order to protect the interest of the Lessor and its successors and assigns and the interest of any lienholder referred to in Section 17 hereof).

If during the continuance of this Lease as to any Car any such stenciling shall at any time be removed, defaced or destroyed on any such Car, the Lessee shall immediately cause the notice to be restored or replaced. The Lessee shall not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than the Lessor, its successors and assigns; but the Lessee may letter the Cars with the names or initials or any other insignia customarily used by the Lessee on its railroad cars of the same or a similar type for convenience of identification of the right of the Lessee to use and operate the Cars under this Lease.

#### SECTION 17. LIENS AND ASSIGNMENTS.

It is understood and agreed that all Rents and other sums due or to become due or at any time owing or payable by the Lessee hereunder have been or may be assigned by Lessor, and that the Cars leased hereunder have been or may be purchased by Lessor under a conditional sale agreement entered into by the Lessor as a conditional vendee, or have been or may be leased by Lessor, or have been or may be mortgaged by the Lessor under a chattel mortgage. In any such event, the right, title and interest of the vendor under any such conditional sale agreement or the Lessor under any such lease, or the mortgagee under any such chattel mortgage shall by express terms of such conditional sale agreement, lease, or such chattel mortgage, be subject to the leasehold interest of the Lessee in and to the Cars hereunder. In the event an assignment of rents and other sums is made as

collateral security for an obligation of the Lessor, then the right, title and interest of such assignee in and to said rents and other sums and to receive and collect the same shall not be subject to any abatement, defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Lessor hereunder or by reason of any other indebtedness or liability at any time owing by the Lessor to Lessee or from any defects in the Cars. Any such assignee shall be entitled to all the privileges, powers and immunities of the Lessor and may, but shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under the terms of this Lease, providing that nothing herein contained shall release the Lessor of its obligations to the Lessee under and the Lessee shall look solely to the Lessor for the performance thereof.

The Lessee agrees that it will not assign, transfer, sublet or lease its rights under this Lease, and will not pledge, mortgage or otherwise encumber, or subject to or permit to exist upon or be subjected to any lien or charge, any right or interest of the Lessee hereunder, except, with the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee may sublease any one or more of the Cars to any person or persons, firm or firms, corporation or corporations to the extent that such subleases are in the judgment of the Lessee necessary or appropriate or helpful to the conduct of its ordinary business and such subleases will not result in the Cars or any of them not being used predominantly within the United States. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

#### SECTION 18. EVENTS OF DEFAULT.

The following events shall constitute Events of Default:

(a) The Lessee fails to pay the Daily Rent, Additional Rent or any installment of Fixed Rent and such default shall continue uncured for more than the (10) days after written notice from the Lessor or its assignee to the Lessee of such nonpayment; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of its right hereunder or in the Cars or any of them, or shall cause or permit any of the Cars to be pledged or held for any debt or obligation owing by Lessee or any other person, or in the event the Lessee shall part with the possession of,

or utilize any of the Cars in a manner or to a person not permitted by the terms hereof, and shall fail or refuse to cause such assignment, use or transfer or pledge or encumbrance to be cancelled by agreement of all parties having any interest therein and to recover possession of such Car or Cars within 10 days after the Lessor shall have demanded in writing such cancellation and recovery of possession; or

(c) The Lessee shall fail to perform any other covenant, condition, agreement or provision hereof and such failure shall continue for more than 30 days after written notice thereof from the Lessor to the Lessee; or

(d) The Lessee shall make an assignment for the benefit of creditors, or petition or apply for the appointment of trustee, liquidator, custodian or receiver of the Lessee or a substantial part of its assets, or commence a proceeding under any bankruptcy, reorganization, assignment, insolvency, readjustment of debt, dissolution, liquidation or similar law of any jurisdiction, now or hereafter in effect, or shall have an order for relief entered against it or be determined to be bankrupt or insolvent by a court of competent jurisdiction or shall take any corporate action to authorize any of the actions set forth in this subsection (d); or

(e) Any such petition or application, of the type referred to in subsection (d), is filed, or any such proceeding, of the type referred to in subsection (d), is commenced, against the Lessee and such proceeding shall remain undismissed or unstayed for a period of 60 days; or

(f) Any such representation or warranty made by Lessee herein or in any document furnished Lessor in connection herewith or pursuant hereto shall at any time prove to be incorrect at the time made in any material respect and Lessee shall be unable to correct such incorrect statement within thirty (30) days after notice thereof to Lessee from Lessor.

then in such case in addition to all rights and remedies now or hereafter provided by law, for the repossession of the Cars and for the recovery of damages occasioned by Lessee's default, Lessor shall have the following rights and remedies, all of which shall be cumulative. Lessor, at its option, and in its sole discretion, may:

(a) Proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease and/or the Lessee's right of possession hereunder as to all or any part of the equipment leased hereunder whereupon all right, title and interest of the Lessee to or in the use of such equipment shall terminate, and the Lessor may, directly or by its agent, enter upon the premises of the Lessee or other premises where the equipment may be located and take possession thereof (any damages occasioned by such taking of possession being hereby expressly waived by the Lessee). The Lessor, shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period applying the Daily Rate) and also to recover forthwith from the Lessee (a) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Car, which represents the excess of the present worth, at the time of such termination, of all rentals for such Car which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Car for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Car during such period, such present worth to be computed in each case on a basis of the prime rate as announced from time to time by J. Henry Schroder Bank and Trust Company of New York, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (b) any damages and expenses, including reasonable attorney's fees and disbursements, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

In the event any Cars are to be surrendered to the Lessor pursuant to any of the foregoing provisions of this Section 18, and the Lessor shall not otherwise elect by written instrument delivered to the Lessee, the Lessee shall forthwith deliver possession of the Cars to the Lessor in good order and repair, ordinary wear and tear excepted. For the purpose of delivering possession of any Cars to the

Lessor as above required, the Lessee shall, at its own cost and expense, forthwith:

(a) assemble such Cars and place them upon storage tracks at such location on the lines of Lessee as Lessee might designate.

(b) provide storage at the risk of the Lessee for such Cars on such tracks for a period of 90 days after written notice to the Lessor specifying the place of storage and the Car numbers so stored; and

(c) cause the same or any thereof to be transported free of charge at any time following reasonable notice to Lessee within such 90 day period, to any place or places on lines of Lessee, all as directed by the Lessor; provided, however, that Lessee shall not be required to transport the Cars in quantities of less than twenty-five (25) Cars.

The assembling, delivery, storage and transporting of the Cars as hereinabove provide are of the essence of this Lease, and upon application to any court of equity having a jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the railroad Cars.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 18, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority at any time while the Lessee is obligated to deliver possession of any Car to the Lessor to demand and take possession of such Car in the name and on behalf of the Lessee from whomsoever shall at the time be in possession of such Car.

The failure of the Lessor to exercise the rights granted hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The remedies herein provided in favor of the Lessor in the Event of Default as hereinabove set forth shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing in law, in equity or in bankruptcy.

SECTION 19. SURRENDER OF THE CARS.

Upon expiration of the Primary Term or Renewal Term in respect of any Car or Cars, and as directed by Lessor in writing, the Lessee shall surrender possession of such Car or Cars to the Lessor in good order and repair, ordinary wear and tear excepted; Lessee shall, at its own expense, provide storage and transportation for such Cars, and shall:

(a) assemble such Cars and place them upon storage tracks at such location on the lines of Lessee as Lessee might designate.

(b) provide storage at the risk of the Lessee for such Cars on such tracks for a period of 90 days after written notice to the Lessor specifying the place of storage and the Car numbers so stored; and

(c) cause the same or any thereof to be transported free of charge at any time following reasonable notice to Lessee within such 90 day period, to any place or places on lines of Lessee, all as directed by the Lessor; provided, however, that Lessee shall not be required to transport the Cars in quantities of less than twenty-five (25) Cars.

The assembling, delivery, storage and transporting of the Cars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having a jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the railroad Cars.

Upon the expiration of the Primary Term or the Renewal Term in respect of each Car, in the event of Lessee's failure to assemble, deliver, store and transport such Car or Cars as hereinabove provided, Lessee shall pay to Lessor holdover rent calculated on a daily basis at the Daily Rent for such Car or Cars, from the day after the date of expiration of the Primary Term or Renewal Term until such assembly, delivery, storage and transportation has been made, or caused to be made, by Lessee.

SECTION 20. DOCUMENT PREPARATION FOR TRANSFER OF CARS.

Upon surrender of the Cars to Lessor under Section 18 or Section 19 hereof, Lessee shall use every effort to assist Lessor in the preparation, execution and delivery of any and all documents as may reasonably be requested by Lessor for the transfer of said Cars under Rule 88 of the Interchange

Rules of the Association of American Railroads ("Rule 88"). It is the intention of the parties that such documentation shall acknowledge that the Cars are in a condition suitable for interchange and, except in some cases where Cars may not be equipped with welded brake pipe, are in compliance with the mechanical specifications of Rule 88. The obligations of Sections 18, 19 and 20 shall survive the expiration or other termination of this Lease.

SECTION 21. APPRAISAL PROCEDURE.

Upon tender for return of any Car in accordance with Sections 18 and 19 of this Lease, and in the event of a good-faith dispute as to whether such Car has been maintained in accordance with the maintenance standards established in Section 10 of this Lease determined by a visual field inspection (the "Maintenance Standards"), the Lessor shall, within thirty (30) days of such tender for return specify in writing the nature and extent of the alleged discrepancy from such Maintenance Standards ("Discrepancy"). Within ten (10) days of receipt of such notice, the Lessee shall notify the Lessor whether or not it will cure such Discrepancy at its own expense and in the event the Lessee chooses to cure, the same shall be done within a reasonable period of time. In the event that the Lessee chooses not to cure the Discrepancy or its cure is not reasonably satisfactory to the Lessor, the Lessee and the Lessor agree that such dispute shall be referred to arbitration in accordance with the following procedures:

The Lessee and Lessor shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement; however, if no such appraiser is so appointed within ten (10) days after failure to cure or unsatisfactory cure of the Discrepancy, each party shall appoint an independent appraiser within ten (10) days after the appointment appoint a third independent appraiser, or if the two appraisers fail to appoint a third appraiser within such time period, such appraiser shall be appointed by the American Arbitration Association. Each appraiser so appointed shall either be a qualified maintenance expert with respect to the Car or Cars to be appraised, or if not, shall retain such an expert to assist him in his appraisal. The appraisers appointed pursuant to the foregoing procedure shall, within thirty (30) days after appointment of the last appraiser, prepare a discrepancy report listing discrepancy items, if any, and determining the cost of placing the subject Car or Cars in the condition it or they would have been in had the Maintenance Standards set forth in Section 10 of this Lease been adhered to by Lessee ("Maintenance Costs"). If such parties shall have appointed a single

appraiser, his determination of discrepancies and Maintenance Costs shall be final and binding. If three appraisers shall be appointed, the aggregate Maintenance Costs of all discrepancy items determined by the three appraisers shall be averaged, the Maintenance Cost which differs most from such average shall be excluded, the remaining two Maintenance Costs shall be averaged and such average shall be final and binding. The Maintenance Costs so determined shall be paid to Lessor by Lessee forthwith as Additional Rent. Lessor and Lessee shall each pay the fees and expenses of the appraiser appointed by it, and such parties shall each pay one-half of the fees and expenses of the third appraiser.

SECTION 22. NOTICES.

Any notice from one party to the other shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States certified mail, postage prepaid, addressed as follows:

If to Lessor: Greenbrier Leasing Corporation  
P. O. Box 568  
Oregon City, Oregon 97045

If to Lessee: A. V. P. Intermodal Operations  
Southern Pacific Transportation Company  
One Market Plaza  
San Francisco, California 94105

Either Lessor or the Lessee may at any time change such address by delivering or mailing as aforesaid 10 days' prior written notice of such change in address.

SECTION 23. ANNUAL REPORTS AND INSPECTION.

Lessee agrees to maintain a standard and modern system of accounting in accordance with generally accepted principles of accounting, and will furnish the Lessor and any assignee referred to in Section 17 hereof as soon as available and in any event within 90 days after the close of each fiscal year of the Lessee, an annual report in the form furnished to shareholders certified by an independent public accountant or firm of independent public accountants of recognized standing covering the operations of the Lessee for such fiscal year and containing a balance sheet as at the end of such year and statements of income and earned surplus for such year, each on a comparative basis with corresponding statements for the preceding fiscal year.

Lessee shall permit inspection of the Cars from time to time by agents of Lessor, at Lessor's sole cost and expense, and Lessee shall furnish to Lessor on demand if requested by Lessor, a statement showing the condition of the Cars and what, if any, substantial repairs, alterations, and additions have been made upon, in or to, any cars thereof since the delivery thereof or the last preceding report, as the case may be. Together with said statement, Lessee shall also furnish to Lessor a statement signed by Lessee's Chief Mechanical Officer or other appropriate official stating that all of the Cars repaired or repainted by Lessee during such period is then marked as required according to the terms hereof.

SECTION 24. BINDING EFFECT.

This Lease shall be binding upon and shall inure to the benefit of the Lessor and the Lessee and their respective successors and assigns.

SECTION 25. SEVERABILITY.

Any provision of this Lease prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such provision or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 26. LESSEE'S RIGHT TO POSSESSION AND USE.

Anything to the contrary herein contained notwithstanding, the Lessee's right to possession and use of the Cars shall not be interfered with by the Lessor, its successors or assigns, as long as the Lessee is not in default and performs all of its obligations hereunder.

SECTION 27. LAW GOVERNING.

This Lease shall be construed in accordance with and shall be governed by the laws of the State of California.

SECTION 28. EXECUTION IN COUNTERPARTS.

This Lease may be executed in any number of counterparts, each counterpart constituting an original but all together one and the same instrument and contract. The Lessor and the Lessee agree to execute, acknowledge and deliver such further counterparts hereof as may be reasonably required at

any time in order to comply with the provisions of any applicable law or laws at any time in force requiring the recording or filing of this instrument or a copy hereof in any public office of the United States or of any state or of any political or governmental subdivision of any state, and the Lessor agrees to pay the fees or charges imposed by law for any such mandatory recording or filing, and the necessary out-of-pocket expenses of the Lessor or the Lessee in effecting such filing or recording.

IT WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused this Lease to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be affixed and attested, all as of the day and year first above written.

GREENBRIER LEASING CORPORATION

By William A. [Signature]  
Its President

(Corporate Seal)

Attest:

[Signature]  
Secretary

SOUTHERN PACIFIC TRANSPORTATION  
COMPANY

By [Signature]  
Its V.P. - Transportation

(Corporate Seal)

Attest:

[Signature]  
ASSISTANT Secretary