GE Transportation Systems

Michael J Baughman
Counsel

General Electric Company
2901 East Lake Road Erie, PA 16531
814 875-3044 Fx 814 875-2724

17475
RECORDATION NO. _____ FILED 1425

July 15, 1991

AUG 7 1991 -2 55 PM
INTERSTATE COMMERCE COMMISSION

VIA FEDERAL EXPRESS

1-219A050

Ms. Mildred Lee
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 2302
Washington, D.C. 20423

Subject: Recordation of Locomotive Lease

Dear Ms. Lee:

Enclosed for recordation, under the provisions of 49 U.S.C. §11303 and the regulations thereunder, are duplicate execution copies of a Locomotive Lease Agreement, dated as of June 20, 1991, between General Electric Company ("Lessor") and Southern Pacific Transportation Company ("Lessee"), a primary document.

The names and addresses of the parties to the enclosed Locomotive Lease Agreement are as follows:

LESSOR: General Electric Company
2901 East Lake Road
Erie, Pennsylvania 16531

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

A general description of the locomotive(s) covered by the enclosed documents is attached hereto as Schedule I. Also enclosed is a remittance in the amount of $15.00 for the required recording fee.

The undersigned is Counsel and Attesting Secretary of General Electric Company. Please return the original of the enclosed document

to Michael J. Baughman, General Electric Company, 2901 East Lake Road, Building 14-5, Erie, Pennsylvania 16531.

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

PRIMARY DOCUMENT

Locomotive Lease Agreement, dated as of June 20, 1991, between General Electric Company ("Lessor") and Southern Pacific Transportation Company ("Lessee"), relating to six General Electric Diesel Electric Locomotives, bearing Road Nos. 7490, 7495, 8126, 8138, 8133 and 7486.

Respectfully submitted,

Enclosures

RECORDATION NO. _____ FILED 1425
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INTERSTATE COMMERCE COMMISSION

SCHEDULE I

Description of Locomotive(s)

Type of Equipment	Number of Units	Road Number(s)
General Electric Diesel Electric Locomotives	Six	7490, 7495, 8126, 8138, 8133 and 7486

• 17475
RECORDATION NO. _____ FILED DATE
AUG 7 1991 -2 55 PM
INTERSTATE COMMERCE COMMISSION

LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT is made as of the 20th day of June, 1991, between General Electric Company, a corporation of the State of New York through its Transportation Systems Business Operations (hereinafter, "Lessor"), and Southern Pacific Transportation Company, a corporation of the State of Delaware (hereinafter, "Lessee").

1.0 Equipment

Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use under the terms and conditions set forth herein, the locomotive(s) described in Annex 1 hereto (hereinafter, whether individually or in the aggregate, "Locomotives").

2.0 Delivery

2.1 Delivery of the Locomotives shall be made at Lessor's facility in Argentine, Kansas, or at such other point as may be agreed upon by the parties in writing. If delivery is to be made at a point other than Lessor's facility in Argentine, Kansas, Lessee shall pay all reasonable expenses of shipment of the Locomotives to said point. The estimated date of delivery of each Locomotive is set forth in Annex 1.

2.2 Lessor shall not be liable for delays in delivery or failure to deliver the Locomotives due to (a) causes beyond its reasonable control, (b) acts of God, acts of Lessee, acts of civil or military authority, priorities, fires, strikes, floods, epidemics, war, riots, or delays in transportation, or (c) inability to obtain necessary labor, materials, components, transportation or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time of the delay.

3.0 Receipt, Inspection and Acceptance

3.1 At delivery of each Locomotive, an authorized representative of Lessee shall execute a Certificate of Acceptance in the form of Annex 2 hereto.

3.2 The Locomotives are subject to Lessee's inspection at delivery. Failure to report any material defect in the Locomotives discoverable upon visual examination within three (3) days of delivery will constitute acceptance of the Locomotives and be conclusive evidence of fitness for service at the time of delivery.

3.3 The Locomotives will be available at all reasonable times for Lessor's inspection, but Lessor is under no obligation to inspect and Lessee's obligations to keep the Locomotives in good repair and operating condition is not affected in any manner by any failure of Lessor to inspect.

4.0 Rentals

4.1 Lessee agrees to pay to Lessor, as daily rent for each of the Locomotives, the amount set forth in Annex 1.

4.2 Payment of all rental charges will be made within ten (10) days of receipt of invoice. Invoices for rental charges will be submitted at the end of the term or every month of the term, whichever is the shorter period. Any other payments due will be made within thirty (30) days of invoice.

4.3 Any amounts unpaid after they become due shall accrue interest at the then current prime rate of interest charged by Citibank N.A. plus 2-1/2 percent (or the lawful rate, whichever is less) for the period of time during which they are overdue; it is expressly understood that this provision shall be in addition to (and not in derogation of) any other rights which Lessor has.

5.0 Alterations, Maintenance and Repair and Warranty

5.1 Except for alterations or changes required by law or regulatory authority, Lessee shall not make any change in the design, construction or specifications of the Locomotives' body or electrical equipment, or components thereof,

without the prior written approval of Lessor. Any such alteration or change shall be at Lessee's expense Any parts installed or replacements made by Lessee shall be considered accessions to the Locomotives and title thereto shall immediately vest in Lessor, without cost or expense to Lessor.

5.2 Lessee shall, during the term of this Lease, at its expense (except to the extent otherwise provided in this Section 5.2 and Section 5.3) keep the Locomotives in good repair and operating condition (reasonable wear and tear excepted), applying the manufacturer's recommended normal maintenance. Lessee, at its expense, will provide the following consumable replacement materials as needed: filters, brushes, brake shoes, wheels, pedestal liners, pumps and nozzles (after 1 year), fuel, lubricating oil (including complete oil changes), other lubricants, light bulbs, cab glass and wiper blades. Lessee shall also at its expense provide all non-consumable replacement materials which cost less than $1,000 per item. Lessee is responsible for repairing the Locomotives promptly when repairs are needed, subject to availability of Lessee's shop space and material to be supplied by Lessor, if any.

5.3 **Lessor's Warranty**

5.3.1 Lessor warrants that the Locomotives shall be free from defects in material and workmanship under normal use and service during the term of this Lease. If any part of the Locomotives fails to meet the foregoing warranty and Lessee so informs Lessor of that failure, Lessor, after verification of the condition of the part and usage, and subject to the provisions of Section 5 2 above, shall make available to Lessee a replacement or repaired part. Lessee shall, at its expense, remove defective parts and install repaired and replacement parts.

5.3.2 If Lessor is to provide any replacement or repaired part for a Locomotive, this shall not in any way affect or abate Lessee's obligation to pay rent.

5.3.3 Lessor's warranty responsibility shall not extend to parts normally consumed in operation (such as, but not limited to, filters and brake shoes), or defects or damage caused in whole or in part by failure to comply with operating and maintenance recommendations, by reason of improper storage or application, misuse, negligence, accident or improper maintenance, or by repairs or alterations not approved by Lessor.

5.3.4 This Section 5.3 sets forth the exclusive remedies for claims based on defects in or failures of the Locomotives, and any part thereof, whether the claim is in contract, warranty, tort (including negligence) or otherwise and however instituted. The foregoing warranties are exclusive and in lieu of all other warranties, whether written, oral, implied or statutory. NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE SHALL APPLY, BOTH OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED BY LESSOR.

6.0 **Patents**

6.1 Except in case of designs, articles and materials specified by Lessee and not manufactured by Lessor, or manufactured by the Lessor to Lessee's design, Lessor shall defend any suit or proceeding brought against Lessee based on a claim that any Locomotive or any part thereof furnished under this Lease constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information and assistance (at Lessor's expense) for the defense of same, and Lessor shall pay all damages and costs awarded therein against Lessee. In case said Locomotive, or any part thereof, is held to constitute infringement and the use of said Locomotive or part is enjoined Lessor shall, at its own expense and option, either: procure for Lessee the right to continue using said Locomotive or part; replace same with non-infringing items; modify it so as to be non-infringing; take possession of said Locomotive and cancel this Lease with respect to such Locomotive, effective as of the date on which the Locomotive or part is held to constitute infringement in such suit, Lessor to pay the reasonable cost of returning said Locomotive to Lessor. The foregoing states the entire liability of Lessor for patent infringement. In the event the use of a Locomotive is enjoined based on a claim of infringement covered by the provisions of this Section, Lessee's obligation to pay rent with respect to such Locomotive shall abate until the use of the Locomotive no longer is so enjoined or this Lease is cancelled with respect to such Locomotive.

6.2 With respect to any designs, articles or materials specified by Lessee, and not manufactured by Lessor, or manufactured by Lessor to Lessee's specifications, Lessee shall defend any suit or proceeding brought against Lessor so far as based on a claim that any such designs, articles or materials, or any part thereof, furnished under this

Lease constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information and assistance (at Lessee's expense) for the defense of same, and Lessee shall pay all damages and costs awarded therein against Lessor. In case said designs, articles or materials, or any part thereof, is held to constitute infringement, and the use thereof is enjoined, Lessee shall, at its own expense and option, procure for Lessor the right to continue using or manufacturing said designs, articles and materials, or shall permit Lessor, at Lessee's expense, to modify such designs, articles and materials so as to become non-infringing. Notwithstanding any suits or proceedings which may be brought against Lessor or Lessee based on a claim that any designs, articles or materials specified by Lessee constitute an infringement of any patent of the United States, Lessee's obligation to pay rent shall continue for the term of this Lease.

7.0 Use and Operation

7.1 Lessee agrees to comply with all laws of the jurisdictions in which its operations involving the Locomotives may extend and with all rules of the Interstate Commerce Commission (hereinafter, "ICC") and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessee or the Locomotives, to the extent that such laws and rules affect the operation or use of the Locomotives. In the event such laws or rules require the alteration of Locomotives, Lessee will conform therewith at its expense, and will maintain the same proper condition for operation under such laws and rules; provided, however, that Lessee may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner.

7.2 Lessee will use and operate the Locomotives in conformance with all applicable manufacturer recommendations.

7.3 Lessee will maintain records as to the use, operation, movement and maintenance of the Locomotives, and make such records available for Lessor's inspection at reasonable times and upon reasonable notice.

7.4 Lessee agrees to use the Locomotives exclusively within its own service and within the boundaries of the United States, except as specifically agreed to in writing by Lessor, which agreement will not be unreasonably withheld. Any additional operating limitations applicable to the Locomotives will be set forth in one or more riders to this Lease.

7.5 Charges levied by third parties for use of their rights of way, track, storage or hauling are the responsibility of Lessee.

8.0 Taxes and Liens

8.1 Lessee agrees that, during the continuance of this Lease, it will promptly pay, as additional rentals, all taxes, assessments and other governmental charges levied or assessed against Lessor, or any predecessor or successor in title of Lessor, as the case may be, on account of its ownership of the Locomotives, or on account of the possession, use or operation thereof, or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the rentals herein provided), including any sales or similar taxes payable on account of the leasing of the Locomotives hereunder; Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof, unless thereby, in the judgment of Lessor, the rights or interests of Lessor will be materially endangered. In the event any tax reports are required to be made concerning said Locomotives, Lessee will either make such reports in such manner as to show the ownership of such Locomotives by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

8.2 Lessee will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim against Lessee which, if unpaid, might become a lien or charge upon or against the title or interest of the Lessor to the Locomotives or which might have the effect of altering in any way the rights of Lessor in such Locomotives under this Lease; Lessee shall not be required to pay or discharge any such debt, tax, charge, assessment, or obligation or claim so long as the validity or amount thereof shall be contested in good faith and by appropriate legal or administrative proceedings, unless such contest will, in the judgment of Lessor, materially endanger the rights or interests of Lessor.

9.0 Loss and Damage

9.1 Lessee shall bear the entire risk of loss (including theft) or damage to any Locomotive from the date of delivery through redelivery to Lessor as provided herein, regardless of cause, except to the extent caused directly and solely by the negligence or willful misconduct of Lessor.

9.2 Lessee shall notify Lessor immediately of any accident, collision, loss, theft or damage involving any Locomotive, to be followed promptly by a written report to Lessor. Lessee shall provide all assistance reasonably requested by Lessor in the investigation, defense or prosecution of any resulting claims or suits.

9.3 In the event one or more Locomotives be lost or damaged beyond repair, Lessee shall so notify Lessor. Within sixty (60) days of such notification, Lessee shall pay Lessor the daily rental charges through the date of notification and the casualty value of such Locomotives. For the purpose of this Lease, the casualty value of the Locomotives shall be equal to such Locomotives' fair market value or, if the Locomotives are leased by Lessor from a third party, the casualty value thereof shall be equal to the casualty value specified in the lease under which Lessor has possession. Upon payment of the foregoing amounts, Lessor will pass title to the lost or damaged Locomotives to Lessee, and this Lease will terminate with respect to such Locomotives.

9.4 In the event a Locomotive is partly damaged or destroyed, Lessee shall promptly elect, after consultation with Lessor, whether to repair the Locomotive or consider it damaged beyond repair. If Lessee elects to repair the Locomotive, it shall do so (or have the repairs done) at its own expense. It is understood that the Locomotive so repaired must be restored to the same operating condition as existed prior to the damage. Moreover, during the period such repairs are being made, Lessee's obligation to pay rent shall continue.

9.5 Lessee shall, at all times at its own expense, cause to be carried and maintained (and shall furnish to Lessor, upon request therefor, a certificate evidencing) (i) all risk insurance on the Locomotives and (ii) public liability insurance with respect to third party personal injury and property damage, in such amounts (subject to customary and prudent deductible) and against such risks and with such insurance companies as is consistent with prudent railroad industry practices; provided, however, that, if Lessee customarily self-insures against such risks, Lessee may self-insure to the extent that such self-insurance is consistent with prudent railroad industry practices. Any such policies of insurance carried will name Lessor as an additional insured, provide that they will not be cancelled or materially altered without thirty (30) days prior written notice to Lessor, and will contain such other appropriate provisions as are agreed upon by the parties.

10.0 Indemnity

Lessee agrees to indemnify, defend, and hold Lessor (and any assignee or successor in interest of Lessor) harmless from any and all losses, costs (including reasonable attorney's fees), claims, actions, suits and judgments whatsoever (hereinafter referred to as the "Liabilities") arising on account of, or caused in any way by, the Locomotives or the use, ownership or operation thereof, except to the extent caused directly and solely by the negligence or willful misconduct of Lessor. Lessee will notify Lessor immediately of any Liabilities and permit Lessor to appear in any proceeding to defend its interests.

11.0 Liability of Lessor

11.1 Lessor's liability arising out of the furnishing or use of any Locomotive under this Lease, based on contract, warranty, tort (including negligence) or otherwise, will in no case exceed the cost of correcting defects to the Locomotives.

11.2 In no case, whether arising under contract, warranty, tort (including negligence) or otherwise, will Lessor's liability include special, incidental, indirect or consequential damages, including, but not limited to, loss of revenue or profits, damage to freight, loss of use of any equipment, cost of capital, downtime costs, or claims of Lessee's customers for such damages.

11.3 The provisions of 11.1 and 11.2 above shall not apply to claims of third parties (except Lessee's customers) for personal injury (including death) or property damage to the extent such injury or damage is caused directly and solely by Lessor's negligence or willful misconduct.

12.0 Title, Identification, Recording

12.1 No right, title or interest in the Locomotives will vest in Lessee by reason of this Lease or by reason of the delivery to or use by Lessee of the Locomotives, except the right to use the Locomotives in accordance with the terms of this Lease.

12.2 Lessee will take all actions necessary to protect Lessor's rights and interest in the Locomotives and will take no action inconsistent with that obligation. In addition, Lessee agrees to take no action in regard to any financing or trust agreement involving or covering the Locomotives.

12.3 Prior to delivery of the Locomotives, Lessor shall cause to be conspicuously marked on each side of the Locomotives, at Lessor's expense, the following legend:

OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT
FILED WITH THE ICC. PURSUANT TO 49 U.S.C § 11303

Lessee shall not permit such legend to be removed or altered and in the event such words are removed, defaced or destroyed, Lessee shall immediately replace such legend at its expense. Lessee will not allow the name of any persons, association or corporation to be placed on the Locomotives, but the Locomotives may be lettered with the initials or other insignia customarily used by Lessee on its equipment of the same or a similar type for convenience of identification of Lessee's right to use and operate the Locomotives under this Lease.

12.4 Prior to delivery of any Locomotive hereunder, Lessor, at the expense of Lessee shall cause this Lease and any supplements hereto and any assignment and reassignment hereof to be filed with the ICC. Promptly upon receipt of Lessor's invoice therefor, Lessee shall pay Lessor the sum of $200.00 as reimbursement for costs, taxes and fees, if any, incurred by Lessor in making such filing. In addition, Lessee shall do such other acts as may be required by Federal or state law, or reasonably requested by Lessor, for the proper protection of Lessor's title and interest in the Locomotives.

13.0 Assignment

13.1 Lessee shall not assign, transfer or encumber this Lease or any interest or right herein without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Any such transfer, assignment or encumbrance, whether voluntary, by operation of law, or otherwise, without such prior written consent, shall be void and shall, at the option of Lessor, terminate this Lease.

13.2 Lessor, upon prior written notice to Lessee, may assign this Lease and all or any of the rights, benefits and advantages hereunder (including, but not limited to, title to any Locomotive) to any of Lessor's subsidiaries (of any tier) or affiliates as Lessor may select in its sole discretion.

14.0 Representations and Warranties

14.1 Lessor represents and warrants that it has the right to enter into this Lease.

14.2 Lessee represents and warrants that:

14.2.1 Lessee is a duly organized and validly existing corporation in good standing under the laws of its state of incorporation, is qualified to do business in such jurisdictions as are necessary to carry out the transactions contemplated by this Lease, and has the power and authority to own its properties and carry on its business as now conducted;

14.2.2 The execution and delivery of this Lease is within its corporate authority, has been authorized by proper corporate proceedings and will not contravene any provision of law or of its charter or by-laws nor contravene or constitute a default under the provisions of any agreement or other instrument binding upon it, and this Lease is a valid and binding obligation of the Lessee enforceable, subject to applicable insolvency, bankruptcy or moratorium laws, against the Lessee in accordance with its terms;

14.2.3 No mortgage, security or trust agreement or other instrument binding upon Lessee shall in any manner affect the right and interest of Lessor in and to the Locomotives;

14.2.4 No governmental authorizations, approvals or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability thereof or the leasing of the Locomotives hereunder for the rentals and on the other terms and conditions provided for herein; or, if any such authorizations are required, they have been obtained, and if any such shall hereafter be required, they will promptly be obtained; and

14.2.5 No litigation or administrative proceedings are pending or threatened against Lessee which would affect the validity of this Lease or the rights of Lessor hereunder.

15.0 Default

15.1 If Lessee breaches any provision of this Lease and such breach is not cured within fourteen (14) calendar days after written notice from Lessor, Lessor may, without prejudice to any other rights or remedies it may have under this Lease, at law or in equity, do any one or more of the following:

15.1.1 Proceed by court action either at law or in equity, to enforce performance by Lessee of the covenants of this Lease or to recover damages for the breach thereof;

15.1.2 Terminate this Lease immediately, whereupon Lessee shall promptly redeliver the Locomotives to Lessor at Lessor's Argentine, Kansas facility. Lessor shall, nevertheless, have the right to recover from Lessee any and all amounts which may then be due and owing or which become due and unpaid for the use of the Locomotives (including, but not limited to, rentals accruing on the Locomotives after the date of termination) and recover from Lessee amounts due pursuant to subparagraph 15.1.3 below; and

15.1.3 In the event Lessee fails promptly to redeliver the Locomotives under subparagraph 15.1.2, or upon demand for redelivery by Lessor if Lessor does not terminate this Lease, Lessor may enter upon the premises of Lessee or other premises where the Locomotives may be and take possession of all or any such Locomotives and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns. Lessee shall pay to Lessor all reasonable costs associated with the repossession of the Locomotives.

15.2 The remedies and powers in this Lease in favor of Lessor shall not be deemed exclusive, but shall be cumulative and in addition to all other remedies and powers existing at law or in equity, and each and every remedy and power may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any remedy or power, no granting of an extension of time for the making of any payment due hereunder or other indulgence, and no exercise of any remedy or power shall impair any such remedy or power or the rights under this Lease or shall constitute a waiver of any breach or default or an acquiescence therein. In the event that Lessor brings suit and is entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

15.3 As used in this Section, a breach of a provision of this Lease shall include, but not be limited to, the following:

15.3.1 Failure to pay any amounts when due;

15.3.2 Lessee's making or suffering, voluntarily, by operation of law or otherwise, any unauthorized assignment, lien, encumbrance or transfer of this Lease or any interest herein or any right granted hereunder, if Lessee shall fail or refuse to cause such assignment, lien, encumbrance or transfer to be cancelled by agreement of all parties having any interest therein;

15.3.3 Any proceedings commenced by or against Lessee for relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions; and

15.3.4 Failure to satisfy the insurance requirements under paragraph 9.5.

16.0 Term

16.1 The term of this Lease shall commence upon delivery of the Locomotives described in Annex 1 and shall terminate on the date set forth in Annex 1, unless sooner terminated by the mutual consent of both parties hereto, or as provided in Section 9 or 15. Locomotives returned to Lessor, whether at the end of the term, pursuant to a termination under Section 15, or otherwise, will be returned at Lessee's expense to Lessor's facility in Argentine, Kansas with a full complement of consumables, including fuel, oil and sand. Lessee and Lessor may by mutual oral or written agreement extend the term hereof without filing any notice of such extension. THIRD PARTIES WHICH MAY REVIEW THIS LEASE ARE THEREFORE PLACED ON NOTICE THAT THE AFOREMENTIONED TERMINATION DATE MAY NOT BE RELIED UPON AS THE ACTUAL TERMINATION DATE OF THIS LEASE.

16.2 It is understood and agreed that any termination will not relieve either party of any obligation arising prior to or upon such termination, including but not limited to the obligations of Lessee under Sections 9, 10 and 12, and any obligation to pay any rent or other sums due and owing to Lessor at the time of any such termination or as a result of any such termination.

16.3 Lessee acknowledges that some or all of the Locomotives leased hereunder may be the subject of master leases (in which Lessor herein is the lessee) or financing agreements. Such leases and financing agreements, if any, may require return of specific equipment, including the Locomotives leased hereunder, upon certain events. Lessee agrees to return to Lessor any Locomotive upon Lessor's written notice of return, in which event Lessor will endeavor to provide a substantially similar replacement Locomotive to Lessee at a place and time reasonably convenient to Lessee. Expenses of delivery of any such Locomotive will be for Lessor's account.

17.0 General

17.1 Subject Headings

The subject headings on this Lease have been placed thereon for the convenience of the parties and shall not be considered in any interpretation or construction of this Lease.

17.2 Waiver

The failure of either party to enforce at any time or for any period of time any provision of this Lease shall not be construed as a waiver of such provision or of the rights of such party thereafter to enforce such provision.

17.3 Notice

All notices required or permitted hereunder shall be in writing and shall be deemed duly given when personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or by cable confirmed by letter as aforesaid.

17.4 Execution in Counterparts

This Lease may be executed in counterparts, each of which shall be deemed to be an original and together shall constitute but one and the same instrument.

17.5 Applicable Law

Except as Federal law may be applicable, the terms and conditions of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania, but Lessor and any assignee hereof shall be entitled to such additional rights arising out of the filing or recording hereof, or of any assignment hereof, as shall be conferred by the laws of any jurisdiction in which this Lease or any such assignment shall be filed or recorded.

17.6 Partial Invalidity

In the event that any provision of this Lease be held invalid or unenforceable, such invalid or unenforceable provision shall be ineffective but only to the extent minimally necessary to eliminate the invalidity or unenforceability, and the remainder of such provision, if any, and all of the other provisions of this Lease, shall remain in full force and effect.

17.7 Entire Agreement

This Locomotive Lease Agreement, its Annexes 1 and 2, and any written Amendments and Riders hereto which are duly signed by Lessor and Lessee, contain the entire and only agreement between the parties concerning the subject matter hereof, and there are merged herein all prior and collateral representations, promises or conditions in connection with the subject matter hereof, and any representation, promises or condition not incorporated herein and made a part hereof shall not be binding upon either party. No modification, renewal, extension, termination or waiver of this Lease or any of the provisions herein contained shall be binding upon either party unless made in writing by a duly authorized representative of such party.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Locomotive Lease Agreement as of the date first written above.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: WE Towlve

Title Director Contracts and Joint Facilities

Date June 20, 1991

GENERAL ELECTRIC COMPANY

By: Dennis C. Taylor

Dennis C. Taylor, Manager, Locomotive Leasing

Date June 18, 1991

Commonwealth of Pennsylvania }
}
County of Erie }

On this, the 18th day of June, 1991, before me, the undersigned officer, personally appeared Dennis C. Taylor, who acknowledged himself to be the Manager, Locomotive Leasing of General Electric Company, a corporation, and that he as Manager, Locomotive Leasing, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Manager, Locomotive Leasing.

In witness whereof, I hereunto set my hand and official seal.

Carol A. Wahlen
Notary Public

My commission expires:

Notarial Seal
Carol A. Wahlen, Notary Public
Lawrence Park Twp., Erie County
My Commission Expires Dec. 12, 1994

State of California }
}
County of San Francisco }

On this, the 20th day of June, 1991, before me, the undersigned officer, personally appeared W E Fowler, who acknowledged himself to be the Director Contract Joint Facilities of Southern Pacific Transportation Company, a corporation, and that he as Director, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Director.

In witness whereof, I hereunto set my hand and official seal.

Notary Public

My commission expires:

OFFICIAL SEAL
T. M. JOHNSON
NOTARY PUBLIC - CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO
My Comm. Expires July 29, 1994

Annex 1 - Locomotive Description
Annex 2 - Certificate of Acceptance

ANNEX 1

A. Six (6) General Electric Model B36-7 and/or C30-7 diesel electric locomotives (the "Locomotives") bearing the following road numbers and being placed into Lessee's service on the following dates:

Road Number	Estimated Service Date
To be determined	To be determined

B. The daily rent to be paid for each of the Locomotives during the term of the Locomotive Lease Agreement to which this Annex 1 is attached shall be none, said Locomotives being provided as make-up power.

C. The term of the Locomotive Lease Agreement to which this Annex 1 is attached shall expire on August 31, 1991.

ANNEX 2

LEASE ACCEPTANCE CERTIFICATE

I, the duly authorized representative for _____ ("Lessee") under a Locomotive Lease Agreement dated as of _____, 199__ with General Electric Company ("Lessor"), do certify that I inspected and accepted delivery thereunder of the following General Electric Model _____ diesel electric locomotive(s) (the "Locomotive(s)") on the following date(s):

Road Number	Service Date

I do further certify that the Locomotive(s) are in good order and condition, and conform to the specifications, requirements and standards applicable thereto as provided in the above referenced Locomotive Lease Agreement between Lessee and Lessor.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____

Title _____

Date _____