

9-223A004

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RECORDATION NO. 16473 FILED 1423

AUG 11 1989 - 11 05 AM

INTERSTATE COMMERCE COMMISSION

RECEIVED
AUG 11 10 55 AM '89

Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Madam:

Enclosed for recordation pursuant to the provisions of Section §11303(a) of Title 49 of the United States Code and the rules and regulations thereunder is one (1) executed counterpart of an instrument evidencing a Master Lease Agreement by and between Westinghouse Credit Corporation and Southern Pacific Transportation Company and Schedule No. 1 thereto all, dated as of July 20, 1989.

A general description of the railroad equipment covered by by the enclosed documents is:

<u>DESIGNATION</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>CAR NUMBERS</u>
	125 ton articulated double stack container cars-Maxi-Stack III	40	SP 513390-513430, inclusive

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

Master Lease and Schedule No. 1 all dated as of July 20, 1989.

LESSOR: Westinghouse Credit Corporation
One Oxford Centre
Pittsburgh, PA 15219

LESSEE: Southern Pacific Transportation Company
Intermodal Division
One Market Plaza
San Francisco, CA 94105

A fee of \$ 13.00 is enclosed. Please return the originals and any copies not needed by the Commission for recordation to me.

Victoria Burton
Conrad...

Interstate Commerce Commission
Washington, D.C. 20423

8/11/89

OFFICE OF THE SECRETARY

Michael J. Woodring
McCann Garland Ridall & Burke
309 Smithfield St Suite 4000
Pittsburgh, PA. 15222

Dear: **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/11/89, at 11:05am, and assigned recordation number(s). 16473 & 16474

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

16473
REGISTERED TO FILED

AUG 11 1989 -11 05 AM

INTERSTATE COMMERCE COMMISSION

MASTER LEASE

By and Between

WESTINGHOUSE CREDIT CORPORATION

and

SOUTHERN PACIFIC TRANSPORTATION COMPANY

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Exhibits and Schedules

Annex 1

Exhibit A Assignment and Consent of Purchase Order

Exhibit B Certificate of Incumbency

Exhibit C Specifications

Schedule No. 1

Exhibit A to Schedule Certificate of Delivery

Exhibit B to Schedule Maintenance Escalation Factor

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MASTER LEASE

THIS LEASE AGREEMENT ("Agreement") is made^{as} of this 20th day of July, 1989, by and between WESTINGHOUSE CREDIT CORPORATION, a Delaware corporation located at One Oxford Centre, Pittsburgh, PA 15219, as lessor, and SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation, located at One Market Plaza, San Francisco, CA 94105, as lessee ("Lessee").

1. Scope of this Agreement

A. Lessor (as defined hereinbelow) agrees to lease to Lessee and Lessee agrees to lease from Lessor, upon the terms and conditions set forth herein and in the Schedule(s) attached hereto, a number of items of equipment bearing the reporting marks and of the type, construction and other description set forth in any Schedules attached hereto and executed by the parties concurrently herewith or hereafter. The word "Schedule" includes the schedules executed herewith and any schedules and amendments which are subsequently executed by both parties hereto. When any such Schedule or amendment is so executed it shall become part of this Agreement. "Cars" shall mean all items of equipment subject to this Agreement and "Car" shall mean an individual item of equipment. The terms and provisions of each Schedule shall control, as to the Cars listed on such Schedule, over any inconsistent or contrary terms and provisions in the body of this Agreement.

B. It is the intent of the parties to this Agreement that Lessor shall at all times be and remain the owner and lessor of all Cars and that no agency, joint venture or partnership is being created. Lessee's interest in the Cars shall be that of a lessee only. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

This Agreement shall remain in full force until it is terminated as to all of the Cars as provided herein. The term of this Agreement with respect to the Car(s) listed on any Schedule attached to the Agreement shall be as set forth on such Schedule.

3. Supply Provisions

A. The Lessee hereby approves the specifications for the Cars described in Exhibit C attached hereto. Each Car shall be deemed delivered and subject to the terms and provisions of this Agreement on the date set forth in Exhibit A of the applicable Schedule. Prior to the Commencement Date, as defined in Schedule 1, Lessee shall execute and deliver each of the following documents, in each case in form, substance and manner satisfactory to Lessor: (a) a Schedule pertaining to the Cars then being leased; (b) unless Lessor shall have delivered its purchase order for the purchase of the Cars, all purchase orders, invoices and other contract documents relating to the Cars and, if applicable, an Assignment and Consent of Purchase Order in the form of Exhibit A hereto; (c) a certificate of incumbency in the form of Exhibit B attached hereto; (d) a certificate of insurance or other evidence satisfactory to Lessor that the requirements of Section 7 have been complied with; and (e) such other documents as Lessor may reasonably request. Commencing upon Delivery (as defined in the applicable Schedule), Lessee shall be liable for all costs, charges and expenses on account of or relating to transportation or movement of any Car from the manufacturer or place of origin. If Lessor is required to pay any such amount, Lessee shall reimburse Lessor within thirty (30) days of receiving an invoice from Lessor for such amount.

B. Lessor shall not be responsible for failure to deliver or delay in delivering any Car due to casualties, repair and any contingency beyond its control, including, but not

limited to labor disputes, defaults and delays of carriers, and defaults and delays of the Lessee or any persons directing or controlling the Lessee. At the time of delivery and after expiration of the lease and redelivery of cars, representatives of the Lessor and the Lessee will perform and execute joint inspection reports covering the condition of the leased Cars.

4. Recordkeeping

A. The party designated on the applicable Schedule shall be responsible for the preparation and filing of all documents relating to the registration, maintenance and record-keeping functions normally performed with respect to railroad equipment of the type subject to this Agreement including, but not limited to: (i) preparation of appropriate Association of American Railroads ("AAR") interchange agreements with respect to the Cars; (ii) registration of the Cars in the Official Railway Equipment Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the Interstate Commerce Commission ("ICC") and any other regulatory agencies with respect to the Cars. Prior to delivery of the Cars, Lessor will cooperate with Lessee and upon request will supply any information it may have in its possession reasonably relating to Lessee's duties pursuant to this subparagraph.

B. Recordkeeping functions relating to the use of the Cars by Lessee and railroads, including but not limited to car hire reconciliation, collection and receipt of revenues from other railroad companies in accordance with applicable Car Hire Rules, the Car Service Rules and the Interchange Rules, records pertaining to maintenance and repair, and billing in accordance with the AAR interchange rules adopted by the AAR Mechanical Division, Operations and Maintenance Department ("Interchange Rules") shall be performed by the party designated in the applicable Schedule. The party designated to perform recordkeeping in the applicable Schedule shall continue to do so for the duration

of the Agreement with respect to the Cars described on such Schedule. All recordkeeping performed hereunder and all records of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular business hours. Upon Lessor's request, Lessee shall promptly supply Lessor with telephone reports of the number of Cars in Lessee's possession and control.

5. Warranties and Waiver

Lessee acknowledges, warrants and agrees that the Equipment is of a size and capacity selected by Lessee and that Lessee is satisfied that same is suitable for its purposes. Lessor warrants and acknowledges that as of the commencement of the Interim Term Lessor is the Owner of the Cars and that each of the Cars is suitable for the general transportation of freight by rail and meets all American Association of Railroad Standards for such service. Except for Lessor's express warranty specifically set forth above, Lessee acknowledges and agrees that Lessor is not a manufacturer of the Cars; LESSEE ACKNOWLEDGES THAT LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE CARS WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE CARS PURSUANT TO THIS AGREEMENT TO HAVE MADE, ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN, THE CARS, PARTS, MATERIALS, OR THE LIKE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT, OR STRICT LIABILITY FOR ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL LOSS OR DAMAGES, WHETHER OR NOT RESULTING FROM ANY OF THE FOREGOING OR RESULTING FROM ANY REPAIRS OR MAINTENANCE TO ANY CARS, OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY CARS. Lessor hereby assigns to Lessee only during the Initial Term and any renewal hereunder as defined hereunder, unless an Event of

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Default exists, all the rights and benefits of the manufacturer's warranty attached hereto as Exhibit E. Upon an Event of Default or expiration of the Initial Term or any renewal term, all such rights and benefits shall automatically, without notice or any further action, become the rights and benefits of Lessor.

6. Maintenance

A. This Section shall apply with respect to the Cars.

(i) Except as otherwise provided herein, Lessor shall, at its expense, perform or have performed all inspections of, maintenance and repairs to, and servicing of the Cars as shall be necessary to maintain the Cars in good operating condition as specified in AAR Interchange Rules; provided, however, that such inspections, repairs, maintenance and servicing ("Maintenance") shall be performed at Lessee's expense in the event that such Maintenance (a) was necessary due to cornering, sideswiping, derailment, misuse or similar occurrences while the cars on the tracks of Lessee, or any private siding or track or loading or unloading facility of Lessee or its agent or sublessee (the "Tracks of Lessee"); or (b) arises in any instance in which the applicable Interchange Rules would assign responsibility to Lessee for the loss, damage, destruction or liability requiring such maintenance for cars not bearing Lessee's reporting marks. At Lessor's expense, except as stated in (a) and (b) above, Lessee shall be required to preserve the Cars in good operating condition and in conformance with AAR and FRA rules governing the Interchange of freight cars at all times while the Cars are on the Tracks of Lessee. In addition, Lessee shall, at its expense, inspect all Cars interchanged to Lessee to insure that such Cars are in good working order and condition and Lessee shall be liable to Lessor for any and all repairs and maintenance required for repairs and damage, pursuant to AAR Interchange Rule 95, if Lessee accepts a Car at interchange and fails to obtain proper protection from the delivering line for any such damage. Lessee shall use its best efforts to minimize any damage to the Cars and

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shall notify Lessor in writing of any maintenance required, pursuant to AAR Interchange Rule 107. Lessee may make running repairs, at Lessor's expense, to those parts of the Cars to facilitate immediate use of each Car, but shall not otherwise make any repairs, alterations, improvements, or additions to any Car without Lessor's prior written consent. In cases where Lessee is liable for maintenance and repairs, all costs including without limitation transportation costs and expenses arising or relating to placing any Car in or returning any Car from a private contract shop shall be at Lessee's sole expense. Lessee shall be liable to Lessor for any rental revenues lost due to any unauthorized repair, alteration, improvement or addition. Any repairs performed to the Cars by Lessee at Lessor's expense shall be at a labor rate not to exceed the prevailing AAR Labor Rate unless a different labor rate is mutually agreed upon in writing by the parties.

(ii) Lessor shall have the right to perform Non-Routine Repairs, as hereinafter defined, to the Cars at a location which is mutually agreeable to Lessor and Lessee or at a contract repair facility. Non-Routine Repairs ("Non-Routine Repairs") shall be defined as repairs of the type that Lessor determines that Lessee would not normally perform or of the type that Lessor determines would normally precipitate movement of such Cars to a repair facility. Lessor shall notify Lessee at least five (5) business days in advance of performing such Non-Routine Repairs.

(iii) Lessor agrees to use reasonable efforts to make arrangements necessary to reasonably fulfill its maintenance obligations under this Section 6.

(iv) In the event the U. S. Department of Transportation, or any other governmental agency or nongovernmental organization having jurisdiction over operation, safety or use of railroad equipment, requires that Lessor add, modify or in any manner whatsoever adjust the Cars subject to this Agreement in

order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per Car for each \$100 expended by Lessor on such Car, effective as of the date the Car is released from the shop after application of such additions, modifications or adjustments (hereinafter referred to as "Modifications"). No rental credit will be issued on Cars entering the shop for any Modifications for the first fifteen (15) days. In the event Lessor in its sole discretion determines that it would not be economical to make such Modification in view of the estimated remaining useful life or condition of such Car, and Lessor therefore elects to permanently remove such Car from Lessee's service, the rental with respect to such Car shall terminate upon the date specified in writing by Lessor; provided that such date must be prior to the date the Modification is so required to be made.

(v) Title to any alteration, improvement or addition made, whether or not authorized, shall be and remain with Lessor.

(vi) Lessee shall use the Cars in compliance with the terms of this Agreement, in a careful and prudent manner, solely in the use, service and manner for which the Cars were designed and at no time shall be used in a service in which the Cars will be subjected to thaw heat, open flames or other unloading practices damaging to the Cars.

7. Tax and Insurance

A. Lessee shall, at its own expense, purchase and maintain in force during the term of this lease, a policy or policies of insurance with an insurance company, insuring against liability arising out of bodily injury including death and property damage as a result of the operation of the Cars, and insuring against all risks. The foregoing insurance requirements may be satisfied in whole or in part through self-insurance by the Lessee, provided, however, that upon thirty (30) days prior written notice from

Lessor, Lessee shall no longer be permitted to meet the risks, including without limitation, physical loss and damage and public liability with respect to third party personal injury and property damage relating to the Cars (the "Risks"), by self-insurance and this Agreement shall terminate immediately without notice and Lessee shall return all of the Cars to Lessor unless Lessee provides Lessor with proof of insurance within thirty (30) days of said notice in such amounts and for such risks and with such insurance companies as are satisfactory to Lessor, in its sole discretion, if an Event of Default, as set forth in Section 12 hereof, has occurred.

B. Responsibility for taxes for the Cars shall be as set forth on the applicable Schedule hereto.

8. Storage

In the event that any Car(s) is/are not in use while subject to this Agreement, Lessee shall be responsible for storing any such Car(s) on its lines, at its expense, or for paying all costs associated with storing such Car(s) at a location acceptable to Lessor. Any storage location provided by Lessee which is off Lessee's property shall be as secure as if the Cars were stored on Lessee's property. If Lessor pays any such storage-related costs, Lessee shall reimburse Lessor for such costs within ten (10) days after receiving an invoice from Lessor for such costs.

9. Rent

A. During the term of this Agreement, Lessee shall pay to Lessor for each Car, commencing on the date of delivery thereof, as monthly rental, both Fixed Rent and Variable Rent, as defined in the applicable Schedule, (collectively "Basic Rent") specified in the applicable Schedule, without deduction, set-off, counterclaim, recoupment, defense, notice or demand due or alleged to be due by reason of any past, present or future claims of Lessee against Lessor or any other person for any reason

whatsoever, except as to any Car which is out of service for more than fifteen (15) business days after such Car is delivered by Lessee to Lessor or its designee for repair or inspection at the Lessor's designated location, as a result of defective design, materials workmanship and/or parts which is not the obligation of Lessee under this Master Lease or any Schedule hereto (an "Out of Service Car").

B. Unless otherwise specified in the applicable Schedule hereto, and except as to any Out of Service Car after fifteen (15) business days as set forth in Paragraph A of this Section 9, rental payments shall not abate if any Car is out of service for any other reason whatsoever, nor shall this Agreement terminate or the obligations of Lessee be otherwise affected by reason of the prohibition of or other restriction against Lessee's use of all or any such Cars, or the interference with such use by any person or entity.

C. Any costs incurred by Lessor in collecting any rent and/or other sums including Additional Rent hereunder or pursuant to any Schedule hereunder wrongfully withheld by Lessee, including reasonable attorney fees and costs, will be paid by Lessee.

D. In the event any Rent or other payment due Lessor hereunder is not paid within ten (10) days after the due date, Lessee shall also pay to Lessor interest on such amount at a rate equal to the from time to time prime rate of the Bank of America, plus three percent 3% per annum or at such lesser rate as shall be the highest rate permitted by applicable law for the period until the Rent or other payment shall be paid.

E. Lessee shall pay and discharge, when due, all amounts required to be paid by Lessee under this Agreement (other than Basic Rent and Interim Rent) and all license fees, assessments and sales, use, rental, property and other taxes (excluding, however, all taxes on or measured by Lessor's net income)

however designated, now or hereafter imposed by any State, Federal, or local government upon any Car or its use, purchase, occupancy, transfer, sale, ownership, maintenance or repair or payments hereunder, or this Agreement, together with any penalties or interest imposed in connection therewith, ("Taxes"), provided, however, that so long as Lessee is not in default of this Master Lease or any Schedule hereto and should Lessee have received an opinion in writing of its counsel that there is a reasonable basis in law to contest such Taxes and upon Lessor's written consent, not to be unreasonably withheld, Lessee shall be permitted to reasonably contest such Taxes in a proper forum, provided, further, that any and all expenses, including without limitation interest, attorney fees, costs, fines, and penalties of such contest of such Taxes shall be the sole responsibility of Lessee and Lessee shall indemnify and hold Lessor harmless as to any and all taxes, costs, attorney fees, and damages resulting from such contest of Taxes. This Agreement shall not terminate except as expressly provided herein; nor shall the obligations of Lessee be affected nor shall Lessor have any liability whatsoever to Lessee by reason of any defect in, damage to, or loss of possession, or loss of use, or destruction of the Cars for any reason whatsoever. It is the intention of the parties that Rent and other amounts due hereunder shall continue to be payable in all events in the manner and at the time herein provided unless the obligation to pay the same shall be terminated pursuant to the express terms hereof.

10. Casualty Cars

A. Lessee hereby assumes and shall bear the entire risk of any loss, theft, destruction or damage to each Car. In the event any Car shall be lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use, including without limitation, as a result of Lessee's negligence or title thereto shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise (hereinafter referred to as an "Event of Loss"), Lessee shall promptly (but in

no event later than within thirty (30) days from the date Lessee has notice of an Event of Loss) notify Lessor as to the circumstances and time of such event. On the rental payment date next succeeding such notice, Lessee shall pay to Lessor in immediately available funds the Casualty Value for such Car as of the rental payment date for which rental payment was last made. Upon the making of a Casualty Value payment and payment of any other amounts then payable by Lessee hereunder with respect to a Car, the rental for such Car shall cease to accrue and such Car shall cease to be a part of the Cars leased hereunder. The Casualty Value for each Car for purposes of this Section 10 shall be an amount equal to that percentage of Lessor's Cost applicable to that Car, as is set forth in Annex 1 to the applicable Schedule opposite the rental payment for which rental payment was last made.

B. Lessor may, at its expense, replace any Car that has suffered an Event or Loss with similar equipment (such item of equipment a "Replacement Car") upon prior written notice from Lessor to Lessee, with Lessee's consent not to be unreasonably withheld, in which event rental for such Replacement Car shall continue to accrue and such Replacement Car shall be a part of the Cars leased hereunder.

C. Lessor and Lessee agree to cooperate with and to assist each other in any manner reasonably requested to establish and pursue proper claims against parties responsible for loss or destruction of, or damage to, the Cars; provided, however, that this shall not affect their respective obligations under this Section 10.

11. Possession and Use

A. Throughout the term of this Agreement and so long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars (i) in accordance with the terms of this Agreement; (ii)

in conformity with all Interchange Rules; (iii) solely in the use, service and manner for which the Cars were designed; and (iv) only within the continental limits of the United States of America or temporary or incidental use in Mexico and Canada.

B. Lessee agrees that the Cars shall at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same are operated and in which the same may be located, in compliance with all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, and in accordance with applicable rules established by the AAR, except that either Lessor or Lessee may, by appropriate proceedings timely instituted and diligently conducted, contest the application of any such act, rule, regulation or order at the expense of applicant.

C. At Lessor's election Cars may be marked to indicate the rights of Lessor, of an assignee, mortgagee, trustee, pledgee or security holder of Lessor, or of a lessor to Lessor. Except for renewal and maintenance of the aforesaid markings or lettering indicating that a Car is leased to Lessee or is assigned in accordance with demurrage tariffs, no lettering or marking shall be placed upon any Car by Lessee and Lessee will not remove or change any reporting mark or number indicated on the applicable Schedule except upon the written direction or consent of Lessor. Lessee shall be responsible for all costs associated with any marking changes made at its request.

D. Lessee shall not, with regard to the Cars, or any interest therein, including the revenues thereon, or with regard to the Agreement or any Schedule thereto, directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim arising by, through, or under it, except those created for the benefit of Lessor or any owner or secured party referred to in Subsection 11.A., hereinabove. Lessee shall notify Lessor in

writing within five (5) days after any attachment, tax lien or other judicial process shall be attached to any Car. Lessee shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time. If Lessee fails to take action as described in the previous sentence, Lessor may, at Lessee's expense, take such action and Lessee shall pay the cost thereof within ten (10) days of receiving an invoice from Lessor for such costs.

E. Lessor shall not be liable for any loss of, or damage to, commodities, or any part thereof, loaded or shipped in the Cars, however such loss or damage shall be caused, or shall result, except if caused by Lessor's gross negligence or wilful misconduct. The Lessee agrees to assume responsibility for, and to indemnify Lessor against, and to save it harmless from, any such loss or damage or claim, including, but not limited to reasonable attorney fees and costs, therefor.

12. Default

A. The occurrence of any of the following events shall be an Event of Default hereunder:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee when any such payment is due, and, such nonpayment shall continue unremedied for a period of ten (10) days after written notice thereof to Lessee by Lessor;

(ii) Lessor sending three (3) written notices to Lessee pursuant to subpart (i) above in any twelve month period regarding Lessee's failure to pay any sum due hereunder;

(iii) The breach by Lessee of any other term, or condition of this Agreement, which is not cured within thirty (30) days after receipt of written notice of such breach;

(iv) The breach by Lessee of any representation or warranty or its failure to comply with any covenant set forth herein;

(v) The filing by or against Lessee of any petition or the initiation by or against Lessee of any proceeding: a) for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder; or b) under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, financial reorganization, arrangements with creditors, compositions of or extensions of indebtedness, if in the case of petitions or proceedings filed against Lessee, such Petitions or proceedings have not been dismissed within thirty (30) days of filing;

(vi) The (a) insolvency of Lessee or (b) the subjection of any portion of Lessee's property to any levy, seizure, assignment, application sale for or by any creditor or governmental agency the effect of which would be to materially impair Lessee's ability to perform its obligations hereunder.

B. Upon the occurrence of any event of default hereunder, without limiting Lessor's rights and remedies otherwise provided by law, at law or in equity, which shall be available to Lessor in addition to the following rights and remedies (no right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor, and Lessor, in any case, being entitled to recover all costs, expenses and attorneys' fees incurred by Lessor in enforcing its rights and remedies hereunder), Lessor may, at its option:

(i) Terminate this Agreement and recover damages.

(ii) Proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach hereof.

(iii) By notice in writing to Lessee, terminate Lessee's right to possession and use of some or all of the Cars, whereupon all right and interest of Lessee in such Cars shall terminate; thereupon, Lessor may enter upon any premises where the terminated Cars may be located and take possession of such Cars and henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all rental and mileage amounts which under the terms of this Agreement may then be due or which may have accrued to that date with respect to terminated Cars, together with Lessor's costs and expenses, including reasonable attorneys' fees incurred in securing such enforcement hereof.

(iv) Without terminating this Agreement repossess the Cars. Lessor may relet the same or any part thereof to others upon such terms as Lessor desires. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of the retaking and the reletting of the Cars and of their delivery to the new lessee(s), and then to the payment of rent and any other sums due hereunder through the terms of this Agreement. Lessee shall pay any deficiency remaining due after the proceeds have been so applied. The election of Lessor to relet the Cars and the acceptance of the Cars by a new lessee shall not release Lessee from liability for any existing or future default in connection with any other covenant or promise herein contained.

The obligation to pay such deficiency or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Agreement and the retaking of the Cars.

13. Expiration or Termination

Lessee shall notify Lessor in writing, either, 120 days prior to the expiration of the Initial Term of any Schedule hereto or 120 days prior to the date of which Lessee may exercise

any right of early termination, if any, expressly set forth in any Schedule hereto, of Lessee's desire to continue this Agreement or of Lessee's intention to exercise its early termination rights, only if expressly provided for hereunder or in an applicable Schedule, with respect to any Schedule to this Agreement.

Upon the expiration of this Agreement with respect to Cars on any Schedule, Lessee shall surrender possession of such Cars to Lessor pursuant to the early termination or expiration provisions in this Section and on the relevant Schedule. Lessee shall insure that each Car returned to Lessor upon the expiration or termination of the Agreement shall be in the following condition:

A. Each such Car shall be (i) delivered to Lessor, in a condition required by Section 6 of this Agreement, (ii) in interchange condition in accordance with AAR and FRA rules and regulations, (iii) suitable for loading of the commodities intended to be loaded in such Cars or commodities allowed in the applicable Schedule, (iv) free from all accumulations or deposits from commodities transported in or on it while in the service of Lessee, and (v) free of any and all Rule 95, as amended, damage.

B. Until the Cars are delivered to and accepted by Lessor pursuant to this Section, Lessee shall continue to be liable for and shall pay all rental at the rate being paid immediately prior to expiration provided, however, if Lessor requests the return of the Cars and Lessee fails to return any Cars in its possession within thirty (30) days of such notification, Lessor, at its option, may increase without notice to Lessee the rate Lessee is required to pay to one hundred fifty percent (150%) of the rate being paid immediately prior to expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Agreement as though such expiration had not occurred. Nothing in this Section shall give

Lessee the right to retain possession of any Car after expiration or termination of this Agreement with respect to such Car.

C. Lessee shall bear the costs associated with remarking each Car's roadmark and number which remarking shall be performed at a facility mutually agreed to by Lessor and Lessee. Remarking shall include the following: a) removal of existing mandatory markings and all company logos of Lessee; b) complete cleaning of the area where new marks are to be placed as designated by Lessor; c) application of new mandatory markings designated by Lessor; and d) any transportation involved in moving each Car to and from a suitable work area on Lessee's lines to perform the remarking set forth in this Section. Lessor shall use its reasonable efforts to insure that the costs associated with remarking each car are reasonable.

Notwithstanding expiration of the term of this Agreement or any Schedule, Lessee's obligations under the terms of this Agreement as to damage to the Cars shall continue to be Lessee's responsibility and such damage shall be repaired at Lessee's sole expense prior to the return of the Cars to Lessor; and Lessor may conduct such testing of the Cars, at Lessor's expense, to ensure that the Cars are free from such damage.

14. Representation, Warranties, and Covenants

Lessee represents, warrants and covenants as of the date hereof that:

A. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated. Insofar as is material to Lessor's rights and Lessee's obligations under this Agreement, Lessee has the corporate power and authority to and is duly qualified and authorized to: (i) do business wherever necessary to carry out its present business and operations, (ii) own or hold under lease its properties, and (iii) perform its obligations under this Agreement.

B. The entering into and performance of this Agreement by Lessee has been duly authorized by all necessary corporate authority and will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, any agreement of Lessee. Nor will Lessee's entering into and performance of this Agreement result in the creation of any lien, charge, or security interest in this Agreement pursuant to any instrument to which Lessee is a part or by which it or its assets may be bound, except as expressly provided in Section 11 hereinabove.

C. There is no action or proceeding pending or threatened against Lessee before any court, administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of Lessee such that Lessee's ability to perform its obligations hereunder would be materially and adversely affected.

D. There is no fact which Lessee has not disclosed in writing to Lessor, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as Lessee can now reasonably foresee, would alone or in combination with other factors have a material adverse impact on Lessee's business, condition, property, holdings or the ability of Lessee to perform its obligations under this Agreement.

15. Inspection

Lessee shall provide Lessor reasonable access, at any time during normal business hours, to any premises where the Cars may be located for the purpose of inspecting and examining the Cars to ensure Lessee's compliance with its obligations hereunder. Lessee shall promptly, upon the request of Lessor furnish to Lessor a list, certified by an officer of Lessee, of all Cars then covered by this Agreement and information regarding movement

and condition of the Cars, including such other pertinent information about the Cars as Lessor may request.

16. Indemnification

A. Lessee does hereby assume liability for, and does hereby unconditionally agree to indemnify, protect, save and keep harmless Lessor and its successors, assigns, representatives, directors, officers, employees and agents from and against and agrees to pay, when due, any and all losses, damages, liabilities, obligations, penalties, fines, interest, payments, charges, demurrage claims, actions, suits, costs, expenses and disbursements, including reasonable legal expenses, of whatsoever kind and nature in contract or tort, including but not limited to, Lessor's strict liability in tort, arising out of: the use, possession, storage, operation, condition, repair, replacement, reconstruction, removal, return or other disposition of Cars, except for such losses and claims which arise from Lessor's negligence or to the extent such claims and losses result solely from defective design, materials, workmanship and/or parts which are not the obligation of Lessee under the terms of this Agreement or any Schedule hereto;

(B) Lessee represents, warrants and covenants that (i) the Cars are "7-year property" (within the general classification of property in §168 (e) of the Internal Revenue Code of 1986, as amended); (ii) all income and loss associated with the Cars will be derived from sources within the United States; (iii) Lessee has made no investment in the Cars; and (iv) the Cars are complete for their intended use.

(C) Lessee hereby represents, warrants and covenants that at no time during the term of this Agreement with respect to any Car will the Lessee take or omit to take, nor will it permit any permitted sublessee or assignee, to take or omit to take any action (whether or not such act or omission is otherwise permitted by the terms of this Agreement) which act or omission will

result in the disqualification of any Car for, or the recapture of, all or any portion of the cost recovery deductions allowed under §168 of the Internal Revenue Code of 1986, as amended, ("Recovery Deductions"). If as a result of a breach of any representation, warranty or covenant of the Lessee contained in this Agreement or in the Purchase Order relating to any Car, (a) any such Recovery Deduction claimed on the Federal income tax return of the Lessor is disallowed or adjusted by the Internal Revenue Service, or (b) any such Recovery Deduction is recomputed or recaptured (any such determination, disallowance, adjustment, recomputation or recapture being herein called a "Loss", then Lessee shall pay to Lessor as an indemnity such amount, or from time to time such amounts, on each succeeding Basic Rent payment date after written notice to Lessee by Lessor of such Loss, as shall cause Lessor's after-tax economic yields and cash flows, computed on the same assumptions, including tax rates, as were utilized by Lessor in originally evaluating this transaction (such economic yields and cash flows being hereinafter called the "Net Economic Return") to equal the New Economic Return that would have been realized by Lessor if such Loss had not occurred. The amount payable to Lessor pursuant to this Subsection shall be payable 30 days after written demand therefor from Lessor accompanied by a written statement describing in reasonable detail such Loss and the computation of the amount so payable. If requested by Lessee, Lessor's determination of the amount payable shall be verified by a firm of independent accountants of recognized standing selected by Lessor and reasonably acceptable to Lessee. The accounting firm shall determine whether Lessor's computations are mathematically accurate and are properly based on the assumptions required hereunder. If the accounting firm determines that a Lessor's computations overstate the amount to be paid by Lessee, then such accounting firm shall determine the correct amount to be paid, and such determination shall be final and binding in the absence of manifest error. If the verification results in a reduction in the amount to be paid by Lessee of 5 percent or more from the amount sought by Lessor, then the

costs of verification shall be borne by Lessor; otherwise, the costs of verification will be borne by Lessee.

(D) Exceptions. Lessee shall not be required to pay Lessor the amounts provided for in Paragraph C above if the Loss shall result solely as the direct result of any of the following events:

(i) Lessor shall fail to claim the Cost Recovery Deductions in its income tax returns for the appropriate years (unless Lessor has been advised by independent counsel reasonably acceptable to Lessee that no reasonable basis exists for such claim) or shall fail to follow the proper procedure in claiming such Cost Recovery Deductions and such failure to claim or follow such procedures, as the case may be, shall preclude Lessor from claiming such Cost Recovery Deductions;

(ii) Lessor shall not have sufficient income to benefit from the Cost Recovery Deductions;

(iii) Lessor shall, without the written consent of Lessee, at a time when no Event of Default has occurred and is continuing, voluntarily transfer legal title to dispose of or reduce its interest in the Equipment;

(iv) Lessor shall fail to take timely action in contesting a claim made by the Internal Revenue Service (or any state or local taxing authority) with respect to a Loss pursuant to Paragraph E below and Lessee is materially and adversely affected by such failure unless Lessee shall agree to such failure; or

(v) A Casualty Occurrence shall have occurred and Lessee shall have paid Lessor the Casualty Value of the Equipment and an other amounts due pursuant to Section O hereof.

(E) Contest. In the event a claim shall be made by the Internal Revenue Service (or any state or local taxing authority) which, if successful, would result in a Loss under circumstances which would require Lessee to indemnify Lessor for such Loss, Lessor hereby agrees to notify Lessee promptly of such claim, to forebear payment of the tax claimed for at least 30 days after giving such notice, to give to Lessee any relevant information requested by it relating to such claim which may be particularly within the knowledge of Lessor, other than the Lessor's tax returns, and, if Lessee shall request, within 30 days after such notice, request that such claim be contested, to take such action in connection with contesting such claim, including appropriate appeals from lower court decisions, as Lessee shall reasonably request in writing from time to time, but only if Lessee shall, contemporaneously with such initial request, have (i) made provision for Lessor's indemnification in a manner reasonably satisfactory to Lessor for any liability or loss which Lessor may from time to time incur as the result of contesting such claim, and reimbursement for all costs and expenses, including (without limitation) reasonable legal fees and expenses, which Lessor may incur in connection with contesting such claim, and (ii) furnished Lessor with an opinion of tax counsel, reasonably satisfactory to Lessor, to the effect that it is more likely than not that the Lessor shall prevail in such contest; provided, however, that at any time after having received such request from Lessee, Lessor, at its sole option, may enter into a reasonable settlement of such claim or may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service (or any state or local taxing authority, as the case may be) in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate court, selected by Lessor, or contest such claim considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed. In the event that Lessor chooses to pay the tax and sue for a refund, Lessee shall make Lessor an interest-free loan in the amount of such payment; if Lessor

subsequently receives a refund of all or part of such amount, it shall pay such refund to Lessee, together with interest thereon received by Lessor from the tax authority.

(F) All of Lessor's rights, privileges and indemnities contained in this Section 16 shall survive the expiration or other termination of the Agreement and the rights, privileges and indemnities contained herein are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns.

17. Reports. Within 120 days after the end of each fiscal year of Lease, Lessee shall furnish to Lessor financial statements of income and changes in financial condition of Lessor for such year and a balance sheet of Lessee as of the end of such year, examined by independent public accountants selected by Lessee and bearing the audit report of such accountants.

18. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Lessee may not without the prior written consent of Lessor, assign this Agreement or any of its rights or obligations hereunder or sublease any Cars to any party or assign any Cars to any party which consent shall not be unreasonably withheld. Any purported assignment or sublease in violation hereof shall be void. Lessee will not permit or suffer any encumbrances or liens to be entered or levied upon any Car, other than such as may arise by, through, or under Lessor or any assignee of Lessor's rights hereunder.

B. All rights of Lessor under this Agreement may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with notice to Lessee.

C. If any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to other persons or circumstances shall not be affected thereby, and each provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

D. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Lessor or its assignees in connection with the acquisition, financing or use of the Cars, in order to confirm the financing parties' interest in and to the Cars, this Agreement and Schedule hereto, and to confirm the subordination provisions contained in this Agreement.

E. Lessor's failure to exercise or delay in exercising any right, power or remedy available to Lessor shall not constitute a waiver or otherwise affect or impair its rights to the future exercise of any such right, power, or remedy. No waiver, indulgence or partial exercise by Lessor of any right, power, or remedy shall preclude any further exercise thereof or the exercise of any additional right, power or remedy.

F. Any notices required or permitted to be given pursuant to the terms of this Agreement shall be deemed given when given by telecopy or telex or made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor: Westinghouse Credit Corporation
Major Industries Financial Group
One Oxford Centre
Pittsburgh, PA 15219
Attn.: Manager, Rail Operations

Lessee: Southern Pacific Transportation Company
Intermodal Division
One Market Plaza
San Francisco, CA 94105
Attn.: R. W. Gelder

or to such other addresses as Lessor or Lessee may from time to time designate.

G. The terms of this Agreement and all rights and obligations hereunder shall be governed by the internal laws of the Commonwealth of Pennsylvania.

H. The obligations and liabilities of Lessor and Lessee hereunder shall survive the expiration or termination of this Agreement.

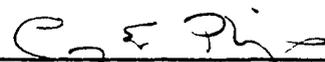
I. This Agreement represents the entire Agreement. This Agreement shall not be modified, altered, or amended, except by an agreement in writing signed by the parties.

J. This Agreement may be executed in any number of counterparts, and such counterparts together shall constitute but one and the same contract.

Lessor: WESTINGHOUSE CREDIT CORPORATION

Lessee: SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: 
Title: VP Portfolio Manager

By: 
Title: V P INTERNATIONAL DIVISION

Date: 7/24/89

Date: JULY 20, 1989

0757/F

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO)

SS:

On this 20th day of JULY, 1989, before me personally appeared CRAG E. PHILIP to me personally known, who being by me duly sworn says that such person is VICE PRESIDENT, INTERMODAL DIVISION of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that the foregoing Master Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Andro P. Micocci
Notary Public

0757/F

ANDRO P. MICOCCI
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Jan. 29, 1990

EXHIBIT A

ASSIGNMENT AND CONSENT
OF PURCHASE ORDER

THIS AGREEMENT dated as of _____, 1989 by and between WESTINGHOUSE CREDIT CORPORATION, its successors and assigns (the "Lessor") and SOUTHERN PACIFIC TRANSPORTATION COMPANY (the "Lessee").

Lessee has executed purchase orders (the "Purchase Orders") covering the purchase of certain items of railroad equipment (the "Cars") from certain suppliers (the "Suppliers"). Lessor and Lessee have entered into a Master Lease Agreement dated as of _____, 1989 (the "Agreement") pursuant to which Lessee has agreed to lease from Lessor the Cars referred to therein. (All terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Agreement.)

Lessee desires to lease rather than purchase the Cars described in Schedule _____ to the Agreement and Lessor is willing to acquire certain of Lessee's rights and interests under the Purchase Order(s) for such Cars.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessor and Lessee hereby agree as follows:

SECTION 1. ASSIGNMENT.

(a) Lessee does hereby assign and set over to Lessor all of Lessee's rights and interests in and to such Cars and the Purchase Orders as the same relate to such Cars including, without limitation, in such assignment (i) the right to purchase each Car pursuant to the related Purchase Order, and the right to take title to such Car and to be named the purchaser in the bill of sale for such Car, (ii) all claims for damages in respect of each Car purchased by Lessor arising as a result of any default by the Supplier thereof under the related Purchase Order, including, without limitation, all warranty and indemnity provisions contained in such Purchase Order, and all claims arising thereunder, in respect of such Car, and (iii) any and all rights of Lessee to compel performance of the terms of such Purchase Order.

(b) If, and so long as, no Event of Default under the Lease has occurred and is continuing, Lessee shall be, and is hereby authorized on behalf of Lessor in the name of Lessee to exercise all rights and powers of the purchaser under all Purchase Orders with respect to such Cars and to retain any recovery or benefit resulting from the enforcement of any warranty, indemnity or right to damages under the Purchase Orders or otherwise existing against the Supplier in respect of such Cars.

SECTION 2. CONTINUING LIABILITY OF LESSEE.

It is expressly agreed that, anything herein contained to the contrary notwithstanding: (a) Lessee shall at all times remain liable to the Supplier to perform all of the duties and obligations of the purchaser under the Purchase Orders to the same extent as if this Assignment and Consent had not been executed, (b) the execution of this Assignment and Consent shall not modify any contractual rights of the Supplier under the Purchase Orders and the liabilities of the Supplier under the Purchase Orders shall be to the same extent and continue as if this Assignment and Consent had not been executed, and (c) the exercise by the Lessor of any of the rights assigned hereunder shall not release Lessee from any of its duties or obligations to the Supplier under the Purchase Orders, (d) Lessor shall not have any obligation or liability under the Purchase Orders by reason of, or arising out of, this Agreement or be obligated to perform any of the obligations or duties of Lessee under the Purchase Orders by reason of, or arising out of, this Agreement or be obligated to perform any of the obligations or duties of Lessee under the Purchase Orders or to make any payment (other than under the terms and conditions set forth in the Lease) or to make any inquiry of the sufficiency of or authorization for any payment received by any Supplier or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

IN WITNESS WHEREOF, Lessee has caused this Agreement to be duly executed this _____ day of _____, 1989.

SOUTHERN PACIFIC TRANSPORTATION COMPANY,
Lessee

By _____

Its _____

The foregoing assignment is hereby accepted this ____ day of _____, 1989.

WESTINGHOUSE CREDIT CORPORATION, Lessor

By _____

Its _____

0757/I

CONSENT AND AGREEMENT

The undersigned Supplier(s) hereby consent(s) to the above Purchase Agreement Assignment and agree(s) not to assert any claims against Lessor which are inconsistent with the terms thereof.

IN WITNESS WHEREOF, the Supplier(s) has (have) caused this Consent and Agreement to be executed this _____ day of _____, 1989.

By _____

Its _____

0757/I

1

EXHIBIT B

CERTIFICATE OF INCUMBENCY

RE: Master Lease Agreement dated _____, 1989 between Westinghouse Credit Corporation and Southern Pacific Transportation Company.

I hereby certify that I am duly elected, qualified and presently serving _____ of SOUTHERN PACIFIC TRANSPORTATION COMPANY (the "Company"). I further certify that each of the persons listed below was duly elected to and on the date hereof holds the office set forth opposite his name and that the signature appearing opposite the name of such officer is the genuine signature of such officer. Such person has the power and authority to execute any and all documents on behalf of the Company relating to the above referenced transaction and to bind the Company to perform in accordance with the terms thereof.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company this ____ day of _____, 1989.

Name:
Title:

(Corporate Seal)

EXHIBIT C
(Specifications)

[See Attached]

0757/L

BUILDING SPECIFICATION
FOR A
MAXI-STACK IIITM FIVE-UNIT CONTAINER CAR
WITH
70-TON END TRUCKS AND 125-TON INTERMEDIATE TRUCKS
AND
48' END AND 48' INTERMEDIATE WELLS

FOR

SOUTHERN PACIFIC TRANSPORTATION COMPANY

MARCH 10, 1989
REVISED APRIL 20, 1989

GUNDERSON INC.
PORTLAND, OREGON

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GENERAL SPECIFICATIONS

GENERAL DESCRIPTION

The car is a five platform articulated railway car for hauling containers stacked two high.

End and intermediate units are capable of carrying two (2) 20' x 96" containers or one (1) 40' x 96" container or one (1) 45' x 96" container or one (1) 45' x 102" container or one (1) 48' x 102" container in the well and one (1) 40' x 96" container or one (1) 45' x 96" container or one (1) 45' x 102" container or one (1) 48' x 102" container or one (1) 53' x 102" container on top using IBC's.

DESIGN

Design and construction of the cars will conform to AAR Specifications for Design, Fabrication and Construction of Freight Cars, M-1001, revised January 1, 1987 (effective March 1, 1987) including Chapter VIII Design and Test Requirements for Trailer/Container Cars, except as follows; car does not meet impact requirement and exceeds Plate "C".

CLEARANCES

Limiting dimensions exceed plate "C".

INSPECTION

Customer may place as many inspectors as deemed necessary at car builder's works who have free access at all times to all drawings and work, that they may see that the provisions of this specification are complied with in every respect.

Material and details not conforming to specifications may be rejected and will be reworked or replaced by the car builder.

OWNERSHIP INFORMATION

Ownership information is stenciled on car body.

SUMMARY

Car is built in the best most substantial and workmanlike manner, according to the true intent and meaning of the specification, notwithstanding that everything is not particularly mentioned in this specification.

PRELIMINARY GENERAL DIMENSIONS

Overall length of 5-unit car, over coupler pulling faces....	304' 5 1/4"
Height, rail to container support surface (empty car).....	11 15/16"
Height, rail to container support surface (loaded contnr)...	9 7/8"
Height, rail to top of upper container (2 ea 9'6 1/2"empty).	20' 1 7/8"
Height, rail to top of upper container (2 ea 9'6 1/2"loaded)	20' 0"
Height, rail to center line coupler at light car.....	2' 10 1/2"
Truck centers, end.....	57' 10"
Truck centers, intermediate.....	58' 2 1/2"
Width over side sills.....	9' 10 5/8"
Inside width between side sills.....	8' 8 1/4"
Top of side sill to top of rail.....	57"
Well size (end unit).....	48' X 102 3/8"
Well size (intermediate unit).....	48' X 102 3/8"

WEIGHT/CAPACITY

Based on 157,500 lb truck load for 125-ton trucks:

1. Light weight.	Estimated	217,000 lbs
2. Capacity, net	Estimated	585,000 lbs
3. Gross rail load	Estimated	802,000 lbs
4. Capacity per end unit	Estimated	117,000 lbs
5. Capacity per intermediate unit.	Estimated	117,000 lbs

CURVE NEGOTIABILITY - HORIZONTAL

RADIUS

(a) Uncoupled.	180'
(b) Coupled to like car	288'
(c) Coupled to 40' base car.	285'

TRUCKS

GENERAL

The trucks are conventional three-piece trucks with integral stabilizing. Trucks under the extreme ends of the end units are the 70-ton type, 6" x 11" journals, 5' 8" wheel base with 33" wheels. Trucks under the inboard ends of the end units and under intermediate units are the 125-ton type, 7" x 12" journals, 6' 0" wheel base with 38" wheels. Spring groups (3 11/16" travel) are as appropriate for the capacity of the car. Body side bearings are the constant contact type. Intermediate unit bolsters have four side bearings. End unit bolsters have two side bearings. The 125-ton trucks are supplied with special elastic isolation pads between the roller bearing adapter and the side frame.

SIDE FRAMES

The 70-ton truck side frames are Grade B cast steel in B section in accordance with AAR Specifications M-203 and M-210. They are narrow pedestal type and have integral unit brake beam guides. Pedestal jaw roofs are prepared for and equipped with Transdyne wear plates. Column guides have wear plates secured with Grade 8 bolts and two-point welds. Side frames have cored holes for roller bearing retaining keys.

The 125-ton truck side frames are Grade C cast steel in an enhanced C section in accordance with AAR Specifications M-203 and M-210. They are narrow pedestal type and have integral unit brake beam guides. Pedestal jaw roofs are prepared for and equipped with TransDyne wear plates. Column guides have wear plates secured with Grade 8 bolts and two-point welds. Side frames have cored holes for roller bearing retaining keys.

BOLSTERS

The 70-ton truck bolsters are Grade B cast steel in B section in accordance with AAR Specifications M-202 and M-210. Center plate bowl is 1 3/4" deep by 16" in diameter with welded carbon steel horizontal wear plate and 1/4" x 2" welded stainless steel vertical wear ring.

Bolsters are rod through design for Ellcon National design truck mounted brakes. Friction pockets, designed for Ride Control stabilizer, have weld applied wear plates.

The 125-ton truck bolsters are Grade C cast steel in an enhanced C section in accordance with AAR Specifications M-202 and M-210. Center plate bowl is 1 3/4" deep by 16" in diameter with welded carbon steel horizontal wear plate and 1/4" x 2" welded stainless steel vertical wear ring.

Bolsters are rod through design for Ellcon National design truck mounted brakes. Friction pockets, designed for Ride Control stabilizers, have weld applied wear plates.

TRUCKS (Continued)

STABILIZERS

Stabilizers are ASF Ride Control design on the 70-ton and 125-ton trucks.

ROLLER BEARING ADAPTERS

Roller bearing adapters are AAR Specification M-924 for 7" x 12" bearings and narrow pedestal side frames. The 7" x 12" adapters have a special recess for application of elastic isolation pads. They are without heat indicators. The 6" x 11" bearing adapters are without heat indicators and have hardened crown and shoulders.

ROLLER BEARINGS

Roller bearings are 6" x 11" and 7" x 12".

AXLES

Axles are either raised wheel seat design with 6" x 11" journals, AAR Specification M-101, latest revision, Grade U, or raised wheel seat design with 7" x 12" journals, AAR Specification M-101, latest revision, Grade F.

WHEELS

The 33" wheels are one-wear CJ-33, Class C, 1 3/8" minimum rim thickness, The 38" wheels are CB-38, Class C, one-wear.

SIDE BEARINGS

Side bearings, constant contact type are attached to bolster with Grade 8 threaded fasteners.

SPRINGS

Springs are alloy steel, seven (7) outer D-5 and three (3) inner D-6 for 6" x 11" trucks, nine (9) outer D-5 and nine (9) inner D-6 for 7" x 12" trucks.

TRUCKS (Continued)

CENTER PINS

Center pins are 1 3/4" diameter A 576 Grade 1020 steel.

ROLLER BEARING RETAINER KEYS

Side frames are equipped with roller bearing retainer keys secured by lockbolts.

TECSPAK PADS

125-ton trucks are equipped with W.H. Miner's "Tecspak pad" devices at interface between pedestal jaw and adapter.

CAR BODY

SIDE SILL

Side sills consist of upper channel members, outside vertical side sheets and lower angular members (bottom flange). All are 50,000 psi minimum yield point steel.

BODY BOLSTER

Body bolster is built-up welded design. End units consist of an enclosed box section extending from side sill to side sill. Intermediate units and articulated end of end units consist of an enclosed box section extending from side sill to side sill. Interior diaphragms are provided at the side bearing support arms, and at the side sill connection. Top cover plates and webs are Charpy tested to 15 ft. lbs. at -20 degrees F.

CENTER SILL

End center sill is a built-up welded zee design. Bottom flanges are 3/4" A 572 Grade 50 steel, vertical webs are 5/8" A 572 Grade 50 steel, and top cover plate is 5/8" A 572 Grade 50 steel. Bottom flanges and vertical webs are Charpy tested to 15 ft. lbs. at -20 degrees F.

Intermediate center sill is a built-up welded box design. Bottom cover plates are 1/2" A 572 Grade 50 steel, vertical webs are 9/16" A 572 Grade 50 steel, and top cover plates are 11/16" A 572 Grade 50 steel. Bottom cover plates and vertical webs are Charpy tested to 15 ft. lbs. at -20 degrees F.

BODY CENTER PLATE (END UNIT)

Body center plate is 15 7/8" diameter cast weld applied design with its wear surface heat treated to Brinnell Hardness 375 minimum.

ARTICULATED CONNECTION

Articulated connection is cast steel with 15 7/8" diameter center plate. It is the heavy duty design for use with 125-ton trucks.

CAR BODY (Continued)

BODY SIDE BEARINGS

End truck body side bearings are 5" wide steel to Brinnell Hardness 325-375 and secured to 1/2" A 36 steel filler and side bearing extension arms with two (2) 3/4" high-strength hex drive bolts, hardened washers, and hex nuts, fully torqued to recommended standards. Nut is tack welded to bolt after torquing.

Intermediate truck body side bearings are 6" wide steel to Brinnell Hardness 325-375 secured to the body side bearing support arm with two (2) 3/4" high-strength hex drive bolts, fully torqued to recommended standards. Nut is tack welded to bolt after torquing.

JACKING PADS

Bolster is reinforced for jacking fully loaded car off the trucks.

TRUSS ASSEMBLY

The truss assembly is an "X" type with transverse members of tubing - TS 4" x 2" x 1/8". The side sill lower flange extends into the well to provide the function of longitudinal stringers.

The purpose of the truss assembly is to help support the container floor should the floor fail, and to provide lateral stiffness to the side sills.

CONTAINER SUPPORTS

All units support the containers at the 40' locations and 20' location (middle of car). Middle support is 1 1/8" A 710 steel and end supports are 1 1/2" A 710 steel. Both are lock bolted to side sill.

DRAFT GEAR ARRANGEMENT

COUPLERS

Couplers are SBE60DE with 6 1/4" x 8" x 21 1/2" rigid shank, slotted tail, and are bottom operating. Cotter is removed from bottom of knuckle pin prior to shipment of car.

COUPLER CARRIER WEAR PLATES

Coupler carrier wear plates are manganese steel.

COUPLER RELEASE RIGGINGS

Coupler release riggings are standard for bottom operating coupler.

YOKES

Yokes are Y40AE meeting requirements of AAR Specification M-205.

DRAFT GEAR CARRIER PLATES

Draft gear carrier plates, four (4) per car, are 5/8" x 8" A 36 pressed steel and each is attached to center sill flanges with six (6) 7/8" lock bolts.

DRAFT GEARS

Draft gears are AAR M-901G for 24 5/8" pocket.

DRAFT GEAR FOLLOWERS

Draft gear followers are Y44.

DRAFT KEYS

Draft keys, two (2) per car, are 1 1/2" x 6" round edge section of A 576 Grade 1045 quenched and tempered to BHN 262-302.

DRAFT GEAR ARRANGEMENT (Continued)

FRONT DRAFT LUGS

Front draft lugs with integral draft key slot are AAR M-201 Grade C cast steel.

REAR DRAFT LUGS

Rear draft lugs are AAR M-201 Grade B cast steel.

STRIKERS

Strikers, all welded type, are 1 1/2" x 3 1/2" A 572 Grade 50 steel top section, TS 6"x 4"x 1/2" A 500 Grade B steel bottom section and 1/2" x 3" A 572 Grade 50 steel tie plates.

SAFETY APPLIANCES

Safety appliances comply with AAR and FRA requirements and the first car is inspected by an FRA inspector.

HANDHOLDS

All handholds are 3/4" round bar forgings of A 576 Grade 1015 steel. They are secured with 5/8" diameter fasteners.

END PLATFORM

End platform is one-piece perforated design extending from side sill to side sill and mounted according to DOT requirements.

SILL STEPS

Sill steps are 1/2" x 1 3/4" A 36 steel located at each corner of end cars and fastened to side sill with 5/8" diameter lock bolts.

BRAKE SYSTEM

AIR BRAKES - ABDW

Details of installation conform with Specification No. 2518, latest revision "Installation Freight Car Brake Equipment" except the requirement for auxiliary brake pipe devices.

ABDW control valve, fabricated reservoir, retainer valve and branch pipe tee are equipped with socket welded flanged pipe fittings.

Any hose found porous or leaking around fittings or otherwise defective and any cocks found leaking at top of key are replaced.

EMPTY LOAD DEVICES

To maintain a minimum brake shoe force of 8.5% of the gross rail load of the 5-unit car, 10" diameter brake cylinders are required on the intermediate trucks.

To maintain maximum brake shoe force of 30% of the light weight of the 5-unit car, empty-load devices are used. End trucks have 7 1/2" diameter cylinders and do not require empty-load brakes.

PIPING

Extra strong steel pipe is used for all piping. All piping is secured to underframe of car with wedge type pipe anchors. Maximum unsupported span is 8' 0". Individual pipes are formed to accurate shape before application to car. Strain on pipe and flanged unions caused by forcing them in place to obtain connection is avoided.

Pipe connections are made with either adjustable (swivel) socket welded fittings or all welded couplings.

All pipes are hammered and blown free of dirt with dry air before they are connected to air brake equipment.

Two sets of gladhand hoses, in addition to those at end of car, are in the 1 1/4" trainline piping system, for isolating control valves so the valves may be individually tested.

Three-quarter inch (3/4") pipe is used in the brake cylinder line on the end unit systems (trucks 1, 2, 5, and 6). One-half inch (1/2") pipe is used in the brake cylinder line on the middle system (trucks 3 and 4) to maintain the correct volumetric relationship.

BRAKE SYSTEM (Continued)

BRAKING RATIO

Braking ratio is in accordance with DOT requirements and AAR Interchange Rules.

HAND BRAKE

Two (2) AAR 1980 intermediate powered, vertical wheel, non-spin, quick release type (long handle) hand brakes are used. Each hand brake actuates brakes on two (2) trucks, one (1) end truck and one (1) intermediate truck.

BRAKE EQUIPMENT

Three (3) control valves are used. All six trucks have air brakes.

End trucks have truck mounted brakes with 7 1/2" diameter cylinders. Intermediate trucks have truck mounted brakes with 10" diameter cylinders.

SLACK ADJUSTER

Truck mounted brake system has a double acting automatic slack adjuster in each truck.

BRAKE SHOES

Brake shoes are two inch (2") high-friction composition type, AAR H-4 designation.

BRAKE BEAMS

Brake beams are AAR Standard No. 24 with hardened bushings and with metal shoe rejection lugs.

BRAKE PINS

Brake pins are C1050 steel, turned or drop forged or induction hardened to Rockwell C60-63 to a depth of 0.080" - 0.100". Minimum diameter of pins is 1 3/32". All brake pins are secured with 5/16" Loctite cotter keys. Holes for brake pins are drilled.

BRAKE SYSTEM (Continued)

BRAKE SHOE KEYS

Brake shoe keys are spring type.

TRUCK LEVERS AND CONNECTIONS

Truck levers and connections are flame cut and forged steel design. Dead lever fulcrum is mounted on truck bolster.

BODY LEVER

Body lever is flame cut from A 36 steel.

BRAKE RODS

Brake rods are 7/8" diameter A 36 steel.

BADGE PLATES

Stainless steel badge plates showing brake lever dimensions are applied to car in visible locations near control valves.

ANGLE COCKS

Ball type angle cocks are used and they are threaded onto a nipple which is secured to brake pipe with a threaded coupling.

RELEASE ROD

Release rod is 1/2" diameter A 576 Grade 1020 steel with closed loop ends and arranged for in-line operation of brake cylinder release valve.

AUXILIARY BRAKE PIPE DEVICES

There are two (2) KM-2 valves, one located on each end air brake system.

PAINING

CLEANING

All steel surfaces that are painted with DTM paint are blasted before painting. Trucks, hand brake, etc., are not removed during blasting but are adequately protected.

INACCESSIBLE SURFACES

Metal-to-metal lap joints are painted with weldable primer before assembly.

EXTERIOR AND UNDERFRAME

Exterior surfaces are painted with a direct-to-metal paint to 3 mils minimum dry-film thickness. All paints are lead free in accordance with Gunderson's paint specifications for all railcars.

STENCILING

Stenciling is in accordance with AAR Manual of Standards and Recommended Practices, Section L. Stenciling is 2 mils minimum dry-film thickness.

TRUCKS

Trucks, as received from truck manufacturer, have fog coat of light-bodied black paint. Trucks are stenciled with customer's reporting marks and car number on side of each bolster facing outboard end of car.

DEFECT CARD RECEPTACLE

Defect card receptacle, one (1) per car, is welded to side sill on reservoir side of car. Receptacle is painted same color as exterior car body.

ROUTE CARD BOARDS

Route card boards, two (2) per car, are secured with formed steel brackets welded to car side. Route card boards are painted same color as exterior car body.

SECUREMENTS

BOLT AND NUT THREADS

Unless otherwise specified, all bolts and nuts are threaded to coarse thread series in accordance with the Unified Screw Thread Standard Class 2A External and Class 2B Internal Threads for Class 2 fit of the American Standard for Screw Threads.

BOLT HEADS AND NUTS

All bolt heads, except as noted, are in accordance with American Standard Regular Hexagon.

All nuts are American Standard per ASTM Specification A 307 or stronger, unless otherwise specified.

High-strength bolts are ASTM Specification A 325 or stronger, unless otherwise specified.

SELF-LOCKING NUTS AND SCREWS

Self-locking nuts meeting AAR Specification M-922 are used on bolts securing ABDW valve, combined reservoir, brake cylinder, retainer valve, and angle cock "U" bolts to car body supports.

Self-locking cap screws meeting AAR Specification M-922 are used for securing all flanged pipe fittings on reservoir, ABDW valve, brake cylinder and retainer valve.

RIVETING AND LOCK BOLTING

Riveting and lock bolting applications are in accordance with Chapter V of the AAR Manual of Standards and Recommended Practices, Section C - Part II.

WELDING

Welding practice is in accordance with Chapter V of the AAR Manual of Standards and Recommended Practices, Section C - Part II.

EXHIBIT D
(Warranty)

0757/L/2

Annex 1

Casualty Values

SETTLEMENT DATE	TERMINATION AMOUNT
1 AUG 1989	101.06493500
1 SEP 1989	101.29009026
1 OCT 1989	101.51229416
1 NOV 1989	101.73149275
1 DEC 1989	101.93791506
1 JAN 1990	102.14122437
1 FEB 1990	102.34139547
1 MAR 1990	102.52862617
1 APR 1990	102.71253349
1 MAY 1990	102.89325598
1 JUN 1990	103.06734303
1 JUL 1990	103.22548514
1 AUG 1990	103.38012338
1 SEP 1990	103.51865924
1 OCT 1990	103.65353250
1 NOV 1990	103.78471350
1 DEC 1990	103.89950221
1 JAN 1991	104.01063688
1 FEB 1991	104.11773531
1 MAR 1991	104.20844889
1 APR 1991	104.29505129
1 MAY 1991	104.37759074
1 JUN 1991	104.45041743
1 JUL 1991	104.51374572
1 AUG 1991	104.57280255
1 SEP 1991	104.62224949
1 OCT 1991	104.66731258
1 NOV 1991	104.70795634
1 DEC 1991	104.73884114
1 JAN 1992	104.76519182
1 FEB 1992	104.78697168
1 MAR 1992	104.79883986
1 APR 1992	104.80601997
1 MAY 1992	104.80847404
1 JUN 1992	104.80380657
1 JUL 1992	104.79420353
1 AUG 1992	104.77973353
1 SEP 1992	104.76025877
1 OCT 1992	104.73583709
1 NOV 1992	104.70643353
1 DEC 1992	104.67189416
1 JAN 1993	104.63229100
1 FEB 1993	104.58759307
1 MAR 1993	104.53761541
1 APR 1993	104.48245907
1 JUN 1993	104.42207203
1 JUL 1993	104.35636146

Annex 1
Casualty Values
(Continued)

SETTLEMENT DATE	TERMINATION AMOUNT
1 AUG 1993	104.21615533
1 SEP 1993	104.14152259
1 OCT 1993	104.06153233
1 NOV 1993	103.97533082
1 DEC 1993	103.89908772
1 JAN 1994	103.79635417
1 FEB 1994	103.69908570
1 MAR 1994	103.59793119
1 APR 1994	103.49199089
1 MAY 1994	103.38048948
1 JUN 1994	103.25490850
1 JUL 1994	103.14720133
1 AUG 1994	103.02375706
1 SEP 1994	102.89912294

SCHEDULE NO. 1

THIS SCHEDULE No. 1 ("Schedule") to that certain Master Lease Agreement, (the "Agreement") made as of July 20, 1989 between WESTINGHOUSE CREDIT CORPORATION, as lessor ("Lessor"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, as lessee ("Lessee") is made ^{up of} this 20th day of July, 1989, between Lessor and Lessee.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.

2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR	Dimensions	No.				
MECH	Inside	of				
Design Description	Numbers	Length	Width	Height	Cars	Cost
125-Ton Articulated Double Stack Con- tainer Cars - Maxi III					(40)	\$.

Permitted Commodity - Containers

3. A. The term of the Agreement with respect to each car described in this Schedule shall commence (the Commencement Date) on the earlier to occur of (i) the date that the last Car has been delivered as certified by execution by Lessor of the

Manufacturer's Certificate of Acceptance or Delivery ("Delivered"), or (ii) sixty (60) days from the date that the first car described in this Schedule was Delivered, and shall continue for a period of sixty (60) months, (the "Initial Term"). Cars Delivered prior to the Commencement Date shall pay Interim Rents equal to the daily equivalent of the Fixed Rent, payable on the Commencement Date.

B. Provided that no default hereunder or under the Agreement has occurred, Lessee shall have the right to terminate this Schedule prior to the expiration of the Initial Term only upon delivery to Lessor of written notice of no less than one hundred twenty (120) days of such intent to terminate: (i) to be effective only on a date during the period after the 36th rental payment hereunder but prior to the due date of the 37th rental payment hereunder and subject to payment with such notice of a termination fee in an amount equal to percent of the Lessor's total original cost of equipment as set forth in Section 2 hereto; or (ii) to be effective only on a date during the period after the 48th rental payment hereunder but prior to the due date of the 49th rental payment hereunder and subject to payment with such notice of a termination fee in an amount equal to 11.89 percent of the Lessor's total original cost of the equipment as set forth in Section 2 hereto. Payment of such termination fee is a precondition of an effective termination hereunder and is due on or before the effective date of such termination. Lessee shall not have the right to terminate this Schedule or the Agreement except as expressly provided herein. Time shall be of the essence as to all dates of notice and performance hereunder.

C. Provided that this Schedule has not been earlier terminated and Lessee is not in default hereunder or under the Agreement, Lessee may by written notice delivered to Lessor not less than one hundred twenty (120) days prior to the end of the Initial Term, irrevocably elect to extend the term of this Agreement in respect to all but not less than all of the Cars

leased hereunder for an additional period to be mutually agreed to by the parties, but in no event for a period of less than three (3) years (the "Renewal Term") commencing at the expiration of the Initial Term. All the terms and provisions of this Agreement shall be applicable during the Renewal Term, except that the amount of the Fixed Rent and the Variable Rent shall be increased for the Renewal Term to the fair market rental value thereof, which shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing lessee-user (other than a lessee currently in possession) similar to Lessee and an informed and willing lessor-owner, in each case under no compulsion to lease and, in such determination, the cost of removal from the location of current use shall not be a reduction from such value, provided, however, that in no event shall such adjusted rent be less than the Fixed Rent and Variable Rent provided for in Sections 7 and 8 of this Schedule. If 90 days prior to the end of the applicable Term, Lessor and Lessee are unable to agree upon a determination of such fair market rental value, such value shall be determined by an Appraiser. "Appraiser" shall mean an independent appraiser selected by Lessor and Lessee or, if Lessor and Lessee are unable to agree upon such selection, three independent appraisers, one selected by Lessor, one selected by Lessee and one selected by the first two appraisers. The appraiser shall be instructed to make his determination within 30 days following appointment and to communicate such determination promptly in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. If a single appraiser is appointed, his determination shall be final. If three appraisers are appointed, the average of the determinations (after excluding any determination which varies from the average by more than 25%) shall be final. The fees and expenses of a single appraiser, if a single appraiser is used, and of the third appraiser, if three are used, shall be borne equally by Lessor and Lessee and the fees and expenses of an appraiser appointed by Lessor or Lessee shall be borne by each of them, respectively. Prior to the commencement

of any Renewal Term, this Schedule shall be amended to set forth the Basic Rent and Variable Rent for the Renewal Term.

4. Each Car shall be moved to Lessee's railroad line at no cost to Lessor at the earliest time that is consistent with the mutual convenience and economy of the parties.

5. Lessee shall perform all of the registration and record keeping required for the Cars described in this Schedule, as described in Section 4 of the Agreement.

6. Lessee shall be liable for any and all sales, use or gross receipts taxes (excluding, however all taxes on or measured by Lessor's net income) imposed upon the Cars or upon car hire payments, including payments for time and mileage, for the purchase, delivery, use or handling of the Car during the term of this Schedule.

7. A. The Fixed Rent ("Fixed Rent") shall be ~~000000~~ ~~000000000000~~ dollars and ~~000000~~ cents (~~000000~~) per Car per month for each full calendar month ("Month") during the Initial Term; provided, however, that the Fixed Rent shall be increased in the event that the actual cost per car exceeds the cost set forth in Section 2 hereof. The Fixed Rent shall be due and payable without any demand, notice, abatement, reduction, counterclaim or offset, except as otherwise expressly provided in the Agreement or herein.

B. Lessee shall pay to Lessor the Fixed Rent, and any and all taxes paid by Lessor and reimbursable to Lessor, as Additional Rent hereunder, in advance, on the first day of each month during the Initial Term and any Renewal Term. Fixed Rents shall be sent to:

Westinghouse Credit Corporation
Major Industries Financial Group
One Oxford Centre
Pittsburgh, PA 15219
ATTN.: Manager Rail Car Operations

Mileage and Per Diem payments paid or allowed by railroads with respect to the Cars shall be property of Lessee.

8. A. The Variable rent ("Variable Rent") shall be \$. per car per mile commencing on the Commencement Date, and shall remain at such a rate for thirty-six (36) months of the Initial Term. Any and all Cars Delivered prior to the Commencement shall pay Interim Variable Rent equal to _____ cents per car per mile payable on the Commencement Date. Any incremental mileage in excess of one hundred fifty thousand (150,000) miles per year for any Car ("Incremental Mileage"), during any year of the Initial Term or any Renewal Term commencing on the date a Car was Delivered will be charged a rate of \$.07 per car per mile. The Variable Rent of \$.065 per car per mile and the rate for any Incremental Mileage will be subject to annual escalation, on each anniversary, beginning with the third anniversary of the date hereof, for the following year, beginning with an escalation effective as of the beginning of the thirty-seventh (37th) month from the Commencement Date based on a formula tied to the AAR increase in the labor rate as set forth in Exhibit B attached.

The Lessee shall pay to the Lessor the Variable Rent on the first day of each Month following the month that the applicable mileage is determined, but, in no event later than sixty (60) days after such month ends, during the Initial Term and any Renewal Term. Unless Lessor notifies Lessee in writing to the contrary, Variable Rents shall be sent to:

Westinghouse Credit Corporation
Major Industries Financial Group
One Oxford Centre
Pittsburgh, PA 15219
ATTN.: Manager Rail Car Operations

9. Upon the expiration or termination of the Agreement with respect to the Car(s) described in this Schedule, without demand by Lessor, Lessee, at its sole expense, shall return such Car(s) to Lessor, pursuant to the terms of this paragraph and Section 13 of the Agreement uncontaminated and in the same condition as received, less wear and tear, and in a condition fit for interchange between railroads signatory to railroad agreements that have handled this equipment while under control of Lessee and free of liens arising by, through or under Lessee, by delivering it to Lessor at maintenance, storage or terminal facility on Lessee's line as Lessor designates to Lessee in writing. Rent for each Car shall cease only when each such car is returned in the above condition to the point referenced above. Upon request, Lessee will store Car(s) for up to thirty (30) days from the date rent for such car ceases as provided for above, free of charge at Lessor's risk, except for losses and claims arising from Lessee's gross negligence.

10. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.

11. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

WESTINGHOUSE CREDIT
CORPORATION

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: 
Title: V.P. Potholakis Manager
Date: 7/24/89

By: 
Title: V P INTERNATIONAL DIVISION
Date: JULY 20 1989

0757/M

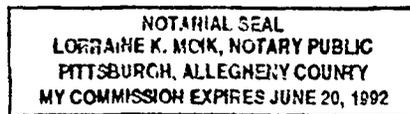
STATE OF Pennsylvania)
COUNTY OF Allegheny)

SS:

On this 24th day of July, 1989, before me personally appeared Thomas C. Rieker to me personally known, who being by me duly sworn says that such person is Vice President Portfolio Management of WESTINGHOUSE CREDIT CORPORATION, that the foregoing Schedule No. _____ was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Lorraine K. Moik
Notary Public

0757/M/7



Member, Pennsylvania Association of Notaries

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO)

SS:

On this 20th day of JULY, 1989, before me personally appeared CRAIG F. PHILIP to me personally known, who being by me duly sworn says that such person is VICE PRESIDENT INTERNATIONAL DIVISION of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Andro P. Micocci
Notary Public

0757/M/8

ANDRO P. MICOCCI
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Jan. 29, 1990

EXHIBIT B TO SCHEDULE NO.

MAINTENANCE ESCALATION FACTOR

This Exhibit details the Variable Rent to be used for months 37 through 60 inclusive pursuant to Section 8.A. of the Schedule to the Master Lease.

1. For months 37 through 48 inclusive, the Variable Rent charge per car per mile will be equal to the product of the applicable mileage charge, \$0.065 per car per mile for all miles up to 150,000 miles per car per year and \$0.07 per car per mile for all miles in excess of 150,000 miles per car per year, times a fraction the numerator of which is the AAR Labor Rate as of the January 1 immediately FOLLOWING the third anniversary of this agreement and the denominator of which is the AAR Labor Rate as of the January 1 immediately PRECEDING the January 1 of the third anniversary of this agreement.

APPLICABLE MAINTENANCE =	APPLICABLE x	AAR LABOR RATE AS OF THE
FACTOR PER CAR PER MILE	MILEAGE	JANUARY 1 IMMEDIATELY
	CHARGE	FOLLOWING THE THIRD
		ANNIVERSARY OF THIS
		AGREEMENT
		<u>AAR LABOR RATE AS OF THE</u>
		JANUARY 1 IMMEDIATELY
		PRECEDING THE THIRD
		ANNIVERSARY OF THIS
		AGREEMENT

2. For months 49 through 60 inclusive, the Variable Rent charge per car per mile will be equal to the product of the applicable mileage charge, \$0.065 per car per mile for all miles up to 150,000 miles per car per year and \$0.07 per car per mile for all miles in excess of 150,000 miles per car per year, times a fraction the numerator of which is the AAR Labor Rate as of the January 1 immediately FOLLOWING the third anniversary of this agreement and the denominator of which is the AAR Labor Rate as of the January 1 immediately PRECEDING the January 1 of the third anniversary of this agreement.

APPLICABLE MAINTENANCE =	APPLICABLE x	AAR LABOR RATE AS OF THE
FACTOR PER CAR PER MILE	MILEAGE	JANUARY 1 IMMEDIATELY
	CHARGE	FOLLOWING THE THIRD
		ANNIVERSARY OF THIS
		AGREEMENT
		<u>AAR LABOR RATE AS OF THE</u>
		JANUARY 1 IMMEDIATELY
		PRECEDING THE THIRD
		ANNIVERSARY OF THIS
		AGREEMENT