No.
Date JUN 20 1984
Fee $ 50.00
ICC Washington, D. C.

BLC CORPORATION

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

EXECUTIVE OFFICES

AREA CODE 415
573-1200

RECORDATION NO. 14346 Filed 1425

4-172A023

JUN 20 1984 -3 15 PM

INTERSTATE COMMERCE COMMISSION

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June 11, 1984

Mr. James H. Bayne
Acting Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue
Washington, District of Columbia 20423

Dear Mr. Bayne:

There are enclosed for recording, pursuant to the provisions of Title 49, United States Code, Section 11303, the original and two counterparts (or two certified copies) of the following document:

1. Master Leasing Agreement (a primary document), dated as of February 15, 1984, between BLC Corporation, as lessor, and Southern Pacific Transportation Company, as lessee.

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

1. Name and address of Lessor: BLC Corporation, 2655 Campus Drive, Suite 200, San Mateo, California 94403;

2. Name and address of Lessee: Southern Pacific Transportation Company, One Market Plaza, San Francisco, California 94105; and

3. General description of equipment covered by Documents:

   380 used 70-ton hi-cube boxcars (AAR mechanical designation-XM)

   Marked: Southern Pacific

   Symbols and numbers: SP-226000 through and including SP-226379

I am also enclosing a check in the amount of $50 made out to the Interstate Commerce Commission as the filing fee for these documents.

A short summary of the documents to appear in the index follows:

1) Master Leasing Agreement, dated as of February 15, 1984, between BLC Corporation, 2655 Campus Drive, Suite 200, San Francisco, California 94403, as lessor, and Southern Pacific Tansportation Company, One Market Plaza, San Francisco, California 94105, as lessee and covering 380 70-ton hi-cube boxcars (AAR mechanical designation XM).

When the recording of the Master Leasing Agreement has been completed, will you kindly endorse, with the pertinent recording information, all executed counterparts (or certified copies) thereof which are presented to you by our representative herewith, and return the remainder of same to her.

Sincerely yours,

William D. Sewall

William D. Sewall
Vice President

WDS/nji
Enclosure

cc: Carl Tyler
Southern Pacific
Transportation Company

.23E

Interstate Commerce Commission
Washington, D.C. 20423

6/20/84

OFFICE OF THE SECRETARY

William D. Sewall
Vice President
BLC Corporation
2655 Campus Drive, Suite 200
San Mated, 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 6/20/84 at 3:15pm and assigned recordation number(s). 14346 & 14347

Sincerely yours,

James H. Bayne

Secretary

Enclosure(s)

SE-30
(7/79)

14346
RECORDATION NO. ..... Filed 1425

JUN 29 1984 -3 15 PM

INTERSTATE COMMERCE COMMISSION

MASTER LEASING AGREEMENT

Leasing Agreement, dated as of the 15th day of February, 1984, by and between BLC Corporation of San Mateo, California (herein called "Lessor") and Southern Pacific Transportation Company of San Francisco, California (herein called "Lessee").

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

1. Definitions. As herein used:

(a) "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:

Used Hi-Cube Boxcars as further described in Schedule A hereto, and such other Equipment as may be agreed upon by Lessor and Lessee.

(b) "Acquisition Cost" of Equipment is an amount equal to the sum of the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, the costs of rehabilitating and reconstructing such Equipment, excise tax on the Equipment, any sales and use taxes, capitalized rent pursuant to Section 23 hereto, expenses of installation and freight, and other expenses required to effect delivery of the Equipment to the Lessee, less purchase discounts obtained.

(c) "Individual Leasing Record" is a record with respect to Equipment dated the date of the delivery of the Equipment to the Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location and such other details as the parties may desire. As between Lessor and Lessee the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual Leasing record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

"The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated 19 , which covenants, terms and conditions are hereby incorporated by reference.

_____, Lessor

By_____

_____,Lessee

By_____,"

.5G

(d) "Interim Leasing Record" is a record, substantially in the form of an Individual Leasing Record signed by the Lessor and Lessee, to record the leasing of Equipment on a component basis under Section 23 for any period prior to the Completion Date. The Interim Leasing Record shall be dated the date of delivery of such Equipment to the Lessee. As between Lessor and Lessee the signature of Lessee on an Interim Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Interim Leasing Record.

(e) "Final Leasing Record" is a record, substantially in the form of an Individual Leasing Record signed by the Lessor and the Lessee, to record the leasing of a completed unit of Equipment under Section 23 for any period on or after the Completion Date. The Final Leasing Record shall be dated the Completion Date.

(f) "Monthly Amortization Figure" for any Equipment for each full month during the lease of such Equipment is an amount equal to the Acquisition Cost of such Equipment divided by the number of months in the following schedule:

Type of Equipment	No. of Months
Equipment described in Section 1(a)	24 to 120

In determining the Monthly Amortization Figure of Equipment, the anticipated useful life of such Equipment as it will be used by Lessee shall be considered, and upon request, the Lessee will furnish Lessor with information with respect thereto. Such Monthly Amortization Figure shall be selected by Lessee and approved by Lessor.

Monthly amortization shall be taken at the close of business of the last day of each full month of the lease of the Equipment until the Amortized Value of the Equipment has reached zero.

(g) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the Equipment has been paid.

(h) "Amortized Value" of Equipment is the Acquisition Cost of the Equipment less its Aggregate Amortization.

(i) "Rent" for any Equipment for any month on or after the Amortization Commencement Date during the term of the lease of such Equipment will be the sum of the Monthly Amortization Figure for such Equipment plus Contingent Rent for such Equipment, plus an amount computed by multiplying the following:

(1) The Amortized Value of such Equipment on the first day of such month, by

(2) A fraction having a numerator equal to the number of days in such month and a denominator of 360, by

(3) A Percentage equal to the sum of one percent (1.0%) plus the higher of (i) the prime interest rate of The Chase Manhattan Bank on 30-day unsecured commercial loans on the first day of such month, or (ii) the rate charged the Lessor on 30-day commercial paper issued by Lessor and sold by its principal commercial paper dealer on the first day of such month or, if such paper has not been so sold on such date, the rate on such date quoted to Lessor on such paper by its principal commercial paper dealer. If however, the applicable prime interest rate exceeds the commercial paper rate by more than three-quarters of one percent (0.75%), the percentage rental factor shall be reduced by one hundred percent (100%) of such excess. If, on any date referred to above, there shall be more than one such prime interest rate of The Chase Manhattan Bank in effect, or if more than one rate is charged or quoted to Lessor on such commercial paper then the last of such prime interest rates or the last of such commercial paper rates on such date shall be used. Upon execution of this agreement, Lessor shall notify Lessee in writing of the then applicable percentage under this subsection (3). Thereafter, Lessor shall notify Lessee in writing of any change in such percentage. If the notice of change is given to the Lessee at least ten (10) days before the due date of a Rent payment, the changed percentage shall be used in computing such Rent payment. If such notice is given to Lessee less than ten (10) days before the due date of a Rent payment, the changed percentage shall not be used in computing such Rent payment, but an adjustment shall be made by Lessee in the next succeeding Rent payment to give effect to the changed percentage for all previous months to which the changed percentage is applicable.

Notwithstanding the foregoing, when the Aggregate Amortization of any Equipment leased hereunder equals the Acquisition Cost of such Equipment, the monthly Rent for such Equipment thereafter will be an amount equal to the fair rental value of such Equipment.

(j) "Interim Rent" for any Equipment for any partial first month or any full month prior to the Amortization Commencement Date for such Equipment shall be an amount computed by multiplying the following:

(1) The Acquisition Cost of such Equipment, by

(2) A fraction having a numerator equal to the number of days such Equipment is under lease during such partial first month or in such full month and a denominator of 360, by

(3) A percentage referred to in subsection (i)(3) above.

(k) "Amortization Commencement Date" shall mean the first day of the month following the receipt by Lessor of an Individual Leasing Record for such Equipment; provided, however, if such Equipment is to be assembled on a component basis in accordance with Section 23, the "Amortization Commencement Date" shall mean the first day of the month following the Completion Date for such Equipment and, as to the Equipment described in Schedule A hereto, the "Amortization Commencement Date" shall mean January 1, 1985.

(l) (1) The term "Contingent Rent" means the amount by which the proceeds of sale of any unit of Equipment pursuant to Section 10 of this Leasing

Agreement are less than they would have been because of abuse, damage, extraordinary wear and tear or excessive usage. In the event Lessor and Lessee cannot agree on the amount of Contingent Rent due, if any, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to agree on the amount of Contingent Rent, jointly name a third, in which event the decisions of a majority of the appraisers as to the amount of Contingent Rent shall be final. All fees and expenses of the appraiser(s) shall be borne equally by the Lessee and the Lessor.

(2) If the sale proceeds of any unit of Equipment transmitted to Lessor are less than 13% of the Base Amount (as defined in Section 10), the Lessee shall, in addition, be obligated to pay, and shall pay to Lessor, the amount (if any) of Contingent Rent with respect to such Equipment as is then determined in accordance with subsection (1)(1), provided, however, that the amount of any Contingent Rent will not be greater than the amount by which 13% of the Base Amount exceeds such proceeds of sale.

(m) "Completion Date" for any unit of Equipment assembled on a component basis under Section 23, shall mean the date when such assembly, construction or reconstruction is complete for such unit.

2. Agreement for Lease of Equipment. Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed upon provided that the aggregate Amortized Value of Equipment leased by Lessor to Lessee hereunder shall not exceed $6,500,000. All such leases shall be entered into in the manner and upon the terms and conditions set forth in this Master Leasing Agreement. Lessor and Lessee shall evidence their agreement to lease particular Equipment by signing and delivering to each other an Individual Leasing Record describing the Equipment. A request by the Lessee to the Lessor to acquire particular Equipment for lease hereunder shall obligate the Lessee to lease the Equipment from the Lessor upon delivery of the Equipment to the Lessee. Lessor and Lessee hereby declare that this Master Leasing Agreement is, and is intended to be, an agreement to lease, and that every Individual Leasing Record executed by the parties pursuant to this Master Leasing Agreement is a lease. The Lessor has or will have title to and will be the owner of the Equipment to be leased, and the Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as Lessee, to use the same under the terms hereof. The parties agree to treat this Master Leasing Agreement as a lease for all purposes, including without limitation, tax, accounting, regulatory or otherwise.

3. Delivery. Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice approved by Lessee together with an Individual Leasing Record with respect to the Equipment duly executed by Lessee and, if requested by Lessor, appropriate title papers for such Equipment, Lessor shall remit to the vendor a check for the total of the vendor's invoice for such Equipment, provided that the amount paid to the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or cost of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee to the extent of such payment made by Lessee up to the amount of the Acquisition Cost.

4. Lease Term. The lease hereunder of Equipment shall be effective from the date of delivery of such Equipment and the Individual Leasing Record shall be dated such date. The lease term for each unit of Equipment shall be for a period beginning with the effective date thereof and ending one year after the last day of the month in which the effective date of the lease occurs. Thereafter, the lease term shall be extended from month to month until terminated, as provided in Sections 10, 11, 14, 15, 17 or 18 hereof. Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by the Lessor pursuant to a request from the Lessee.

5. Rent. Lessee shall pay Interim Rent and Rent monthly in arrears on the twenty-fifth (25th) day of each month. Reports from Lessee shall be rendered as close to such payment date as possible covering the computation of Interim Rent and Rent and other payments due hereunder for the month, adjustments to the preceding month's Interim Rent and Rent resulting from commencement or termination of the lease of any Equipment during such month and other appropriate items, if any.

6. Use of Equipment. Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property therein but only the right to use the same as herein provided. So long as Lessee is not in default in any obligation to the Lessor, Lessee may use the Equipment in the regular course of its business or the business of any subsidiary or affiliate of the Lessee and may permit others to use same for any lawful purpose. Such use shall be confined to the United States. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall notify Lessor in writing of any change in the principal location of any unit of Equipment. Notwithstanding the foregoing, no change of location shall be undertaken unless and until all such legal requirements shall have been met or obtained. At least once a year, or more frequently, if Lessor reasonably so requests, Lessee shall advise Lessor in writing where all Equipment leased hereunder as of such date is principally located. Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose. Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, to the extent applicable, the Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) with respect to the use and maintenance of the Equipment. Lessee shall use every reasonable precaution to prevent loss or damage to Equipment and to prevent injury to third persons or property of third persons. Lessee shall cooperate fully with Lessor and all insurance companies providing insurance under Section 8 hereof in the investigation and defense of any claims and suits. Lessee shall comply and shall cause all persons operating Equipment to comply with all insurance policy conditions and with all statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring, using, operating, and disposing of Equipment, and the licensing of operators thereof. Lessor or any authorized representative of Lessor may during reasonable business hours from time to time inspect Equipment wherever the same be located, provided that Lessor shall give notice of such inspection to Lessee at least 48 hours in advance of such inspection. Lessese shall not without prior written consent of Lessor sublease any Equipment nor permit, or suffer to exist, any lien or encumbrance other than those placed thereon by Lessor or by persons claiming only against Lessor and not against

Lessee, nor shall Lessee assign any right or interest herein or in any Equipment, provided, however, that Lessee may sublet Equipment to any subsidiary or affiliate of Lessee, or to any contractor for use in performing work for Lessee, provided that such subletting shall in no way affect the obligations of Lessee hereunder, or the rights of Lessor hereunder.

7. Improvements and Repair of Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in good operating order, condition and repair, ordinary wear and tear excepted. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. Any replacement parts, improvements and additions to the Equipment shall become and remain the property of the Lessor, except that any improvement or addition made by the Lessee shall remain the property of the Lessee if it can be disconnected from the Equipment without impairing the functioning of the Equipment as originally constituted when first leased hereunder.

8. Insurance. Lessee shall, at its own expense, with respect to Equipment maintain insurance insuring the respective interests of Lessor and Lessee and covering (a) physical damage to Equipment and (b) liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of Equipment. All such insurance shall be in reputable companies satisfactory to Lessor. Policies covering physical damage risks shall be in an amount not less than the Amortized Value of Equipment. The Lessee shall maintain third-party liability covering personal injury, death and property damage liability as a result of one accident in the amount of $5,000,000. Lessor shall be named insured and, with respect to physical damage coverage, a named loss payee in all insurance policies required under this Section. All such policies shall provide for at least ten (10) days' written notice to Lessor of any cancellation or material alteration of such policies. Lessee shall furnish Lessor certificates or other evidence satisfactory to Lessor or compliance by Lessee with the provisions hereof, but Lessor shall be under no duty to examine such certificates or to advise Lessee in the event its insurance is not in compliance herewith. Lessee covenants that it will not use or operate or permit the use or operation of any Equipment at any time when the insurance required by this Section is not in force with respect to such Equipment. Lessee's obligation to maintain insurance with respect to any Equipment shall commence on the actual day of delivery of the Equipment and shall continue until the Equipment is sold or the lease of the Equipment terminates, whichever is sooner. Lessee may self-insure with respect to the insurance referred to in subparagraphs (a) or (b) above, subject to Lessor's approval of Lessee's plan of self-insurance, which approval shall not be unreasonably withheld; provided, however, that such self-insurance shall be deemed approved automatically by Lessor if the amount of such self-insurance does not exceed one percent of the net worth of Lessee.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses (including litigation expenses) relating to the Equipment or this Agreement and in any way arising out of:

(i) the ordering, delivery, acquisition, rejection, installation, possession, titling, registration, re-registration, custody by Lessee of title

and registration documents, use, non-use, misuse, operation, transportation, repair, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment within the dollar limit provided in Section 2 hereof (or within any change of such limit agreed to in writing by Lessor and Lessee) and except for any general administrative or overhead expenses of Lessor;

(ii) all recording and filing fees, stamp taxes and like expenses with respect to mortgages on the Equipment from the Lessor to any mortgagee;

(iii) all costs, charges, damages or expenses for royalties and claims and expenses arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will to the extent permissable make available to Lessee Lessor's rights under any similar indemnification arising by contract or operation of law from the manufacturer of Equipment;

(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only net income taxes on the net income of the Lessor determined substantially in the same manner as net income is presently determined under the Federal Internal Revenue Code, and any excise, sales or use taxes included in the Acquisition Cost of the Equipment;

(v) any reclaims, storage charges, mileage allowances, repair costs or any other charges relating to the Equipment payable to any carrier or railroad company; and

(vi) any violation by Lessee of this Master Leasing Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, or any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Master Leasing Agreement.

(b) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums expended with respect to any of the foregoing, or shall pay such amounts directly upon request from Lessor. Lessee shall be subrogated to Lessor's right in the affected transaction and shall have a right to determine the settlement of claims therein but in the best interests of Lessor. The foregoing indemnity in this section shall survive the expiration or earlier termination of this Master Leasing Agreement or any lease of Equipment hereunder.

10. Termination of Leases of Equipment; Adjustment of Rent. After the expiration of one year from the last day of the month in which the lease of any Equipment is effective, if such Equipment has become economically or otherwise obsolete or is no longer useful in the Lessee's business, and provided that the Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. Lessee shall deliver written notice to Lessor, signed by a vice president or other authorized officer of Lessee, identifying the Equipment the lease of which Lessee proposes to terminate, the proposed sale price and the terms of the proposed sale. Such notice shall constitute a certificate of Lessee that such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business. After delivery of such notice,Lessee, on behalf of and in cooperation with Lessor, shall proceed directly with negotiating the sale of such Equipment to a third party unrelated to Lessor or Lessee and the Lessor shall execute and transmit to the Lessee all papers needed to effectuate the sale. In arranging the sale of any Equipment pursuant to this Section 10, the Lessee shall use its best efforts to obtain sale proceeds not less than such Equipment's retail fair market value, delivered to a purchaser or purchasers unrelated to Lessee, giving due consideration to whether the Equipment's value is higher as an aggregate, or as two or more lots of equipment. If the parties cannot agree upon such fair market value or values, they shall utilize the appraisal procedure provided for in Section 1(l)(1), with the consequences set forth therein. If the proposed sale price specified in such notice is less than 13% of the Base Amount of such Equipment, Lessee shall not proceed to sell the Equipment until it has received the consent of the Lessor, which consent shall not be unreasonably withheld.

Lessee shall cause the proceeds of sale of such Equipment to be transmitted promptly to the Lessor. The lease of such Equipment and the Lessee's obligation to pay Rent shall continue until such proceeds of sale and additional rent, if any, are received by the Lessor, or Lessor's assignee, and shall thereupon terminate. All net proceeds from the sale of such Equipment shall be for the Lessor's account. If the sale proceeds of any unit of Equipment are less than the Amortized Value of such Equipment but equal to or greater than 13% of the Base Amount of such Equipment, the Lessee shall at the same time pay Lessor as additional rent a sum equal to the difference between the amount of the sale proceeds and the Amortized Value. If the sale proceeds of any unit of Equipment plus Contingent Rent are less than 13% of the Base Amount of such Equipment the Lessee shall at the same time pay Lessor as additional rent a sum equal to the Amortized Value of such Equipment less 13% of the Base Amount of such Equipment.

The "Base Amount" means, as to any Equipment sold one year after the commencement of its lease term, the Acquisition Cost of such Equipment, and as to any Equipment sold more than one year after the commencement of its lease term, the Amortized Value of such Equipment at the termination of its lease term. The term "sale proceeds" means the gross purchase price paid by the purchaser, without charge or reduction in any manner on account of any costs or expenses of sale, removal, transportation, repair, storage, delivery or similar costs or expenses, and all of such costs and expenses (if any) shall be borne by the Lessee.

11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or of any substantial damage to any Equipment and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of total destruction of any of the Equipment or damage beyond repair or the

commandeering, conversion or other such loss of any of the Equipment, or if the use thereof by the Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or if any of the Equipment is attached (other than on a claim against the Lessor but not the Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event (a) Lessee shall promptly notify Lessor in writing of such fact, (b) within ten (10) days thereafter the Lessee shall pay to the Lessor, or Lessor's assignee, an amount equal to the Amortized Value of such Equipment at the time of payment, (c) the lease of such Equipment shall continue until such payment has been received by the Lessor, or Lessor's assignee, and shall thereupon terminate, and (d) upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to the Lessee.

12. Surrender of Equipment. Upon the final termination of the lease as to any Equipment (other than a termination as provided for in Sections 10, 11, 14, 15, 17, or 18), Lessee shall surrender such Equipment to the Lessor at the Lessee's property where the Equipment is then located or at such other place as may be agreed upon. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property. Lessee shall pay the Lessor any amount by which the cost of removing and disposing of any Equipment exceeds the salvage value of the Equipment.

13. Events of Default. The following events of default by the Lessee shall give rise to rights on the part of the Lessor described in Section 14:

(a) Default in the payment of Interim Rent or Rent hereunder beyond ten days from the date the Interim Rent or Rent is due; or

(b) Default in the payment or performance of any other liability, obligation, or covenant of the Lessee to the Lessor and the continuance of such default for thirty (30) days after written notice to the Lessee sent by registered or certified mail by the Lessor; or

(c) The termination of existence or business failure of, or an act of bankruptcy by, or the making of an assignment for the benefit of creditors by, the Lessee; or

(d) The institution of bankruptcy, reorganization (under bankruptcy laws), liquidation or receivership proceedings by or against the Lessee and, if instituted against the Lessee, its consent thereto or the pendency of such proceedings for sixty (60) days.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the events of default described in Section 13 the Lessor may in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to the Lessee sent by certified mail;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of the Lessor in the possession of the Lessee, wherever situated and for such purpose, enter upon any premises without liability for doing so;

(c) Whether or not any action has been taken under Sections 14 (a) or (b) above, the Lessor may sell any Equipment (with or without the concurrence or request of the Lessee) with the consequences set forth in Section 10 hereof;

(d) Hold, use or lease any Equipment as the Lessor in its sole discretion may decide, and continue to hold the Lessee liable for any deficiency between the Rent received by the Lessor from others and the Rent payable hereunder for the balance of the term of the lease of such Equipment;

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to the Lessor for all unpaid Interim Rent and Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Amortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and the Lessor may recover from the Lessee all unpaid Interim Rent or Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default.

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property. If, notwithstanding the intention of the parties and the provisions of this Section 15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of the Lessor, by reason of such Equipment being deemed to be real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by the Lessee as contemplated by this Agreement, then the Lessee shall promptly notify the Lessor in writing of such fact (unless the basis for such interference is waived or eliminated to the satisfaction of the Lessor within a period of ninety (90) days from the date it is asserted) and the Lessee shall within ninety (90) days after such notice pay to the Lessor or Lessor's assignee an amount equal to the Amortized Value of the Equipment at the time of payment. The lease of the Equipment shall continue until such payment has been received and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to the Lessee.

16. Miscellaneous. This Agreement and all rights hereunder shall be governed by the laws of the State of California. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Master Leasing Agreement, or any other instrument given in connection herewith unless such agreement is in writing and signed by the party to be charged therewith. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

17. Termination. Either Lessor or Lessee may terminate this Agreement at any time with respect to any Equipment not yet leased hereunder by giving at least sixty (60) days' notice in writing to the other party of such termination and setting forth in said notice the termination date. Provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination. In the event of any such termination, Lessee shall arrange for and effect not later than two years from the termination date a termination of the lease of all Equipment hereunder and a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof. Notwithstanding the provisions of Section 4 hereof, the lease term for all Equipment, the lease of which is terminated under this Section, and the Lessee's obligation to pay Rent shall continue until Lessor receives the proceeds of sale of such Equipment.

18. Purchase of Equipment. After the expiration of the amortization period of any Equipment leased hereunder, and provided that Lessee is not in default hereunder, Lessee may purchase such Equipment at its then fair market value. The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price has been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall follow the appraisal procedure described in Section 1(l)(1) hereof.

19. Investment Tax Credit. As permitted under Section 48(d) of the Federal Internal Revenue Code, Lessor shall elect to treat Lessee as having acquired the Equipment which is leased hereunder, if it qualifies for such election, for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessee shall provide Lessor with an annual summary statement as to all Equipment for Internal Revenue Service reporting purposes.

20. DISCLAIMER OF WARRANTIES. LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE FOR LEASE OF THE EQUIPMENT SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, AND THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY LESSEE, THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE, THAT LESSOR IS NOT A MANUFACTURER OR ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. Lessor shall, at Lessee's sole expense take all action reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment.

21. Assignment by Lessor of Rights under This Master Leasing Agreement and Mortgages of Equipment to Assignee. Lessee acknowledges notice that Lessor will finance its acquisition and ownership of the Equipment by borrowing and in that connection may, as security, grant to an assignee chattel mortgages on the Equipment, it being understood, however, that such chattel mortgages shall contain a provision to the effect that as long as Lessee is not in default hereunder or under any lease executed

pursuant hereto, it shall be entitled to uninterrupted use of the Equipment on the terms herein provided. Lessee also acknowledges notice of the possible assignment by the Lessor to an assignee of the Rents and all other sums due and to become due hereunder, all as security for obligations of the lessor to the assignee. After such assignment the terms and provisions of this Master Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. After such assignment and written notice thereof to the Lessee, the Lessee shall make payment of all Rents and other payments due hereunder to the assignee designated in the notice and such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. The assignment by the Lessor to the assignee of rights hereunder shall not transfer to the assignee the general title to Equipment or impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rents and other monies payable by the Lessee and to protect the assignee's security interest in Equipment resulting from the chattel mortgage.

22. Identification Markings and Numbering. At or prior to the time of the delivery of any Equipment to the Lessee by the Lessor, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously marked, placed or fastened upon each unit of Equipment the following legend in letters not less than one inch in height:

"PROPERTY OF BLC CORPORATION, OWNER AND LESSOR"

and any other legend requested by the Lessor disclosing the interest of any mortgagee in the Equipment. At or prior to the time of delivery of any railroad Equipment to the Lessee, the Lessee shall cause one of its car reporting marks and designated car numbers to be assigned to and marked and/or placed on each side of each unit of Equipment delivered. At all times after delivery the Lessee will cause each unit of Equipment to bear on each side thereof the aforesaid legend and the car number so assigned to it. Such car reporting marks and designated car numbers shall not be changed by the Lessee without the prior written consent of Lessor and any assignee of Lessor. Lessee agrees to file all necessary and appropriate documents with the Interstate Commerce Commission and/or any other authority as may be required under Federal, state or local law, rules or regulations with respect to any such change in car reporting marks and designated car numbers.

23. Leasing of Components. Lessee may lease components of Equipment, no one of which components constitutes a completed unit of Equipment but all of which components shall be assemblable and assembled into a completed unit of Equipment, which Equipment and all components thereof are owned by Lessor and leased to Lessee hereunder. The lease of each component shall be effective from the date of delivery of such component and the Interim Leasing Record for such component shall be dated such date. Where delivery is made on one or more components constituting less than a completed unit of Equipment, Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within six (6) months, or such longer period as may be agreed upon in writing, after the first day of the calendar month following the first of any such deliveries. On the Completion Date a Final Leasing Record for such unit of Equipment shall be executed and the Interim Leasing Records for the components of the completed units of Equipment shall be cancelled as of the same date. Interim Rent for any unit assembled pursuant to this Section 23 shall accrue from the date of the Interim Leasing Record relating to such unit on a monthly basis, but shall not be due and payable (provided an event of default shall not have occurred hereunder) during the period prior to the Amortization Commencement Date. Such accrued Interim Rent shall be capitalized and added to the Acquisition Cost of such

unit on a monthly basis. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Cost of the components thereof, all reasonable labor and other expenses to complete the unit of Equipment and such capitalized Interim Rent, and shall be amortized as provided in Section 1(f). Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor pursuant to a request from Lessee.

24. Per Diem and Mileage Allowances. Provided that no event of default shall have occurred hereunder and be continuing, Lessee shall be entitled to receive and retain and Lessor hereby assigns to Lessee all per diem or other car hire payments, mileage allowance, rentals or other compensation payable by carriers or other railroad companies by reason of use of the Equipment.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Leasing Agreement as of the day and year first above written.

Form Approved

WDS
Counsel

BLC CORPORATION, Lessor

Attest:

By _____
Assistant Secretary

By _____
Vice President

SOUTHERN PACIFIC TRANSPORTATION COMPANY, Lessee

Attest:

By _____
Assistant Secretary

By _____

Title TREASURER

.5G

SCHEDULE A

Equipment Description

Three hundred and eighty (380) 70-ton Hi-Cube Boxcars (AAR Mechanical Designation - XM) bearing the car numbers SP-226000 through SP-226379.

Corporate Form of Acknowledgement

STATE OF CALIFORNIA)
COUNTY OF SAN MATEO) SS:

On this 4th day of June, 1984, before me personally appeared Ken T. Uyeda, to me personally known, who being by me duly sworn, says that he is a Vice President of BLC Corporation, 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 that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

DIANE K. ROBSON
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
SAN MATEO COUNTY
My Commission Expires Feb. 22, 1985

Diane K. Robson
Signature of notary public

.17F

Corporate Form of Acknowledgement

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO) SS:

On this 16TH day of MAY, 1984, before me personally appeared D. A. Smith, to me personally known, who being by me duly sworn, says that he is the Treasurer of Southern Pacific Transporatation 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 that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

OFFICIAL SEAL
LENONA M J YOUNG
NOTARY PUBLIC-CALIFORNIA
SAN FRANCISCO COUNTY
My Commission Expires June 25, 1985

Lenona M. J. Young
Signature of Notary public

.17F