

13
New No.

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
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*NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD

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JOHN L. INGOLDSBY
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CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

TELEX
440367 A AND A

RECORDATION NO. 1 5493 FILED 1428

FEB 3 1988 - 11 40 AM
February 3, 1988

INTERSTATE COMMERCE COMMISSION

8 034A052

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

No.
Date FEB 3 1988
Fee \$ 13.00
ICC Washington, D.C.

FEB 3 11 31 AM '88
RECEIVED
FEB 3 1988

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) are two copies of a Master Equipment Lease Agreement dated as of January 25, 1988 together with a Lease Schedule No. 801 dated January 25, 1988 attached thereto, a primary document as defined in the Commission's Rules for the Recordation of Documents.

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

Lessor: Pitney Bowes Credit Corporation
201 Merritt Seven
Norwalk, Connecticut 06856-5151

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

A description of the railroad equipment covered by the enclosed document is set forth in Attachment A enclosed herewith and made a part hereof.

Also enclosed is a check in the amount of \$13 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

C. Kappler
C. T. Kappler

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
February 3, 1988
Page Two

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

Master Equipment Lease Agreement dated as of January 25,
1988 between Pitney Bowes Credit Corporation, Lessor,
and Southern Pacific Transportation Company, Lessee,
covering 75 tri-level automobile racks bearing Rack
Identification Numbers in the series 87101 through
87177.

Very truly yours,


Charles T. Kappler

Enclosures

ATTACHMENT A

Enclosed Tri-Level Superstructures complete with
Whitehead & Kales design end doors applied to TTX Flat Cars

RACK ID#	CAR	SHP	SHP	SHP
	NUMBER	MTH	DAY	YR
87101	ETTX 801094	01	07	88
87102	ETTX 802239	01	07	88
87103	ETTX 802304	01	07	88
87105	ETTX 905165	01	11	88
87106	ETTX 905866	01	11	88
87112	ETTX 904182	01	11	88
87114	ETTX 802931	01	11	88
87120	ETTX 803182	01	11	88
87111	ETTX 800893	01	12	88
87119	ETTX 905628	01	12	88
87121	ETTX 802940	01	13	88
87122	ETTX 908353	01	13	88
87123	ETTX 902976	01	13	88
87124	ETTX 904212	01	13	88
87125	ETTX 900735	01	13	88
87126	ETTX 900721	01	13	88
87129	ETTX 903134	01	13	88
87131	ETTX 800590	01	13	88
87118	ETTX 905718	01	14	88
87132	ETTX 802306	01	14	88
87133	ETTX 810130	01	14	88
87134	ETTX 800548	01	14	88
87135	ETTX 800378	01	14	88
87136	ETTX 802226	01	15	88
87137	ETTX 801535	01	15	88
87138	ETTX 800793	01	15	88
87139	ETTX 905326	01	15	88
87140	ETTX 905167	01	15	88
87141	ETTX 802055	01	16	88
87142	ETTX 800144	01	16	88
87145	ETTX 902984	01	16	88
87146	ETTX 903409	01	16	88
87113	ETTX 900676	01	18	88
87117	ETTX 802731	01	18	88
87127	ETTX 904176	01	18	88
87128	ETTX 802343	01	18	88
87130	ETTX 900894	01	18	88
87143	ETTX 903141	01	19	88
87144	ETTX 900673	01	19	88
87147	ETTX 950310	01	19	88
87148	ETTX 810079	01	19	88
87149	ETTX 905595	01	19	88
87150	ETTX 902595	01	19	88
87151	ETTX 803218	01	20	88
87152	ETTX 802322	01	20	88
87153	ETTX 900891	01	20	88
87154	ETTX 801880	01	20	88
87155	ETTX 802930	01	20	88
87156	ETTX 905634	01	21	88

ATTACHMENT A
 Enclosed Tri-Level Superstructures complete with
 Whitehead & Kales design end doors applied to TTX Flat Cars

RACK ID#	CAR NUMBER	SHP MTH	SHP DAY	SHP YR
87157	ETTX 908328	01	21	88
87158	ETTX 907198	01	21	88
87159	ETTX 905228	01	21	88
87162	ETTX 905008	01	21	88
87110	ETTX 800547	01	22	88
87115	ETTX 800236	01	22	88
87163	ETTX 902911	01	22	88
87164	ETTX 903912	01	22	88
87165	ETTX 801740	01	22	88
87166	ETTX 908097	01	23	88
87168	ETTX 903433	01	23	88
87169	ETTX 801890	01	23	88
87170	ETTX 903468	01	23	88
87104	ETTX 905087	01	25	88
87107	ETTX 802977	01	25	88
87108	ETTX 801718	01	25	88
87109	ETTX 903143	01	25	88
87160	ETTX 801876	01	25	88
87167	ETTX 802125	01	25	88
87172	ETTX 908296	01	26	88
87173	ETTX 903447	01	26	88
87174	ETTX 801895	01	26	88
87175	ETTX 801116	01	26	88
87171	ETTX 801750	01	27	88
87176	ETTX 800529	01	27	88
87177	ETTX 800526	01	27	88

Interstate Commerce Commission
Washington, D.C. 20423

2/3/88

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. 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 2/3/88 at 11:40am, and assigned recordation number(s). 15493

Sincerely yours,

Narita L. McEneaney

Secretary

Enclosure(s)

1 95493
RECORDATION NO. _____ FILE 1425

FEB 3 1988 - 11 44 AM

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE AGREEMENT

Dated as of January 25, 1988

Between Pitney Bowes Credit Corporation

LESSOR

and

Southern Pacific Transportation Company

LESSEE

Filed and Recorded with the
Interstate Commerce Commission
on _____, at
_____ and given
Recordation No. _____

MASTER EQUIPMENT LEASE AGREEMENT

Lease Agreement made this 25th day of January 19 88 between PITNEY BOWES CREDIT CORPORATION ("Lessor") with a place of business located at 201 Merritt Seven, Norwalk, Connecticut 06856-5151 and Southern Pacific Transportation Company ("Lessee") having its principal place of business located at One Market Plaza, San Francisco, CA 94105.

1. LEASE AGREEMENT: Lessor hereby leases to Lessee and Lessee hereby rents from Lessor all the machinery, equipment and other personal property ("Equipment") described in Equipment Lease Schedule(s) which are or may from time to time be executed by Lessor and Lessee and attached hereto or incorporated herein by reference ("Schedules"), upon the terms and conditions set forth in this Lease, as supplemented by the terms and conditions set forth in the appropriate Schedule identifying such items of Equipment. All of the terms and conditions of this Lease shall govern the rights and obligations of Lessor and Lessee except as specifically modified in writing. Whenever reference is made herein to "this Lease" it shall be deemed to include each of the various Schedules identifying all items of Equipment, all of which constitute one undivided lease of the Equipment, and the terms and conditions of which are incorporated herein by reference.

2. CONDITION PRECEDENT: (a) The obligation of Lessor to lease any of the Equipment to Lessee hereunder shall be subject, on or as of the acceptance date for such Equipment, to (i) Lessee's acceptance of such Equipment, as evidenced by Lessor's receipt of an acceptance certificate in form and substance acceptable to Lessor with respect thereto; (ii) Lessee's execution and delivery, at Lessee's expense, of such documents as Lessor may reasonably deem to be necessary or desirable (each in form and substance satisfactory to Lessor), including, without limitation, an opinion of Lessee's counsel, a certificate(s) of officers of Lessee, Uniform Commercial Code financing statements and other filings and publications as may be appropriate with respect to Lessor's interest in the Equipment including filings with the United States Interstate Commerce Commission; (iii) there not having occurred, since the date of the most recent financial statements for Lessee, any material adverse change in the financial condition of Lessee or in Lessee's ability to perform its obligations hereunder; (iv) there having occurred no change in applicable law that would have a material adverse impact on the transactions contemplated by this Lease (unless Lessor and Lessee shall have agreed upon appropriate adjustments and indemnities to compensate for such change); (v) Lessee's representations and warranties contained in this Lease being true and accurate as if made on and as of such date, and Lessee's having performed and complied with all of its covenants and obligations hereunder and under any purchase agreement among the parties to this lease agreement.

3. TERM: The obligations under this Lease shall commence upon the written acceptance thereof by Lessor and shall end upon full performance and observance of each and every term, condition and covenant set forth in this Lease, each Schedule thereto and any extensions thereof. The rental term of the Equipment listed in each Schedule shall commence on the date that the first Rental Payment is due and shall terminate on the last day of the term stated in such Schedule unless such Schedule has been extended or otherwise modified in writing and signed by the Lessor and Lessee. Lessor, at its option, may terminate any Schedule as to which the Equipment listed therein has not been delivered to Lessee prior to April 30, 1988.

4. RENTAL PAYMENTS: The rent for the Equipment described in each Schedule shall be due and payable on the dates set forth therein. Such rent shall be payable at the office of Lessor, 201 Merritt Seven, Norwalk, Connecticut 06856-5151 at such office as Lessor may otherwise designates. Payment will be made by wire transfer.

5. DELIVERY AND INSTALLATION: Lessee will select the type, quantity and supplier of each item of Equipment designated in the appropriate Schedule and in reliance thereon such Equipment will then be ordered by Lessor from such supplier or Lessor will accept an assignment of any existing purchase order therefor. Lessor shall have no liability for any delivery or failure by the supplier to fill the purchase order or meet the conditions thereof. Lessee at its expense, will pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges in connection with the delivery, installation and use of the Equipment.

6. WARRANTIES: LESSOR, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages. Lessor shall have no obligation to install, erect, test, adjust, service, or maintain the Equipment. Lessee shall look to the manufacturer and/or seller for any claims related to the Equipment.

Lessor hereby acknowledges that any manufacturer's and/or seller's warranties are for the benefit of both Lessor and Lessee. NOTWITHSTANDING THE FOREGOING, LESSEE'S OBLIGATIONS TO PAY THE RENTALS OR OTHERWISE UNDER THIS LEASE SHALL BE AND ARE ABSOLUTE AND UNCONDITIONAL.

To the extent permitted by the manufacturer or seller, and provided Lessee is not in default under this Lease, Lessor shall make available to Lessee all manufacturer's and/or seller's warranties with respect to Equipment.

7. TITLE TO AND LOCATION OF EQUIPMENT: Title to each item of Equipment leased hereunder shall remain with the Lessor at all times and the Lessee shall have no right, title or interest therein except as expressly set forth in this Lease. Lessee, at its expense, will protect and defend Lessor's title to the Equipment and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes. Lessor assumes no liability and makes no representation as to the treatment by Lessee of this Lease, the Equipment or the Rental Payments for financial statement or tax purposes.

All items of Equipment shall at all times be and remain personal property notwithstanding that any such Equipment may now or hereafter be affixed to realty. The Equipment shall be delivered to the location specified in the Schedule with respect thereto.

8. USE OF EQUIPMENT, INSPECTION AND REPORTS: Lessee may possess and use the Equipment in accordance with this Lease, provided that any such use is in conformity with all applicable laws, any insurance policies, and any warranties of the manufacturer with respect to the Equipment. Lessor shall have the right, upon reasonable prior notice to the Lessee and during the Lessee's regular business hours, to inspect the Equipment at the premises of the Lessee or wherever the Equipment may be located. Lessee shall promptly notify Lessor of any alleged encumbrances thereon or any accident allegedly resulting from the use or operation thereof.

9. OPERATING RULES AND REGULATIONS: Lessee agrees to comply with all local, state and Federal 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. In case any equipment or appliance on any Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor.

10. FURTHER ASSURANCES: Lessee shall execute and deliver to Lessor upon Lessor's request such instruments and assurances as Lessor deems necessary for the confirmation or perfection of this Lease and Lessor's rights hereunder. In furtherance thereof, Lessor may file or record this Lease or a financing statement with respect thereto so as to give notice to any interested parties. The Lessor is authorized to file a financing statement signed only by the Lessor in accordance with the Uniform Commercial Code or one signed by Lessor as Lessee's attorney in fact and at Lessee's written request, supply Lessee with copies of all security filings. Any such filing or recording shall not be deemed evidence of any intent to create a security interest under the Uniform Commercial Code. Lessee, at its own expense, will cause this Lease to be filed in accordance with 49 U.S.C. §11303(a) with the Interstate Commerce Commission.

11. RISKS OF LOSS: All risk of loss, damage, theft or destruction to each item of Equipment shall be borne by the Lessee. No such loss, damage, theft or destruction of the Equipment, in whole or in part, shall impair the obligations of Lessee under this Lease all of which shall continue in full force and effect and Lessee, at Lessor's option, shall either (a) place the affected Equipment in good repair, condition and working order or (b) replace the same with new, like equipment or (c) pay the Lessor the amount covering such affected Equipment set forth in Addendum "B" - Stipulated Loss Values, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss, damage, theft or destruction. After compliance with the foregoing to Lessor's satisfaction and provided Lessee is not in default under this Lease, Lessee shall be subrogated to Lessor's rights with respect to any insurance policies or claims for reimbursement by others with respect to such loss, damage, theft or destruction.

12. INSURANCE: Lessee shall bear all risk of loss or damage to the Equipment. Lessee may self-insure with respect to (a) physical damage risks and (b) liability covering personal injury, death and property damage as a result of one accident. To the extent Lessee carries, at its own expense, insurance with respect to (b) above, Lessee will name Lessor as "additional insured" with respect to such insurance and will supply Lessor with a copy thereof.

13. EXPENSES, FEES AND TAXES: In addition to the Rental Payments, Lessee shall pay promptly when due, all costs, expenses, fees, charges and taxes (including sales, use, excise, personal property, ad valorem, stamp documentary) incurred in connection with the titling, licensing, registration, use, rental, shipment, transportation, delivery, purchase, ownership or operation thereof, and on or relating to this Lease and any Schedule. In case any report or return is required to be filed with respect to any taxes, Lessee will, to the extent legally permissible, file such report or return or notify Lessor in writing to the extent Lessor must file such report or return in sufficient time for Lessor to make such filing of the required report or return. All reports and returns filed by Lessee will be in Lessee's name and account number and will show the ownership of the Equipment in Lessor. To the extent requested by Lessor, Lessee will promptly supply Lessor a copy of such reports or returns. Lessee shall promptly reimburse Lessor for any taxes charged to or assessed against Lessor.

If Lessee should fail to pay any of the costs, expenses, fees, charges and taxes for which Lessee is liable hereunder, Lessor may, but shall not be required to pay the same for the account of Lessee. Lessee shall reimburse Lessor, upon demand, as to such additional rental hereunder, for the full amount of any costs, expenses, taxes or other charges paid by Lessor which constitute an obligation of Lessee hereunder.

14. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS: If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Equipment, Lessor may (at its option) perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Equipment and Lessor's title thereto, including payments for satisfaction of liens, repairs, taxes, levies and insurance and all sums so paid or incurred by Lessor, together with interest as provided below, and any reasonable legal fees incurred by Lessor in connection therewith shall be additional rent under this Lease and payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee.

15. LATE CHARGES: Should Lessee fail to duly pay any part of any Rental Payment or other sum to be paid to Lessor under this Lease, then Lessee shall pay interest on such delinquent payment from the due date until paid at the lower of 1 1/2% per month or the highest legal contract rate of interest.

16. INDEMNIFICATION: Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its agents, employees, officers, directors, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to perform or comply with any conditions of this Lease. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor.

17. NO OFFSET: This Lease is a net lease and all Rental Payments shall be paid when due by Lessee irrespective of any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the supplier of the Equipment, or any other party.

18. PURCHASE OPTION: Lessee shall have no option to purchase or otherwise acquire title or ownership of all Equipment on any Schedule unless (a) a written purchase option executed by Lessor is referred to in and annexed to the Schedule relating to the Equipment and (b) if there is any such purchase option, and Lessee is not in default under this Lease, any such purchase option can only be exercised by Lessee's written notice to Lessor, at Lessor's address stated above, not earlier than 270 days nor later than 180 days prior to the end of the original lease term of any such Schedule and (c) the purchase price shall be payable promptly upon the expiration of the original term and (d) Lessee purchases all but not less than all Equipment on the Schedule. Any purchase option price stated as "Fair Market Value" ("FMV") for Equipment shall be determined on the basis of, and shall be equal in amount to, the value which one would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal of Equipment from their location of current use shall not be a deduction from such value. In the event Lessee purchases Equipment, Lessee shall be responsible for all applicable sales tax. In the event the FMV is not agreed upon by Lessee and Lessor, it shall be determined by the average of three (3) independent appraisals by parties which shall include two parties individually, one selected by Lessee and one selected by Lessor and a third mutually selected by Lessee and Lessor at Lessee's expense.

19. RENEWAL: If a renewal rental is set forth in any Schedule, Lessee may, at its option, renew the lease term relating to such Schedule for not less than all Equipment covered by such Schedule by giving Lessor written notice not earlier than 270 days nor less than 180 days before the expiration of the original term or the anniversary date of any prior renewal thereof, and paying to Lessor the amount of the annual renewal rental, provided that such renewal option is not exercisable if Lessee is in default under this Lease. Upon such notification and payment, the lease term covering such Schedule shall be renewed for one year at the stated annual renewal rental, but the other provisions and conditions of this Lease shall continue unchanged. If Lessee fails to return the Equipment at the end of the original lease term or any renewal thereof, and does not exercise its renewal option or purchase option as aforesaid, then the Lease shall automatically be renewed from month to month with rent payable quarterly at the quarterly rate applicable during the original term or no later than end of month when equipment is returned. In the event the Fair Market Value is not agreed upon by Lessee and Lessor, it shall be determined by the average of three (3) independent appraisals by parties which shall include two parties one selected by Lessee and one selected by Lessor and a third mutually selected by Lessee and Lessor at Lessee's expense.

20. ASSIGNMENT BY LESSEE: Without Lessor's prior written consent, Lessee may not, by operation of law or otherwise, (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein or (b) sublet or lend the Equipment or permit same to be used by anyone other than Lessee or Lessee's employees. However, the Equipment may be used by other carriers in the usual interchange of traffic or pursuant to run-through agreements and to allow the use of its rights to the Equipment by any non-affiliated railroad company for a period up to 180 days. Irrespective of any permitted sublease, Lessee agrees to remain primarily liable to Lessor under all terms and conditions of this Lease.

21. ASSIGNMENT BY LESSOR: For the purpose of providing funds for financing the purchase of the Equipment, or for any other purpose, Lessee agrees (a) that Lessor may assign, sell or encumber all or any other part of this Lease, the Equipment and the Rental Payments hereunder and (b) in the event of any such assignment of Rental Payments hereunder and written notice thereof to Lessee, to unconditionally pay directly to any such assignee all rentals and other sums due or to become due under this Lease and (c) that the Equipment leased hereunder may be mortgaged by Lessor under a chattel mortgage. In any such event, the right, title and interest of the mortgagee under any such chattel mortgage shall by express terms of such chattel mortgage be subject to the leasehold interest of Lessee in and to the Equipment hereunder. THE RIGHTS OF ANY SUCH ASSIGNEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH LESSEE MAY HAVE AGAINST THE LESSOR. Notwithstanding the foregoing, any such assignment (a) shall be subject to Lessee's right to possess and use the Equipment so long as Lessee is not in default under this Lease and (b) shall not release any of Lessor's obligations hereunder or any claim which Lessee has against Lessor.

22. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT: Lessee shall at no expense to Lessor, maintain the Equipment in good repair and operating condition so that the Equipment complies with the applicable interchange standards set for such Equipment by the Association of American Railroads ("AAR"), the Equipment is in good operating order by industry standards and fit for the purposes for which they were designed.

Upon expiration of this agreement and payment in full of all Rental Payments and all other sums due under this Lease or any renewal period thereof, for the Equipment described in any Schedule, unless Lessee shall have duly exercised any purchase option with respect thereto, Lessee will, at its expense, insure and deliver such items of Equipment to Lessor at any interchange point on Lessee's lines in the continental United States mutually agreed upon by Lessor and Lessee for such disposition. In the Event of Default by Lessee under this Lease, Lessee will return all Equipment to Lessor in the same manner.

Lessee shall return the equipment in good order, ordinary wear and tear excepted, suitable for interchange under the accepted interchange practices of the industry in accordance with the requirements of the AAR Interchange Rules, regulations of the United States Department of Transportation, the Interstate Commerce Commission and other applicable rules and regulations of federal and state authorities having jurisdiction over such matters. Any repairs required under provisions of AAR Interchange rule 95B will be at the expense of Lessee.

Return of equipment is subject to the execution of a Joint Inspection Certificate by both Lessor and Lessee at the point of inspection. All joint inspections required at time of return will take place at locations mutually agreed upon by Lessor and Lessee. When the equipment has been returned and the expenses if any, are paid for any repairs required as stated above, Lessee shall be deemed to have been released from all repair obligations covered hereunder.

23. EVENTS OF DEFAULT: Lessee shall be in default under this Lease upon the happening of any of the following events or conditions ("Events of Default"):

(a) Default by Lessee in payment of any installment of rent or any other indebtedness or obligation now or hereafter owed by Lessee to Lessor under this Lease or otherwise and the continuance of such default for ten (10) consecutive days; or (b) default in the performance of any obligation, covenant or liability contained in this Lease or any other agreement or document with Lessor, and the continuance of such default for ten (10) consecutive days

after written notice thereof by Lessor to Lessee; or (c) any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished; or (d) loss, theft, damage, destruction, to the extent Section 11 is not complied with or the attempted sale or encumbrance by Lessee of any of the Equipment, or the making of any levy, seizure or attachment not being dilligently contested in good faith but in any case if the levy, seizure or attachment is not lifted within 180 days unless such levy, seizure, a attachment threatens loss of title to the Lessor thereof or thereon; and remains inoperable or unavailable to the railroad and the Lessor has not received proceeds from insurance or otherwise equal to Stipulated Loss Value for a period of 180 days or (e) dissolution, termination of existence, discontinuance of its business, insolvency, business failure, or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by Lessee or the commencement of any proceedings under any bankruptcy, reorganization or arrangement laws by or against Lessee.

24. REMEDIES OF LESSOR: Upon the occurrence of any Event of Default and at any time thereafter (subject to any applicable grace provisions) Lessor may without any further notice exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) declare all unpaid rentals due under this Lease to be immediately due and payable; (b) terminate this Lease as to any or all items of Equipment; (c) take possession of the Equipment wherever found, and for this purpose enter upon any premises of Lessee and remove the Equipment, without any liability or suit, action or other proceeding by the Lessee and remove the same; (d) cause Lessee at its expense to promptly return the Equipment to Lessor and in the condition set forth in Section 22; (e) use, hold, sell, lease or otherwise dispose of the Equipment or any item thereof on the premises of Lessee or any other location without affecting the obligations of Lessee as provided in this Lease; (f) sell or lease the Equipment or any part thereof, at public auction or by private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than ten (10) days prior to the date thereof shall constitute reasonable notice thereof to Lessee; (g) proceed by appropriate action either by law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; (h) exercise any and all rights accruing to a Lessor under any applicable law upon a default by a Lessee. In addition, Lessor shall be entitled to recover immediately as liquidated damages for loss of a bargain and not as a penalty an amount equal to the Stipulated Loss Value for Equipment (as set forth in Addendum "B" for the applicable Schedule) on the date of Lessor declaring this Agreement in default, together with interest as provided herein. After default at the request of Lessor and to the extent requested by Lessor, Lessee shall comply with the provisions of Paragraph 22 of this Agreement. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of sale, lease or other disposition, if any, shall be applied (1) to all Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment; then, (2) to the extent not previously paid by Lessee, to pay Lessor the Stipulated Loss Value for Equipment and all other sums, including any unpaid rent and any indemnification then remaining unpaid thereon; then (3) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages; (4) any surplus shall be

retained by Lessor; Lessee shall pay any deficiency in (1) and (2) forthwith. None of the remedies under this Lease are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor in law or in equity. Any repossession or subsequent sale or lease by Lessor of any item of Equipment shall not bar an action for a deficiency as herein provided, and the bringing of an action or the entry of judgment against the Lessee shall not bar the Lessor's right to repossess any or all items of Equipment. LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF THE EQUIPMENT BY LESSOR IN THE EVENT OF A DEFAULT HEREUNDER BY LESSEE.

25. SEVERABILITY: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition and unenforceable without invalidating the remaining provisions hereof. To the extent permitted by applicable law, Lessee hereby waives any provision of law which prohibits or renders unenforceable any provisions hereof in any respect.

26. NOTICES: All notices, reports, and other documents provided for herein shall be deemed to have been given or made when mailed, postage prepaid, or delivered to a telegraph or cable company, addressed to Lessor or Lessee at their respective addresses set forth above or such other addresses as either of the parties hereto may designate in writing to the other from time to time for such purpose.

27. AMENDMENTS AND WAIVERS: This instrument and the Schedules executed by Lessor and Lessee constitute the entire agreement between Lessor and Lessee with respect to the Equipment and the subject matter of this Lease: No term or provision of this Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee, except that Lessor may insert the serial number of any item of Equipment on the appropriate Schedule after delivery thereof. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default whether similar in kind or otherwise.

28. CONSTRUCTION: This Lease shall in all respects be governed by and construed in accordance with the laws of the State of Connecticut. The titles of the sections of this Lease are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence of this Lease in each of its provisions.

29. PARTIES: The provisions of this Lease shall be binding upon, and inure to the benefit of, the assigns, representatives and successors of the Lessor and Lessee. If there is more than one Lessee named in this Lease, the liability of each shall be joint and several.

LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXECUTED AND TRUE COPY OF THIS LEASE AND THAT IT IS NON-CANCELLABLE FOR THE ORIGINAL RENTAL TERM.

IN WITNESS WHEREOF, the Lessor and Lessee have each caused this Lease to be duly executed.

LESSOR:

PITNEY BOWES CREDIT CORPORATION

By: L D Osmanski

Title: L. D. OSMANSKI
Vice President
Operations

Date: 1-25-88

RAIL (11-87)

LESSEE:

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: E J Shady

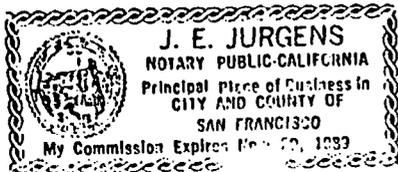
Title: TREASURER

Date: JANUARY 25, 1988

CORPORATE FORM OF ACKNOWLEDGEMENT

State of California)
) SS:
County of San Francisco)

On this 22nd day of January, 1988 before me personally appeared E. F. Grady to me personally known, who being by me duly sworn, says that he is the Treasurer of the Southern Pacific Transportation Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed 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.



J. E. Jurgens
Signature of Notary Public

My commission expires 11-20 89

LEASE SCHEDULE

Master Equipment
Lease Agreement No.: 0046029

Account Billing No. _____

Master Equipment
Lease Agreement Date: January 25, 1988

Lessee Purchase
Order No.: 0003191F10

Lease Schedule No.: 801

7 year class recovery property

Lease Schedule Date: January 25, 1988

Between PITNEY BOWES CREDIT CORPORATION (Lessor) and SOUTHERN PACIFIC
TRANSPORTATION COMPANY (Lessee).

1. Equipment Description: Manufacturer Model & Serial No.:
Quantity Item
 75 Tri-Level
 Automobile Racks See Attachment A

2. Equipment Location:

The above Equipment is to be delivered to Lessee's premises at
Jamesville, Wisconsin (8 units); Doraville, Georgia (142 units).

3. Billing Address:

Mr. E. F. Grady, Treasurer, Southern Pacific Transportation Company, Finance
Department, One Market Plaza, Room 666, San Francisco, CA 94105

4. Original Rental Term:
180 Months. Payable Quarterly in Arrears.

5. Aggregate Rental for Original Rental Term:
\$4,473,739.56 payable as follows:

Rental Payments such be made, quarterly in arrears, from the date of acceptance
by Lessee as follows:

the first twenty-four (24) Rental Payments shall be in the amount of
\$65,790.23 plus applicable sales/use tax. if any followed by thirty-six (36)
Rental Payments in the amount of \$80,410.39, plus applicable sales/use tax,
if any.

6. Number and Amount of Advance Rental Payments:

Number: N/A Amount: N/A

7. Renewal Option: One (1) three (3) year renewal period payable quarterly in
arrears for an amount equal to the original cost of the Equipment to be renewed
multiplied by a factor of .01501530 (plus applicable taxes).

8. Purchase Option: Fair Market Value.

THIS SCHEDULE AND ITS TERMS AND CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE IN THE ABOVE MASTER EQUIPMENT LEASE AGREEMENT. LESSEE PERMITS LESSOR TO INSERT MODEL AND SERIAL NUMBERS OF EQUIPMENT WHEN DETERMINED BY LESSOR.

Accepted by:

PITNEY BOWES CREDIT CORPORATION (Lessor)

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

(Lessee)

Name: L. D. Osmanski

Name: E. J. Brady

Title: L. D. OSMANSKI
Vice President
Operations

Title: TREASURER

Date: 1-28-88

Date: JANUARY 28, 1988

ATTACHMENT A

Enclosed Tri-Level Superstructures complete with
Whitehead & Kales design end doors applied to TTX Flat Cars

RACK ID#	CAR	SHP	SHP	SHP
	NUMBER	MTH	DAY	YR
87101	ETTX 801094	01	07	88
87102	ETTX 802239	01	07	88
87103	ETTX 802304	01	07	88
87105	ETTX 905165	01	11	88
87106	ETTX 905866	01	11	88
87112	ETTX 904182	01	11	88
87114	ETTX 802931	01	11	88
87120	ETTX 803182	01	11	88
87111	ETTX 800893	01	12	88
87119	ETTX 905628	01	12	88
87121	ETTX 802940	01	13	88
87122	ETTX 908353	01	13	88
87123	ETTX 902976	01	13	88
87124	ETTX 904212	01	13	88
87125	ETTX 900735	01	13	88
87126	ETTX 900721	01	13	88
87129	ETTX 903134	01	13	88
87131	ETTX 800590	01	13	88
87118	ETTX 905718	01	14	88
87132	ETTX 802306	01	14	88
87133	ETTX 810130	01	14	88
87134	ETTX 800548	01	14	88
87135	ETTX 800378	01	14	88
87136	ETTX 802226	01	15	88
87137	ETTX 801535	01	15	88
87138	ETTX 800793	01	15	88
87139	ETTX 905326	01	15	88
87140	ETTX 905167	01	15	88
87141	ETTX 802055	01	16	88
87142	ETTX 800144	01	16	88
87145	ETTX 902984	01	16	88
87146	ETTX 903409	01	16	88
87113	ETTX 900676	01	18	88
87117	ETTX 802731	01	18	88
87127	ETTX 904176	01	18	88
87128	ETTX 802343	01	18	88
87130	ETTX 900894	01	18	88
87143	ETTX 903141	01	19	88
87144	ETTX 900673	01	19	88
87147	ETTX 930310	01	19	88
87148	ETTX 810079	01	19	88
87149	ETTX 905595	01	19	88
87150	ETTX 902595	01	19	88
87151	ETTX 803218	01	20	88
87152	ETTX 802322	01	20	88
87153	ETTX 900891	01	20	88
87154	ETTX 801880	01	20	88
87155	ETTX 802930	01	20	88
87156	ETTX 905634	01	21	88

ATTACHMENT A
Enclosed Tri-Level Superstructures complete with
Whitehead & Kales design end doors applied to TTX Flat Cars

RACK ID#	CAR	SHP	SHP	SHP
	NUMBER	MTH	DAY	YR
87157	ETTX 908328	01	21	88
87158	ETTX 907198	01	21	88
87159	ETTX 905228	01	21	88
87162	ETTX 905008	01	21	88
87110	ETTX 800547	01	22	88
87115	ETTX 800236	01	22	88
87163	ETTX 902911	01	22	88
87164	ETTX 903912	01	22	88
87165	ETTX 801740	01	22	88
87166	ETTX 908097	01	23	88
87168	ETTX 903433	01	23	88
87169	ETTX 801890	01	23	88
87170	ETTX 903468	01	23	88
87104	ETTX 905087	01	25	88
87107	ETTX 802977	01	25	88
87108	ETTX 801718	01	25	88
87109	ETTX 903143	01	25	88
87160	ETTX 801876	01	25	88
87167	ETTX 802125	01	25	88
87172	ETTX 908296	01	26	88
87173	ETTX 903447	01	26	88
87174	ETTX 801895	01	26	88
87175	ETTX 801116	01	26	88
87171	ETTX 801750	01	27	88
87176	ETTX 800529	01	27	88
87177	ETTX 800526	01	27	88