

1-105A001

OSTER Researching Services

12897 Colonial Dr • Mt Airy, Md 21771
301-253-6040

17283

FILED IN

APR 15 1991 -10 00 AM

INTERSTATE COMMERCE COMMISSION

April 15, 1991

Ms. Mildred Lee
Recordations Unit
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. Lee:

Please find enclosed a Locomotive Operating Lease Agreement dated January 25, 1991, between the following parties:

Lessor: Electro-Motive Division,
General Motors Corporation
LaGrange, IL 60525

Lessee: Eaton Corporation
4625 N. 30th Street
Milwaukee, WI 53216

The equipment involved in this agreement is as follows:

Equipment: 1, SD-45 Locomotive
EMD 3135

Please file this agreement as a primary document. The filing fee of \$15 is enclosed. Thank you for your assistance.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

APR 15 9 56 AM '91
RECORDATIONS UNIT

Counterparts May 2, 1991

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

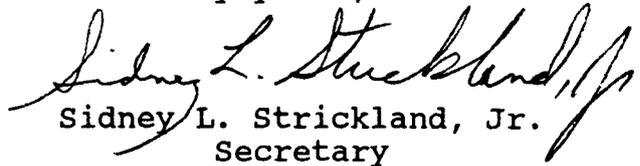
4/15/91

Mary Ann Oster
Oster Researching Services
12897 Colonial Drive
Mt. Airy, Md. 21771

Dear Sirs.

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/15/91 at 10:00AM, and assigned recordation number(s). 17283 and 17284.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

EATON CORPORATION

17283

RECORDS NO _____ FILED IN

LOCOMOTIVE OPERATING LEASE AGREEMENT

APR 15 1991 -10 00 AM

INTERSTATE COMMERCE COMMISSION

THIS LEASE ("Lease"), made and entered into as of this 25th day of January, 1991, ~~1990~~, by and between Electro-Motive Division, General Motors Corporation, a Delaware corporation, hereinafter called "Lessor", and the Eaton Corporation, an Ohio corporation, hereinafter called "Lessee".

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

1. Lease: Lessee agrees to lease from Lessor the locomotive described in Schedule A, together with all replacement parts, additions, repairs and accessories incorporated therein and/or affixed thereto (the "Locomotive(s)"). All Locomotives presently bear General Motors reporting marks.

The Lessee will cause the Locomotives to be kept numbered with the identification numbers set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of the Locomotive, in letters not less than one inch in height, the words "General Motors Corporation, Electro-Motive Division, Owner", with appropriate changes thereof as from time to time may be required by law, in the opinion of the Lessor, in order to protect the Lessor's title to and interest in the Locomotive and the rights of the Lessor under this Lease. The Lessee will not place the Locomotive in operation or exercise any control or dominion over the same unless such words are so marked and

will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identification number of the Locomotive(s) unless and until a statement of the new number to be substituted therefor shall have been filed with the Lessor and duly filed and deposited by the Lessee in all public offices where this Lease shall have been filed and deposited.

The Lessee will not allow the name of any person, association or corporation to be placed on any Locomotive as a designation that might be interpreted as a claim of ownership.

2. Rent: This Lease shall commence with respect to the Locomotive when both the dynamic brake test hatch and Locomotive are delivered to Lessee's designated location and shall continue according to the schedule as provided in Schedule B, and rent will commence with respect to each Locomotive on date of acceptance by the Lessee, which date is herein called the "Rent Commencement Date" and shall continue according to the terms on Schedule B. The Daily Rental shall be \$233 per day payable on a monthly basis. Lessee shall be entitled to a reduction in rent of \$233 per day for each day a Locomotive is out of service during an overhaul or other repair which is Lessor's responsibility under Exhibit A. ~~Lessee agrees to provide to Lessor free storage of the Locomotives on Lessee's premises for 60 days after termination of this Lease.~~ K1

Lessee shall not be entitled to any reduction of rent or setoff, counterclaim, recoupment or defense against rent or any other amount payable hereunder for any reason whatsoever, including, but not limited to,

reductions, setoffs, counterclaims, recoupments or defenses 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 otherwise provided herein; nor shall this Lease terminate or the obligations of Lessee be otherwise affected by reason of any defect in the condition, design, operation or fitness for use of the Locomotive or damage to or loss of possession or use or destruction of such Locomotive from whatever cause and of whatever duration, except as otherwise provided herein. Lessee acknowledges that: Lessor has no knowledge or information as to the condition or suitability for Lessee's purpose of the Locomotives and Lessor's decision to enter into this lease is made in reliance on Lessee's undertakings herein, including Lessee's express agreement not to assert against Lessor any claims, defenses, setoffs or counterclaims it may now or hereafter have against the Lessor.

3. Warranties and Representations: LESSEE ACKNOWLEDGES THAT LESSOR HAS NO KNOWLEDGE OR INFORMATION AS TO THE CONDITION OR SUITABILITY FOR LESSEE'S PURPOSE OF THE LOCOMOTIVES AND LESSOR'S DECISION TO ENTER INTO THIS LEASE IS MADE IN RELIANCE ON LESSEE'S UNDERTAKINGS HEREIN. LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE LOCOMOTIVES, 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 LOCOMOTIVES, 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 LOCOMOTIVES, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY LOCOMOTIVES. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages.

4. Place of Payment of Rent: Lessee shall wire transfer in immediately available funds in payment of the daily/weekly/monthly rent to the following account:

Electro-Motive Division
General Motors Corporation
c/o 1st National Bank of Chicago
Account No. 50-63191
"Rental Income Account"
Attn: Assistant Comptroller

or other such account as Lessor shall designate in writing thirty (30) days in advance of a payment date.

5. Recordkeeping; Inspection: Lessee agrees to keep and maintain and make available to Lessor such record of Lessee's use, operation, inspection, repairs and maintenance of the Locomotives while in its possession as

shall be reasonably requested by Lessor and such as Lessee normally maintains. Lessor, by such agent or agents as it may designate, shall have the right at all reasonable times to go upon the property of Lessee to inspect the Locomotives while in the possession of Lessee.

Within five days of the end of the lease term, the Lessee will furnish to the Lessor a certificates signed by the chief mechanical officer or other designated officer of the Lessee (a) setting forth the repairs performed on the Locomotives during the preceding calendar year, or through end of lease term, as applicable, and such other information regarding the condition and state of repair of the Locomotives as the Lessor may reasonably request and (b) stating that, if the Locomotives shall have been repainted during the period covered by such statement, the numbers and markings required by Section 1 hereof have been preserved or replaced. The Lessor, at its sole expense, shall have the right by its agents to inspect the Locomotives and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the term of this Lease. Lessor agrees that all employees agents, or others, at its request, will sign a Release of Liability form as a pre-condition to coming on to Lessee's property.

The Lessee shall promptly notify the Lessor of any occurrence of an event of default or default, specifying such event of default or default and the nature and status thereof.

6. Loss, Accident or Destruction: In the event that a Locomotive during the term hereof shall become lost, stolen, destroyed, irreparably damaged, permanently rendered unfit for use, or, in the reasonable joint opinion of the Lessee and Lessor, worn out or damaged beyond the economic limit of repair, from any cause whatsoever, (such occurrences being hereinafter called "Casualty Occurrences"), Lessee shall notify Lessor of such Casualty Occurrence. Lessee is responsible for insuring or self insuring the Locomotives. Upon a Casualty Occurrence and in addition to all other sums payable under the terms of the Lease, the Lessee shall cause to be paid to the Lessor \$225,000 per Locomotive, (herein after "Casualty Value") within thirty (30) days of notice of such Casualty Occurrence. The proceeds of any insurance carried by Lessee shall be paid directly to Lessee and Lessee shall retain any proceeds that are in excess of Casualty Value. Upon making such payment of the Casualty Value in respect of any Locomotive(s), rentals on such Locomotive(s) shall cease as of the date of such payment, the term of this Lease as to such Locomotive(s) shall terminate, and title to and rights in such Locomotive(s) shall there upon vest in the Lessee; provided, however, that Lessor has the option, to be exercised within fifteen (15) days after the Lessee's notice of a Casualty Occurrence, to retain any Locomotive the subject of a Casualty Occurrence, upon payment to Lessee of the scrap or salvage value of such Locomotive, to be determined as agreed by Lessor and Lessee, or failing such agreement by the average of the bids placed upon the whole of such scrap or salvage by three independent parties; and provided, further that, in no event shall Lessor be required to pay more than \$225,000.

In the event that a Locomotive is taken or requisitioned by condemnation or otherwise by the United States Government for a period of which shall exceed the remaining term hereof, or by any other government or governmental entity resulting in the loss of possession by the Lessee for a period of sixty (60) consecutive days, Lessor shall relieve Lessee from rental payments for the Locomotive effective with the date Locomotive was first requisitioned or condemned by said governmental agency and settle with that governmental agency for any proceeds that Lessor is entitled and Lessee shall immediately pay over to Lessor any proceeds received by Lessee that is compensation for Lessor's loss of its ownership interest in the Locomotives. For any periods of condemnation of less than sixty days the Lessee will continue to pay rental and handle with and retain any proceeds collected from the governmental agency.

In the event of an accident, Lessee shall be liable for the repair of the Locomotive and any rental payments hereunder. Lessee and Lessor will jointly determine the repair cost. If Lessee and Lessor are unable to agree on the cost of repairs, Lessor will obtain third party bids for such repair.

7. Indemnity: The Lessee agrees to indemnify, protect and hold harmless the Lessor from and against all losses, damages, injuries, liabilities, claims (including, without limitations, claims for strict liability in tort) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties, and interest, arising from or caused

directly by: (a) Lessee's failure to promptly perform any of its obligations under the provisions of Sections 2, 6 and 16 of this Lease, or (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation of any or all of the Locomotives or its location or condition, or (c) inadequacy of the Locomotives, or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that (i) Lessor shall give Lessee written notice of any such claim or demand, (ii) Lessee shall not be required to indemnify Lessor for any loss, liability or expense resulting from the gross negligence or willful misconduct of Lessor or from the disposition by Lessor of any or all of the Locomotives, or any interest therein, and (iii) Lessee shall not be required to indemnify Lessor from any losses, liabilities, damages, injuries, or claims occurring after the redelivery of the Locomotives where a joint inspection shall take place. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

Except as otherwise expressly provided in this Lease, the Lessee shall bear the responsibility and risk for, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of the Locomotive.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required filing date (or to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Locomotives, or the leasing thereof to the Lessee.

8. Compliance with Law; Repair and Maintenance: Lessee shall comply with FRA, the interchange rules of the Association of American Railroads and all other applicable governmental laws, regulations and requirements and other binding regulations with respect to use, maintenance and operation of the Locomotives during this Lease. The Lessee shall use the Locomotives only in the manner for which designed and intended and so as to subject them only to ordinary wear and tear.

Lessee and Lessor agree that responsibility for maintenance of the Locomotives shall be as set out in Exhibit A. Nothing on Exhibit A shall be construed as limiting the obligation of Lessee at its own cost and expense, to maintain and service the Locomotive in accordance with prudent industry practice including testing and repair of the Locomotives so that the Locomotives will remain (a) in good operating condition, (ordinary wear and tear excepted) and (b) in compliance with any and all applicable

laws and regulations. In no event shall the Locomotives be maintained or scheduled for maintenance on a basis less frequent than the maintenance or maintenance scheduling basis employed as of the date hereof by the Lessee for similar Leased equipment. Any parts installed or replacements made by Lessee upon the Locomotives shall be considered accessions to the Locomotives and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor; provided, however, Lessee may remove from the Locomotives any (a) communications equipment, (b) train control, (c) end of train telemetry, (d) recording devices, and (e) other specialized equipment which Lessee paid for and installed but only if such removal may be accomplished without damage to the Locomotives.

9. No Purchase Option; Delivery of Locomotives to Lessor: The Lessee has no option to purchase the Locomotives which are the subject of the Lease. At the end of the term of this Lease or upon earlier termination or at such time after the end of the term of this Lease as designated by Lessor should Lessor have requested free storage of the Locomotives on Lessee's premises as provided in Paragraph 2 of this Lease, Lessee shall deliver the Locomotives to a destination on Lessee's property as specified by Lessor.

10. Assignment by Lessee: Lessee shall not assign or sublet its interest, or any parts thereof, under this Lease, or permit the use or operation of the Locomotives subject to this Lease by any other person, firm or corporation, other than wholly owned subsidiaries, without the prior written

consent of Lessor. Lessor expressly consents to incidental operation and use on railroads other than Lessee's under standard run-through arrangements and horsepower hour exchanges; provided, however, that a Locomotive may not be so operated or used outside the 48 contiguous states of the United States; provided, further, however, a Locomotive may operate in Canada if Lessee makes all filings with all Canadian national government provincial and local governmental entities necessary to protect Lessor's ownership interest in the Locomotives and agrees to take no action to jeopardize Lessor's ownership interest and further agreed that in addition to its obligations under Sections 5, 6, 7, 8 and 17 of the Lease hereto to indemnify Lessor against any increase cost, expense, liability, or claim, including taxes, that arises because of the use of the Locomotive in Canada. Notwithstanding any assignment or sublet as provided in this paragraph, Lessee shall not be relieved of its obligations under this Lease.

11. Assignment by Lessor: Lessor may at any time assign its rights and obligations under this Lease to other sophisticated institutional investors only without notice to or prior consent of Lessee and in such event Lessor's transferee as assignee shall have to the extent provided in the assignment the rights, powers, privileges and remedies of Lessor hereunder; provided, however, that no assignment shall relieve Lessor of its obligations under Exhibit A, and no such assignment will be effective as to Lessee until thirty (30) days after Lessor has provided written notice of said assignment.

12. Notices: Unless otherwise specifically provided, any notices to be given under this Lease or any other communications between the parties shall be given in writing by personal delivery or certified mail, postage prepaid in the following manner:

(a) Notices from Lessor to Lessee shall be sent to:

Eaton Corporation
4265 N. 30th Street
Milwaukee, WI 53216

Attn: Mr. J. T. Kania Dept. N-55C
Purchasing Manager

or to such other address as Lessee may from time to time indicate by written notice to Lessor.

(b) Notices from Lessee to Lessor shall be sent to:

Electro-Motive Division
General Motors Corporation
LaGrange, Illinois 60525
Attention: Rich Marchese
Office Phone: (708) 387-6225 Office FAX: (708) 387-5845

13. Quiet Enjoyment: So long as Lessee makes its aforesaid rental payments and otherwise complies with the terms and provisions hereof, Lessee shall be entitled to the use and possession of the Locomotives according to the terms hereof without interference by the Lessor or by any party lawfully claiming by or through the Lessor.

14. Authority: The undersigned signatories herewith represent and warrant that they are fully authorized to execute this Lease and bind the respective parties to the terms and provisions hereof.

15. Late Charges: Delinquent installments of rent shall bear interest at the rate of 1-1/2% per month if not prohibited by law, otherwise at the highest lawful contract rate.

16. Failure to Return: Should Lessee fail to return a locomotive as required by this Lease Agreement, other than a failure to return caused by loss, accident, or destruction as described in Paragraph 6, Lessee shall pay Lessor \$500/day/locomotive until any such Locomotive is returned.

17. Protection of Lessor's Title: Lessor may, at its option and at its own expense, cause this lease to be duly filed, registered or recorded in conformity with the Interstate Commerce Commission, 49 USC Section 11303, or other places within or without the United States as Lessor may reasonably request for the protection of its title. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister, or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of protecting Lessor's title to the Locomotive to the satisfaction of Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to Lessor proof of such filing.

18. Taxes:

(a) Indemnification for Nonincome Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Lessor and its successors ("Indemnified Persons") harmless on an after-tax basis from, all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Lessor, the Lessee, or otherwise, by any Federal state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to, any Locomotive or any part thereof; the ownership, delivery, leasing, possession, use, operation, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; or this Lease, any payment made pursuant to this Lease, or the property, the income or other proceeds received with respect to the property held by the Lessor (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however, with respect to each Indemnified Person: (i) Taxes imposed on the net income of such Indemnified Person (or franchise taxes, gross receipts taxes or revenue ton mile taxes or single business taxes imposed on such Indemnified Person to the extent that they are taxes in lieu of net

income taxes that are imposed on such Indemnified Person) by the United States or by any state or political subdivision thereof in which such Indemnified Person's principal place of business is located or in which such Indemnified Person is subject to net income tax by reason of engaging in business in such jurisdiction (other than the leasing of Equipment located therein); provided that Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not the indemnified party is entitled to a credit against its United States Federal income tax; and (ii) any Taxes imposed on or measured by any fees or compensation received by the Lessor; (iii) excluding any sales or use taxes based on Lessor's purchase of the Locomotives; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in Section 18 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Locomotive; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate

proceedings if (i) in the reasonable opinion of the Lessor such contest or the nonpayment of such tax would not adversely affect the title, property or rights of the Lessor hereunder or (ii) the Lessee provides a bond or other security reasonably satisfactory to the Lessor.

(b) Claims; Contests; Refunds. If claim is made against the Lessor for any Taxes indemnified against under this Section 18, such Indemnified Person shall promptly notify the Lessee. Lessee may, upon assumption by Lessee of all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, addition to tax and interest, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both; provided, however, Lessee shall use legal counsel reasonably acceptable to Lessor, such approval not to be unreasonably withheld. Notwithstanding the foregoing, no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed) unless (i) in the reasonable opinion of the Lessor such contest or the nonpayment of the Taxes would not adversely affect the title, property or rights of the Lessor hereunder and (ii) the Lessee provides a bond or other security reasonably satisfactory to

the Lessor. The Lessor agrees to give the Lessee reasonable notice of such contest prior to the commencement thereof. If the Lessor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon, the Lessor shall pay the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

- (c) Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Section 18 (except obligations resulting from the last sentence of Section 18(a), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns including exemption certificates or affidavits with respect to any sales or use tax in such manner as to show the interest of the Lessor in the Locomotives as shall be satisfactory to the Lessor or, where not so permitted, will notify the Lessor of such requirement and will prepare and deliver such reports to the Lessor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

(d) Survival. All the obligations of the Lessee under this Section 18 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under this Lease or the termination of this Lease. Payments due from the Lessee to the Lessor under this Section 18 shall be made directly to the Lessor.

19. Performance Obligations of Lessee by Lessor: In the event that the Lessee shall fail duly and promptly to perform any of its obligations under the provisions of this Lease, the Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by the Lessor in such performance, together with interest at the lesser of 1-1/2% per month or the highest amount allowed by law thereon until paid by the Lessee to the Lessor, shall be payable by the Lessee upon demand as additional rent hereunder.

20. Further Assurance: Lessee shall execute and deliver to Lessor, upon Lessor's request such instruments and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's right hereunder.

21. Lessee's Covenants: Lessee will: (a) defend at Lessee's own cost any action, proceeding or claim affecting the Locomotives as described in Section 7 hereto; (b) do everything necessary or expedient to preserve or perfect the Lessor's interest in the Locomotives; (c) not misuse, fail to keep in good repair (ordinary wear and tear excepted), secrete, or, without the prior written consent of Lessor and notwithstanding Lessor's claim to proceeds, sell, rent, lend, encumber or transfer the Locomotives, except as provided in Subsection (e) of this section; (d) agree that Lessor may enter upon Lessee's premises or wherever the Locomotives may be located at any reasonable time and upon reasonable notice to inspect the Locomotives; and (e) except as provided in Section 10 of this Lease, not permit the use of the Locomotives by any other party, without the Lessor's consent to be granted in its sole discretion.
22. Default: An event of default shall occur if: (a) Lessee fails to pay when due any installment of rent and such failure continues for a period of 10 days; (b) Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues uncured for 30 days after written notice thereof to Lessee by Lessor, (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any

present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation; (d) within 60 days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 60 days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; or (e) Lessee attempts to remove, sell, transfer, encumber, part with possession or sublet the Locomotives or any item thereof in a manner prohibited hereunder.

Upon the occurrence of an event of default, Lessor, at its option, may: (a) declare all sums due and to become due hereunder immediately due and payable; (b) proceed by appropriate court action or action or other proceedings either at law or equity to enforce performance by the Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (c) demand that Lessee deliver the Locomotive forthwith to Lessor at Lessee's expense at such place as Lessor may designate; and (d) Lessor and/or its agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Locomotive may be or by Lessor is

believed to be, and retake all or any item thereof, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Locomotives and all claims for damages suffered through or loss caused by such retaking. If any statute governing any proceeding hereunder specifies the amount of Lessor's deficiency or other damages for breach of this Lease by the Lessee, Lessor shall be entitled to provide as and for damages for the breach an amount equal to that allowed under such statute. The provisions of this paragraph shall be without prejudice to any rights given to the Lessor by such statute to prove for any amounts allowed thereby. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of the Locomotive or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees, providing Lessor prevails in such action.

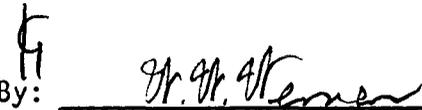
The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or

irrevocable for the full term hereof and for the aggregate rental herein reserved. Lessee admits the receipt of a true copy of this Locomotive Lease Agreement.

Electro-Motive Division

General Motors Corporation

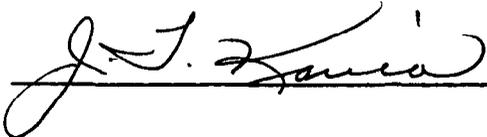
Attest: 

By: 

Title: Asst Divisional Comptroller

Eaton Corporation

Attest: 

By: 

Title: Purchasing Manager

Date: January 25, 1991

SCHEDULE A

EMD 3135 SD45

SCHEDULE B

Lease Term:

This Lease will start when the Locomotive listed in Schedule A and dynamic brake test hatch are delivered to Lessee's designated location (on or about November 15, 1990).

The Lease Term will be thirty (30) calendar days.

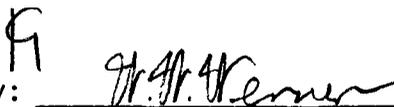
Option To Renew Lease: Within five (5) days prior to the termination of this Lease, the Lessee may exercise an option to renew this Lease for up to two additional consecutive fifteen (15) day periods at the fair market rental value.

Eaton Corporation

Electro-Motive Division

General Motors Corporation

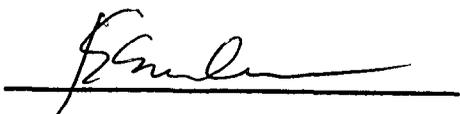
By: 
J. T. Kania

By: 

Its: Purchasing Manager

Its: Asst. Director Comptroller

Attest: 

Attest: 

State of Ill) ss.
County of Cook)

On this 25th day of January, 1990, before me personally appeared W.W. Werner, to me personally known, who, being by me duly sworn, did say that he is a Asst. Comptroller of General Motors Corporation, that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Juanita Acantilado
Notary Public

My commission expires:
April 17, 1992



State of WISCONSIN) ss.
County of MILWAUKEE)

On this 25th day of JANUARY, ¹⁹⁹¹~~1990~~, before me personally appeared J. T. KANIA, to me personally known, who, being by me duly sworn, did say that he is a PURCHASING MANAGER of the Eaton Corporation, that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Vernette Saddler
Notary Public

My commission expires:
12/21/91

