



RECORDATION NO. 14229-F Filed 1425

JUN 5 1985 - 12 15 PM

INTERSTATE COMMERCE COMMISSION EXECUTIVE OFFICES

BLC CORPORATION

2655 CAMPUS DRIVE, SUITE 200, SAN MATEO, CALIFORNIA 94403

No. 5 156A081

Date JUN 05 1985

Fee \$ 40.00

ICC Washington, D.C.

RECORDATION NO. 14229-F Filed 1425

JUN 5 1985 - 12 15 PM

RECORDATION NO. 14229-C AREA CODE 415 FILED 573-1200

June 3, 1985 JUN 5 1985 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

Mr. James H. Bayne Acting Secretary Interstate Commerce Commission 12th Street and Constitution Avenue Washington D. C. 20423

RECORDATION NO. 14229-D Filed 1425

JUN 5 1985 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

Please find enclosed for recording, pursuant to the provisions of Title 49 United States Code, Section 11303, the following documents:

- 1) Three fully executed and acknowledged original copies of Rider No. 1 to the Master Leasing Agreement, dated as of December 1, 1983, by and between BLC Corporation and Southern Pacific Transportation Company; and
2) One original and two certified copies of a Bill of Sale, dated April 15, 1985, from Southern Pacific Transportation Company, as Seller, to BLC Corporation, as Purchaser, relating to SP Unit No. 7537; and
3) One original and two certified copies of a Bill of Sale, dated April 15, 1985, from Southern Pacific Transportation Company, as Seller, to BLC Corporation, as Purchaser, relating to SP Unit No. 7538; and
4) One original and two certified copies of a Bill of Sale, dated April 23, 1985, from Southern Pacific Transportation Company, as Seller, to BLC Corporation, as Purchaser, relating to SP Unit No. 7539.

In connection with recording of the above referenced documents please note the following information:

- 1) Name and address of Purchaser/Lessor: BLC Corporation, 2655 Campus Drive, Suite 200, San Mateo, California 94403.
2) Name and address of Seller/Lessee: Southern Pacific Transportation Company, Southern Pacific Building, One Market Plaza, San Francisco, California 94105.
3) General description of equipment covered by Documents: Three rebuilt General Motors Corporation, Electro Motive Division, Model SD-45 six axel, 3600 horsepower locomotives. The locomotives shall bear the following unit numbers after reconstruction:

SP Unit No.

7537 - 7539

Handwritten signature/initials on the left margin.

Vertical stamp: ICC OFFICE OF THE SECRETARY JUN 5 12 09 PM '85 MOTOR OPERATING UNIT

Mr. James H. Bayne
June 3, 1985
Page Two

One hundred, 52'6" plain gondolas (AAR mechanical designation G314) bearing the following unit numbers:

SP Unit No.

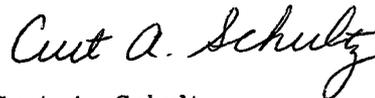
7101 - 7200

4) Previous filings with the Interstate Commerce Commission covering the Equipment: Master Leasing Agreement dated as of December 1, 1983, by and between BLC Corporation and Southern Pacific Transportation Company filed on December 23, 1983, Recordation Number 14229.

Our representative will provide a check payable to the Interstate Commerce Commission to cover the filing fees for these documents.

When the recording of these documents has been completed, please endorse, with the relevant recording information, the original and certified copies which are provided to you by our representative and return the endorsed copies to her.

Very truly yours,



Curt A. Schultz
Attorney

CAS/lf
Enclosure

cc: William D. Sewall

Interstate Commerce Commission
Washington, D.C. 20423

6/5/85

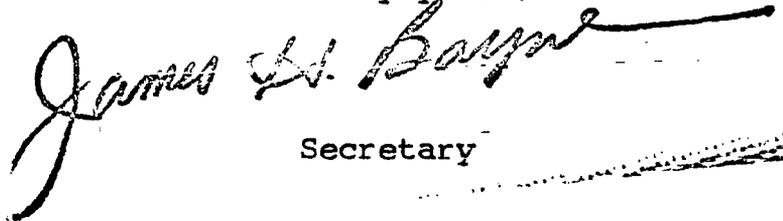
OFFICE OF THE SECRETARY

Curt A. Schultz, Atty.
BLC Corporation
2655 Campus Drive, Suite 200
San Mateo, Calif. 94403

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 6/5/85 at 12:15pm and assigned re-
recording number(s). 14229-C, 14229-D, 14229-E & 14229-F

Sincerely yours,

A handwritten signature in cursive script, reading "James H. Bayne", with a long horizontal flourish extending to the right.

Secretary

Enclosure(s)

SCHEDULE B
PAGE THREE

| <u>END-OF PERIOD</u> | <u>TERMINATION VALUE (\$)</u> | <u>AMORTIZATION</u> | <u>LEASE RATE</u> |
|----------------------|-------------------------------|---------------------|-------------------|
| 85 | 341,373.26 | 11,095.82 | 3,238.31 |
| 86 | 330,175.50 | 11,197.76 | 3,136.37 |
| 87 | 318,874.86 | 11,300.64 | 3,033.49 |
| 88 | 307,470.39 | 11,404.47 | 2,929.66 |
| 89 | 295,961.14 | 11,509.25 | 2,824.88 |
| 90 | 284,346.15 | 11,614.99 | 2,719.14 |
| 91 | 272,624.45 | 11,721.70 | 2,612.43 |
| 92 | 260,795.06 | 11,829.39 | 2,504.74 |
| 93 | 248,856.98 | 11,938.08 | 2,396.05 |
| 94 | 236,809.22 | 12,047.76 | 2,286.37 |
| 95 | 224,650.77 | 12,158.45 | 2,175.68 |
| 96 | 212,380.62 | 12,270.15 | 2,063.98 |
| 97 | 199,997.74 | 12,382.88 | 1,951.25 |
| 98 | 187,501.09 | 12,496.65 | 1,837.48 |
| 99 | 174,889.63 | 12,611.46 | 1,722.67 |
| 100 | 162,162.30 | 12,727.33 | 1,606.80 |
| 101 | 149,318.04 | 12,844.26 | 1,489.87 |
| 102 | 136,355.77 | 12,962.27 | 1,371.86 |
| 103 | 123,274.41 | 13,081.36 | 1,252.77 |
| 104 | 110,072.86 | 13,201.55 | 1,132.58 |
| 105 | 96,750.02 | 13,322.84 | 1,011.29 |
| 106 | 83,304.78 | 13,445.24 | 888.89 |
| 107 | 69,736.01 | 13,568.77 | 765.36 |
| 108 | 56,042.58 | 13,693.43 | 640.70 |
| 109 | 42,223.34 | 13,819.24 | 514.89 |
| 110 | 28,277.14 | 13,946.20 | 387.93 |
| 111 | 14,202.81 | 14,074.33 | 259.80 |
| 112 | .00 | 14,202.81 | 131.32 |
| | | 1,000,000.00 | 605,422.56 |

SCHEDULE C

Equipment Description

Three rebuilt General Motors Corporation, Electro-Motive Division Model SD-45, 6 axel, 3600 horsepower locomotives. The locomotives shall bear the following unit numbers after reconstruction:

SP Unit Number

7537

7538

7539

SCHEDULE D

Equipment Description

One hundred, fifty-two foot six inch, plain gondolas

SP Unit Numbers

7101-7200

RIDER NO. 1

JUN 5 1985 12 15 PM

INTERSTATE COMMERCE COMMISSION

This Rider, dated as of January 1, 1985, amending the Master Leasing Agreement dated as of December 1, 1983 (the "Lease") by and between BLC Corporation ("Lessor") and Southern Pacific Transportation Company ("Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee hereby agree as follows:

1. Section 1(a) of the Lease is hereby deleted in its entirety and the following language is inserted therefor:

" 'Equipment' means the following types of property owned or to be owned by the Lessor and leased by the Lessor to the Lessee or ordered by the Lessor for lease to the Lessee as provided herein:

Rehabilitated railroad locomotives as further described in Schedules A and C, new or used gondolas as further described in Schedule D, and such other equipment as may be agreed upon by Lessor and Lessee."

2. The following sentence is hereby added at the end of the first paragraph of Section 1(f) of the Lease:

" 'Monthly Amortization Figure' for any Equipment listed in Schedule C or D hereto for each full month during the lease of such Equipment is an amount equal to the Acquisition Cost of the Equipment divided by the number of months in the following schedule:

| <u>Type of Equipment</u> | <u>No. of Months</u> |
|--------------------------------|----------------------|
| Equipment listed in Schedule C | 120 |
| Equipment listed in Schedule D | 120 |

3. The following sentence is hereby added after the first sentence of Section 1(k) of the Lease:

" 'Amortization Commencement Date' shall mean, for the Equipment described in Schedule C hereto, June 1, 1985."

4. The term "\$10,000,000" contained in the first sentence of Section 2 of the Lease is hereby deleted and the phrase "\$13,500,000" is inserted therefor.

5. The last two sentences of the second paragraph and the last sentence of the third paragraph of Section 10 of the Lease are hereby deleted in their entirety. The following sentence is hereby added at the end of the second paragraph of Section 10 of the Lease:

"If the net proceeds of sale of such Equipment are more than the Amortized Value of such Equipment at the time of the termination of the Lease of such Equipment hereunder, such excess shall be for the account of the Lessor."

6. A new Section 24 is hereby added to the Lease as follows:

"24. Representations, Warranties and Covenants of Lessee. In order to induce Lessor to enter into the transactions contemplated by this Leasing Agreement, the Lessee represents to, and warrants and covenants for the benefit of Lessor that:

(a) Recovery Property. Each item of Equipment (a 'Unit') specified in Schedule C will be as of the Effective Date specified in the Individual Leasing Record (the 'Effective Date') with respect to such Unit 'recovery property' which is '5-year property' in the hands of Lessor within the meaning of Section 168(c)(2)(B) of the Internal Revenue Code of 1954, as amended (the 'Code'). Each Unit will be as of such Effective Date 'new Section 38 property' within the meaning of Section 48(b) of the Code and will constitute 'Section 38' property throughout the Lease Term. Lessee will not act or fail to act in any way during the Amortization Period of each Unit (the "Lease Term") which would cause the Unit to lose such status as specified in this subsection (a).

(b) Useful Life, etc. As of such Effective Date with respect to each Unit specified in Schedule C (i) the amortization period with respect to such Unit is not greater than 80% of the estimated useful life of such Unit and (ii) the estimated fair market value of such Unit at the expiration of the amortization period with respect to such Unit is equal to at least 20% of the Acquisition Cost therefor, without including in such value any increase or decrease for inflation or deflation and after subtracting from such value any cost to Lessor for removal and delivery of possession of such Unit at the end of such period; provided, however, that nothing contained herein shall constitute a representation, warranty or guarantee that any Unit will actually have in the future any particular useful life or residual value.

(c) Placed in Service. Each Unit listed in Schedule C shall be 'placed in service' by Lessee for purposes of Sections 46, 48 and 168 of the Code not more than 3 months prior to the Effective Date with respect to such Unit. The 'original use' of each Unit and each part thereof within the meaning of Sections 48(b) and 167(c)(2) of the Code and for purposes of Section 168 of the Code will be considered to commence with Lessor (assuming that Lessor will be treated as the owner of the Equipment for Federal income tax purposes).

(d) Indemnified Losses. If as a result of any act or failure to act by the Lessee, or if as a result of any breach, inaccuracy or incorrectness of any representation, warranty, covenant or agreement of the Lessee contained in this Leasing Agreement, any bankruptcy of the Lessee or other proceedings for the relief of debtors involving the Lessee or any damage to, destruction of, theft, requisition or taking of, or repair or replacement of any Unit or any part thereof, Lessor shall lose, shall not have, shall lose the right to claim, shall not claim, shall suffer a disallowance of, or shall be required to recapture all or any portion of the ACRS deductions and the Investment Tax Credit (any of the events described in this paragraph being referred to hereinafter as a 'Loss'), then the Lessee will pay to Lessor an amount or amounts which shall be equal to the sum of the aggregate additional Federal income taxes payable by Lessor as a result of such Loss, any interest, penalties or additions to tax imposed by the Internal Revenue Service as a result of such Loss or the contest of such Loss and all additional Federal income taxes required to be paid by Lessor with respect to the receipt of such amount or amounts."

(e) Contest Provisions. If the Internal Revenue Service proposes an adjustment in any item of income, deduction, or credit of the Lessor which if agreed to by the Lessor would result in a Loss for which the Lessee would be required to indemnify the Lessor pursuant to subsection (d) hereof in an aggregate amount in excess of \$20,000, the Lessor shall within 30 days notify the Lessee in writing of such proposed adjustment, describing such proposed adjustment in reasonable detail; provided, however, that failure to give such notice shall not relieve the Lessee of its obligations to indemnify the Lessor under this Agreement, unless such failure prevents the Lessee from exercising its contest rights under this subsection (e). If so requested by the Lessee in writing within 30 days after the date of such notice and if Lessee at the same time provides the Lessor an opinion of independent counsel to the Lessee reasonably acceptable to the Lessor ("Tax Counsel") that a reasonable basis in law and in fact in favor of allowance of the item proposed to be adjusted exists, the Lessor shall contest the proposed adjustment, including contest in a court of competent jurisdiction if the Lessee shall so request. The Lessor shall not pay the proposed adjustment until 30 days have elapsed from the time it has given the notice referred to in the preceding sentence. The Lessor shall determine with Lessee's consent the nature of all action to be taken to contest such proposed adjustment including (i) whether any such action shall initially be by way of judicial proceedings or administrative proceedings, or both, (ii) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (iii) in undertaking any judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced. If at any time, whether before or after commencing to take any action required by this subsection (e), the Lessor declines or fails to take required action to permit adjudication on the merits in a forum selected by the parties with respect to all or any portion of a proposed adjustment, the Lessor shall so advise the Lessee in writing, and the Lessee shall be relieved of its obligation to indemnify the Lessor under this Agreement with respect to all or such portion of the proposed adjustment as may be specified in such notice.

Notwithstanding the foregoing, the Lessor shall not be required to take any action pursuant to this subsection (e) unless and until the Lessee shall have agreed to pay to the Lessor on demand all reasonable costs and expenses which the Lessor may incur in connection with contesting any proposed adjustment (including reasonable fees and disbursements of Lessor's counsel which counsel shall have been approved by Lessee). If the Lessor determines to contest any adjustment by paying the additional taxes (including the amount of interest, fines, penalties, or additions to tax but excluding late filing and fraud fines, penalties, and additions to tax and late payment and negligence fines, penalties, and additions to tax caused solely by acts, failures to act, or omissions by Lessor) and suing for a refund, the Lessee shall lend to the Lessor upon receipt of a written demand therefor an amount equal to such additional taxes. Upon receipt by the Lessor of a refund of any amounts paid by it based on an adjustment in respect of which it shall have been paid an equivalent amount by the Lessee, the Lessor shall pay to the Lessee an amount which shall equal the amount of such refund, plus any interest received by the Lessor on such amount from the taxing authority.

In the case of actions or proceedings pursuant to this subsection (e), the Lessee shall be obligated to pay to the Lessor the amount specified herein within 20 days after the Lessor has taken all the action that it has agreed in this subsection (e) to take and has notified the Lessee in writing of the final administrative or judicial determination with respect to the adjustment in question.

7. Schedule B is hereby deleted in its entirety and the attached Schedule B is hereby inserted therefor. In addition, the attached Schedules C and D are hereby added to the Lease.

8. This Rider shall be effective as of the date hereof for all Equipment under lease and to be acquired hereafter except that Section 5 of this Rider shall be effective as of December 1, 1983. Except as hereinabove set forth, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Rider to be executed by their duly authorized and appointed officers as of the day and year first above written.

Attest:

BLC CORPORATION, Lessor

William J. [Signature]
Secretary

Bernard [Signature]
President

Attest:

SOUTHERN PACIFIC TRANSPORTATION
COMPANY, Lessee

By [Signature]

By [Signature]

Title ASSISTANT SECRETARY

Title Vice President - Finance

Form Approved

CAS
Counsel

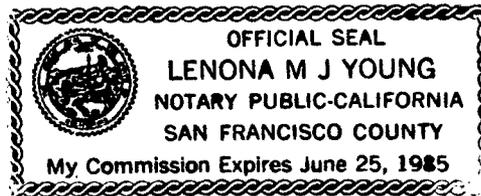
A C K N O W L E D G E M E N T

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

On this 7th day of MAY, 1985, before me personally appeared E. L. JOHNSON, to me personally known, who, being by me duly sworn, says that he is VICE PRESIDENT-FINANCE of Southern Pacific Transportation Company, that one of the seals 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.

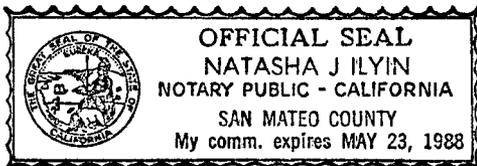
Lenona M. J. Young
Notary Public

My Commission Expires:



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

On this 30th day of may, 1985, before me personally appeared Bernard Goldman, to me personally known, who, being by me duly sworn, says that he is President of BLC Corporation, that one of the seals 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.



Natasha J. Ilyin
Notary Public

My Commission Expires: may 23, 88

SCHEDULE B

Master Leasing Agreement, dated as of December 1, 1983,
as amended by Rider No. 1 dated as of January 1, 1985
between BLC Corporation, as Lessor, and
Southern Pacific Transportation Company, as Lessee.

The Payment Periods specified below shall correspond to the Amortization Commencement Date and the first day of each month thereafter.

The Basic Amortization Amount and the Balance are based on a \$1,000,000 schedule.

| <u>END-OF PERIOD</u> | <u>TERMINATION VALUE (\$)</u> | <u>AMORTIZATION</u> | <u>LEASE RATE</u> |
|----------------------|-------------------------------|---------------------|-------------------|
| 1 | 994,853.37 | 5,146.63 | 9,187.50 |
| 2 | 989,659.46 | 5,193.91 | 9,140.22 |
| 3 | 984,417.83 | 5,241.63 | 9,092.50 |
| 4 | 979,128.04 | 5,289.79 | 9,044.34 |
| 5 | 973,789.65 | 5,338.39 | 8,995.74 |
| 6 | 968,402.21 | 5,387.44 | 8,946.69 |
| 7 | 962,965.28 | 5,436.93 | 8,897.20 |
| 8 | 957,478.39 | 5,486.89 | 8,847.24 |
| 9 | 951,941.09 | 5,537.30 | 8,796.83 |
| 10 | 946,352.92 | 5,588.17 | 8,745.96 |
| 11 | 940,713.41 | 5,639.51 | 8,694.62 |
| 12 | 935,022.08 | 5,691.33 | 8,642.80 |
| 13 | 929,278.47 | 5,743.61 | 8,590.52 |
| 14 | 923,482.09 | 5,796.38 | 8,537.75 |
| 15 | 917,632.45 | 5,849.64 | 8,484.49 |
| 16 | 911,729.07 | 5,903.38 | 8,430.75 |
| 17 | 905,771.45 | 5,957.62 | 8,376.51 |
| 18 | 899,759.10 | 6,012.35 | 8,321.78 |
| 19 | 893,691.51 | 6,067.59 | 8,266.54 |
| 20 | 887,568.17 | 6,123.34 | 8,210.79 |
| 21 | 881,388.57 | 6,179.60 | 8,154.53 |
| 22 | 875,152.20 | 6,236.37 | 8,097.76 |
| 23 | 868,858.53 | 6,293.67 | 8,040.46 |
| 24 | 862,507.04 | 6,351.49 | 7,982.64 |
| 25 | 856,097.19 | 6,409.85 | 7,924.28 |
| 26 | 849,628.45 | 6,468.74 | 7,865.39 |
| 27 | 843,100.28 | 6,528.17 | 7,805.96 |
| 28 | 836,512.13 | 6,588.15 | 7,745.98 |
| 29 | 829,863.46 | 6,648.67 | 7,685.46 |
| 30 | 823,153.70 | 6,709.76 | 7,624.37 |
| 31 | 816,382.29 | 6,771.41 | 7,562.72 |
| 32 | 809,548.67 | 6,833.62 | 7,500.51 |
| 33 | 802,652.27 | 6,896.40 | 7,437.73 |
| 34 | 795,692.51 | 6,959.76 | 7,374.37 |
| 35 | 788,668.80 | 7,023.71 | 7,310.42 |
| 36 | 781,580.56 | 7,088.24 | 7,245.89 |
| 37 | 774,427.20 | 7,153.36 | 7,180.77 |
| 38 | 767,208.12 | 7,219.08 | 7,115.05 |
| 39 | 759,922.71 | 7,285.41 | 7,048.72 |
| 40 | 752,570.37 | 7,352.34 | 6,981.79 |
| 41 | 745,150.48 | 7,419.89 | 6,914.24 |

SCHEDULE B
PAGE TWO

| <u>END-OF PERIOD</u> | <u>TERMINATION VALUE (\$)</u> | <u>AMORTIZATION</u> | <u>LEASE RATE</u> |
|----------------------|-------------------------------|---------------------|-------------------|
| 43 | 730,105.56 | 7,556.86 | 6,777.27 |
| 44 | 722,479.27 | 7,626.29 | 6,707.84 |
| 45 | 714,782.92 | 7,696.35 | 6,637.78 |
| 46 | 707,015.86 | 7,767.06 | 6,567.07 |
| 47 | 699,177.44 | 7,838.42 | 6,495.71 |
| 48 | 691,267.00 | 7,910.44 | 6,423.69 |
| 49 | 683,283.89 | 7,983.10 | 6,351.02 |
| 50 | 675,227.43 | 8,056.46 | 6,277.67 |
| 51 | 667,096.95 | 8,130.48 | 6,203.65 |
| 52 | 658,891.77 | 8,205.13 | 6,128.95 |
| 53 | 650,611.21 | 8,280.56 | 6,053.57 |
| 54 | 642,254.57 | 8,356.64 | 5,977.49 |
| 55 | 633,821.15 | 8,433.42 | 5,900.71 |
| 56 | 625,310.25 | 8,510.90 | 5,823.23 |
| 57 | 616,721.16 | 8,589.09 | 5,745.04 |
| 58 | 608,053.16 | 8,668.00 | 5,666.13 |
| 59 | 599,305.52 | 8,747.64 | 5,586.49 |
| 60 | 590,477.51 | 8,828.01 | 5,506.12 |
| 61 | 581,568.39 | 8,909.12 | 5,425.01 |
| 62 | 572,577.42 | 8,990.97 | 5,343.16 |
| 63 | 563,503.85 | 9,073.57 | 5,260.56 |
| 64 | 554,346.91 | 9,156.94 | 5,177.19 |
| 65 | 545,105.84 | 9,241.07 | 5,093.06 |
| 66 | 535,779.87 | 9,325.97 | 5,008.16 |
| 67 | 526,368.22 | 9,411.65 | 4,922.48 |
| 68 | 516,870.10 | 9,498.12 | 4,836.01 |
| 69 | 507,284.71 | 9,585.39 | 4,748.74 |
| 70 | 497,611.26 | 9,673.45 | 4,660.68 |
| 71 | 487,848.93 | 9,762.33 | 4,571.80 |
| 72 | 477,996.91 | 9,852.02 | 4,482.11 |
| 73 | 468,054.38 | 9,942.53 | 4,391.60 |
| 74 | 458,020.50 | 10,033.88 | 4,300.25 |
| 75 | 447,894.43 | 10,126.07 | 4,208.06 |
| 76 | 437,675.33 | 10,219.10 | 4,115.03 |
| 77 | 427,362.34 | 10,312.99 | 4,021.14 |
| 78 | 416,954.60 | 10,407.74 | 3,926.39 |
| 79 | 406,451.24 | 10,503.36 | 3,830.77 |
| 80 | 395,851.38 | 10,599.86 | 3,734.27 |
| 81 | 385,154.13 | 10,697.25 | 3,636.88 |
| 82 | 374,358.60 | 10,795.53 | 3,538.60 |
| 83 | 363,463.89 | 10,894.71 | 3,439.42 |
| 84 | 352,469.08 | 10,994.81 | 3,339.32 |