POOR LEGIBILITY

ONE OR MORE PAGES IN THIS DOCUMENT ARE DIFFICULT TO READ
DUE TO THE QUALITY OF THE ORIGINAL

Southern Pacific Lines

Southern Pacific Building • One Market Plaza • San Francisco, California 94105

(415) 541-1769 • Facsimile (415) 495-5436

David W. Long
Assistant General Counsel

Law Department

January 9, 1995

OWNED SOUTHERN 1/3 OF CROWN CITY PLATING. SP DID NOT HAVE OPERATIONS.

PRIOR OPERATORS / LESSEES ARE:

VAN DIEN YOUNG - BLDG. MTLS. DISTRIBUTOR

EL MONTE IRON & METAL - SCRAP METAL DEALER

Ms. Bella Dizon
Superfund Project Manager
U.S. E.P.A. Region 9
75 Hawthorne Street (H-6-5)
San Francisco, CA 94105

Re: Request for Information Regarding Southern Pacific Transportation Company Operations at 4350 Temple City Blvd., El Monte, CA

Dear Ms. Dizon:

Reference is made to EPA Region IX letter of November 23, 1994, received by Southern Pacific on November 29 requesting information regarding a facility located at 4350 Temple City Blvd., El Monte, California 91731.

This response has been prepared on behalf of Southern Pacific by the undersigned and all future correspondence should be addressed to my attention.

The following is Southern Pacific's response to your request for information:

1. Southern Pacific Transportation Company (Southern Pacific) is a Class I line haul freight railroad under Standard Industrial Code (SIC) 4011. Southern Pacific has not occupied the subject property. Southern Pacific has leased its portion of the property to various tenants as set forth in response No. 4 below.

2. Southern Pacific has owned its portion of the property since 1910. The property was purchased January 4, 1910 (Deed Audit No. 10333, attached) except for the southernmost 14 feet, which was purchased February 15, 1910 (Deed Audit No. 10598, attached). Have found nothing to indicate that Southern Pacific ever operated on the property.

3. Prior owners of the northern 186 feet of Southern Pacific property were Charles H. Sloan, et ux (see Deed Audit No. 10333). Prior owners of the southern 14 feet were Richard A. AtLee, et ux (see Deed Audit No. 10598). Duration of prior ownership is unknown.

4. Prior operators/lessees at the Southern Pacific property were Van Dien-Young Co., a wholesale building materials distributor and El Monte Iron & Metal Co. Van Dien-Young leased the property from November 1963 until September 1976. In April 1971, El Monte Iron & Metal, a general scrap-metal dealer, subleased the property. This subtenancy continued until September 1976 when the lease was terminated. (Lease Audit No. 142507, attached).

The current operator/lessee is Crown City Plating Co. Crown City leased the property in September 1976 for receipt, storage and handling of metals, plastics and acids and the manufacture and plating of plastic and metal parts, with El Monte Iron & Metal continuing as a subtenant of Crown City for 18 months (Lease Audit No. 181766, attached).

5. The Southern Pacific property is believed to have been unimproved when acquired in 1910.

a. Surface structures. Southern Pacific never built any surface structures on its property. Beginning in 1963, Van Dien-Young built office and storage shed facilities, plus a 365 foot extension of a drill track (Track No. 13). See GMO 92374 and Valuation Map V-33/S-3c, attached. Also see aerial photograph dated September 22, 1966, attached.

b. Subsurface structures. Southern Pacific never built any subsurface structures. The nature and timing of such structures (if any) built by lessees is unknown.

c. Stormwater/sanitary sewer systems. A natural drainage way, Eaton Canyon Wash, traversed the Southern Pacific property at the time of acquisition (see Valuation Map V-33/S-3a, attached). In 1941, silting conditions required Southern Pacific to clean out and widen to 40 feet about 500 feet of this wash on the property (see GMO 16267, attached). In 1955, an easement was granted to the Los Angeles County Flood Control District to construct a channel which took the place of Eaton Canyon Wash. This channel now occupies the southwest corner of the property (see Deed Audit No. 46663, attached). In 1965, an easement was granted to the Los Angeles County Flood Control District in install a 48 inch storm drain from Temple City Blvd. to the flood control

channel on the western edge of the property (see Deed Audit No. 47468, attached, also amended lease drawing in Lease Audit No. 142507). In 1968, in conjunction with the installation of a spur to the adjoining property to the east, 180 feet of drainage ditch was opened, 18 inches deep, along the eastern edge of the property and a creosoted box culvert installed to carry this ditch under the Van Dien-Young drill extension (see GMO 67564, attached). It is not known if present or former lessees have installed any stormwater/sanitary sewer facilities on the property.

d. Additions, demolitions or changes to structures. We have no information responsive to this section.

Use, Handling and Disposal of Chlorinated Organic Compounds and Other Hazardous Materials.

6. Southern Pacific is the owner of a portion of the property; however, it has had no role whatsoever in the operations or activities that are or were conducted on this property by present or former lessees or owners; therefore, Southern Pacific has no knowledge in response to questions 6 through 9.

7. See response to 6 above.

8. See response to 6 above.

9. See response to 6 above.

10. Southern Pacific has no knowledge as to any past, current or planned investigation of the site other than the fact that Crown City Plating, a tenant on the property, requested permission to install monitoring well(s) on Southern Pacific property adjacent to the site but tenant never completed negotiations for a right-of-entry agreement with Southern Pacific.

11. Southern Pacific acquired the property in 1910. At the time of acquisition, Southern Pacific did not know nor had it reason to know that chlorinated compounds or hazardous substances were disposed on or in the property. It is not known what investigations were made of the property when purchased in 1910.

12. Southern Pacific is unaware of any other properties in Azusa, Irwindale, Baldwin Park, West Covina, Industry, La Puenta, El Monte, South El Monte, Rosemead or other portions of the San Gabriel Valley where chlorinated organic compounds were handled. However, on July 22, 1992, Southern Pacific responded to an EPA 104(e) request for information regarding Southern Pacific's Switch Yard, City of Industry, California 91749. In our response, Southern Pacific stated the following: "The historical summary of

the site marked as #1 indicates that PFE may have used chlorinated solvents, mild alkaline cleaners and freon refrigerants were handled; however, no records or details on the types and quantities of products as set forth in subparts A-G have been discovered."

A copy of Southern Pacific's July 22, 1992, 104(e) response is attached.

13. A copy of Southern Pacific most recent 10-K is enclosed.

14. A list of liability insurance policies is attached. Southern Pacific does not have the insurance information in the format as you have requested it; however, enclosed is a list of insurance policy numbers and dates of coverage that we have furnished and has been accepted in response to similar EPA information requests in the past.

15. Southern Pacific is a corporation. Attached are copies of our most recent Articles of Incorporation and By-laws.

16. D. W. Long prepared this response with the assistance of Ed Banks.

17. No.

18. Believe that Crown City Plating may have information relevant to this request.

Very truly yours,

David W. Long

Attachments
DWL/aam

Tax Attorney

DEED

DEED AUDIT NO. 10333

AUDIT NO.

GRANTOR: CHARLES H. SLOAN & LELIA SLOAN

GRANTEE: SOUTHERN PACIFIC R.R.CO.

For S.W. 200 ft. of Lot 6 F.W.Gibson's Tract Savana- additional 2.72 acre's of land for widening R/W at Savanna. County of Los Angeles, Cal.

Dated January 4,1910

SYNOPSIS OF DEED:

GRANTORS: CHARLES H. SLOAN & LELIA B. SLOAN.

GRANTEE: SOUTHERN PACIFIC RAILROAD COMPANY.

DATE: JANUARY 4TH, 1910.

COVERS: The SWly 200 ft of Lot 6, F.W.Gibsons Tract, Savana--additional 2.72 acres of land for widening our right of way at Savanna.

THIS INDENTURE, made this 4th day of January, 1910, between Charles H. Sloan and Delia B. Sloan (his wife), both of the County of Los Angeles, State of California, the parties of the first part, and the SOUTHERN PACIFIC RAILROAD COMPANY, a corporation incorporated and consolidated under laws of the State of California and of the Territories of Arizona and New Mexico, the party of the second part:

W-I-T-N-E-S-S-E-T-H:

THAT the said parties of the first part, for and in consideration of the sum of Ten ($10.00) Dollars, to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, have granted, bargained and sold, conveyed and confirmed, and by these presents do grant, bargain and sell, convey and confirm unto the said party of the second part, and to its successors and assigns forever, all that certain lot, piece or parcel of land situate, lying and being in the County of Los Angeles, State of California, and bounded and particularly described as follows, to-wit:-

A Two Hundred (200) foot strip of land off the South side of Lot Six (6) of F. W. Gibson's Tract, in the County of Los Angeles, State of California, as per map recorded in Book 15, Page 39, Miscellaneous Records of said County; said Two Hundred foot strip being more particularly described as follows, to-wit:-

Beginning at point of intersection of West line of said Lot Six (6) with the North line of the Southern Pacific Railroad right of way; thence South Sixty eight degrees East Nine and sixty-six hundredths chains along the said North line of the Southern Pacific Railroad Right of wayto East line of said Lot Six (6); thence Northerly along the East line of said Lot Six (6) to a point distant Two Hundred feet at right angles Northerly from said North line of Southern Pacific Railroad Right of Way; thence North Sixty-eight degrees West on a line parallel to and distant Two Hundred feet at right angles Northerly from said North line of Southern Pacific Railroad Right of Way to the West line of said Lot Six (6); thence South Eighteen degrees Thirty-four minutes West along the West line of said Lot Six (6) to point of beginning., excepting therefrom a strip of land Fourteen feet in width off the South side of said property as reserved by J. H. Outhwaite and wife in deed recorded in Book 1563, Page 178 of Deeds of Los Angeles County records.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

15

Deed 10333

TO HAVE AND TO HOLD ALL AND singular the said premises, together with the appurtenances, unto the said party of the second part, and to its successors and assigns, forever.

IN WITNESS WHEREOF, the said parties of the first part have hereunto set their hands and seals, the day and year first above written.

Charles H. Sloan (Seal)

Lelia B. Sloan (Seal)

State of California,
COUNTY OF LOS ANGELES, } SS.

On this 4th *day of* Jan. *in the year one thousand, nine hundred and* ten *A. D., before me,* NAT B. BROWNE, *a Notary Public in and for said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared* Charles H. Sloan and Lelia B. Sloan, his wife, *personally known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.*

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County, the day and year in this certificate first above written.

[GENERAL]
Kaestner & Brown Co. L.A.

Nat B. Browne
Notary Public in and for Los Angeles County, State of California.

Deed 10333

RECOMMENDED.

DESCRIPTION CORRECT.
[signature]
DISTRICT ENGINEER

16

BEFORE ME, ..., on this day personally appeared .....

....., wife of .....,

known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by

81

.....

.....

Mail to H.B. Titcomb,
470 P.E. Bldg., City.

161

DEED
AUDITOR'S NO. 10333

COMPARED
Document FILLER
Book HUSTON

Deed.

Charles H. Sloan & Wife
to
Southern Pacific Railroad Co.

Dated Jany 4, 1910

RECORDED AT REQUEST OF
[signature]
JAN 6 1910
At 46 min. past 1 P.M.
In Book 3939 Page 310
of Deeds
Los Angeles County Records 28
C. L. LOGAN,
COUNTY RECORDER
By [signature]
DEPUTY
Fee 1 30/8

Ht. Savanna Los Angeles Co.

For Record see
Back Fold

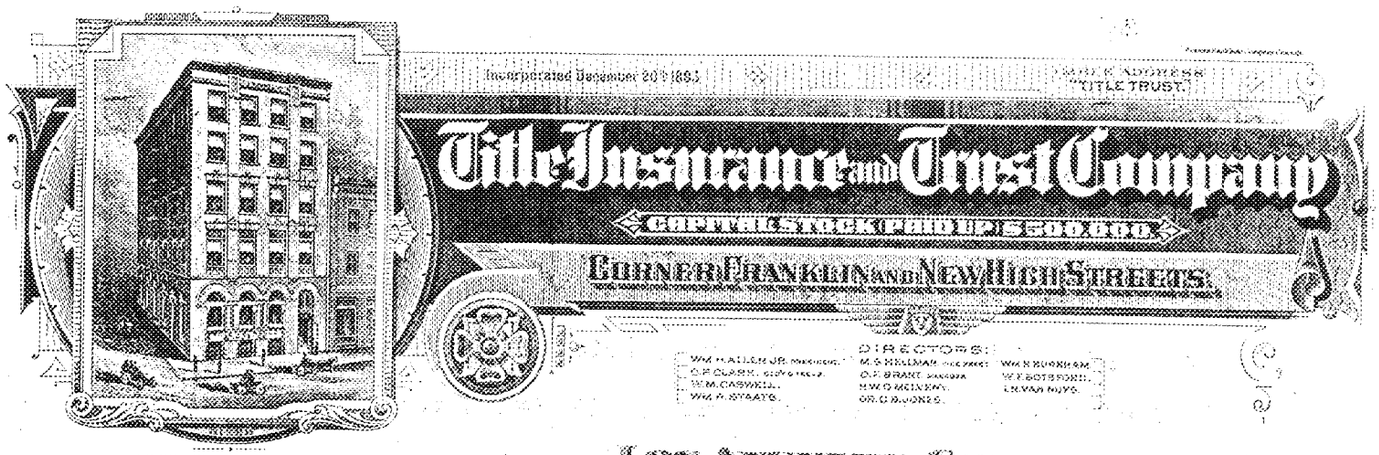
DEED 1/181
AUDITOR'S NO. 10333

303

PLATTED
ON M. W. D. 959
SHEET 4
DATE May 6-14 NAME Jones

Force #22 on Sheet 4

Abst. Bk. 33 - P. 88 3/14/12 C.D.S.



LAW DEPARTMENT.
L.C. GATES W.S. ALLEN.
H.W. O'MELVENY J.R. PHILLIPS.
S.D. ANDERSON.

18/437

Unlimited Certificate

283657

Made at the request of Southern Pacific Railroad Company

After a careful examination of the Official Records of the County of Los Angeles, State of California, except those hereinafter mentioned, and of the records of the Federal Offices located at Los Angeles, in relation to the record title to that certain tract of land hereinafter described, the

Title Insurance and Trust Company

hereby certifies that said title, as appears from said records, is vested in

MRS. LOU C. LANGSTON, a widow,

as to the South fourteen (14) feet; and in

SOUTHERN PACIFIC RAILROAD COMPANY, a corporation,

as to the remainder.

FREE FROM ALL INCUMBRANCES.

DESCRIPTION.

The South Westerly two hundred (200) feet of Lot Six (6) of F. W. Gibson's Tract, in the County of Los Angeles, State of California, as per map recorded in Book 15 Page 39, Miscellaneous Records of said County, described as follows:

Beginning at the intersection of the West line of said Lot with the North line of the right of way of the Southern Pacific Railroad; thence South sixty-eight degrees (68°) East along said right of way six hundred thirty-seven and fifty-six hundredths

20

(637.56) feet to the East line of said Lot; thence North Easterly along said line to a point two hundred (200) feet distant measured at right angles from the North line of said right of way; thence North sixty-eight degrees (68°) West parallel with and distant two hundred (200) feet from said right of way six hundred thirty-seven and fifty-six hundredths (637.56) feet, more or less, to the West line of said Lot; thence South Westerly along said West line to the point of beginning.

NOTE. In Book 2546 Page 266 of Deeds appears the record of a deed dated August 29th, 1905 and recorded March 29th, 1906, executed by Jesse L. Worthy and Elra Worthy, his wife, to Henry Worthy of Orange County, purporting to convey the South fourteen (14) feet of said property. At the date of said deed said grantors had no record title to said property nor have they since acquired any.

This Certificate does not include an examination of, or a report on:

1. Rights reserved in United States Patents, or in the Certification of Indemnity Land selections, existing roads, water locations, mining claims, or matters relating thereto.

2. Records of or relating to Irrigation, Drainage, Reclamation, Levee, Protection, Storm Water, Boulevard, Lighting and Sanitary Districts if the property described herein lies within the boundaries of any such districts.

3. Municipal taxes and assessments and the effect and operation of the municipal laws, ordinances and regulations, proceedings for street, street lighting, sewer, shade tree, sidewalk, park and playground improvements, and for opening, widening and other changes in streets or alleys, if the property described herein lies within the boundaries of any incorporated city except the City of Los Angeles.

4. Proceedings for street, street lighting, sewer, shade tree, sidewalk, park and playground improvements, and for opening, widening and other changes in streets or alleys in the City of Los Angeles, unless the amount of assessment therefor has become fixed and shown as a lien by the recording of the warrant prior to the date hereof in the public office designated by law.

5. Instruments, trusts, defects, liens, easements, incumbrances, and rights or claims of parties in possession of all or any portion of said property, not shown by any public record of the City of Los Angeles, or of the County of Los Angeles, State of California, or by the records of the Federal offices located at Los Angeles.

6. The validity or legality of tax sales, street assessments, attachments, leases, easements, declarations of homestead and money judgments if any are mentioned as incumbrances in this Certificate.

IN TESTIMONY WHEREOF, the Title Insurance and Trust Company has caused these presents to be duly signed by its President, attested by its.....Assistant.....Secretary, under its corporate seal, and countersigned by its Manager, this Twenty-first day of January 1910 at 8 A. M.

TITLE INSURANCE AND TRUST COMPANY.

547/550

Countersigned
283657
-2-

By William H. Allen Jr.
President.

O. J. Brant
Manager.

Attest M. B. Brown
Assistant Secretary.

21

Plat

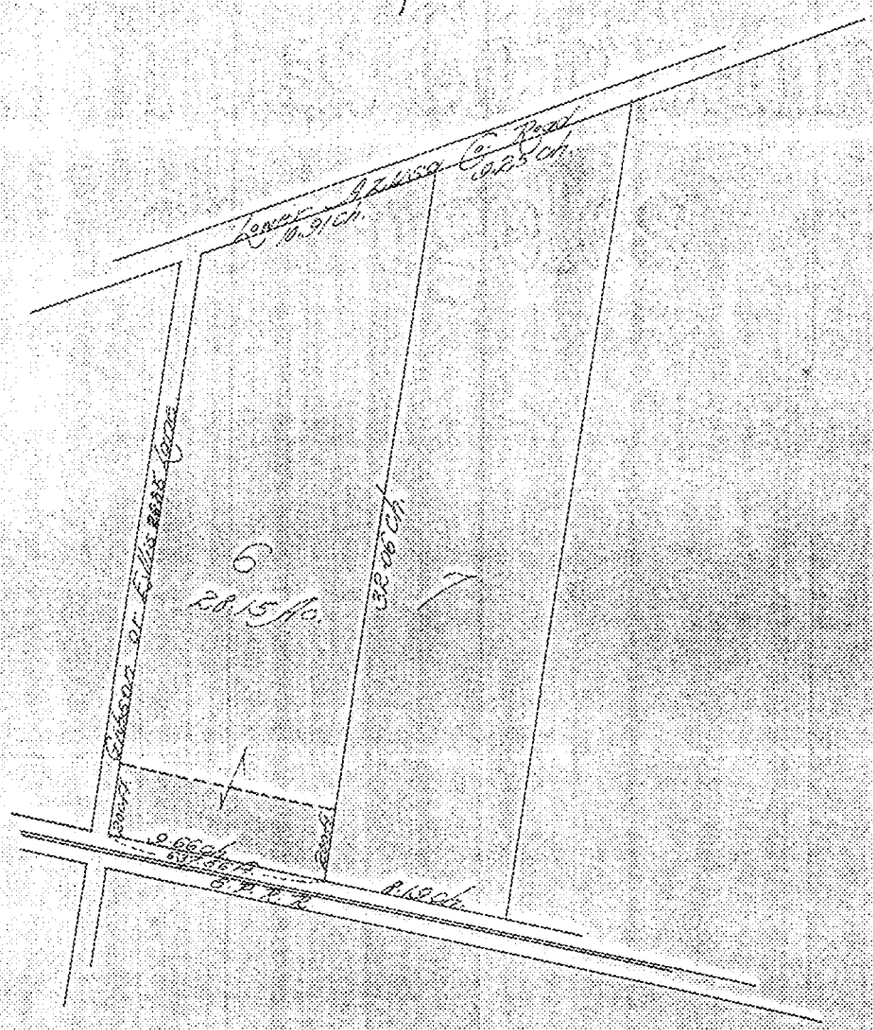
Showing part Lot 6

F. W. Gibson's Tract

as per map recorded in Book 15 Page 39

Miscellaneous Records

Los Angeles Co. Cal.



DEED
10598
AUDIT NO.
(Tax Attorney)

SYNOPSIS OF DEED.

GRANTOR: RICHARD A. At LEE AND WIFE.

GRANTEE: SOUTHERN PACIFIC RAILROAD COMPANY.

COVERS: 3.095 acres of additional right of way at Savanna.

DATED: February 25th, 1910.

NO CONDITIONS.

24

THIS INDENTURE made this 25th day of February, 1910, between Richard A. At Lee and Lilian At Lee, Husband and Wife; first parties, and the SOUTHERN PACIFIC RAILROAD Company, second party: F.E.L.

Deed 10598

WITNESSETH that the said first parties for and in consideration of the sum of Ten ($10.00) Dollars, the receipt whereof is hereby acknowledged, do by these presents grant, bargain and sell, convey and confirm unto the said second party and to its successors and assigns forever, all that certain lot and parcel of land situate, lying and being in the County of Los Angeles, State of California, and bounded and particularly described as follows:

Beginning at a point on the west line of Lot Seven (7) F. W. Gibson's Subdivision, Sec. 17, T. 1 S. R. 11 W. S.B.M. at its intersection with the northerly right of way line of the Southern Pacific Railroad Co. thence south sixty-eight degress twenty-three and one-half minutes east, a distance of 540.54 feet along said northerly right of way line to the east line of said Lot Seven (7); thence northerly along said east line a distance of 216 feet; thence westerly a distance of 545 feet, more or less, to a point on the westerly line of said Lot Seven (7); thence southerly a distance of 250 feet along said westerly line to point of beginning, containing 2.89 acres, more or less.

Also a strip of land Fourteen (14) feet wide and 9.66 chains (637.56 feet) long, along and adjoining the south line of Lot Six, (6) of the F. W. Gibson's Tract, being a portion of said Lot Six (6), as per map of said Tract recorded in Book 15, at Page 39 of the Miscellaneous Records of said Los Angeles County, California, containing .205 acres.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

25

TO HAVE AND TO HOLD, all and singular the said premises, together with the appurtenances, unto the said second party, and to its successors and assigns forever.

IN WITNESS WHEREOF, the said first parties have hereunto set their hands and seals the day and year first above written.

Richard A. A. Lee (SEAL)

Lillian A. Lee (SEAL)

(2)

APPROVED AS TO FORM:

J. W. McKinley

ATTORNEY SOUTHERN PACIFIC CO.

by Frank Karr

DESCRIPTION CORRECT.

[signature]

DISTRICT ENGINEER

RECOMMENDED.

H. V. PLATT.

[signature]

26

DEED
AUDITOR'S NO. 10598

Los Angeles Cal.
99
R. A. At Lee & Wife
Feb 25, 1910

OMITTED
Document HUSTON
Book MILLER

RECORDED AT REQUEST OF
[signature]
MAR 2 1910
At 33 min. past 9 A.M.
In Book 4042 Page 301
of Deeds
Los Angeles County Records
C. L. LOGAN
COUNTY RECORDER
By [signature]
Fee 1 10/6

226

Deed

R. A. At Lee & Wife
to
Southern Pacific R.R. Co.
Dated, Feby 25. 1910

Recorded
See inside fold

PLATTED
ON M. W. D. 959
SHEET 4
DATE May 18-14 NAME Jones
Parcel #23 on Sheet #4

INDEXED
12-30-10

SOUTHERN PACIFIC COMPANY
ASST. AUDITOR'S OFFICE
RECEIVED
OCT 21 1910
Property Bureau

Deed 10598

SYNOPSIS OF DEED.

GRANTOR: RICHARD A. At LEE AND WIFE.

GRANTEE: SOUTHERN PACIFIC RAILROAD COMPANY.

COVERS: 3.095 acres of additional right of way at Savanna.

DATED: February 25th, 1910.

NO CONDITIONS.

29

THIS INDENTURE made this 7th day of February, 1910, between Richard A. At Lee and Lilian At Lee, Husband and Wife, first parties, and the SOUTHERN PACIFIC RAILROAD, Company second party: (TEL)

WITNESSETH that the said first parties for and in consideration of the sum of Ten ($10.00) Dollars, the receipt whereof is hereby acknowledged, do by these presents grant, bargain and sell, convey and confirm unto the said second party and to its successors and assigns forever, all that certain lot and parcel of land situate, lying and being in the County of Los Angeles, State of California, and bounded and particularly described as follows:

Beginning at a point on the west line of Lot Seven (7) F. W. Gibson's Subdivision, Sec. 17, T. 1 S. R. 11 W. S.B.M. at its intersection with the northerly right of way line of the Southern Pacific Railroad Co. thence south sixty-eight degrees twenty-three and one-half minutes east, a distance of 540.54 feet along said northerly right of way line to the east line of said Lot Seven (7); thence northerly along said east line a distance of 216 feet; thence westerly a distance of 545 feet, more or less, to a point on the westerly line of said Lot Seven (7); thence southerly a distance of 280 feet along said westerly line to point of beginning, containing 2.89 acres, more or less.

Also a strip of land Fourteen (14) feet wide and 9.66 chains (637.56 feet) long, along and adjoining the south line of Lot Six, (6) of the F. W. Gibson's Tract, being a portion of said Lot Six (6), as per map of said Tract recorded in Book 15, at Page 39 of the Miscellaneous Records of said Los Angeles County, California, containing .205 acres.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

30

TO HAVE AND TO HOLD, all and singular the said premises, together with the appurtenances, unto the said second party, and to its successors and assigns forever.

IN WITNESS WHEREOF, the said first parties have hereunto set their hands and seals the day and year first above written.

(Sgd) Richard A. Athee (SEAL)

(Sgd) Lilian Athee (SEAL)

Deed-10578

State of California)
) SS
County of Los Angeles)

On this 28th day of February, in the year one thousand nine hundred and ten, AD., before me FLORENCE E LEA, a Notary Public, in for for said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Richard A. At Lee and Lilian At Lee, personally known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County, the day and year in this certificate first above written.

(S-E-A-L)

(Signed) Florence E. Lea.

Notary Public in and for Los Angeles County,
State of California.

Recorded March 2nd, 1910, 33 mins past 9 am, in
Book 4042, Page 301 of Deeds, Los Angeles County
Records.

32

So. Dist.
M.W.
X-371

SAVANNA

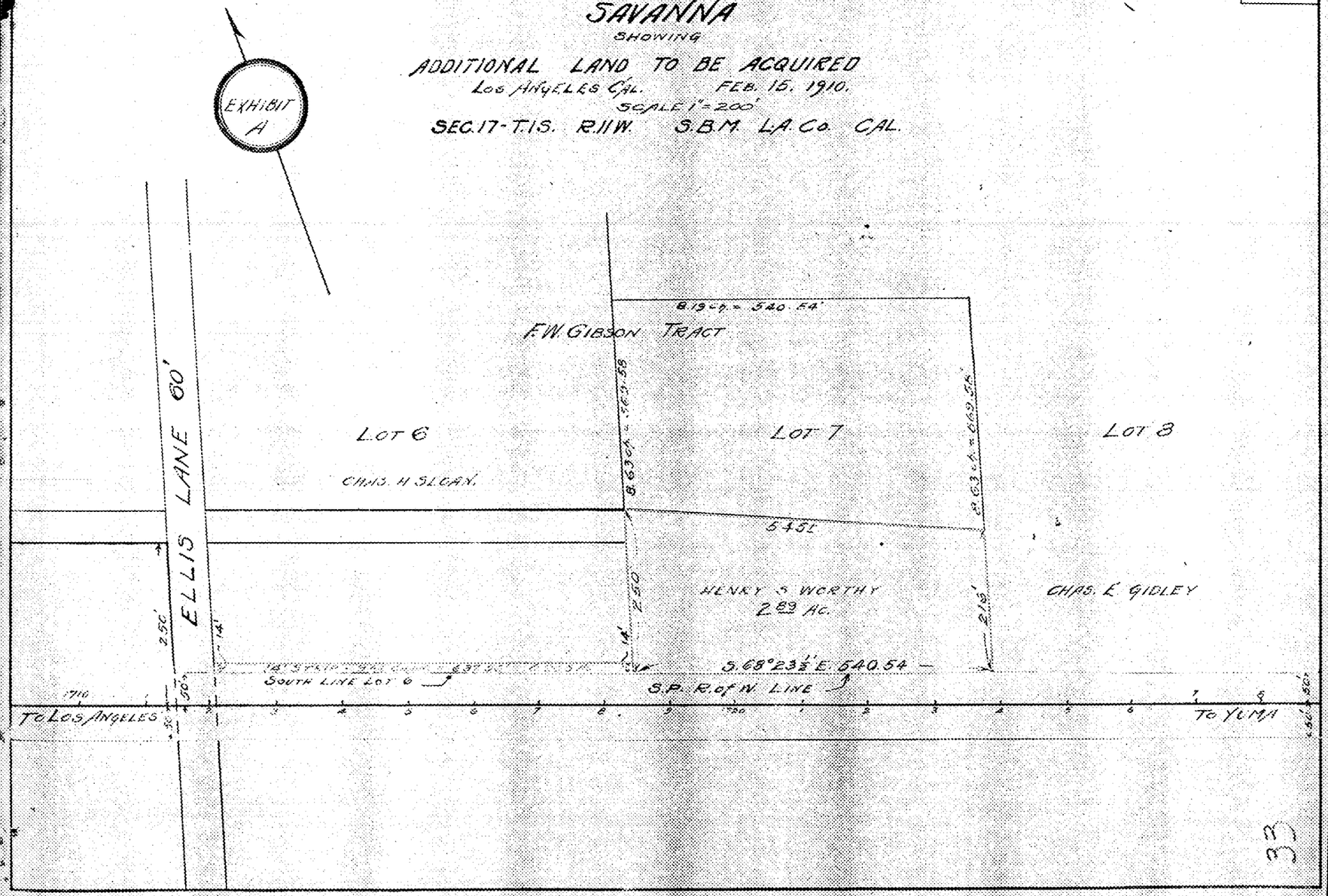
SHOWING

ADDITIONAL LAND TO BE ACQUIRED

LOS ANGELES CAL. FEB. 15. 1910.

SCALE 1" = 200'

SEC. 17 - T. 1 S. R. 11 W. S.B.M. L.A. Co. CAL.



33

C.S. 1382-R

DOCUMENT COVER

Accounting Department Number

LEASE
AUDIT NO. 42507

NOTICE

This document must be kept intact. No check marks or notations of any kind should be made on the instruments.

It is important that integrity of this document be preserved and care should be taken to avoid disarrangement or loss of papers included herein.

Should inspection or copying of any instrument require its removal from the file, permission for such removal must be obtained from Manager, Equipment and Miscellaneous Accounting (Document Custody Bureau).

This document must be given fire protection overnight.

Return the document promptly to Manager, Equipment and Miscellaneous Accounting (Document Custody Bureau).

(Approved as to form by General Counsel
December 2, 1958)

C.S.3572

SOUTHERN PACIFIC TRANSPORTATION COMPANY

LEASE
AUDIT NO.

(Lease)
Termination of (~~Document~~) Audit No. 142507

It is mutually agreed that that certain agreement entered into by the undersigned, or the respective predecessors of undersigned, dated November 18, 1963, covering

construction, maintenance and use of Lessee-owned improvements and facilities for the storage and wholesale distribution of building materials; upon premises of Railroad,

between San Gabriel-El Monte, State of California, is hereby terminated on October 17, 1976

Such termination shall not release any party hereto from any liability or obligation under the agreement hereby terminated, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to such termination or thereafter in case by the terms of said agreement it is provided that anything shall or may be done after termination thereof.

Dated at San Francisco, California, September 21, 1976

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By C W Johnson

C. W. Johnson, Asst. ... Manager-Real Estate

WITNESSED BY:

VAN DIEN-YOUNG CO.
(See Note)

By: [signature]
(Title)
President

NOTE: If an incorporated company, agreement should be executed by an authorized officer thereof and his title indicated; otherwise signature should be witnessed by an employe of Railroad Company if practicable, if not, by a disinterested party.

L.W.S.
SEP 22 1976

FILE: El Monte-Crown City Plating-LT
DATE: September 21, 1976

Mr. L. W. Brown, Los Angeles

Subject: Lease favor VAN DIEN-YOUNG CO.

Refers to ~~Form 2104~~ your letter of September 16, 1976, File R-10492-Savanna-Van Dien-Young-5 submitting above application for

( ) Attached are duplicate counterparts and _____ copies to be conformed of lease to cover at rent of

( ) Attached are duplicate counterparts and _____ copies to be conformed of supplemental agreement to Lease Audit No. _____.

( ) Attached are triplicate counterparts and _____ copies to be conformed of subtenancy agreement/assignment agreement in connection with Lease Audit No. _____.

Please have all counterparts executed by applicant, insert effective date, and return to this office for completion. complete by your office in the usual manner. In connection with new lease you should also forward first month's (or first year's) rental to the Treasurer, giving copy of your transmittal letter to this office. Where certified copy of insurance policy is required, it should be directed to the Law Department (giving copy of your transmittal letter to this office and to Document Custody Bureau), if available now; otherwise, as soon as possible.

(x) Have attached for delivery to applicant fully executed counterpart of termination agreement to Lease Audit No. 142507. Also attached are duplicate counterparts of termination agreement to subtenancy agreement in connection with this lease.

Remarks _____

S. A. SUTFIN

cc: A. A. Shapiro, Document Custody Bureau - Attached for your further handling are original counterpart and 3 copies of above instruments

A. A. Shapiro, Central Services Bureau - Check No. _____ in amount $ _____ received from _____, forwarded to Treasury _____ by _____.

R. Widmann, Los Angeles
O. A. Thomas - Plus tax lease

C. A. R.

SEP 28 1976

(Approved as to form by General Counsel
December 3, 1958)

C.S.3572

SOUTHERN PACIFIC TRANSPORTATION COMPANY

SUBTENANCY AGREEMENT

Termination of ~~(Document)~~ (Lease) Audit No. 142507

It is mutually agreed that that certain subtenancy agreement entered into by the undersigned, or the respective predecessors of undersigned, dated April 29, 1971, covering

sublease of premises covered by Lease Audit 142507, dated November 18, 1963; used by Sub-lessee for processing of containerized metal tailings, and conducting a general scrap metal business, upon premises of Railroad

between San Gabrile-El Monte ~~xxxxxxxx~~, State of California, is hereby terminated on October 17, 1976.

Such termination shall not release any party hereto from any liability or obligation under the agreement hereby terminated, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to such termination or thereafter in case by the terms of said agreement it is provided that anything shall or may be done after termination thereof.

Dated at San Francisco, California, September 21, 1976.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By C. W. Johnson

C. W. Johnson, Asst. to Manager-Real Estate

WITNESSED BY:

VAN DIEN-YOUNG CO. (Lessee)

(See Note)

By: Hubert Hart

(Title) President

EL MONTE IRON & METAL COMPANY (Sub-Lessee)

By

(Title) President

NOTE: If an incorporated company, agreement should be executed by an authorized officer thereof and his title indicated; otherwise signature should be witnessed by an employe of Railroad Company if practicable, if not, by a disinterested party.

L.W.S.
SEP 23 1976

TERMINATION

LEASE

PLEASE TERMINATE LEASE 142507 IN FAVOR OF
Van Dien-Young LOCATED AT El Monte, Ca.

ABOVE INSTRUMENT IS TERMINATED BY LEASE 181766

LESSEE Crown City Plating.

TERMINATION DATE EFFECTIVE 10/17/76

P. K. PURVIS
SEP 23 1976
EMPLOYEE'S STAMP

37. That certain lease dated November 18, 1963, between Railroad's corporate predecessor and Van Dien-Young Co., a corporation, covering the leasing of Railroad's corporate predecessor's premises at said El Monte, California, as therein identified, is hereby terminated (Railroad's Lease 142507).

Lessee hereby warrants that Lessee is the lawful successor to said Van Dien-Young Co. in said lease.

Lessee also hereby warrants that Lessee has acquired all right, title and interest in and to said Van Dien-Young Co.'s improvements and facilities located upon the leased premises, and assumes all obligations under this lease with respect to said improvements and facilities, including the removal of said improvements and facilities upon termination of this lease.

C. A. R.
SEP 24 1976

9-59 FHP-44040/312-1 - 1-19-71 - VII C.S. 3495

(Approved as to form by General Counsel, September 22, 1959)

SUBTENANCY AGREEMENT

Supplemental to Lease Audit No. 142507

This Agreement, made this 29TH day of April 1971,

by and between

SOUTHERN PACIFIC TRANSPORTATION COMPANY, successor by merger to SOUTHERN PACIFIC COMPANY, a corporation, first party, herein called "Railroad", and VAN DIEN-YOUNG CO., a corporation, second party, herein called "Lessee" and EL MONTE IRON & METAL COMPANY, a corporation,

third party, herein called "Sub-lessee."

RECITALS:

Predecessor in interest to Railroad and Lessee entered into that certain lease dated November 18, 1963, as subsequently amended, whereby Railroad's predecessor leased to Lessee certain premises between Gabriel and El Monte Station in Los Angeles County, California for the term of twenty (20) years from November 18, 1963.

Said lease is now in full force and effect and by this reference made a part of this agreement. Said lease provides that Lessee shall not underlease or sublet said premises, or any part thereof, or assign said lease or any interest therein, without the written consent of Railroad.

Lessee and Sub-lessee desire that Railroad consent to a sublease of the whole of said premises as illustrated on Railroad's Los Angeles Division Drawing A-9479, Sheet No. 2, as revised December 9, 1970.

AGREEMENT:

1. Railroad hereby consents to said sublease, provided that Sub-lessee shall be bound by each and every covenant and condition contained in said lease.

2. Sub-lessee agrees to perform all the covenants and conditions contained in said lease to be performed by Lessee, (except, however, the payment of rental to be made by Lessee to Railroad) and hereby agrees to be and is bound by each and every covenant and condition contained in said lease.

3. It is understood and agreed by all of the parties hereto that neither the subleasing of said premises nor anything contained in this agreement shall release Lessee from its obligation to perform and be bound by all of the covenants and conditions contained in said lease.

4. It is understood and agreed said premises shall be used by Sub-lessee for the processing of containerized metal tailings, and conducting a general scrap metal business.

5. Sections 6 and 7 on the attached Insert are hereby made parts of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in triplicate the day and year first herein written.

TRANSPORTATION
SOUTHERN PACIFIC COMPANY,
successor to SOUTHERN PACIFIC COMPANY

By _____
(Title) V. A. Wolfe Mgr., Real Estate

WITNESSED BY:

VAN DIEN-YOUNG CO.

(See Note) Lessee

By _____
(Title) President

EL MONTE IRON & METAL COMPANY

(See Note) Sub-lessee

By _____
(Title)

NOTE—If an incorporated company, agreement should be executed by an authorized officer thereof and his title indicated; otherwise signature should be witnessed by an employe of Railroad if practicable, if not, by a disinterested party.

I N S E R T

6. In the event any governmental body requires Sub-Lessee to install and maintain fencing or screening to completely surround the leased premises, Sub-Lessee shall comply with said requirement.

7. Sub-Lessee agrees to release and indemnify Railroad from and against all liability, cost and expense for loss of or damage to property and for injury to or deaths of persons (including, but not limited to the property and employees of each party hereto), when arising or resulting from:

(a) the use of said premises by Sub-Lessee, its agents, employees or invitees, or

(b) breach of provisions of this lease by Sub-Lessee

whether or not caused or contributed to by any act or omission of Railroad, its employees, agents, contractors, subcontractors or their employees or agents, or any other person.

The term "Railroad" as used in this Section 7 shall include the successors, assigns and affiliated companies of Railroad and any other railroad company operating upon Railroad's tracks.

Sub-Lessee shall provide Railroad satisfactory evidence of insurance covering Sub-Lessee's liability under this lease in amounts not less than $300,000/750,000 Bodily Injury and $100,000/100,000 Property Damage. Except where prohibited by law, Sub-Lessee's Workmen's Compensation insurance covering operations on the leased premises shall include a waiver of subrogation against Railroad.

It is agreed that the limits of insurance specified above are the minimum amounts required by Railroad and shall be subject to revision from time to time.

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*

TEMPLE CITY
B-493.3 BLVD.
BR.# 493.33
95'8" BALLAST DECK
L.A. RIVER
CHANNEL
EATON
WASH
OFFICE
SHED
VAN DIEN-YOUNG CO.
LEASE AREA
B-493.31-L
To Yuma
To L.A.
LEGEND
Property Line
Southern Transportation Co.
Leased Area = 2.597 Ac.
SHEET 2
DRAWING 9479
LOS ANGELES DIV.
S-32
Y-33
N
SCALE: 1"=100'
LEASE TO VAN DIEN CO.
SUBLEASE TO EL MONTE
LEON'S METAL COMPANY
EL MONTE
PACIFIC LINES
TRANSPORTATION COMPANY
SOUTHERN PACIFIC
SEP 29 1970

L.W.S.
JUL 10 1974

File: San Gabriel V-6
Date: July 9, 1974

Mr. L. M. Brown, Los Angeles

Subject: Lease favor VAN DIEN-YOUNG CO.

Refers to Form 2104 of 9-30-70 & ltr 12-16-78e 12718-1/2 submitting above application for subtenancy and change in usage.

( ) Herewith duplicate counterparts and _____ copies to be conformed of lease to cover at rent of

( ) Herewith duplicate counterparts and _____ copies to be conformed of supplemental agreement to Lease Audit No. _____.

( ) Herewith triplicate counterparts and _____ copies to be conformed of sub-tenancy agreement/assignment agreement to cover.

Please have all counterparts executed by applicant, insert effective date and return to this office for completion. In connection with new lease you should also forward first month's (or first year's) rental to the Treasurer, giving copy of your transmittal letter to this office. Where certified copy of insurance policy is required, it should be directed to the Law Department (giving copy of your transmittal letter to this office and to Document Custody Bureau), if available now, otherwise, as soon as possible.

(x) Have attached for delivery to applicant fully executed two counterparts of subtenancy agreement to Lease Audit No. 142507

Remarks _____

S. A. SUTFIN

cc: A. A. Shapiro, D/C Bureau
Have attached for your further handling original and 3 copies of above instrument.

RELMIS Clerk - Real Estate

A. A. Shapiro, Central Services: Check No. _____ in amount

$_____ received from _____

forwarded to Treasurer _____ by _____.

R. G. Thruston, Los Angeles
W. J. Reeves, Los Angeles

LEASE

AUDIT No. 142507

M. D. L.

L.W.S. DEC 31 1971

DEC 30 1971

San Gabriel-El Monte-V-6

December 31, 1971

Van Dien Young Company
5257 N. Vincent Avenue
Irwindale, California

Gentlemen:

Attached is your counterpart of Second Supplemental Agreement dated November 30, 1971, to our Lease 142507, which covers your occupancy of property at San Gabriel. The Supplemental Agreement has now been executed on behalf of Southern Pacific Transportation Company.

You will note under Section 2 of the Supplement that rental is at the rate of $288 per month effective April 18, 1971, until such time as a rental increase is permitted in accordance with Executive Order No. 11615 (the President's price freeze). This property is no longer subject to the price freeze and therefore effective November 18, 1971, rental on above lease will be $935 per month.

Yours very truly,

V. A. Wolfe

Attach.

bcc: Mr. G. P. Lindquist - Document Custody Bureau - Attached is Railroad's counterpart and three conformed copies of above supplemental agreement. Please adjust your records to show that rental on above lease is $288 per month effective April 18, 1971, thence $935 per month effective November 18, 1971.

bcc: Mr. G. P. Lindquist - B/C Bureau
12-A Mr. L. M. Brown, Los Angeles - (R-10492-Savanna-Van Dien-10)
Mr. W. J. Reeves, Los Angeles (5-ID-12145-El Monte Iron & Metal Co.)
Mr. G. A. Baldwin, City of Industry (A-El Monte Iron & Metal)
Mr. R. G. Thruston, Los Angeles - NFR

Please let me see Lease 142507 when this supplement has been attached to it, re taxes

M. D. L.
DEC 31 1971

Copies to RGT LMB 1-10-72 GC

FHP 44040/312-1 11/24/71 VI

LEASE

Lease 142507

THIS SECOND SUPPLEMENTAL AGREEMENT, dated this 30th day of November, 1971, by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, successor by merger to SOUTHERN PACIFIC COMPANY, a corporation, herein called "Railroad" and VAN DIENYOUNG COMPANY, a corporation, herein called "Lessee";

RECITALS:

Predecessor in interest to Railroad and Lessee entered into that certain lease dated November 18, 1963, whereby Railroad's predecessor leased to Lessee certain premises located between San Gabriel and El Monte, in the County of Los Angeles, State of California, illustrated on the print attached thereto for the purpose therein specified, for the term of 20 years from November 18, 1963, which lease was amended by an agreement dated April 29, 1965.

The parties again desire to amend said lease, as amended, as hereinafter provided.

AGREEMENT:

1. Effective as of the 18th day of April, 1971, the print of Railroad's Los Angeles Division Drawing A-9479, Sheet No. 2, as revised December 9, 1970, attached and made a part hereof, is hereby substituted for the print attached to said recited lease and Railroad's premises, subject of said recited lease, are as illustrated thereon.

2. As of said effective date rental for Railroad's premises, subject of said recited lease, shall be the sum of Two Hundred Eighty - Eight Dollars ($288.00) per month, payable monthly in advance, which rental is in accordance with Executive Order No. 11615, dated August 15, 1971, and regulations relating thereto. At such time as a rental increase is permitted said rental payment shall be increased to the sum of Nine Hundred Thirty - Five Dollars ($935.00) per month, payable monthly in advance, which rental shall continue in effect until April 17, 1976; thereafter said rental shall again be subject to revision in accordance with Section 24 of said recited lease.

3. Lessee shall continue to pay to Railroad the taxes and assessments as specified in said lease, as amended.

*

*

4. Except as herein otherwise provided, all terms and conditions of said recited lease, as amended, shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this second supplemental agreement to be executed in duplicate as of the day and year first herein written.

SOUTHERN PACIFIC TRANSPORTATION COMPANY, successor by merger to SOUTHERN PACIFIC COMPANY,

By _____
(Title) ~~V. A. Wolfe Mgr., Real Estate~~
S. A. Smith: Asst. Manager Real Estate

VAN DIEN YOUNG CO.

By _____
(Title) President

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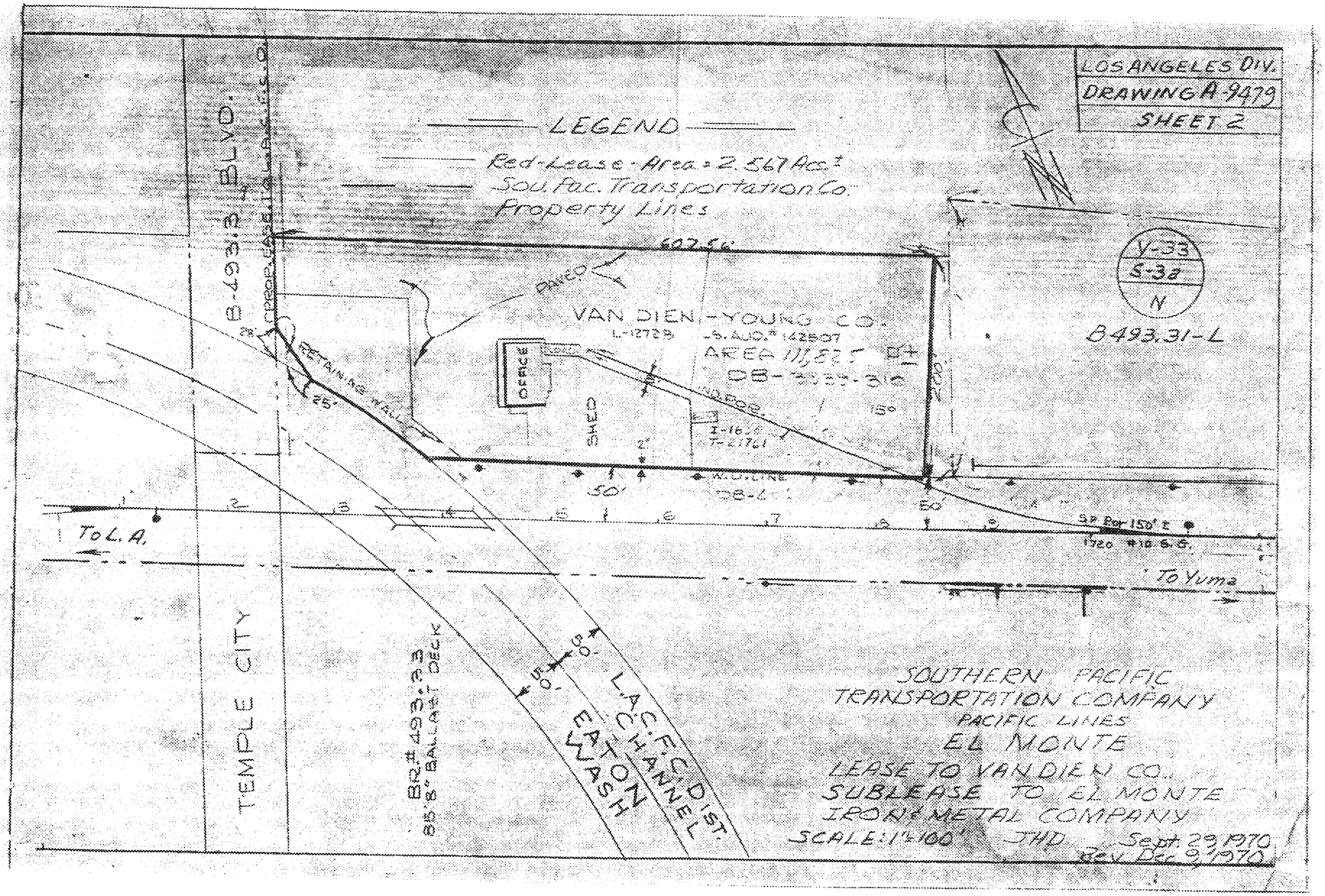

LOS ANGELES DIV.
DRAWING A-9479
SHEET 2
LEGEND
Red-Lease-Area = 2.567 Acs.±
Sou. Pac. Transportation Co.
Property Lines
B-493.3 BLVD.
PAVED
VAN DIEN-YOUNG CO.
L-12728
AREA 111,825
OFFICE
SHED
RETAINING WALL
25'
50'
200'
15°
Y-33
S-3a
N
B493.31-L
To L.A.
To Yuma
TEMPLE CITY
BR.# 493.33
85'8" BALLAST DECK
L.A.C.F.C. DIST.
CHANNEL
EATON WASH
SOUTHERN PACIFIC
TRANSPORTATION COMPANY
PACIFIC LINES
EL MONTE
LEASE TO VAN DIEN CO.
SUBLEASE TO EL MONTE
IRON & METAL COMPANY
SCALE: 1"=100'
JHD
Sept. 29, 1970
Rev. Dec. 9, 1970

LEASE

Lease No. 142507
AUDIT NO.

THIS SUPPLEMENTAL AGREEMENT, made this 29th day of April, 1965, by and between SOUTHERN PACIFIC COMPANY, a corporation, herein called "Railroad", and VAN DIEN-YOUNG COMPANY, a corporation, herein called "Lessee":

RECITALS:

The parties hereto entered into a lease dated November 18, 1963, wherein Railroad leased to Lessee a portion of Railroad's premises situate at or near Temple Boulevard and the Eaton Wash in the City of El Monte, County of Los Angeles, State of California.

Said lease provides for lease of premises for a term of twenty (20) years.

The parties desire to amend said lease to provide for a legal description of the leased premises, and to provide for the consent by Railroad of the assignment of Lessee's leasehold interest in said lease for security purposes.

AGREEMENT:

1. The area of leased premises shall be as legally described by legal description marked "Exhibit A" attached hereto and made a part hereof.

2. Lessee shall be entitled to assign, mortgage or encumber the leasehold interest of Lessee as security for a loan obtained by Lessee, providing that Lessee or the lender delivers to Railroad within a reasonable time after such assignment, mortgage or encumbrance, a true and correct copy of the security instrument entered into between Lessee and the lender. In the event of such assignment, mortgage or encumbrance to a lender is made, such lender shall succeed to Lessee's interest by foreclosure, of such security instrument, trustee's sale or assignment in lieu thereof. In the event Lessee defaults in performance of Lessee's obligations under said lease, Railroad will not terminate said lease because of such default, unless and until Railroad gives thirty (30) days' written notice to the holder of the security instrument, and such holder of such security instrument either (a) fails to cure such default if the same can be cured by the payment of money required to be paid under the provisions of the lease, or (b) if default is not curable

by such payment of money, fails to commence and thereafter diligently pursue foreclosure or sale proceedings under such security instrument, and keeps the payments of rent current and complies with all other terms and conditions of said lease during the pendence of such foreclosure or sale proceedings.

In the event such lender shall succeed to Lessee's interest by foreclosure, trustee's sale proceedings or assignment in lieu of foreclosure, Railroad (i) shall not require the lender to comply with the provisions of Section 3, paragraph 2, of said lease, until 180 days from the date the lender acquires title to Lessee's leasehold interest, and (ii) agrees that lender shall have the right to assign the lease or sublet the premises subject to the consent of Railroad which consent shall not be unreasonably withheld.

3. Railroad agrees that should lender acquire the leasehold estate or any portion thereof in the manner hereinabove set forth and thereafter should lender assign lender's interest in and to such leasehold estate to another, lender shall thenceforth be released from all liability for the payment, performance or observance of any and all obligations, agreements and conditions of said lease and for any default on or in connection with the leasehold estate accruing after the effective date of such assignment.

4. The foregoing provisions of Section 2 and 3 of this agreement shall supersede any provisions to the contrary contained in said lease, including but without limitation the provisions of Section 7 and 20 thereof.

5. Except as herein otherwise provided, it is understood and agreed that all the terms, covenants and conditions of said lease shall be and remain in full force and effect.

6. This supplemental agreement shall be effective as of the 29th day of April, 1965.

IN WITNESS WHEREOF, the parties hereto have executed this supplemental agreement in duplicate the day and year first herein written.

SOUTHERN PACIFIC COMPANY

By L E Hoyt
(Title) Assistant to the President

VAN DIEN-YOUNG COMPANY

STATE OF CALIFORNIA,
City and County of San Francisco } *ss.*

On this 24th *day of* May *in the year One Thousand Nine Hundred and Sixty* five *before me,* H. G. BUNN, JR., *a Notary Public in and for the City and County of San Francisco, State of California, personally appeared* L. E. Hoyt ~~and T. F. Ryan~~, *known to me to be the* Assistant to the President ~~and Assistant Secretary~~, ~~respectively~~, *of the corporation described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named and they acknowledged to me that such corporation executed the same.*

(65 Market St.)

H. G. BUNN, JR.
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL PLACE OF BUSINESS IN
CITY AND COUNTY OF
SAN FRANCISCO

My Commission Expires June 25, 1967

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

Corporation

Notary Public in and for the City and County of San Francisco, State of California.

My Commission Expires June 25, 1967.

TD 449 C
(Corporation)

(TI)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On April 29, 1965 before me, the undersigned, a Notary Public in and for said State, personally appeared Herbert R. Kirby, known to me to be the President and ~~known to me to be Secretary~~ of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Marilynn G. Hicks

Marilynn G. Hicks
Name (Typed or Printed)

STAPLE HERE

OFFICIAL SEAL
MARILYNN G. HICKS
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

My Commission Expires Oct. 3, 1968

(This area for official notarial seal)

FHP - VI - 10/9/63 - 932/312-1

A/C 5104 MISC. R'31 INCOME
(NON-AFFILIATED CO'S)

AUDIT NO. 142507 N

S-2233

8-62 2M

Approved as to form by General Counsel, January 23, 1962.

SOUTHERN PACIFIC COMPANY

INDUSTRIAL LEASE

NC - 77

This Lease, made and entered into this 18th day of November, 1963 by and between the SOUTHERN PACIFIC COMPANY, a corporation, herein called "Railroad," and VAN DIEN-YOUNG CO., a corporation,
address: 5257 N. Vincent Avenue, Irwindale, California,
herein called "Lessee."

Witnesseth: That Railroad hereby leases to Lessee the premises of Railroad ~~at or near~~ xxxxxx between San Gabriel-El Monte Station, County of Los Angeles, State of California, shown enclosed within red lines upon the print hereto attached, (Railroad's Los Angeles Div'n Drawing A-4769, Sheet No. 1, as revised September 3, 1963) for the term of twenty (20) years from the 18th day of November, 1963, upon the following terms and conditions:

1. Railroad reserves for itself, its successors, assigns and licensees, the right to construct, maintain and operate any existing tracks and existing, new and/or additional pipe, telegraph, telephone and power transmission lines upon, over and beneath the leased premises.

Lessee hereby acknowledges the title of Railroad to the leased premises, and agrees never to assail or resist said title.

2. In addition to the taxes specified in Sections 5 and 25 hereof, Lessee agrees to pay rental at the rate of specified in Section 24 hereof.

~~Dollars ($~~xxxxxxxxxxxxxxxxx~~)~~x

~~per~~x ~~payable~~x ~~in advance~~x. If such rental is payable on a monthly basis and the effective date hereof is other than the first day of the month, then the rental will be prorated from the effective date to the first day of the following full calendar month.

Any privilege, sales, gross income or other tax (not including income tax) imposed upon the rentals herein provided to be paid by the Lessee, or upon the Railroad in an amount measured by the rentals received by Railroad, shall be paid by the Lessee, in addition to the amounts set forth herein, whether such imposition of tax be by The United States of America, the state in which the leased premises are located, or any subdivision or municipality thereof.

3. Said premises shall be used by Lessee solely and exclusively for construction, maintenance and use of Lessee-owned improvements and facilities for the storage and wholesale distribution of building materials.

Lessee agrees to comply with all applicable laws and regulations with respect to the use of the leased premises.

If the Lessee does not, within ninety (90) days, commence the use of the leased premises for the purposes herein mentioned, or if the Lessee discontinues such use for a period of ninety (90) days, the Railroad may at its option terminate this lease by giving fifteen (15) days' notice in writing to the Lessee, ~~in which event the provisions of Section 8 hereof, relating to refund of rental, shall apply~~x

4. Lessee agrees to keep the leased premises and all buildings and structures thereon free from rubbish and in a neat and safe condition and satisfactory to Railroad. Lessee shall maintain, at Lessee's sole cost and expense, in good condition and repair, satisfactory to Railroad, all buildings and structures upon said leased premises, except those owned by the Railroad. The leased premises and buildings and structures thereon shall not be used for displaying signs and notices other than those connected with the business of Lessee contemplated by this lease. Such notices and signs shall be neat and properly maintained. Railroad shall have the right to enter the leased premises at reasonable times to inspect the same.

5. Lessee agrees to pay, before they become delinquent, all taxes and assessments against the leased premises, or which might become a lien thereon, by reason of any buildings, structures or other property, real or personal, on the leased premises (except those owned by Railroad), or by reason of Lessee's activities. Railroad may at its option pay such taxes or assessments, and such payments will be repaid by Lessee on demand.

6. Subject to any lawful charges therefor, Lessee may receive service on any Railroad-owned track upon or immediately adjacent to the leased premises, provided that such use will not interfere with use of the track for railroad purposes. Railroad shall have the right to serve other patrons upon such track or extensions thereof and incident thereto may temporarily remove cars consigned to Lessee on said track without liability to Lessee. Railroad may at any time, in its sole discretion, terminate service to Lessee on such Railroad-owned track. Lessee shall secure the written consent of the owner before requesting service upon any private industrial track.

Form Approved:

Attorney

APPROVED AS TO CORPORATE OWNER

FOR VALUATION OFFICER

DESCRIPTION CORRECT

FOR CHIEF ENGINEER

Form of Execution Approved:

Contract Attorney

LEAGUE
AUDIT NO. 142507

14. In case Railroad shall successfully bring suit to compel performance of, or to recover for breach of, any covenant, agreement or condition herein written, Lessee will pay to Railroad reasonable attorney fees in addition to the amount of judgment and costs.

15. In case Lessee shall (except by Railroad) be lawfully deprived of the possession of the leased premises or any part thereof, Lessee shall notify Railroad in writing, setting forth in full the circumstances in relation thereto, whereupon Railroad may, at its option, either install Lessee in possession of the leased premises, or terminate this lease and refund to Lessee the pro rata amount of the rental for the unexpired term of the lease after the receipt of such notice, whereupon no claims for damages of whatsoever kind or character incurred by Lessee by reason of such dispossession shall be chargeable against Railroad.

16. In case Lessee holds over the term of this lease, with the consent of Railroad, such holding over shall be deemed a tenancy from month to month, and upon the same terms and conditions as herein stated.

17. Any notice to be given by Railroad to Lessee hereunder shall be deemed to be properly served if delivered to Lessee, or if deposited in the post office, postpaid, addressed to Lessee at the leased premises or to last known address.

18. Time and specific performance are each of the essence of this lease.

19. Sections 20 to 28 inclusive on the attached insert are hereby made parts of this lease.

THIS LEASE shall inure to the benefit of and be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto, but shall not be assigned or subleased by Lessee without the prior written consent of Railroad.

IN WITNESS WHEREOF, the parties hereto have executed this lease in duplicate the day and year first above written.

SOUTHERN PACIFIC COMPANY,

By E. F. Widdas

(Title) E. F. Widdas Mgr. Real Estate Dept.

WITNESSED BY:

VAN DIEN-YOUNG CO.

(See Note) (Lessee)

By Harlan D. Burley - President

(Title)

DESCRIPTION CORRECT:

Division Engineer.

NOTE:—If an incorporated company, lease should be executed by an authorized officer thereof and his title indicated; otherwise signatures should be witnessed by an employe of Railroad, if practicable, if not, by a disinterested party.

Lessee agrees to comply with the clearance regulations set forth on attached Exhibit "A," and, where greater clearances are required by statute or lawful order, Lessee shall provide such greater clearances. A minimum overhead clearance of twenty-five (25) feet above tops of rails shall be provided for wires above said track and for a horizontal distance of at least eight (8) feet six (6) inches from the centerline thereof. All doors, windows or gates of any building or enclosure shall be of the sliding type or shall, when opened, by swung away from the track when such building or enclosure is so located that said doors, windows or gates if opened toward the track would, when opened, be at clearances in violation of the clearances specified on said Exhibit "A." No pipe, conduit, structure, opening or excavation of any kind whatsoever shall be made or placed by Lessee beneath any track and no gate or other obstruction shall be constructed or maintained across said track without prior written approval from Railroad. No gunpowder, dynamite, gasoline, or other explosive material shall be piled or stored by Lessee upon the leased premises within one hundred (100) feet from nearest track.

The terms of this Section 6 shall not be deemed waived by either party except by written agreement.

7. In the event Lessee shall not promptly correct any default by Lessee hereunder after receipt of notice of such default from Railroad, Railroad shall have the right to terminate this lease forthwith and to retake possession of the leased premises. Waiver of any default shall not be construed as a waiver of a subsequent or continuing default. Termination of this lease shall not affect any liability by reason of any act, default or occurrence prior to such termination.

8. ~~Either party hereto may terminate this lease upon thirty (30) days' written notice to the other party. In the event of such termination by Railroad, the proportion of rent paid in advance allocable to any period after the termination date shall be refunded to Lessee.~~

9. Upon the expiration or termination of this lease, or any extension or renewal thereof, Lessee, without further notice, shall deliver up to Railroad the possession of the leased premises. Lessee, if not in default hereunder, shall be entitled, at any time prior to such expiration or termination, to remove from the leased premises any buildings or structures wholly owned by Lessee. Lessee shall restore said leased premises to the condition in which they existed at the time Lessee took possession. Upon the failure or refusal of Lessee to remove from the leased premises all buildings, structures and all personal property owned by Lessee, prior to the expiration or termination of this lease, said buildings, structures and personal property shall thereupon, at the option of Railroad, become the sole property of Railroad, or if Railroad so elects it may remove from the leased premises any buildings, structures and other personal property owned by Lessee, and Railroad may also restore the leased premises to substantially the condition in which they existed at the time Lessee took possession, all at the expense of Lessee, which expense Lessee agrees to pay Railroad upon demand. In the event of such failure or refusal of Lessee to surrender possession of said leased premises, Railroad shall have the right to re-enter upon said leased premises and remove Lessee, or any person, firm or corporation claiming by, through or under Lessee, therefrom.

10. Lessee shall not construct, reconstruct or alter structures of any character upon the leased premises without the prior written consent of Railroad. Lessee shall not commence any repairs (except emergency repairs) until fifteen (15) days after written notice to Railroad.

11. Lessee will fully pay for all materials joined or affixed to the leased premises, and pay in full all persons who perform labor upon the leased premises and will not suffer any mechanics' or materialmen's liens of any kind to be enforced against the leased premises for any work done, or materials furnished, at the Lessee's instance or request. If any such liens are filed thereon, Lessee agrees to remove the same at Lessee's own cost and expense and to pay any judgment which may be entered thereon or thereunder. Should the Lessee fail, neglect or refuse so to do, Railroad shall have the right to pay any amount required to release any such lien or liens, or to defend any action brought thereon, and to pay any judgment entered therein, and the Lessee shall be liable to the Railroad for all costs, damages, and reasonable attorney fees, and any amounts expended in defending any proceedings, or in the payment of any of said liens or any judgment obtained therefor. Railroad may post and maintain upon the leased premises notices of non-responsibility as provided by law.

12. In case the leased premises or any part thereof are in either the State of Arizona or Utah, Lessee will give Railroad and the lessor of Railroad, before allowing any construction, alteration or repair to be done upon the leased premises, a bond satisfactory in form and to be issued by some surety company to be approved by Railroad in a sum equal to the full contract price of such construction, alteration or repair, conditioned that the Lessee shall pay or cause to be paid all contractors, sub-contractors, laborers, operatives and other persons who may labor or furnish labor, materials or tools in the performance of such construction, alteration or repair.

13. With respect to any liability for loss, damage, injury or death arising from or incident to the use of the leased premises, each party agrees that it will assume and indemnify and hold harmless the other party against all liability, cost and expense caused by its actions or omissions (or the actions or omissions of its agents, contractors, employees or invitees) or by defective property in its possession, care, custody or control. In the event of any combination of such factors involving both parties, each shall assume and will indemnify and hold harmless the other party against all liability, cost and expense for loss of or damage to property in its possession, care, custody or control, and for injury or death of its agents, contractors, employees or invitees, and any liability to third parties shall be equally divided between the parties hereto. For the purpose of this Section 13, any violation by Lessee of the provisions of Section 6 hereof shall be deemed the sole cause of any loss, damage, injury or death arising therefrom. The provisions of this Section 13 are solely for the benefit of the parties hereto and shall not give rise to a claim or cause of action by or affect the liability of any other person.

I N S E R T
(continued)

24. The rent therefor agreed to be paid by Lessee to Railroad is as follows: Three Hundred Ten (310) Dollars per month, payable monthly,

which sum is hereby agreed to be the minimum rental rate payable to Railroad during the entire term of this lease.

At any time or times after five years from the effective date of this lease such rental may be revised by Railroad by giving thirty (30) days' advance notice in writing to Lessee. Such rental shall be the reasonable and fair rental value of the leased premises at the time of such revision, as determined by Railroad and Lessee, but not less than the minimum rental rate hereinbefore set forth. When so revised, such rental shall not be subject again to revision until five (5) years from the effective date of each such revision.

In the event Railroad and Lessee are unable to agree upon rental value, then, upon request of either Railroad or Lessee, the matter shall be submitted to and decided by three arbitrators, one to be appointed by Railroad, one by Lessee and a third by the two so appointed. If either Railroad or Lessee shall fail or refuse to appoint an arbitrator within thirty (30) days after notice has been given to it by the other party, the party giving such notice may and shall name and appoint an arbitrator for and on behalf of the party so in default. If the two arbitrators thus chosen shall be unable to agree upon the third arbitrator, such arbitrator shall be appointed upon application of either party by any Judge of the District Court of the United States for the district which shall then include the said leased premises, but such application shall not be made until such party shall have given twenty (20) days' notice in writing to the other party of its intention so to do. The arbitrators, as soon as possible after their selection, shall meet to hear and decide the question submitted to them and shall give to each of the parties hereto reasonable notice of the time and place of such meeting. The hearings of the Board of Arbitrators shall be conducted in a lawful manner. The written decision of the arbitrators, signed by a majority of them, shall determine the matter and such determination shall be final and conclusive upon the parties hereto. The fees and expenses of arbitration shall be borne as the parties may agree prior to the arbitration, or, in case of disagreement, shall be apportioned by the Board of Arbitrators fairly and equitably.

Nothing contained in this Section shall be construed or deemed to extend the term of this lease or to amend or modify in any way the provisions of Section 16 hereof.

I N S E R T

25. In addition to the taxes specified in Section 5 hereof, Lessee agrees to reimburse Railroad for all taxes levied against the land included in this lease during the said term or any extension or holding over thereof.

26. This lease will be supplemented to include a legal description ofthe property if requested by either party in writing.

27. Lessee agrees to arrange and pay for all utilities Lessee may elect to use on said premises direct to the company providing such service.

28. If the Lessee does not within one (1) year from the effective date hereof construct a spur track to serve the leased premises, the Railroad may, at its option, terminate this lease by giving ninety(90) days notice in writing to the Lessee.

Form M

I N S E R T

20. Railroad shall also have the right to terminate this lease by written notice and to take exclusive possession of the premises in the event:

(a) Lessee shall be adjudged a bankrupt.

(b) Lessee becomes insolvent.

(c) Any action or proceeding for debtor relief of Lessee be commenced by Lessee.

(d) Lessee seeks general debtor relief by extra-judicial means.

Receipt of rent or other payments from any person for use of the leased premises shall not constitute a waiver of Railroad's right to terminate as above set forth. If there are two or more Lessees hereunder, or if Lessee is a partnership, Railroad's right to terminate shall arise in the event any one of the Lessees or partners is adjudged a bankrupt, becomes insolvent, seeks general debtor relief or commences or becomes subject to any of the proceedings set forth above.

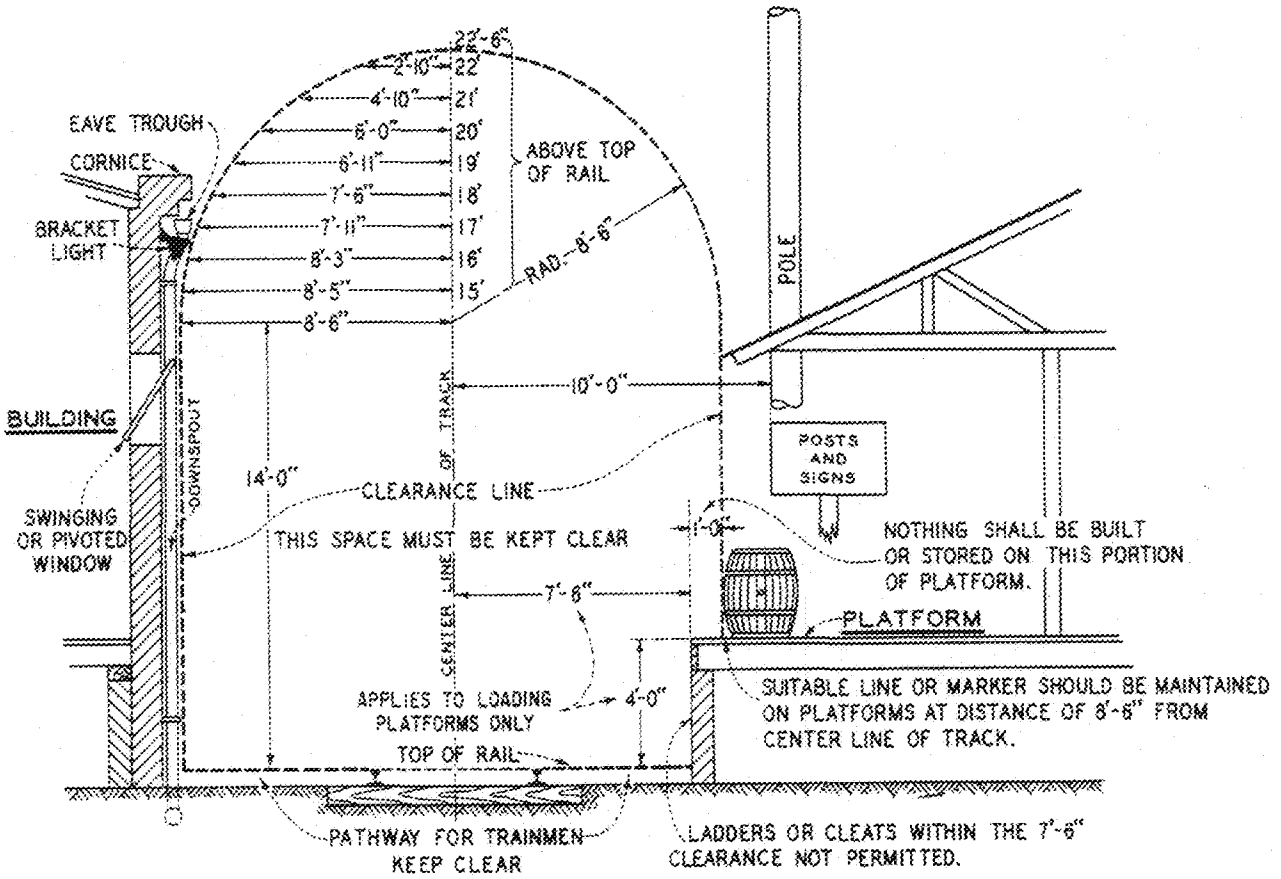
21. In the event any essential portion of the improvements on the leased premises is so damaged by fire or other casualty as not to be restorable within ninety (90) days, either party may terminate this lease by written notice. If the improvements can be restored within ninety (90) days, Lessee shall promptly make such restoration at Lessee's own expense, failing in which Railroad may forthwith terminate this lease by written notice.

22. In the event all or any portion of the leased premises shall be condemned for public use, Lessee shall receive compensation only for the taking and damaging of Lessee's improvements. Any compensation or damages for taking said premises or Lessee's leasehold interest therein awarded to Lessee shall be assigned to Railroad.

23. It is agreed that in the event assessments for public improvements are made against the said leased premises, the rental in effect at such time shall be increased by six per cent (6%) per annum of the proportion of such assessments applicable to the said premises.

TYPICAL
CLEARANCE OF STRUCTURES FROM RAILROAD TRACKS
AS PRESCRIBED BY
PUBLIC UTILITIES COMMISSION - STATE OF CALIFORNIA
GENERAL ORDER NO. 26-D
(EFFECTIVE FEBRUARY 1, 1948)

FOR NEW WORK AND RECONSTRUCTION OF EXISTING FACILITIES ADJACENT TO STANDARD GAUGE RAILROAD TRACKS TRANSPORTING FREIGHT CARS.



NOTES

OVERHEAD WIRE CLEARANCES SHALL CONFORM TO COMMISSION'S GENERAL ORDER NO. 95 OR AMENDMENTS THEREOF.

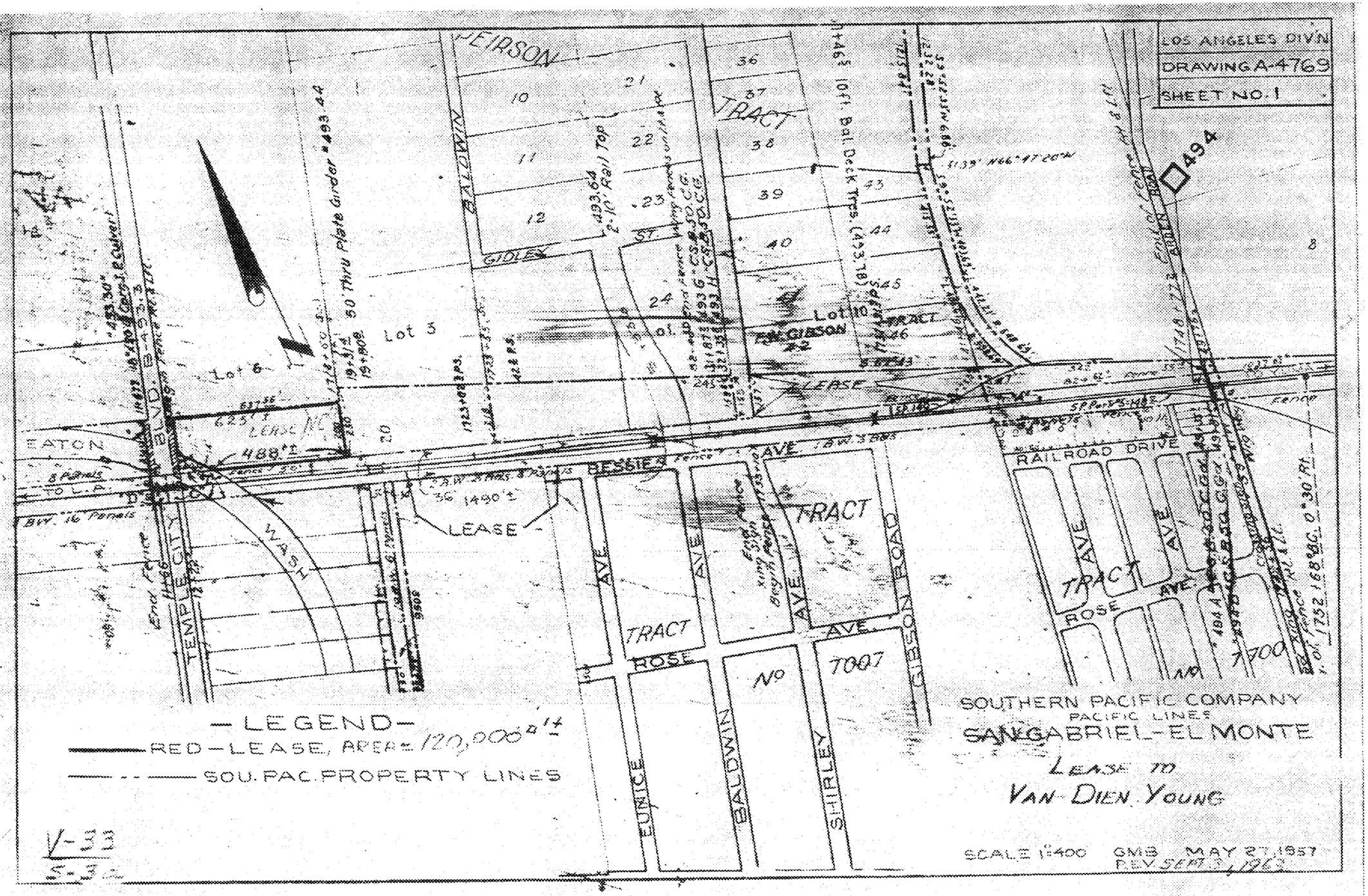
POSTS, POLES, SIGNS AND SIMILAR FACILITIES MAY HAVE MINIMUM CLEARANCE OF 8'-6", BUT CLEARANCE OF 10'-0" IS RECOMMENDED WHERE PRACTICABLE.

ALL SIDE CLEARANCE DIMENSIONS ARE FOR TANGENT TRACK. IN GENERAL SIDE CLEARANCE FOR CURVE TRACK TO BE 1'-0" GREATER THAN THAT FOR TANGENT TRACK.

WHEN TRACK IS USED PRINCIPALLY FOR LOADING OR UNLOADING REFRIGERATOR CARS, PLATFORM WITH HEIGHT OF 4'-6" ABOVE TOP OF RAIL MAY BE MAINTAINED PROVIDED THAT MINIMUM SIDE CLEARANCE TO CENTER LINE OF TRACK SHALL BE 8'-0".

PLATFORMS 4'-0" OR LESS IN HEIGHT WITH MINIMUM CLEARANCE OF 7'-3" MAY BE EXTENDED AT EXISTING CLEARANCES IF SUCH EXTENSION IS NOT IN CONNECTION WITH RECONSTRUCTION OF ORIGINAL PLATFORM.

ICING PLATFORMS AND SUPPORTS SHALL HAVE MINIMUM CLEARANCE OF 7'-8".


LOS ANGELES DIV'N
DRAWING A-4769
SHEET NO. 1
PEIRSON
TRACT
BALDWIN
GIDLEY
ST.
Lot 3
Lot 6
Lot 10
EATON
BLVD.
TEMPLE CITY
WASH
BESSIE
AVE.
LEASE
RAILROAD DRIVE
ROSE
AVE.
EUNICE
BALDWIN
SHIRLEY
GIBSON ROAD
No 7007
No 7700
494
— LEGEND —
RED — LEASE, AREA = 120,000 □'±
SOU. PAC. PROPERTY LINES
SOUTHERN PACIFIC COMPANY
PACIFIC LINES
SAN GABRIEL - EL MONTE
LEASE TO
VAN DIEN YOUNG
SCALE 1"=400
GMB MAY 27, 1957
REV. SEPT 3, 1963
V-33
S-3a

MC 312-1 (142507)

San Francisco, California

M. D. L.
DEC 9 1963

DEC 6 1963

Mr. H. E. Marks
~~Mr. K. W. Harbor, Tax Agent - Portland, Oregon~~
~~Mr. E. W. Converse, Asst. Tax Commissioner - Los Angeles, California~~

Herewith for your review is following lease which provides for lessee to reimburse the company for taxes in addition to rental:

Lease Audit No.	Lessee	Location
142507	Van Dien-Young Co.	San Gabriel - El Monte, Calif.

With return of the lease will you also please return attached copy of this letter with information requested below.

C. S. GROVE
By E. M. W.

R E P L Y

Mr. C. S. Grove:

Company owned improvements are included in lease — Yes ____ No ✓

Property covered by this lease is classified as operating or nonoperating — Operating ✓

(if part operating and part nonoperating show below the percentage of each) — Nonoperating ____

Operating ____ %____
Nonoperating ____ %____

Lease covers property in Oregon and is located on operating property or is separately assessed — Oper. Prop. ____ Sep. Assessed ____

Remarks: ____

S. M.

Date DEC 9 1963

Accounting Department Number

LEASE 181766

AUDIT No.

DOCUMENT COVER

19

Moxley

A/C 510-4 MISC. RENT INCOME

NOTICE

This document must be kept intact. No check marks or notations of any kind should be made on the instruments.

It is important that integrity of this document be preserved and care should be taken to avoid disarrangement or loss of papers included herein.

Should inspection or copying of any instrument require its removal from the file, permission for such removal must be obtained from Manager, Equipment and Miscellaneous Accounting (Document Custody Bureau).

This document must be given fire protection overnight.

Return the document promptly to Manager, Equipment and Miscellaneous Accounting (Document Custody Bureau).

File: El Monte-Crown City Plating-LT
Date: May 12, 1982

Mr. R. L. Stacy, Los Angeles

Subject: Lease favor CROWN CITY PLATING COMPANY

Refers to ~~XXXXXXX~~ your letter of May 3, 1982, File R-10492-El Monte-Crown City-JDR submitting application for

( ) Attached are duplicate counterparts and _____ copies to be conformed of lease to cover at rent of

( ) Attached are duplicate counterparts and _____ copies to be conformed of supplemental/termination agreement to Lease Audit No._____.

( ) Attached are triplicate counterparts and _____ copies to be conformed of subtenancy/assignment agreement in connection with Lease Audit No._____.

Please have all counterparts executed by applicant, insert effective date, and return to this office for completion. complete by your office in the usual manner. In connection with new leases you should also forward the first month's (or first year's) rental to the Treasurer, giving a copy of your transmittal letter to this office. Proof of insurance, if required, should be transmitted to this office together with the lease counterparts.

FILED WITH

(x) Attached for delivery to applicant fully executed **counterpart of supplement to Lease Audit No. 181766. Supplement increases rental to $175 per month for the next five years of the lease term.**

Also attached is a conformed copy of this agreement for your file.

Remarks:

S. A. Sutfin

cc: RETURN TO MKJ
Mr. S. L. Smith, Central Services - Check No._____ in the amount of $_____ received from _____ to Bank on _____.
Mr. A. W. Coulter - Copy of agreement attached.
Mr. D. J. Skaff, Los Angeles - Copy of agreement attached for your file.

Lease 181766

THIS SUPPLEMENTAL AGREEMENT, dated this 12th day of May, 1982, by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation, herein called "Railroad," and CROWN CITY PLATING COMPANY, a corporation, herein called "Lessee";

RECITALS:

The parties hereto entered into that certain lease dated September 17, 1976, which the parties desire to amend as hereinafter provided.

AGREEMENT:

1. During the five (5) year period of the term of the lease commencing October 18, 1981, rental for the premises subject to the lease is hereby increased to Four Thousand One Hundred Seventy-five Dollars ($4,175) per month, payable monthly in advance.

2. The third paragraph of Section 24 of the lease is revised to read as follows:

"In the event the parties hereto are unable to agree upon rental value, then, upon thirty (30) days' advance written notice by Railroad to Lessee, the matter shall be submitted to and decided by a board of three (3) arbitrators—one to be appointed by Railroad, one by Lessee, and a third by the two so appointed. Should Lessee fail or refuse to appoint an arbitrator within thirty (30) days after delivery of notice from Railroad, then the rental established by Railroad shall be deemed accepted by Lessee. In the event the two arbitrators chosen by the parties hereto are unable to agree upon the third arbitrator, such arbitrator shall be appointed by a judge of any court having jurisdiction over the premises upon application of either Railroad or Lessee to said court, but such application shall not be made until such party shall have given twenty (20) days' advance notice in writing to the other of its intention so to do. The arbitrators, as soon as possible after their selection, shall meet to hear and decide the questions submitted to them and shall, within a reasonable period of time, give to each of the parties hereto notice of the time and place of such meeting. The hearings of the board of arbitrators shall be conducted in a lawful manner. The written decision of the board, signed by a majority of the arbitrators, shall determine the matter and such determination shall be final and conclusive upon the parties hereto. The fees and expenses of arbitration shall be borne as the parties may agree prior to arbitration, or, in case of disagreement, shall be apportioned by the board of arbitrators."

3. If any controversy arises between the parties with respect to any matters (other than rental) set forth in the lease and such dispute cannot be resolved by the parties within thirty (30) days after either party hereto notifies the other of its desire to arbitrate the dispute, then the dispute shall be settled by arbitration in accordance with the provisions of Part 3, Title 9, of the Code of Civil Procedure of California, including the provisions of Section 1283.05 thereof, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. Arbitration shall be by a panel of three (3) arbitrators, one of whom must be an attorney-at-law actively engaged in the practice of his profession for at least ten (10) years. One (1) arbitrator shall be chosen by each party and the third arbitrator selected by the two (2) so chosen. The arbitrators shall have no power to modify any of the provisions hereof and their jurisdiction is limited accordingly. Each party hereby

consents to the entry of judgment by any court having jurisdiction in accordance with the decision of the arbitration panel. No change in the rules of arbitration which would deprive a party of the right to be represented by counsel, to present evidence, or to cross-examine witnesses presented by the other party shall be effective in any arbitration proceeding arising out of this agreement.

4. Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, regardless of when they become or became effective, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality, and furnish satisfactory evidence of such compliance upon request of Railroad.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the premises due to Lessee's use and occupancy thereof, Lessee, at its expense, shall be obligated to clean the premises to the satisfaction of Railroad and any governmental body having jurisdiction thereover.

Lessee agrees to indemnify, hold harmless, and defend Railroad against all liability, cost, and expense (including without limitation any fines, penalties, judgments, litigation costs, and attorneys' fees) incurred by Railroad as a result of Lessee's breach of this section, or as a result of any such discharge, leakage, spillage, emission, or pollution, regardless of whether such liability, cost, or expense arises during or after the lease term, unless such liability, cost, or expense is proximately caused solely by the active negligence of Railroad.

Lessee shall pay all amounts due Railroad under this section, as additional rent, within ten (10) days after any such amounts become due.

5. Except as herein provided, all terms, covenants, and conditions of the lease shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this supplemental agreement to be executed in duplicate the day and year first herein written.

RAILROAD

By C.W. Johnson

C. W. Johnson,
Asst. to General Manager Real Estate

WITNESSED BY:

N Gardner

Kent Creger

LESSEE

By Foster Markey
(Title)
Senior Vice President and
General Manager

NL 9/23/76

L.W.S.

OCT 21 1976

FILE: El Monte-Crown City Plating-LT
DATE: October 20, 1976

V. R. FARLEY

DEC 16 1976

Mr. L. M. Brown, Los Angeles

Subject: Lease favor CROWN CITY PLATING CO.

Refers to your letter of October 15, 1976, File R-10492-El Monte-Crown City-6 submitting above application for

( ) Attached are duplicate counterparts and _____ copies to be conformed of lease to cover at rent of

( ) Attached are duplicate counterparts and _____ copies to be conformed of supplemental agreement to Lease Audit No. _____.

( ) Attached are triplicate counterparts and _____ copies to be conformed of subtenancy agreement/assignment agreement in connection with Lease Audit No. _____.

Please have all counterparts executed by applicant, insert effective date, and return to this office for completion. complete by your office in the usual manner. In connection with new lease you should also forward first month's (or first year's) rental to the Treasurer, giving copy of your transmittal letter to this office. Where certified copy of insurance policy is required, it should be directed to the Law Department (giving copy of your transmittal letter to this office and to Document Custody Bureau), if available now; otherwise, as soon as possible.

(x) Have attached for delivery to applicant fully executed counterpart of subtenancy agreement in favor of El Monte Iron and Metal Company, Inc. in connection with Lease Audit No. 181766 covering premises located at El Monte, California

Remarks _____

S. A. SUTFIN

cc: A. A. Shapiro, Document Custody Bureau - Attached for your further handling are original counterpart and 3 copies of above instrument.

A. A. Shapiro, Central Services Bureau - Check No. _____ in amount $_____ received from _____, forwarded to Treasury _____ by _____.

R. Widmann, Los Angeles

C. A. R.

OCT 22 '76

(EHP/ji-vii-El Monte-Crown City 10/6/76)

9-59

(Approved as to form by General Counsel, September 22, 1959)

SOUTHERN PACIFIC TRANSPORTATION COMPANY

C.S. 3495

SUBTENANCY AGREEMENT

Supplemental to Lease Audit No. 181766

This Agreement, made this 20th day of October 1976, by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation, first party, herein called "Railroad," CROWN CITY PLATING COMPANY, a corporation,

second party, herein called "Lessee," and EL MONTE IRON AND METAL COMPANY, INC., a corporation,

third party, herein called "Sub-lessee."

RECITALS:

Railroad, by lease dated the 17th day of September 1976, leased to Lessee certain premises of Railroad at or near El Monte, County of Los Angeles, State of California, for the receipt, storage and handling of metals, plastics and acids, and for the manufacturing and plating of metal and plastic parts.

Said lease is now in full force and effect and by this reference made a part of this agreement. Said lease provides that Lessee shall not underlease or sublet said premises, or any part thereof, or assign said lease or any interest therein, without the written consent of Railroad.

Lessee and Sub-lessee desire that Railroad consent to a sublease of the whole of said premises~~xx xxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~

AGREEMENT:

1. Railroad hereby consents to said sublease, provided that Sub-lessee shall be bound by each and every covenant and condition contained in said lease.

2. Sub-lessee agrees to perform all the covenants and conditions contained in said lease to be performed by Lessee, (except, however, the payment of rental to be made by Lessee to Railroad) and hereby agrees to be and is bound by each and every covenant and condition contained in said lease.

It is agreed that in the event the sublease covers only a portion of said premises, the obligation of the Sub-lessee to perform the covenants and conditions in said lease shall apply only to the portion of the said premises occupied by Sub-lessee.

3. It is understood and agreed by all of the parties hereto that neither the subleasing of said premises nor anything contained in this agreement shall release Lessee from its obligation to perform and be bound by all of the covenants and conditions contained in said lease.

4. This agreement shall automatically terminate 18 months from the date first herein written.

5. This consent shall not be deemed to be a consent to any further subletting of the leased premsies other than to the Sub-lessee herein named. Railroad reserves the right to approve or disapprove any future subletting of the leased premises.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in triplicate the day and year first herein written.

SOUTHERN PACIFIC TRANSPORTATION COMPANY,

By [signature]

S. A. Sutfin; Manager-Real Estate

WITNESSED BY:

CROWN CITY PLATING COMPANY

(See Note) Lessee

By [signature] President

Title: (Foster Markolf Pres.)

EL MONTE IRON AND METAL COMPANY, INC.

(See Note) Sub-lessee

By [signature] PRES

Title: (Morris Stark-Pres.)

NOTE—If an incorporated company, agreement should be executed by an authorized officer thereof and his title indicated; otherwise signature should be witnessed by an employe of Railroad if practicable, if not, by a disinterested party.

P. K. PURVIS
SEP 23 1976

FILE: El Monte-Crown City Plating-LT
DATE: September 17, 1976

L.W.S.
SEP 21 1976

LEASE
AUDIT NO. 181766

Mr. L. M. Brown, Los Angeles

Subject: Lease favor CROWN CITY PLATING COMPANY

Refers to Form 2104 of May 7, 1976, File _____
submitting above application for receiving and storage of various materials

( ) Attached are duplicate counterparts and _____ copies to be conformed of lease to cover at rent of

( ) Attached are duplicate counterparts and _____ copies to be conformed of supplemental agreement to Lease Audit No._____.

( ) Attached are triplicate counterparts and _____ copies to be conformed of subtenancy agreement/assignment agreement in connection with Lease Audit No. _____.

Please have all counterparts executed by applicant, insert effective date, and return to this office for completion. complete by your office in the usual manner. In connection with new lease you should also forward first month's (or first year's) rental to the Treasurer, giving copy of your transmittal letter to this office. Where certified copy of insurance policy is required, it should be directed to the Law Department (giving copy of your transmittal letter to this office and to Document Custody Bureau), if available now; otherwise, as soon as possible.

(x) Have attached for delivery to applicant fully executed counterpart of Lease Audit No. 181766 effective 10-18-76 with rental of $1,200 per month, plus taxes

Remarks _____

S. A. SUTFIN

cc: A. A. Shapiro, Document Custody Bureau - Attached for your further handling are original counterpart and 3 copies of above instrument.

A. A. Shapiro, Central Services Bureau - Check No. _____ in amount $_____ received from _____, forwarded to Treasury _____ by _____.

R. Widmann, Los Angeles
O. A. Thomas

BRIEF OF LEASE

LESSEE: Crown City Plating Company

LOCATION: El Monte, California

LEASE NO.: 181766

TERM: 20 years effective 10-18-76

OPTIONS TO EXTEND TERM: 10 years from 10-18-96
10 years from 10-18-06

RENTAL (SHOW ALL ESCALATIONS): $1,200 per month

PERCENTAGE OR GALLONAGE RENTAL: YES (NO) FACTOR:

SHOW ON EXPIRATION OF DOCUMENTS LIST FOR RENTAL REVISION PURPOSES OR FOR OTHER REASONS (AS NOTED) ON:
10-18-81
10-18-86
10-18-91
10-18-96
10-18-2001
10-18-2006
10-18-2011

PLUS TAXES ON LAND: (YES) NO

PLUS TAXES ON COMPANY-OWNED IMPROVEMENTS: YES (NO)
(Note in all cases lessee will pay taxes on lessee-owned improvements)

ASSESSMENTS: (YES) NO 9-1/2% OTHER

CONDEMNATION CLAUSE: (YES) NO

SUBTENANCY PRESENTLY IN EFFECT ON THIS LEASE: YES (NO)

INSURANCE SHOULD BE REQUESTED: YES (NO)

THIS LEASE TERMINATES EXISTING LEASE NO. 142507

REMARKS:

M. K. J.

SEP 17 1976

(Signature of person executing lease for Southern Pacific)

LEASE
AUDIT No. 181766

WAIVER OF TITLE INSURANCE

The undersigned, in connection with the lease of that certain real property described in the Agreement of Lease of even date herewith, entered into by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, as Lessor, and CROWN CITY PLATING COMPANY, as Lessee, as an inducement to cause the Lessor therein to execute said lease, hereby agrees that neither a title insurance policy, or a title opinion, is necessary in order for the Lessee in said lease to be fully informed as to the state of the title to the real property described in said lease, and does hereby waive any requirement of the Interstate Land Sales Registration Act to the effect that such a policy of title insurance or title opinion be issued in connection with said lease.

Executed on this 3rd day of September, 1976, at Los Angeles, California.

CROWN CITY PLATING COMPANY
Lessee

By Foster Marsh
President
(Title)

AFFIDAVIT

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

181766

Foster Markolf (name of affiant), being first duly sworn hereby declares:

1. That CROWN CITY PLATING COMPANY (name of purchaser or lessee) is a duly organized and validly existing corporation (corporation, partnership, trust or other business entity).

2. That said corporation (corporation, partnership, trust or other business entity) is purchasing or leasing the real property, as illustrated on the print designated as Exhibit "A", attached hereto and by this reference incorporated herein, substantially for its own use, or has a binding commitment to sell, lease or sublease such real estate to an entity which is engaged in commercial or industrial business.

3. That said corporation (corporation, partnership, trust or other business entity) has been represented in the negotiation of the sale or lease of said property by a representative of its own choosing.

Executed on this 3rd day of September, 1976, at Los Angeles, California.

CROWN CITY PLATING COMPANY

By Foster Markolf
Title: President

Subscribed and sworn to before me on September 3, 1976.

OFFICIAL SEAL
HELEN E. CAWIEZEL
NOTARY PUBLIC-CALIFORNIA
LOS ANGELES COUNTY
My Commission Expires Nov. 13, 1977

55 South Flower Street, #2200, Los Angeles, CA 90071

Helen Cawiezel
Notary Public

CITY OF EL MONTE
CITY HALL • 11333 VALLEY BOULEVARD
TELEPHONE (AREA CODE 213) 444-9011
EL MONTE, CALIFORNIA 91732

July 12, 1976

RECEIVED
JUL 13 1976
L. A. SQUIRES

R. P. F.
JUL 15 1976

P. H. A
JUL 14 1976

PMS
RECEIVED
JUL 14 1976
L. A. SQUIRES

R. Widmann, Division Engineer
Southern Pacific Transportation Co.
610 S. Main Street
Los Angeles, California 90014

Attn: L. A. Squires, Office Engineer

Subject: L-12728-1/2 - Proposed lease to Crown City Plating Co., El Monte

Dear Sir:

I concur with you that there need not be a parcel Map prepared for your lease to Crown City Plating Co.,as long as there is a "not an option to buy" clause in the lease.

Enclosed is a copy of our ordinance pertaining to Lot Divisions.

Very truly yours,

Robert J. Pinniger
Assistant Director of Public Services

RJP:rj
Encl.

P. M. STANCHFIELD
JUL 14 1976

RETURN TO

(FHP/jl-VI-El Monte-Crown-City 8/11/76)

Rev. 5-64-1M

C.S. 2233
Sheet 1 of 2

Approved as to form by General Counsel,
August 18, 1966

LEASE
N 181766
AUDIT No.

INDUSTRIAL LEASE

Terminates Lease 142507

M.P. ~~B-493.31-1.~~

This Lease, made and entered into this 17th day of September 19 76,

A/C 510-4 MISC. RENT INCOME

by and between SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation, herein called "Railroad," and CROWN CITY PLATING COMPANY, a corporation, address: 4350 Temple City Boulevard, El Monte, CA 91731, herein called "Lessee."

Witnesseth: That Railroad hereby leases to Lessee the premises of Railroad at or near

El Monte Station, Los Angeles County, State of California

shown upon the print hereto attached, of Railroad's Los Angeles Division Drawing No. B-6268, Sheet No. 1, as revised May 18, 1976,

for the term of 20 years from the 18th day of October 19 76

upon the following terms and conditions:

1. Railroad reserves for itself, its successors, assigns and licensees, the right to construct, maintain and operate any existing tracks and existing, new and or additional pipe, telegraph, telephone and power transmission lines upon, over and beneath the leased premises.

Lessee hereby acknowledges the title of Railroad to the leased premises, and agrees never to assail or resist said title.

2. Lessee agrees to pay rental, ~~at the rate of~~ taxes and assessments as hereinafter provided. ~~payable~~ ~~If such rental is payable monthly and the effective date of notice shall be other than the first day of the month, then the rental will be prorated from the effective date to the first day of the following full calendar month.~~

Any privilege, sales, gross income or other tax (not including income tax) imposed upon the rentals herein provided to be paid by the Lessee, or upon the Railroad in an amount measured by the rentals received by Railroad, shall be paid by the Lessee, in addition to the amounts set forth herein, whether such imposition of tax be by The United States of America, the state in which the leased premises are located, or any subdivision or municipality thereof.

3. Said premises shall be used by Lessee solely and exclusively for the construction, maintenance and use of Lessee-owned improvements and facilities for the receipt, storage and handling of metals, plastics and acids, and for the manufacturing and plating of metal and plastic parts. ~~Lessee agrees to comply with all applicable laws and regulations with respect to the use of the leased premises.~~

If the Lessee does not, within ninety (90) days, commence the use of the leased premises for the purposes herein mentioned, or if the Lessee discontinues such use for a period of ninety (90) days, the Railroad may at its option terminate this lease by giving fifteen (15) days' notice in writing to the Lessee ~~in which event the provisions of Section 8 hereof relating to refund of rental shall apply.~~

4. Lessee agrees to keep the leased premises and all buildings and structures thereon free from rubbish and in a neat and safe condition and satisfactory to Railroad. Lessee shall maintain, at Lessee's sole cost and expense, in good condition and repair, satisfactory to Railroad, all buildings and structures upon said leased premises, except those owned by the Railroad. The leased premises and buildings and structures thereon shall not be used for displaying signs and notices other than those connected with the business of Lessee contemplated by this lease. Such notices and signs shall be neat and properly maintained. Railroad shall have the right to enter the leased premises at reasonable times to inspect the same.

5. Lessee agrees to pay, before they become delinquent, all taxes and assessments against the leased premises, or which might become a lien thereon, by reason of any buildings, structures or other property, real or personal, on the leased premises (except those owned by Railroad), or by reason of Lessee's activities. Railroad may at its option pay such taxes or assessments, and such payments will be repaid by Lessee on demand.

~~Lessee shall have the right to construct a track connecting Railroad's main track with the leased premises, provided that such track shall be constructed without cost to Railroad and Railroad shall have the right to service such track upon payment of the usual switching charges. Railroad shall have the right, upon ninety (90) days' notice, to terminate service over such Railroad owned track, if Lessee shall at any time fail to comply with the rules and regulations of Railroad governing the use of such track, or if Lessee shall cease to use such track for a period of ninety (90) days. Lessee shall pay all costs incurred by Railroad in connection with the removal of such track upon termination of service over such track.~~

6. In the event Lessee desires to use ~~such~~ track serving Lessee at the leased premises for the loading, unloading or storage of gasoline or other flammable liquids with flash point below 80° Fahrenheit, liquified petroleum gases, or anhydrous ammonia, Lessee shall secure written permission of Railroad prior to using said track for any of these purposes. Lessee agrees to comply with Railroad's rules governing. A copy of said rules will be furnished by Railroad to Lessee upon request of Lessee.

Lessee agrees to comply with the clearance regulations set forth on the attached Exhibit "A", and, where greater clearances are required by statute or lawful order, Lessee shall provide such greater clearances. A minimum overhead clearance of twenty-five (25) feet above tops of rails shall be provided for wires above said track and for a horizontal distance of at least eight (8) feet six (6) inches from the centerline thereof. All doors, windows or gates of any building or enclosure shall be of the sliding type or shall, when opened, be swung away from the track when such building or enclosure is so located that said doors, windows or gates if opened toward the track would, when opened, be at clearances in violation of the clearances specified on said Exhibit "A". No pipe, conduit, structure, opening or excavation of any kind whatsoever shall be made or placed by Lessee beneath any track and no gate or other obstruction shall be constructed or maintained across said track nor shall cars be moved by mechanical means on said track without prior written approval from Railroad. Lessee shall at all times keep the pathway for trainmen, as shown on Exhibit "A", and the area between the rails, together with the flangeways thereof, free and clear of debris and/or obstructions of any kind or nature and whether due to the operations of Lessee or Railroad or both or to the loading or unloading of cars on said track. No gunpowder, dynamite, gasoline, or other explosive material shall be piled or stored by Lessee upon the leased premises within one hundred (100) feet from the nearest track.

The terms of this Section 6 shall not be deemed waived by either party except by written agreement.

7. In the event Lessee shall not ~~promptly~~ within thirty (30) days correct any default by Lessee hereunder after receipt of notice of such default from Railroad, Railroad shall have the right to terminate this lease forthwith and to retake possession of the leased premises. Waiver of any default shall not be construed as a waiver of a subsequent or continuing default. Termination of this lease shall not affect any liability by reason of any act, default or occurrence prior to such termination.

8. ~~Either party hereto may terminate this lease upon thirty (30) days' notice to the other party by notice or telegram mailed by Railroad the expiration date hereof or any period after the termination date shall be refunded to Lessee.~~

9. Upon the expiration or termination of this lease, or any extension or renewal thereof, Lessee, without further notice, shall deliver up to Railroad the possession of the leased premises. Lessee, if not in default hereunder, shall be entitled, at any time prior to such expiration or termination, to remove from the leased premises any buildings or structures wholly owned by Lessee. Lessee shall restore said leased premises to the condition in which they existed at the time Lessee took possession. Upon the failure or refusal of Lessee to remove from the leased premises all buildings, structures and all personal property owned by Lessee, prior to the expiration or termination of this lease, said buildings, structures and personal property shall thereupon, at the option of Railroad, become the sole property of Railroad, or if Railroad so elects it may remove from the leased premises any buildings, structures and other personal property owned by Lessee, and Railroad may also restore the leased premises to substantially the condition in which they existed at the time Lessee took possession, all at the expense of Lessee, which expense Lessee agrees to pay Railroad upon demand. In the event of such failure or refusal of Lessee to surrender possession of said leased premises, Railroad shall have the right to re-enter upon said leased premises and remove Lessee, or any person, firm or corporation claiming by, through or under Lessee, therefrom.

10. Lessee shall not construct, reconstruct or alter structures of any character upon the leased premises without the prior written consent of Railroad. Lessee shall not commence any repairs (except emergency repairs) until fifteen (15) days after written notice to Railroad.

~~Lessee agrees not to install any wood or wood work in any Railroad owned building on the leased premises without the prior written consent of Railroad.~~

Lessee agrees to arrange and pay for all water, gas, electricity and other utilities used by Lessee on the leased premises direct with the company providing such service.

11. Lessee will fully pay for all materials joined or affixed to the leased premises, and pay in full all persons who perform labor upon the leased premises and will not suffer any mechanics' or materialmen's liens of any kind to be enforced against the leased premises for any work done, or materials furnished, at the Lessee's instance or request. If any such liens are filed thereon, Lessee agrees to remove the same at Lessee's own cost and expense and to pay any judgment which may be entered thereon or thereunder. Should the Lessee fail, neglect or refuse so to do, Railroad shall have the right to pay any amount required to release any such lien or liens, or to defend any action brought thereon, and to pay any judgment entered therein, and the Lessee shall be liable to the Railroad for all cost, damages, and reasonable attorney fees, and any amounts expended in defending any proceedings, or in the payment of any of said liens or any judgment obtained therefor. Railroad may post and maintain upon the leased premises notices of non-responsibility as provided by law.

12. In case the leased premises or any part thereof are in either the State of Arizona or Utah, Lessee will give Railroad and the lessor of Railroad, before allowing any construction, alteration or repair to be done upon the leased premises, a bond satisfactory in form and to be issued by some surety company to be approved by Railroad in a sum equal to the full contract price of such construction, alteration or repair, conditioned that the Lessee shall pay or cause to be paid all contractors, sub-contractors, laborers, operatives and other persons who may labor or furnish labor, materials or tools in the performance of such construction, alteration or repair.

13. With respect to any liability for loss, damage, injury or death arising from or incident to the use of the leased premises, each party agrees that it will assume and indemnify and hold harmless the other party against all liability, cost and expense caused by its actions or omissions (or the actions or omissions of its agents, contractors, employees or invitees) or by defective property in its possession, care, custody or control. In the event of any combination of such factors involving both parties, each shall assume and will indemnify and hold harmless the other party against all liability, cost and expense for loss of or damage to property in its possession, care, custody or control, and for injury or death of its agents, contractors, employees or invitees, and any liability to third parties shall be equally divided between the parties hereto. For the purpose of this Section 13, any violation by Lessee of the provisions of Section 6 hereof shall be deemed the sole cause of any loss, damage, injury or death arising therefrom. The provisions of this Section 13 are solely for the benefit of the parties hereto and shall not give rise to a claim or cause of action by or affect the liability of any other person.

The above indemnification shall include the successors, assigns and affiliated companies of Railroad and any other ~~railroad~~ company operating upon Railroad's tracks.

14. In case ~~Railroad shall successfully bring~~ of suit to compel performance of, or to recover for breach of, any covenant, agreement or condition herein written, ~~Lessee~~ the losing party will pay ~~to Railroad~~ reasonable attorney fees in addition to the amount of judgment and costs.

15. In case Lessee shall (except by Railroad) be lawfully deprived of the possession of the leased premises or any part thereof, Lessee shall notify Railroad in writing, setting forth in full the circumstances in relation thereto, whereupon Railroad may, at its option, either install Lessee in possession of the leased premises, or terminate this lease and refund to Lessee the pro rata amount of the rental for the unexpired term of the lease after the receipt of such notice, whereupon no claims for damages of whatsoever kind or character incurred by Lessee by reason of such dispossession shall be chargeable against Railroad.

16. In case Lessee holds over the term of this lease, with the consent of Railroad, such holding over shall be deemed a tenancy from month to month, and upon the same terms and conditions as herein stated.

17. Any notice to be given by Railroad to Lessee hereunder shall be deemed to be properly served if delivered to Lessee, or if deposited in the post office, postpaid, addressed to Lessee at the leased premises or to last known address.

18. Time and specific performance are each of the essence of this lease.

19. Sections 20 to 38, inclusive, on the attached Insert are hereby made parts of this lease.

THIS LEASE shall inure to the benefit of and be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto, but shall not be assigned or subleased by Lessee without the prior written consent of Railroad.

IN WITNESS WHEREOF, the parties hereto have executed this lease in duplicate the day and year first above written.

SOUTHERN PACIFIC TRANSPORTATION COMPANY,

By _____

S. A. Sutfin; Manager-Real Estate

WITNESSED BY:

CROWN CITY PLATING COMPANY

(Lessee)

By _____

Title: President

(Company witness)

NOTE: – If an incorporated company, lease should be executed by an authorized officer thereof and his title indicated; otherwise signatures should be witnessed by an employee of Railroad, if practicable, if not, by a disinterested party.

I N S E R T

30. Lessee shall comply with all applicable laws, ordinances, and regulations, including, but not limited to, building and zoning ordinances, restricting or regulating or prohibiting the occupancy, use, or enjoyment of the leased premises or regulating the character, dimensions,or locations of any improvement on the leased premises.

Should any governmental body having jurisdiction in the matter require Railroad to dedicate, restrict, or otherwise encumber the leased premises or any adjoining property of Railroad as a condition to the approval of Lessee's use of the leased premises; or should said governmental body require change in any zoning classification or issuance of any building license or permit or in compliance with any other governmental regulation, Railroad, if said condition is unacceptable to Railroad, may terminate this lease.

Lessee covenants to properly notify Railroad accordingly should any of the above occur.

31. Should Lessee elect to assign Lessee's leasehold interest in this lease to a lending institution as security for a loan, such assignment shall be subject to Railroad's approval. Should Railroad approve such assignment, Railroad, Lessee, and the lending institution involved, which lending institution shall be acceptable to Railroad, shall enter into an agreement in substantially the same form as Exhibit "B," also attached and made a part hereof.

32. In the event Railroad enters into an agreement with a utility company providing service to Lessee at the leased premises for Lessee's sole use, Lessee shall pay to Railroad a charge of Seventy-five Dollars ($75) upon receipt of bill therefor to partially defray administrative costs.

33. Track serving Lessee at the leased premises is subject to a separate agreement between the parties hereto (Railroad's Document T-21761).

34. It is agreed the easterly twenty (20) foot wide area of the leased premises, as shown on said attached print, is

INSERT

an open, earthen lined, drainage ditch; Lessee covenants Lessee's use and occupancy of the leased premises will not interfere or impede the natural flow of drainage waters therein. In addition Lessee shall not alter, reroute, disturb, or change said ditch in any manner whatsoever without Railroad's prior written consent.

35. Fencing of a type satisfactory to Railroad shall be installed and maintained by Lessee at its expense along the southerly (southwesterly) side of the leased premises to Railroad's satisfaction.

36. Railroad hereby grants to Lessee the right and option to extend the term of this lease for two (2) additional terms of ten (10) years each, commencing on the 18th day of October, 1996, and 2006, upon the same terms and conditions as herein stated, including Railroad's right to revise the rental in the manner as set forth in Section 24; such option to be expressed by written notice given to Railroad by Lessee during the last year of the term of this lease and no less than one hundred twenty (120) days prior to the expiration of said term and in the same manner during the option term then in effect.

Should Lessee not elect to exercise the first option term, Lessee's right to exercise the second option herein provided shall be automatically forfeited and said second option automatically made null and void.

37. That certain lease dated November 18, 1963, between Railroad's corporate predecessor and Van Dien-Young Co., a corporation, covering the leasing of Railroad's corporate predecessor's premises at said El Monte, California, as therein identified, is hereby terminated (Railroad's Lease 142507).

Lessee hereby warrants that Lessee is the lawful successor to said Van Dien-Young Co. in said lease.

Lessee also hereby warrants that Lessee has acquired all right, title and interest in and to said Van Dien-Young Co.'s improvements and facilities located upon the leased premises, and assumes all obligations under this lease with respect to said improvements and facilities, including the removal of said improvements and facilities upon termination of this lease.

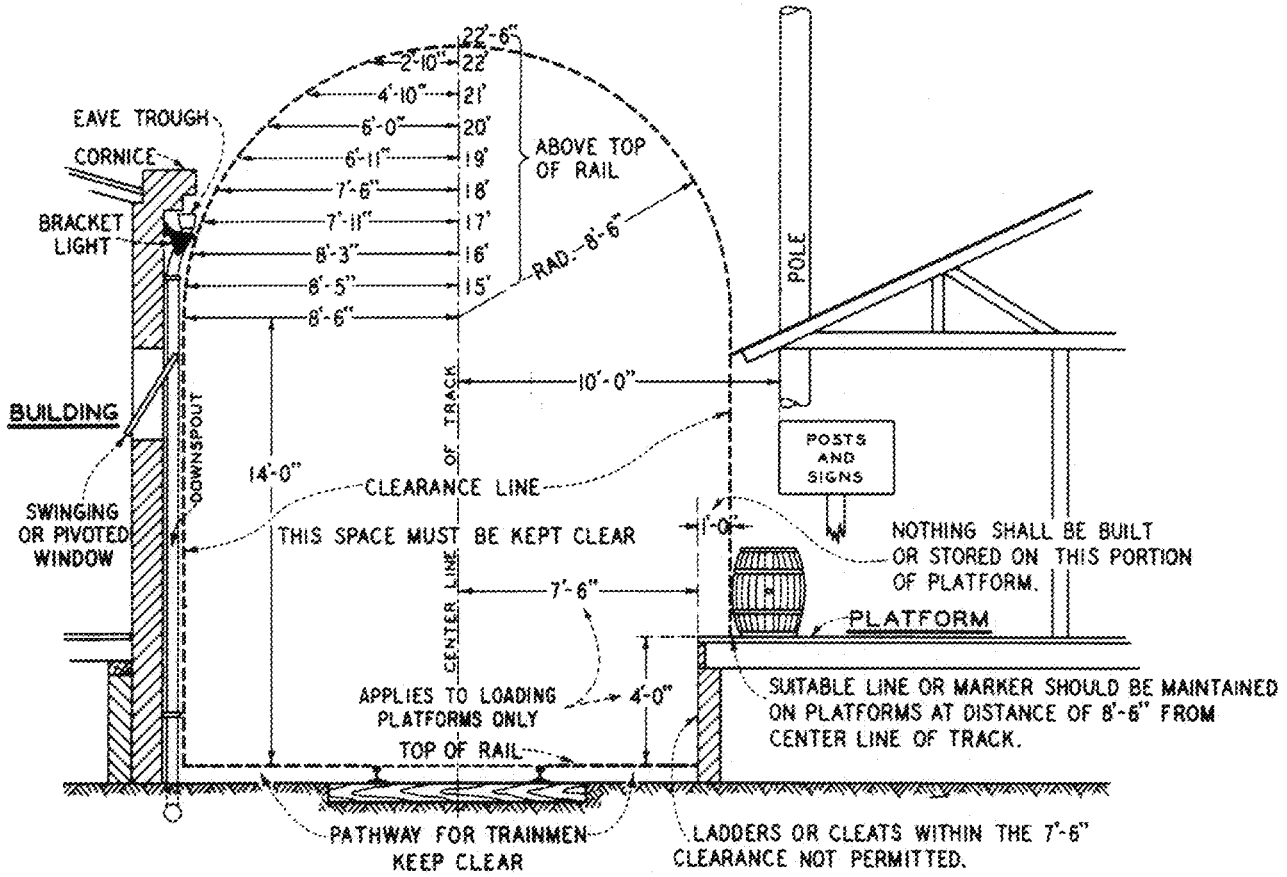
38. Notwithstanding anything to the contrary above or elsewhere in this lease, if improvements on the leased premises other than those which are owned by Railroad are not removed and premises restored prior to termination date, either by Lessee or by Railroad at Lessee's expense, then this lease, with all terms contained herein, including the payment of rental, shall, at Railroad's option remain in effect until improvements are removed and premises restored.

EXHIBIT "A"

CS-3595

TYPICAL
CLEARANCE OF STRUCTURES FROM RAILROAD TRACKS
AS PRESCRIBED BY
PUBLIC UTILITIES COMMISSION - STATE OF CALIFORNIA
GENERAL ORDER NO. 26-D
(EFFECTIVE FEBRUARY 1, 1948)

FOR NEW WORK AND RECONSTRUCTION OF EXISTING FACILITIES ADJACENT TO STANDARD GAUGE RAILROAD TRACKS TRANSPORTING FREIGHT CARS.



NOTES

OVERHEAD WIRE CLEARANCES SHALL CONFORM TO COMMISSION'S GENERAL ORDER NO. 95 OR AMENDMENTS THEREOF.

POSTS, POLES, SIGNS AND SIMILAR FACILITIES MAY HAVE MINIMUM CLEARANCE OF 8'-6", BUT CLEARANCE OF 10'-0" IS RECOMMENDED WHERE PRACTICABLE.

ALL SIDE CLEARANCE DIMENSIONS ARE FOR TANGENT TRACK. IN GENERAL SIDE CLEARANCE FOR CURVE TRACK TO BE 1'-0" GREATER THAN THAT FOR TANGENT TRACK.

WHEN TRACK IS USED PRINCIPALLY FOR LOADING OR UNLOADING REFRIGERATOR CARS, PLATFORM WITH HEIGHT OF 4'-6" ABOVE TOP OF RAIL MAY BE MAINTAINED PROVIDED THAT MINIMUM SIDE CLEARANCE TO CENTER LINE OF TRACK SHALL BE 8'-0".

PLATFORMS 4'-0" OR LESS IN HEIGHT WITH MINIMUM CLEARANCE OF 7'-3" MAY BE EXTENDED AT EXISTING CLEARANCES IF SUCH EXTENSION IS NOT IN CONNECTION WITH RECONSTRUCTION OF ORIGINAL PLATFORM.

ICING PLATFORMS AND SUPPORTS SHALL HAVE MINIMUM CLEARANCE OF 7'-8".

Form 11 (100 - 6-11-76)

AGREEMENT

THIS AGREEMENT, made and entered into this day of 197__, by and between
COMPANY, a corporation, herein called "Railroad",

herein called "Lessee", and
herein called "Lender";

WITNESSETH

WHEREAS, Railroad and Lessee entered into a lease dated ; and

WHEREAS, Lessee has applied to Lender for credit accommodations, and Lender is willing to extend such credit accommodations upon security of said recited lease, and upon the condition that Railroad consent and agree as follows:

NOW, THEREFORE, the parties hereto agree that said lease is hereby amended, as hereinafter set forth, said amendment to continue so long as, and only so long as, the interest of Lessee in said lease shall be hypothecated to Lender as security for any indebtedness of Lessee to Lender:

1. Assignment: Successors and Assigns

(a) Lessee may further encumber by a deed of trust, or other proper instrument, as may be approved by Railroad, which approval will not be unreasonably withheld, with respect only to the leasehold interest of Lessee under said lease, together with Lessee's right to the use and occupancy of all buildings and improvements now and hereafter placed thereon, in favor of and as security for any indebtedness of Lessee to Lender. The execution of any such deed of trust, or other approved instrument, or the foreclosure thereof, or sale thereunder, either by judicial proceeding or through any power reserved therein, or conveyance by Lessee to Lender, or the exercising of any right, power, or privilege reserved therein, shall not be held as a violation of any of the terms or conditions of said lease.

(b) Lender, at its option, may, at any time before the rights of Lessee shall have been forfeited to Railroad or said lease is terminated, as provided therein, pay any of the rents due under said lease, or effect any insurance, or pay any taxes and assessments, or make any repairs and improvements, or do any other act or thing required of Lessee by the terms of said lease, or do any act or thing which may be necessary and proper to be done in the

EXHIBIT B

observance of the covenants and conditions of said lease, or to prevent the forfeiture of said lease, and all payments so made, and things done and performed by Lender shall be as effective to prevent a forfeiture of the rights of Lessee as the same would have been if done and performed by Lessee. Said deed of trust or other approved instrument shall provide that, as between Lender and Lessee, Lender, on making good and curing any such default on the part of Lessee, shall be thereby subrogated to all rights of Lessee under the terms and provisions of said lease.

(c) Should Lender exercise the option provided for in (b) above, or acquire Lessee's interest in said lease by foreclosure, power of sale, or other appropriate proceedings in the nature thereof, or as a result of any other action or remedy provided for by any deed of trust or other approved instrument, or by a proper conveyance from Lessee, Lender shall take Lessee's leasehold interest in the said leased premises, subject to all the provisions of said lease, and shall, so long as and only so long as it shall be the owner of the leasehold interest, assume the obligations of said lease, and collect any rentals from subtenants.

(d) In the event Lender shall succeed to Lessee's interest in said lease, as provided in (c) above, Railroad (i) shall not require Lender to comply with the provisions of Section 3, paragraph 2, of said lease, until one hundred eighty (180) days from the date Lender acquires title to Lessee's leasehold interest; and (ii) agrees that Lender shall have the right to assign the lease, or sublet the premises for the purposes specified in Section 3 thereof, subject to the consent of Railroad, which consent shall not be unreasonably withheld. Any assignee, or any purchaser of the leasehold interest, or any person taking through any other means and/or their respective successors in interest, shall take such leasehold interest subject to all the agreements, conditions, covenants and terms of said lease on the part of Lessee to be kept, observed and performed, and shall, as a condition of such assignment, purchase, or other taking, assume and agree to perform all such agreements, conditions, covenants and terms.

(e) No such foreclosure, assignment, sale, subleasing or subletting of the said leased premises, nor the acceptance of rent by Railroad from any such assignee, sublessee, subtenant, or any other person, shall relieve, release or in any manner affect the liability of Lessee under said lease.

2. Termination

Except as provided in Section 4 hereof, should Lessee fail or neglect to observe, keep or perform any of the covenants, terms or conditions contained in said lease on its part to be observed, kept or performed, Lender shall, upon receipt of written notice from Railroad setting forth the nature of Lessee's default, have sixty (60) days thereafter within which to make good or remove such default or cause for termination of said lease, and all rights of Railroad to terminate said lease upon the failure or neglect of

EXHIBIT B

Lessee to observe, keep and perform the covenants, terms and conditions thereof, are, and shall continue to be, at all times while Lessee is indebted to Lender, subject to, and conditioned upon, Railroad having first given Lender written notice thereof, and Lender having failed to cause such default or cause for termination to be made good or removed within a reasonable period of time after receiving such written notice of default or cause for termination.

Should Lender and Lessee fail to cure any default on Lessee's part within the time allowed and Railroad elects to terminate said lease, as provided therein, Lender, if it be the beneficiary thereof, may remove all chattels, trade fixtures, and buildings from the said leased premises within a reasonable time after having received a notice in writing from Railroad of the fact that said lease and the interest of the Lessee thereunder have been terminated; provided, however, that if Lender elects to remove said property, Lender shall fully repair any damages occasioned by the removal of any such chattels, fixtures and buildings, and shall leave the leased premises in a condition satisfactory to Railroad.

3. Condemnation

In the event all or any portion of the leased premises shall be condemned for public use, all payments and compensation therefrom shall be paid to Railroad. Railroad shall pay to Lessee any payment or compensation made for any improvements to the leased premises, as provided in Section 22 of said lease.

4. Repairs to and Destruction of Improvements

No discontinuance of the use of the leased premises, as provided in Section 3 of said lease, or otherwise, shall give rise to any option of Railroad to terminate said lease in the event Lessee or Lender is proceeding diligently to repair any damage to, or destruction of, the leased premises or any improvements thereon, and Lessee or Lender is prevented or hindered from continuing such use of the premises by reason of such damage, destruction or repair.

5. Bankruptcy or Insolvency of Lessee

Section 20 of said lease is suspended during the term that said deed of trust, or other approved instrument, is in effect between the parties hereto.

6. Notices

All communications, notices and demands of any kind which either party may be required or may desire to give or serve upon the other party may be given by enclosing the same in a sealed envelope

EXHIBIT B

and depositing the same in the United States mail, postage prepaid, registered and addressed to the respective parties as follows:

Railroad:

Attention: Manager, Real Estate
Southern Pacific Building
One Market Plaza
San Francisco, California 94105

Lessee:

Lender:

Either party may change its address, or the name of the person to whom notice shall be given, by giving written notice of such change to the other.

7. General Provisions

It is expressly understood and agreed that said deed of trust, or approved instrument on said leasehold estate, is subject to all terms, covenants and conditions of said lease and that any such deed of trust, or approved instrument, shall not be construed to create any right in, or lien upon, the land covered by said lease insofar as the ownership thereof, or any part thereof, by Railroad is concerned, or so far as may concern the ownership or the right, title and interest of any party claiming through or under Railroad, other than the Lessee.

Any of the terms or conditions of said lease, or amendments thereto, inconsistent with the terms hereof, shall be inoperative during the term of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in triplicate the day and year first hereinabove written.

COMPANY

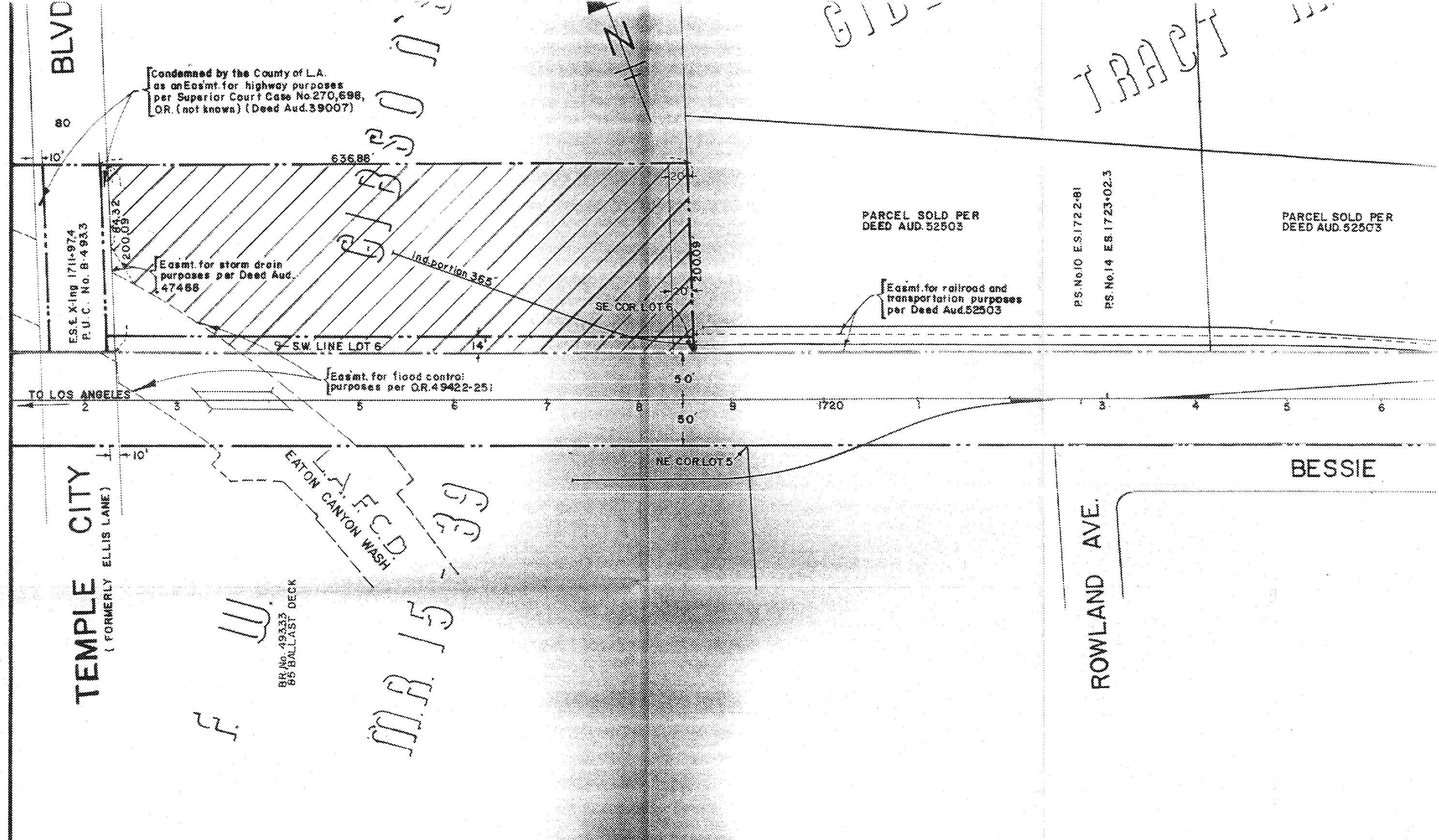
By _____
(Title)

_____ Lessee

_____ Lender

SAMPLE ONLY

EXHIBIT B



NOTE: THE PROPOSED LEASE IS THE WHOLE OF L.A.Co. ASSESSOR'S PARCEL 8577-06-800 BEING A PORTION OF THE LAND DESCRIBED IN DEED TO SOUTHERN PACIFIC RAILROAD Co. REC. JAN. 6, 1910 IN Bk. 3939, pg. 310 OF DEEDS, AND A PORTION OF THE LAND DESCRIBED IN THE DEED TO S.P.R.Co. REC. MARCH 2, 1910 IN Bk. 4042, pg. 301 OF DEEDS

ALL IN THE CITY OF EL MONTE

LEGEND

SOU. PAC. PROPERTY LINES

PROPOSED LEASE AREA = 117,953 sq. ft. or 2.71 acs.

(EASTERLY 20' CONTANING 4,000 sq. ft. IS NON USABLE ACCOUNT OF DRAINAGE DITCH)

1-61 C.S. 30

AUTHORITY FOR EXPENDITURE

Owner SOUTHERN PACIFIC Co. GMO No. 92374

Operated by SouPac (Pacific Lines) Co. Form 30 No.

Office of General Manager Companion Form 30 No.

San Francisco (Place) February 17, 1964 (Date)

TEMPLE CITY-EL MONTE MP-493.6 Los Angeles Division
Station and Mile Post

SPCo. 33 California
Valuation Section and No. (State)

Brief Description and Recommendations:

Construct 1,110' of drill trackage to serve Van Dien-Young Co., which will have a 365' extension constructed by private contract, in accordance with Scheme #1 on print of Drawing D-3060, Sheet No. 1, dated January 17, 1964. Railroad will install drainage culvert and will pay fc raising its wires on Western Union pole line, which is to be raised.

Van Dien-Young Co., wholesale building materials distributor now taking service on our San Gabriel team track, is constructing office and storage shed facilities costing an estimated $150,000.

Estimated gross annual System revenue, $50,000, of which $28,000 will be new.

Drill track will diverge from siding and in addition to serving the Van Dien-Young Co. will be available to serve 5-1/2 intervening acres of railroad-owned industrial property in which industries have displayed considerable interest.

Recommend:	Recommend:	Approved:

SUMMARY OF ESTIMATE	CHARGES & CREDITS	CASH COST
Gross Investment	$ 11,675	$ 9,325
Ledger Value Prop. Retd.	150	
Net Investment	11,525	
Operating Expenses	520	370
Accrued Depreciation		
Other Accounts (Salvage)		
Gross Cost	$ 12,045	
Less: Salvage		
Less Cost to		
Net Cost	$ 12,045	$ 9,695

Recommended:

(sgd) M. A. McINTYRE

Capital Account Budget Reference: Expenditure and Change Authorized FEB 27 1964

Page Item

Distribution Correct:

TEMPLE CITY - Trackage To Serve Van Dien-Young Co.

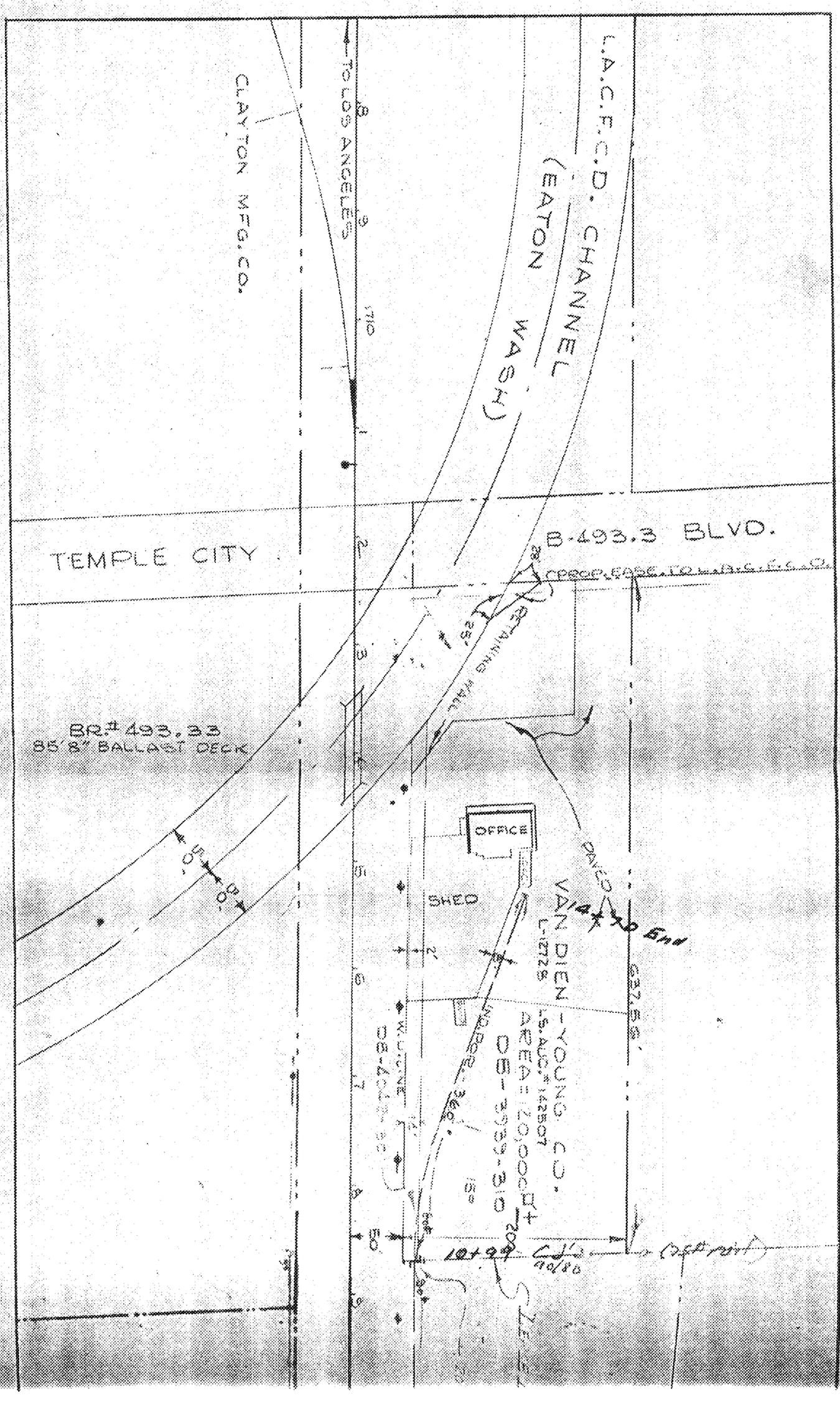
Sheet 2 of ____ Sheets Form 30 No. ____

SCHEME #1

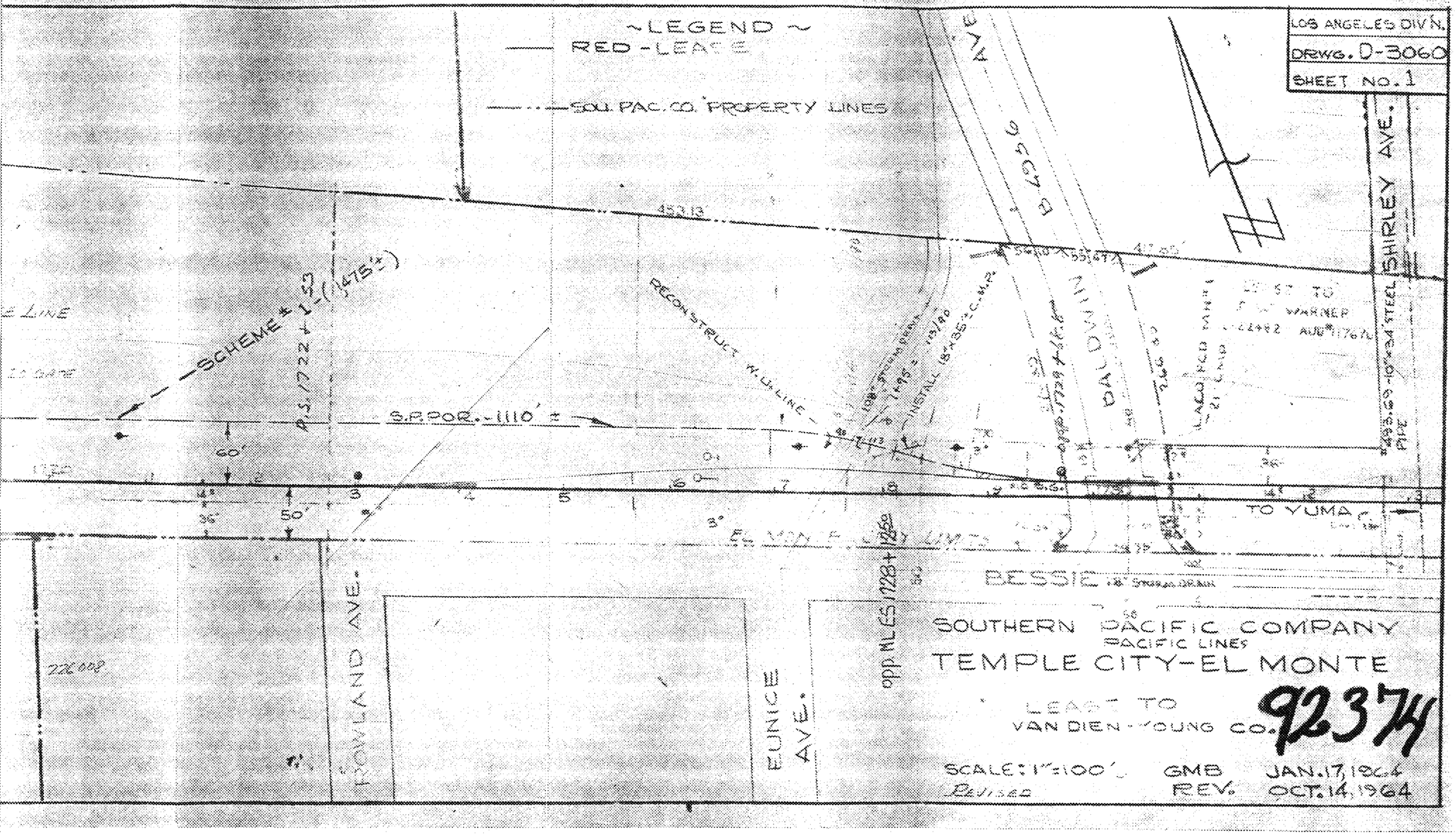
DETAIL OF ESTIMATE

Character of Work	Unit	Quantity	Labor	Material	Total
RETIREMENT					
Est. red. val. of X-ties displaced	Ea	56	55	85	
Contingencies			5	5	
			60	90	
Cr. R&E - Dr Operating					150
INVESTMENT (P&E to Ind. Ownership - 1110)					
Grading			1400		
132# turnout #10 compl.	TF	100	490	1830	610 NC
90# track, compl.	TF	1010	2120	2838	1515 NC
SH compr. joints	Pr.	2		19	14 NC
Ballast	NT	780	80	858	
Shunt wire switch			60	160	
Insul. jts	Pr.	4	40	158	
Install 18" - 35' CMP culvert	LF	35	120	147	
Trans. time (B&B)			60		
Store & purchase expense				235	
Contingencies			435	625	
			4805	6870	
Dr. R&E (Cash $9325)					11675
OPERATING					
Remove ties			70		
Raise WU pole line (SPCo portion)			200	100	
			270	100	
Dr. Operating (Cash)					370
SUNDRIES (Leased Property Line to End - 365') Memo Only					
90# trackage	TF	365	765	1004	840 NC
Cross ties	Ea	177		708	
Grading			350		
Ballast	NT	255	50	510	
Metal bearing post SH	Ea	1	45	265	NC
Supervision - etc.			379		
Sale tax				99	
Contingencies			156	259	
			1745	2845	

Rev. 3/14/64



L.A.C.F.C.D. CHANNEL
(EATON WASH)
TO LOS ANGELES
CLAYTON MFG. CO.
TEMPLE CITY
B-493.3 BLVD.
PROP. EASE. TO L.A.C.F.C.D.
RETAINING WALL
BR.# 493.33
85'8" BALLAST DECK
OFFICE
SHED
PAVED
VAN DIEN - YOUNG CO.
L-12728
L.S. AUC.# 142507
AREA = 120,000 □'+
DB-3939-310
W.U. LINE
DB-4043-30
637.56'
10+99


LOS ANGELES DIV'N.
DRWG. D-3060
SHEET NO. 1
~LEGEND~
RED-LEASE
SOU. PAC. CO. PROPERTY LINES
SCHEME ± 1-53
P.S. 1722 + 1-53 (1,475'±)
S.P. POR. - 1110' ±
RECONSTRUCT W.U. LINE
INSTALL 18"x35' C.M.P.
BALDWIN
B 4956 AVE
SHIRLEY AVE.
TO YUMA
BESSIE
ROWLAND AVE.
EUNICE AVE.
opp. ML ES 1728+1250
SOUTHERN PACIFIC COMPANY
PACIFIC LINES
TEMPLE CITY-EL MONTE
LEASE TO
VAN DIEN-YOUNG CO.
92374
SCALE: 1"=100'
GMB JAN. 17, 1964
REV. OCT. 14, 1964
REVISED

Sheet 1 of 2 Sheets No. [illegible]
Date [illegible]
[illegible]
[illegible]
[illegible]

C.S. 88.37
Sheet 1 of 2 Sheets

B. V. Exhibit C.

SOUTHERN PACIFIC COMPANY
(Name of Carrier)

Owner SOUTHERN PACIFIC COMPANY
Lessee
Operating Company SOUTHERN PACIFIC COMPANY
Work Performed by Company (Contract, company or both)
Financially completed

ROADWAY COMPLETION REPORT

Completion Report (Final) No. 1364
A. F. E. No. 192374 Date
Sheet No. 1 of 2 Sheets

GENERAL ACCOUNT I, ROAD, AND GENERAL ACCOUNT III, GENERAL EXPENDITURES

Location of Project: State CALIFORNIA Valuation section 33 Station Temple City M. P. 493 Division LOS ANGELES
Work Begun
Portions here reported turned over to operation
Project Completed 10-30-64 Turned over to operation

Description of project: Construct 1470' of track to serve Van Dien-Young Co., P.S. opp. M.L. ES 1729+68 E. 1110' to serve as Drill Track constructed by S.P. Co., 360' owned by industry & built by Private contractor.

Cost borne by SOUTHERN PACIFIC COMPANY % or participated in by LOCATION PRINT ATTACHED - Dwg. D-3060
(Name participants and proportionate share of each)
Compiled by STEWART Rev 10/14/64

Property units added; the aggregate of their costs in place, cost of effecting property retirements

Unit	Quantity	Cost	Acct. No.	DESCRIPTION OF PROPERTY AND CONSTITUENT PARTS	Property and costs retired: Unit	Quantity	Cost	Acct. No.
				ADDITIONS				
				YARD TRACKS & SIDINGS				
				GRADING				
			3	None performed				
				TIES				
MBM	3.892	300.00		New 7X9 Switch Ties tr. 64 Ea.				
Ea.	484	290.00		S.H. 6x8 Cross Ties tr.				
		30.00		Store Expense				
		620.00	8	TOTAL ACCOUNT				
				RAIL				
G.T.	5.398	181.00		S.H. 113# Rail 321 L.F.				
✓	24.214	814.00		✓ 90# ✓ 1808 ✓				
✓	.246	8.00		✓ 75# ✓ 22 ✓				
		1003.00	9	TOTAL ACCOUNT				
				OTHER TRACK MATERIAL				
Lbs.	678	17.00		S.H. 113# Angle Bars 24" 8 Jts.				
✓	4494	112.00		✓ 90# Cont. Joints 27" 52 ✓				
✓	279	14.00		✓ 113/90# Comp. Joints 26" 2 ✓				
✓	208	14.00		✓ 90/75# ✓ ✓ 24" 2 ✓				
✓	280	7.00		✓ 113# Insl. Joints 27" 2 ✓				
✓	250	6.00		✓ Bolts 136 Ea.				
M	.136	1.00		✓ Nutlocks				
Lbs.	6707	168.00		✓ 113# Tie Plates 11" 524 Ea.				
✓	5346	134.00		✓ 90# ✓ ✓ 10" 444 ✓				
✓	59	6.00		New Abrasion Plates 10" 4 ✓				
✓	1633	41.00		S.H. Spikes 1944 ✓				
✓	3485	634.00		New 113# Split Switch 166' 1 ✓	33.0			
✓	2801	558.00		✓ 113# #10 S.G. Frog 17'11" 1 ✓	36.0			
✓	135	20.00		S.H. Hi Star Switch Stand 1 ✓	60.0			
		140.00		Store Expense				
		1872.00	10	TOTAL ACCOUNT				
				BALLAST				
C.Y.	508	405.00		BALLAST Waste 5 Mile Haul				
		1.36		Purchase Expense				
		406.36	11	TOTAL ACCOUNT				

RECEIVED
JUL 28 1965
SOUTHERN PACIFIC CO.

I, J. E. Hebbron (Name), Valuation Officer (Title) of the above named company, do certify that this report of property changes which were made under my supervision, is true to the best of my knowledge and belief.

J. E. Hebbron

FORM C. S. 8837
Sheet 2 of 2 Sheets

ROADWAY COMPLETION REPORT

B. V. Exhibit C-3

Completion Report [redacted] No. 1964
A. F. E. No. 192374 Date
Sheet No. 2 of 2 Sheets

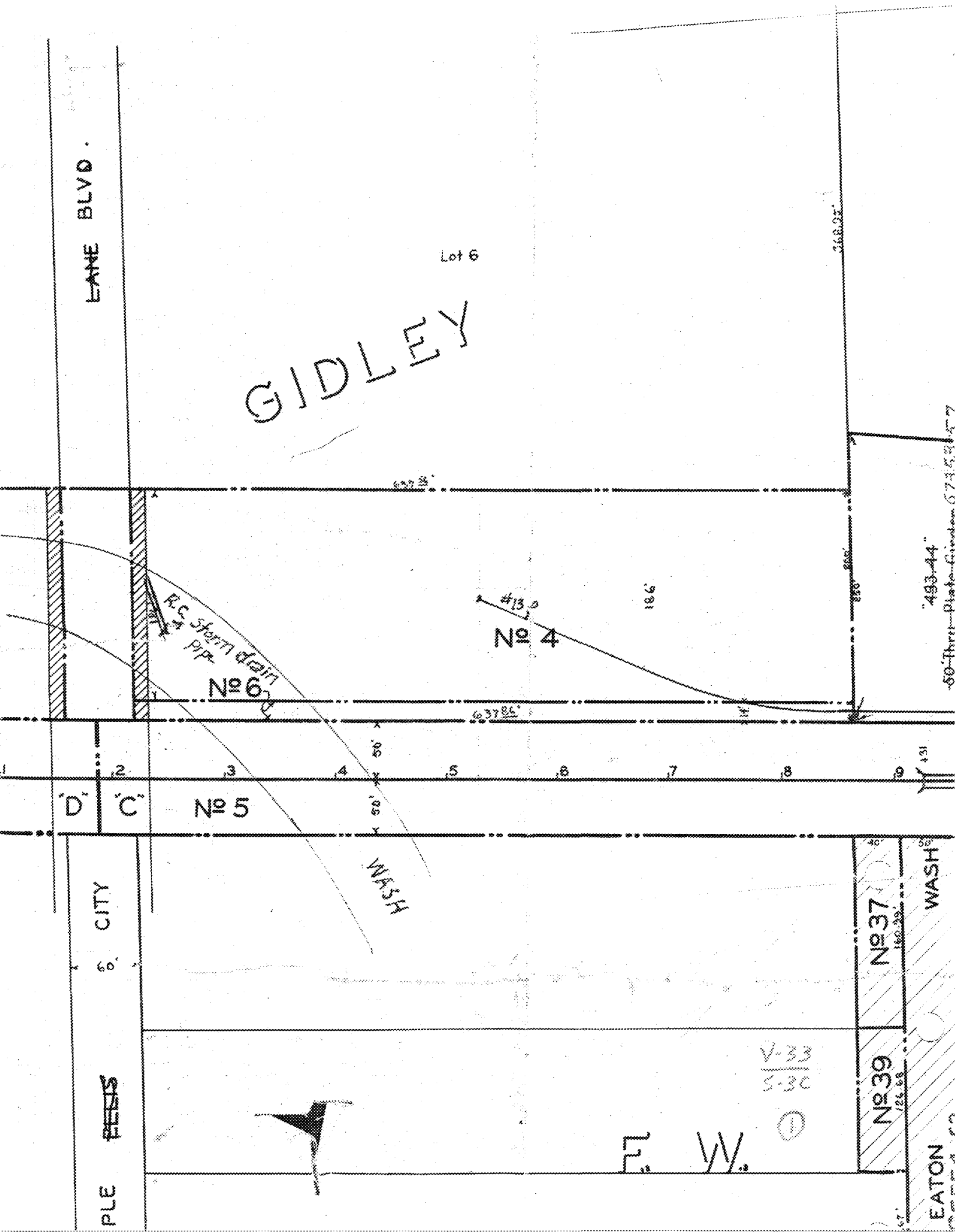
Property units added; the aggregate of their costs in place; cost of effecting property retirements					DESCRIPTION OF PROPERTY AND CONSTITUENT PARTS	Property and costs retired				
Unit	Quantity	Cost		Acct. No.		Unit	Quantity	Cost		Acct. No.
	.210 ✓				TRACKLAYING & SURFACING					
TR. MI.	.171				TRACKLAYING & SURFACING 61/90#					
✓	.039				TRACKLAYING & SURFACING 91/120#					
EA	1				Placing Turnout					
✓	972				✓ Tie Plates					
C.Y.	580				✓ Ballast					
		377	344	12	TOTAL ACCOUNT					
					SIGNALS & INTERLOCKERS					
EA	1 ✓				56-A Controller, Circuit Switch Selector					
Cond. Ft.	19 ✓				30 Wire, R.C.					
		181	89	27	TOTAL ACCOUNT 1041					
					BRIDGES, TRESTLES & CULVERTS					
					Install 18" C.M. Pipe under Spur at E.S. 1728+12.50, opp. Main Line					
					Labor					
		180	01		Install Pipe					
					Material					
L.F.	36	115	21		18" C.M. Pipe					
	Code 1007	295	22	6						
					PROPERTY RETIRED AND REPLACED					
					Appraised Value of Cross Ties Replaced with Switch Ties					
					TIES					
					S.H. 6X8 Cross Ties TR.	EA	53	53	00	8
					TRACKLAYING & SURFACING					
					Placing Cross Ties	Set	1	27	00	12
		815	91		TOTAL R. AND E. ACCOUNTS			80	00	
					SUMMARY OF R. AND E. ACCOUNTS					
		295	22	6						
		620	00	8				53	00	8
		1003	00	9						
		1872	00	10						
		406	36	11						
		3773	44	12				27	00	12
		181	89	27						
		815	91		TOTAL R. AND E. ACCOUNTS			80	00	

R. H. E.

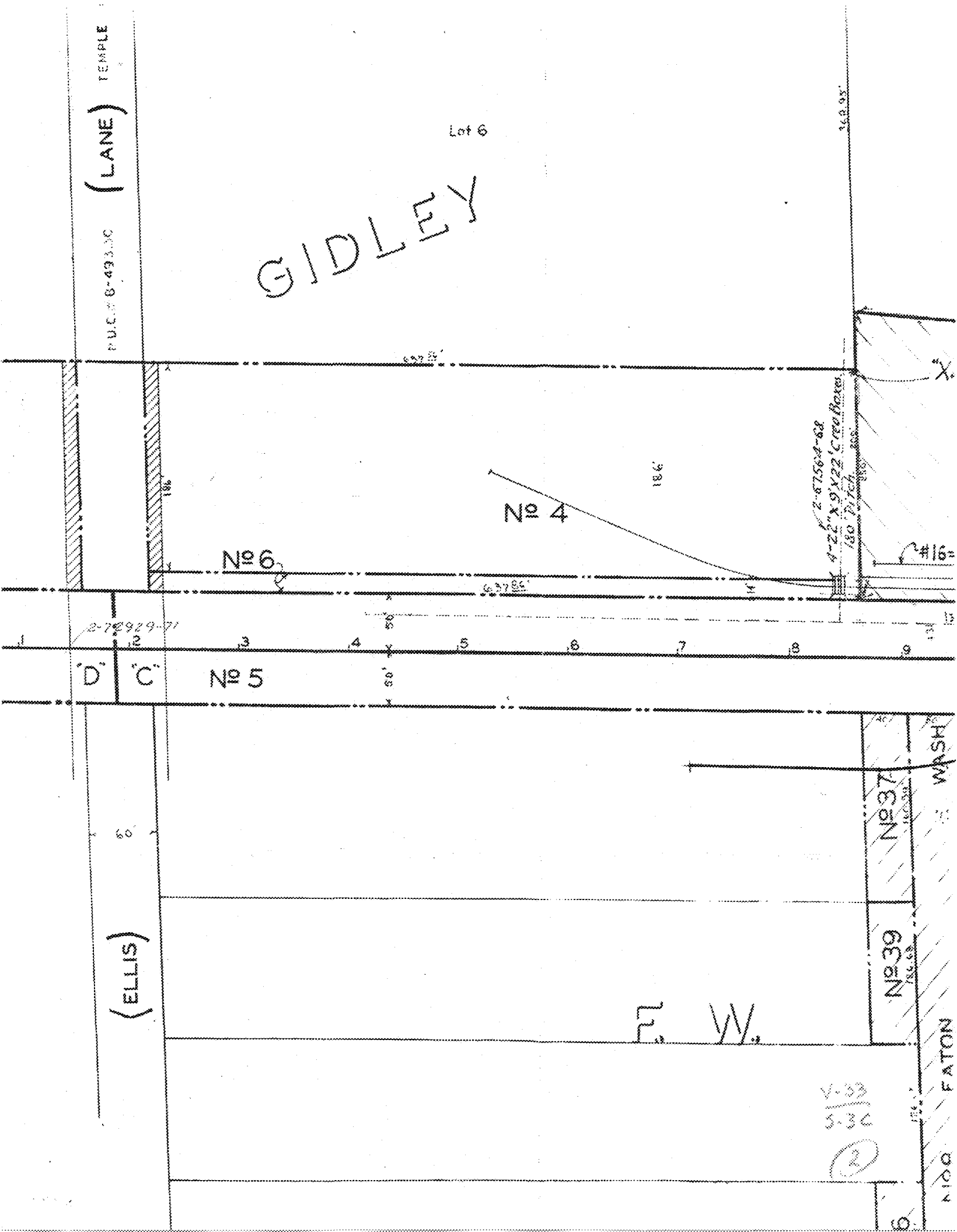
ABSTRACTED ON FORM 7704-1764
RC 8/25/65

AUG 25 1965

Posted 10-7-65 RAT



LANE BLVD.
Lot 6
GIDLEY
R.C. Storm drain
Pipe
#13
186'
No 4
No 6
"D"
"C"
No 5
WASH
CITY
60'
No 37
No 39
WASH
V-33
S-3C
F. W.
EATON



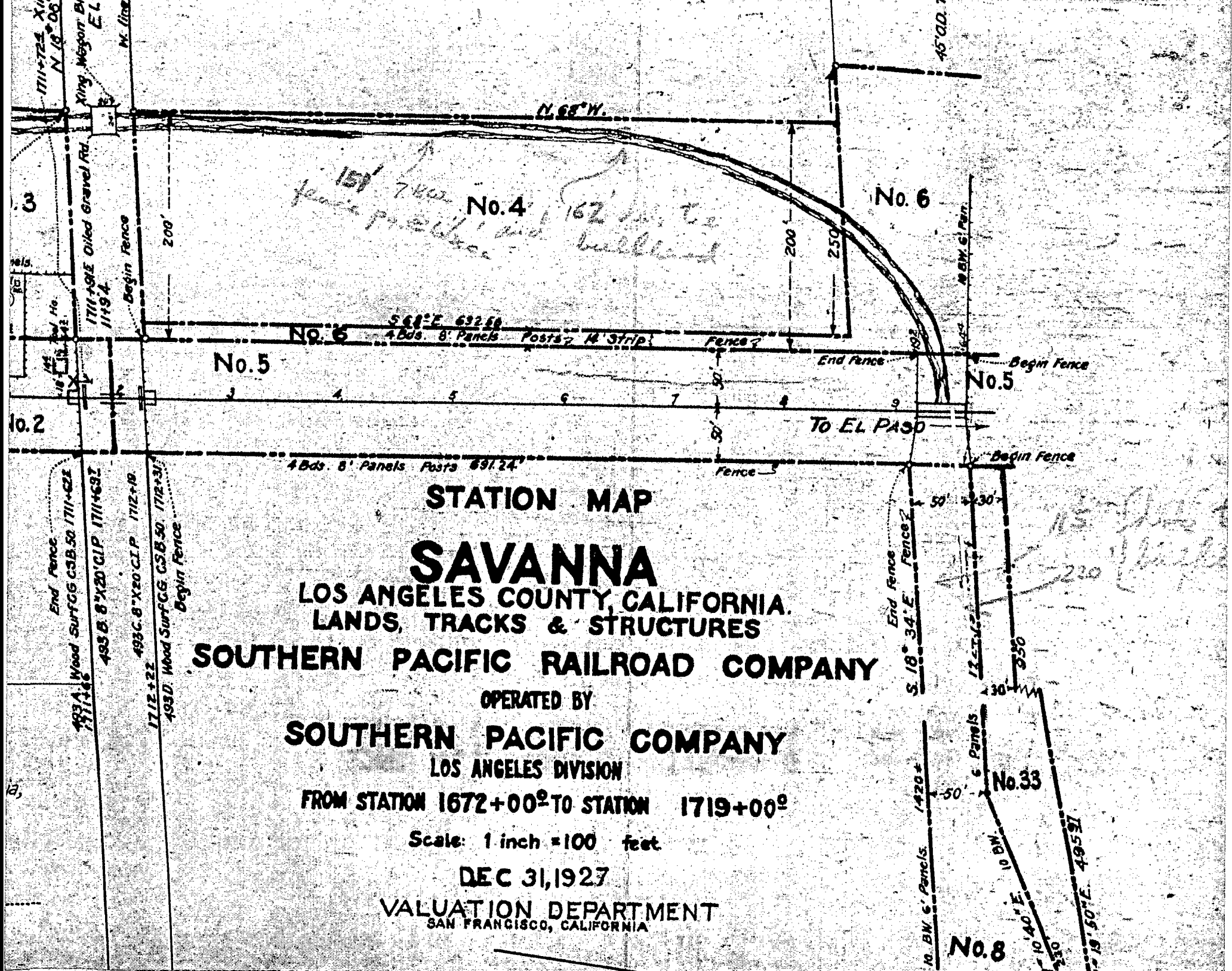
(LANE) TEMPLE
Lot 6
GIDLEY
№ 4
№ 6
№ 5
"D"
"C"
(ELLIS)
№ 37
№ 39
WASH
FATON
F. W.

PARTIALLY SCANNED
OVERSIZE ITEM (S)

See Document # 18757
for partially scanned image(s).

For complete version of oversize document(s),
see paper copy.

OVD-parent



STATION MAP

SAVANNA

LOS ANGELES COUNTY, CALIFORNIA.
LANDS, TRACKS & STRUCTURES

SOUTHERN PACIFIC RAILROAD COMPANY

OPERATED BY

SOUTHERN PACIFIC COMPANY

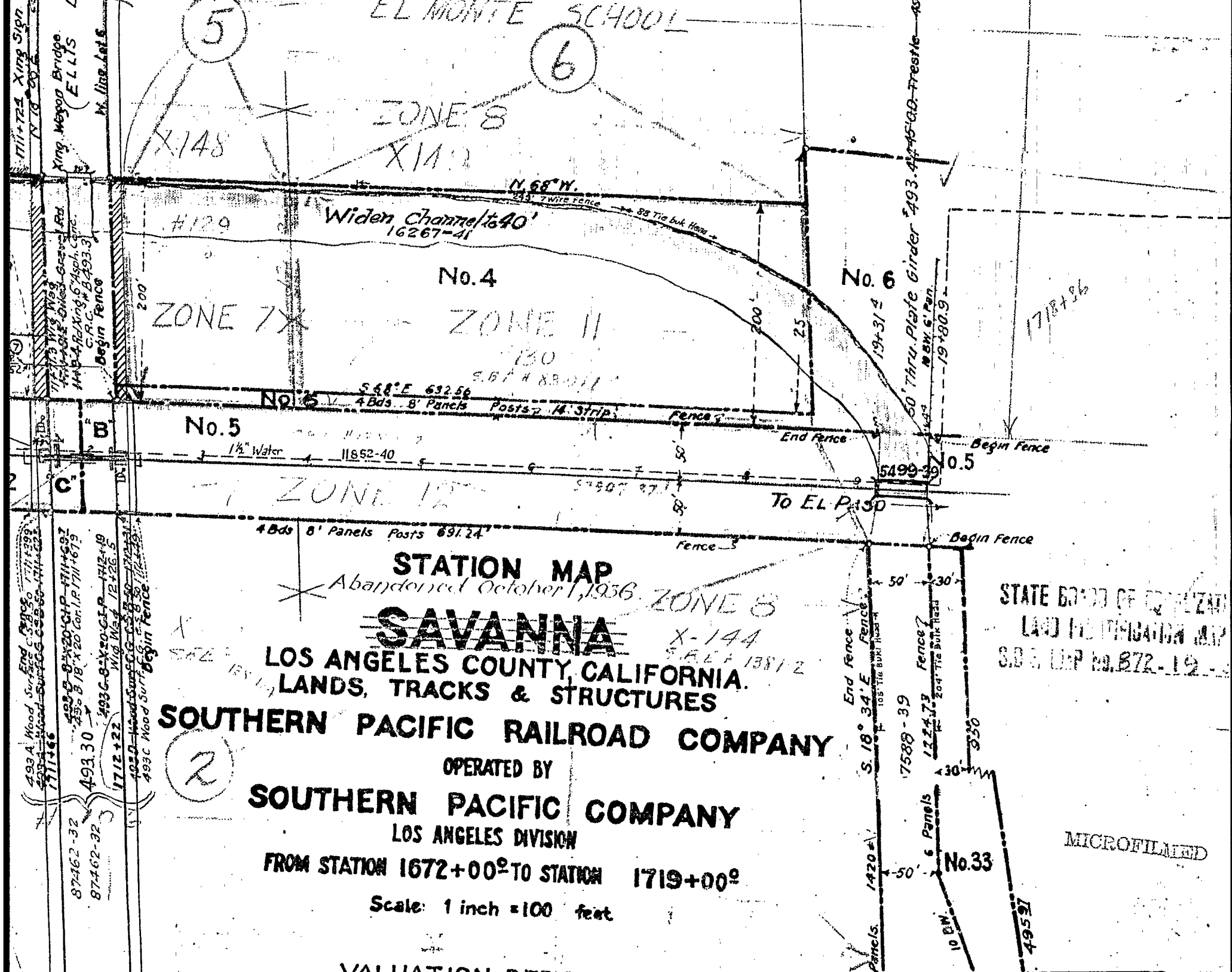
LOS ANGELES DIVISION

FROM STATION 1672+00° TO STATION 1719+00°

Scale: 1 inch = 100 feet

DEC 31, 1927

VALUATION DEPARTMENT
SAN FRANCISCO, CALIFORNIA



STATION MAP

Abandoned October 1, 1936

SAVANNA

LOS ANGELES COUNTY, CALIFORNIA.
LANDS, TRACKS & STRUCTURES

SOUTHERN PACIFIC RAILROAD COMPANY

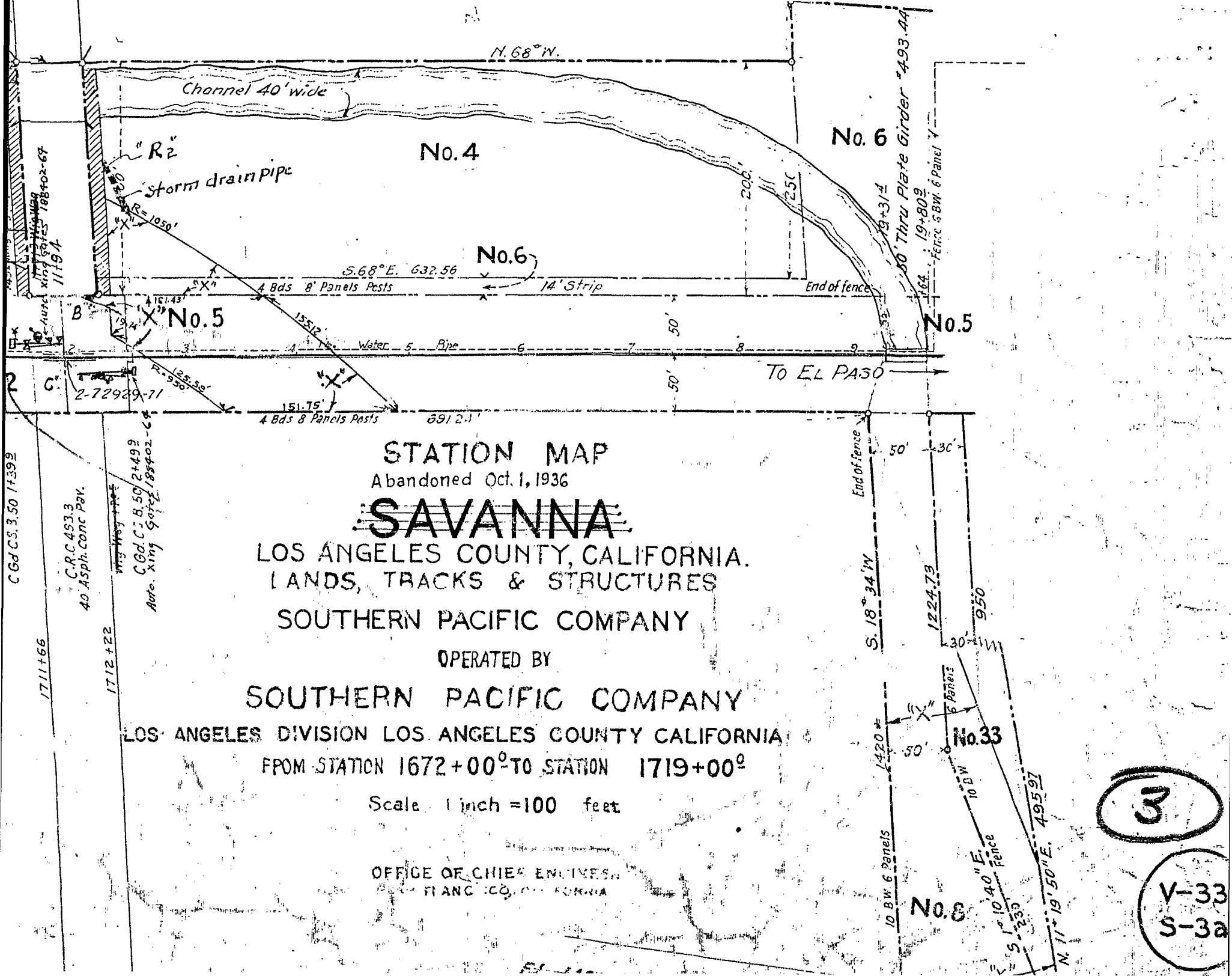
OPERATED BY

SOUTHERN PACIFIC COMPANY

LOS ANGELES DIVISION

FROM STATION 1672+00° TO STATION 1719+00°

Scale: 1 inch = 100 feet



STATION MAP

Abandoned Oct. 1, 1936

~~SAVANNA~~

LOS ANGELES COUNTY, CALIFORNIA.

LANDS, TRACKS & STRUCTURES

SOUTHERN PACIFIC COMPANY

OPERATED BY

SOUTHERN PACIFIC COMPANY

LOS ANGELES DIVISION LOS ANGELES COUNTY CALIFORNIA

FROM STATION 1672+00° TO STATION 1719+00°

Scale 1 inch = 100 feet

OFFICE OF CHIEF ENGINEER
SAN FRANCISCO, CALIFORNIA

3

V-33
S-3a

PARTIALLY SCANNED
OVERSIZE ITEM (S)

See Document # 18757
for partially scanned image(s).

For complete version of oversize document(s),
see paper copy.

OVD-parent

2-40-220M

DUPLICATE

C.S.-30

(OWNER) SOUTHERN PACIFIC RAILROAD COMPANY.
(OPERATED BY) SOUTHERN PACIFIC COMPANY.
LOS ANGELES DIVISION.

GENERAL MANAGER'S NO. 16267

Office of Superintendent
Los Angeles, April 28, 1941, 194
(Place) (Date)

RECEIVED JUN 2 1941 ENGINEERING AND MAINTENANCE DEPT.

Division Supt's No. 17491
General Supt's M. P. No.
Supt's of M. P. No.
No.
Valuation Section No. 3 SPRR Calif. (State)
Reference to companion Forms 30

AUTHORITY FOR EXPENDITURE

of $ 2532.00 is requested for the purpose of improvement to the property as follows:

Station Location: SAN GABRIEL-EL MONTE
Mile Post No. 491

Description of project: Eaton Canyon Wash. Extend rail and wire revetment, widen channel, restore levee and clean out channel. L.A.Divn Drwg B-1664 Rev. April 25, 1941.

Recommendations: As result of the heavy rains this season that portion of Eaton Canyon Wash which passes over Southern Pacific property, beginning at a point about 900 feet north of the Lower Azusa Road bridge and continuing in a general southeasterly direction to Los Angeles County Valley Boulevard bridge, has filled up with from two to four feet of sand. 2400 feet of the upper end of this portion of the Wash is covered by easement to the Los Angeles County Flood Control District which is obligated to keep the channel clear of debris and sand and the wire revetments in repair. This easement does not relieve the Southern Pacific Company of any claims for damages which might result if the flood waters should break through the levees and inundate adjacent properties. The Railroad Company is also responsible for any damages which might occur to adjacent property not covered by easement to the Los Angeles Flood Control District.

At the beginning of this rainy season the channel revetment and levees were in good condition and repair but the first heavy rains undercut the wire revetments constructed by the Flood Control District and also that constructed by the Southern Pacific Company from its steel bridge (structure 493.44) to the County bridge at Valley Boulevard. To prevent erosion of the sand levees on each side of the channel it was necessary for us to install sacks of sand at a great many points and this work was necessary all through the wet season. Further undercutting of the wire was prevented but as the channel filled up with sand the water went over the top of the Murphy roofing installed by the Southern Pacific Company attached to the wire revetments installed by the Flood Control District and to a small extent through the joints of the Murphy roofing, eroding the levees on both sides parallel to the revetments. In some places where the wire was not protected by Murphy roofing, erosion outside the wire was quite pronounced and it was only by means of sack dams that the water was prevented from breaking through onto private property. It will, therefore, be necessary before next winter to clean out the channel for its entire length, partly by the Los Angeles County Flood Control

(Continued on next sheet)

YOU ARE REMINDED OF PROVISIONS OF APPROPRIATION BULLETIN NUMBER 10, INVESTMENT EXPENDITURES.

(Signed) J. H. DYER

ORIGINAL SIGNED A. B. McDONALD BY A. Y. M.

SUMMARY OF ESTIMATE	CHARGES AND CREDITS	NET CASH COST TO COMPANY
Gross change in Investment Accounts	2010	
Credit: Ledger value property retired	----	
Net change in Investment Accounts	2010	$1419
*Operating Expenses	522	522
Material on Hand (Salvage)		
Other Accounts		
Estimated Gross cost of Project	2532	All to be spent in current year
Cost to		
Net Cost to Railroad Company	2532	$ 1941

ACCOUNTING CORRECT (Original Signed) S. S. WEMMETT For General Auditor JUN 21 1941

Submitted by D. J. RUSSELL (Title)
Recommended Superintendent. (Title)
ORIGINAL SIGNED E. L. GUY (Title) ORIGINAL SIGNED W. H. KIRKBRIDE (Title)
(Signed) L. B. McDONALD (Title)
(Title)
(Title)
(Title)

*Ledger value property retired, plus the following, less M. O. H.
Cost to renew in kind $
Incidental Charges $
$
$

C. M. W. JUN 11 1941

Expenditure and change approved and authorized:
(Signed) L. B. McDONALD
C. W. M.
Officer in General Charge of Operation
JUN 25 1941

Estimated by T. J. CASEY, Head Estimator (Title)
Estimate Correct H. E. STANSBURY, Divn Engr. (Title)

NOTE: Authorization by the Officer in General Charge of Operation must be obtained on this Form for all changes in Investment Accounts, and for expenditures for Maintenance of Way and Equipment according to current instructions.

S-40-170M

C. S. 30-2

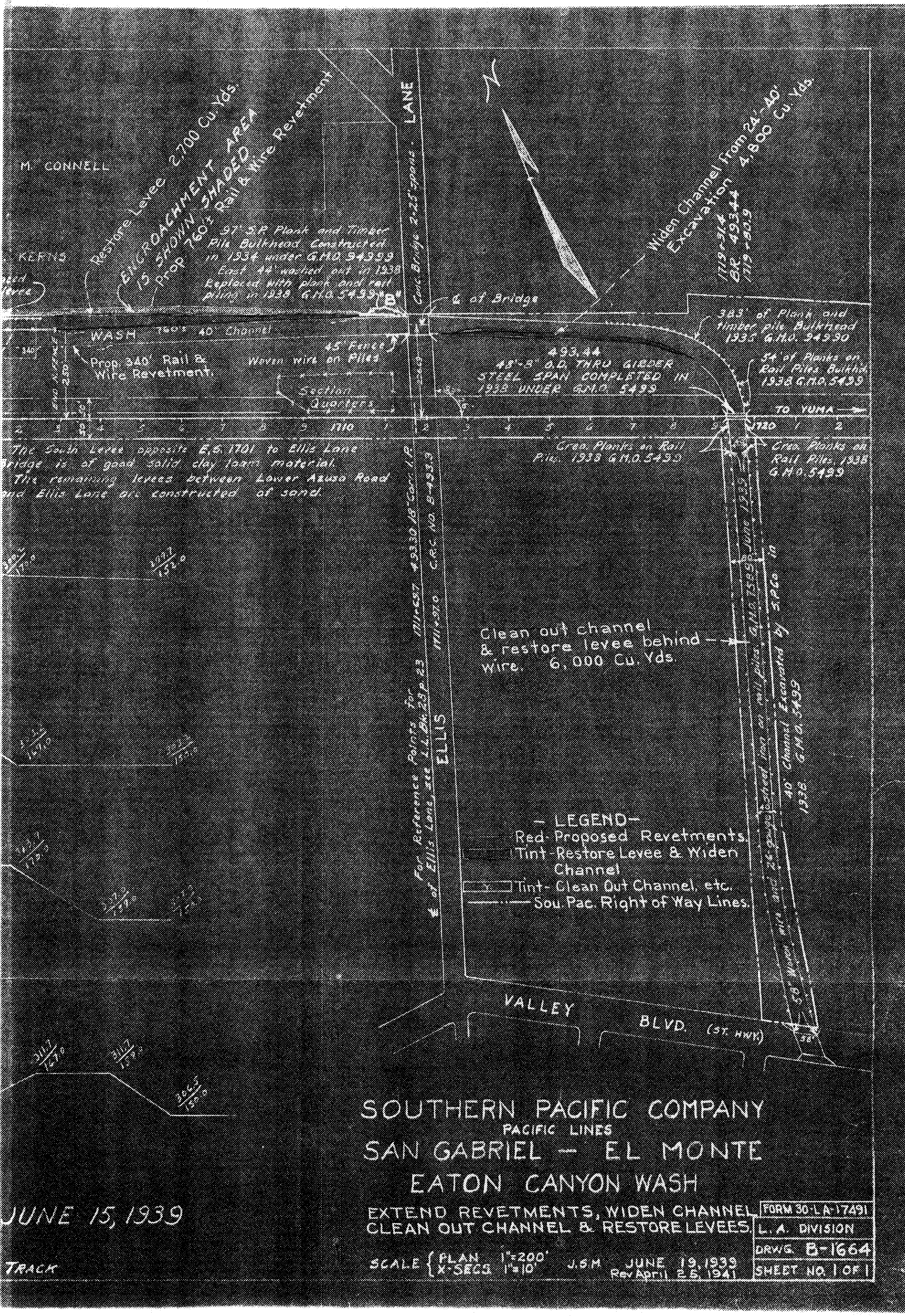
DISTRIBUTION DETAIL OF WORK ORDER

STATION LOCATION AND BRIEF DESCRIPTION SAN GABRIEL-EL MONTE
Eaton Canyon Wash. Extend rail and wire revetments LA-1749; widen channel, restore levee and clean out channel

ESTIMATED BY T.J.CASEY, Head Estimator, DATE 4/28/41. 194

UNIT	QUANTITY	CHARACTER OF WORK	AMOUNT LABOR	AMOUNT MATERIAL	AMOUNT TOTAL
		Recommendations Continued			
		District and partly by the Southern Pacific Company, extend the downstream ends of the wire revetment above the Ellis Lane bridge, and widen the channel for about 500 feet below the Ellis Lane bridge on the south side, as the bank is cutting on the north side. At the upper end of this wash near the Lower Azusa Road bridge, the sand is over the top of the wire or, in other words, from four to five feet deep, and the headroom under this bridge reduced to about 18 inches from 6-ft. which it was before the beginning of the rains;			
		Conditions described above are illustrated on Los Angeles Division drawing B-1640, Sheet 1, revised April 25, 1941, attached.			
		ADDITIONS			
LF	1100	Woven wire and rail fence at $1.40		1540 HC	538
CY	4800	Widen channel @ .06		288	
		Contingencies		182	
(Cash $1419)		Dr. R&E Accts			2010
		OPERATING			
CY	8700	Clean out channel and restore levee @ .06		522	
(Cash $522		Dr. Opr Exp			522

****



M. CONNELL
KERNS
Restore Levee 2700 Cu. Yds.
ENCROACHMENT AREA IS SHOWN SHADED
Prop. 760' Rail & Wire Revetment
97' S.P. Plank and Timber Pile Bulkhead Constructed in 1934 under G.M.O. 94399
East 44' washed out in 1938 Replaced with plank and rail piling in 1938 G.M.O. 5499
Conc. Bridge 2-25' spans
LANE
N
Widen Channel from 24'-40' Excavation 4,800 Cu. Yds.
℄ of Bridge
WASH 760' 40' Channel
45' Fence
Prop. 340' Rail & Wire Revetment
Woven wire on Piles
Section Quarters
493.44
48'-5" O.D. THRU GIRDER STEEL SPAN COMPLETED IN 1935 UNDER G.M.O. 5499
383' of Plank and timber pile Bulkhead 1935 G.M.O. 94390
54' of Planks on Rail Piles Bulkhd 1938 G.M.O. 5499
TO YUMA
1110
1120
The South Levee opposite E.S. 1701 to Ellis Lane Bridge is of good solid clay loam material.
The remaining levees between Lower Azusa Road and Ellis Lane are constructed of sand.
Creo. Planks on Rail Piles 1938 G.M.O. 5499
Creo. Planks on Rail Piles 1938 G.M.O. 5499
For Reference Points for ℄ of Ellis Lane see L.L. Bk. 28 p. 23
ELLIS
Clean out channel & restore levee behind wire. 6,000 Cu. Yds.
40' Channel Excavated by S.P.Co. in 1938 G.M.O. 5499
- LEGEND -
Red-Proposed Revetments
Tint-Restore Levee & Widen Channel
Tint-Clean Out Channel, etc.
Sou. Pac. Right of Way Lines.
VALLEY BLVD. (ST. HWY.)
SOUTHERN PACIFIC COMPANY
PACIFIC LINES
SAN GABRIEL - EL MONTE
EATON CANYON WASH
EXTEND REVETMENTS, WIDEN CHANNEL
CLEAN OUT CHANNEL & RESTORE LEVEES.
FORM 30-LA-17491
L.A. DIVISION
DRWG. B-1664
SHEET NO. 1 OF 1
SCALE { PLAN 1"=200' X-SECS 1"=10'
J.S.M. JUNE 19, 1939
Rev April 25, 1941
JUNE 15, 1939
TRACK

7-41-15M

C. S. 8837
Sheet 1 of 2 Sheets

3-32
RWD 8-15-42

B. V. Exhibit C.

SOUTHERN PACIFIC COMPANY
(Name of Carrier)

Owner Southern Pacific Railroad Company
Lessee Southern Pacific Company
Operating Company Southern Pacific Company
Work Performed by Company (Contract, company or both)
Financially completed

ROADWAY COMPLETION REPORT

Completion Report | ~~Progressive~~ Final | No. 41-663
A. F. E. No. 16267 Date
Sheet No. 1 of 1 Sheets

GENERAL ACCOUNT I, ROAD, AND GENERAL ACCOUNT III, GENERAL EXPENDITURES

Location of Project: State California Valuation section 3 Station El Monte M. P. 493 Division Los Angeles

Work Begun August 28, 1941 | Portions here reported turned over to operation
Project Completed Nov. 29, 1941 Turned over to operation November 29, 1941

Description of project: Widen channel and construct 1155' rail and woven wire revetment

Cost borne by Southern Pacific Railroad Company % or participated in by Blue Print B-1664
(Name participants and proportionate share of each)

Property units added; the aggregate of their costs in place; cost of effecting property retirements					DESCRIPTION OF PROPERTY AND CONSTITUENT PARTS	Property and costs retired				
Unit	Quantity	Cost		Acct. No.		Unit	Quantity	Cost		Acct. No.
					ADDITIONS					
					GRADE PROTECTION WORK					
Cu.Yd.	4800	290	00		Labor-widen channel					
		696	25		" construct wire revetment		see VD	4906		
		986	25							
					MATERIAL (77-50#					
G.T.	32.228	360	70		190 scp rail posts 20' long. (6-60#					
					(107-62#					
Lin.ft.	1155	123	90		Elwood Fencing 58" = 1170# est.					
lbs.	500	19	70		#9 annealed iron wire					
"	8050	40	25		Scp Galv. ice tank lining					
		5	58		Miscellaneous material					
		10	27		Store expense					
		119	47		Equipment rental					
		59	21		RRA-CUI taxes					
		739	08							
		1725	33	3	TOTAL R & E ACCOUNT					

J. H. B.
JUL 2 - 1942

I, L. E. Paterson (Name), Division Engineer (Title) of the above named company, do swear that the foregoing report of property changes which were made under my supervision, is true to the best of my knowledge and belief.

Subscribed and sworn to before me this 23rd day of June 1942.

(Signature)

Notary Public
(Title)

RECEIVED
JUL 2 - 1942
SOUTHERN PACIFIC CO.
VALUATION DEPT.

(Signature)

Division Engineer
(Title)

9-54-3M

DOCUMENT COVER

ALSO ASSIGNED
DEED
AUDIT No. 46663

Accounting Department Number
DOCUMENT
100809

IN CONNECTION WITH ATTACHED:
SEE DEED AUDIT NO. 2945, 2973, 10604, 10662, 10335, 10598 and 30737

NOTICE

This document must be kept intact. No check marks or notations of any kind should be made on the instruments.

EP 311-03 ( )
EC 110-1 (100809)

Auditor of ~~Capital Expenditures~~ Misc. Acct.

JAN 25 1960

Herewith for your record Easement Audit No. 100809

Grantee Los Angeles County Flood Control District Date Aug. 9, 1955

GMO No. or other authority - Consideration $ -

Will you please return instrument and copy of this letter indicating thereon whether consideration is within amount authorized and insert GMO number when no number is shown.

Regarding any taxes that should be collected from the purchaser in connection with the sale according to the terms of the GMO authority or otherwise, presume that you will arrange with Tax Commissioner for preparation of bill collectible for amount of such taxes and transmit it to this department for collection.

Checked and found correct,

Tax Commissioner will be advised if any taxes are recollectible.

AUDITOR OF MISCELLANEOUS ACCOUNTS

By AK

AUDITOR OF CAPITAL EXPENDITURES

S. S. S. J. B.

Date JAN 21 1960

per

County of Los Angeles
Board of Supervisors
501 Hall of Records
Los Angeles 12
Mutual 9211

CHIEF CLERK OF THE BOARD

MEMBERS OF THE BOARD
HERBERT C. LEGG
CHAIRMAN
KENNETH HAHN
JOHN ANSON FORD
BURTON W. CHACE
ROGER W. JESSUP

TUESDAY, AUGUST 9, 1955

The Board of Supervisors of the Los Angeles County Flood Control District met in regular session. Present: Supervisors Herbert C. Legg, Chairman presiding, Kenneth Hahn, John Anson Ford and Burton W. Chace; and Harold J. Ostly, Clerk, by John R. Leach, Deputy Clerk. Absent: Supervisor Roger W. Jessup.

* * * * * *

122
IN RE FLOOD CONTROL: ORDER APPROVING AND ACCEPTING, AND AUTHORIZING CHAIRMAN TO SIGN PERMANENT EASEMENT FOR FLOOD CONTROL PURPOSES FROM SOUTHERN PACIFIC RAILROAD COMPANY AND ITS LESSEE, SOUTHERN PACIFIC COMPANY (IMPROVEMENT OF EATON WASH, RIO HONDO CHANNEL TO ENCINITA AVENUE).

On motion of Supervisor Ford, unanimously carried, and in accordance with a recommendation by the Chief Engineer, it is ordered that the following described easement be and the same is hereby accepted and approved, and that the Chairman of this Board be and he is hereby authorized and directed to sign the same in behalf of the Los Angeles County Flood Control District, to wit:

Easement dated August 9, 1955 by and between Southern Pacific Railroad Company and its Lessee, Southern Pacific Company, hereinafter called "Railroad" and the Los Angeles County Flood Control District, hereinafter called "Grantee", whereby Railroad grants to Grantee (subject to the reservations, covenants and conditions herein contained) an easement for flood control purposes in, over and across the following described real property situate in the County of Los Angeles, State of California, to wit:

PARCEL NO. 1

That portion of that 100-foot wide strip of land in Rancho San Francisquito, as shown on map recorded in Book 1, pages 31 and 32, of Patents, in the office of the Recorder of the County of Los Angeles, described in deed to Southern Pacific Railroad Company, recorded in Book 27, page 11, of Deeds, in the office of said Recorder, within the following described boundaries:

COMMENCING at the most easterly corner of that parcel of land described in easement deed to Los Angeles County Flood Control District, recorded in Book 14948, page 386, of Official Records, in the office of said Recorder; thence, along the northerly line of the land conveyed to said Southern Pacific Railroad Company by deed recorded in Book 37, page 194 of Deeds, in the office of said Recorder, S 67° 43' 30" E. 547.06 feet to the beginning of a tangent curve, concave to the southwest and having a radius of 1,050 feet; thence southeasterly along said curve 658.83 feet to a point in the northerly line of said 100-foot wide strip of land, a radial line of said curve to said point bears N. 58° 13' 33" E., said point being the true point of beginning of this description; thence continuing southeasterly along said curve 155.12 feet to a point in the southerly line of said 100-foot wide strip of land; thence along said southerly line N. 67° 43' 30" W. 151.75 feet to a point in a curve concave to the southwest, having a radius of 950 feet and being concentric with said curve having a radius of 1,050 feet, a radial line of said curve to last said point bears N. 60° 08' 21" E.;

thence northwesterly along said concentric curve 125.58 feet to the southerly prolongation of the easterly line of the westerly 10 feet of Lot 6, F. W. Gibson's Tract, as shown on map recorded in Book 15, page 39, of Miscellaneous Records, in the office of said Recorder; thence along said prolongation N. 18° 50' 40" E. 19.74 feet; thence N. 48° 04' 47" W. 29.69 feet to a point in the northerly line of said 100-foot wide strip of land; thence S. 67° 43' 30" E. 166.43 feet to the true point of beginning.

The area of the above described parcel of land, (exclusive of that portion within a public street,) is 16,290 square feet, more or less.

PARCEL NO. 2.

Those portions of those parts of Rancho San Francisquito, as shown on map recorded in Book 1, pages 31 and 32, of Patents, in the office of the Recorder of the County of Los Angeles and that portion of Lot 6 in F. W. Gibson's Tract, as shown on map recorded in Book 15, page 39, of Miscellaneous Records, in the office of said Recorder, conveyed to Southern Pacific Railroad Company by deeds recorded in Book 37, page 194, Book 3939, page 310 and Book 4042, page 301, all books of Deeds, in the office of said Recorder, within the following described boundaries:

BEGINNING at the most easterly corner of that parcel of land described in easement deed to Los Angeles County Flood Control District, recorded in Book 14948, page 386, of Official Records, in the office of said Recorder; thence, along the northerly line of the land described in said deed recorded in Book 37, page 194, of Deeds, S. 67° 43' 30" E. 972.38 feet to the northerly prolongation of the center line of Ellis Lane (now Temple City Boulevard), 80 feet wide, as shown on map of Tract No. 14535, recorded in Book 298, pages 6 and 7, of Maps, in the office of said Recorder; thence along said prolongation S. 18° 50' 40" W 92.64 feet to a point in a curve concave to the southwest having a radius of 1050 feet, a radial line of said curve to said point bearing N. 46° 30' 06" E.; thence southeasterly along said curve a distance of 214.86 feet to a point in the northerly line of the land described in deed to said Southern Pacific Railroad Company, recorded in Book 27, page 11, of Deeds, in the office of said Recorder, distant along last said northerly line S. 67° 43' 30" E. 149.08 feet from the westerly line of said Lot 6; thence N. 67° 43' 30" W. 166.43 feet along last said northerly line; thence N. 48° 04' 47" W. 83.35 feet; thence N. 33° 21' 12" W. 46.73 feet; thence N. 51° 06' 05" W. 88.48 feet; thence N. 58° 25' 52" W. 63.56 feet; thence N. 64° 01' 43" W. 124.48 feet, more or less, to the beginning of a tangent curve concave to the southwest having a radius of 950 feet, the westerly terminus of last said curve being tangent to a line which is parallel with and 100 feet southerly, measured at right angles, from said line described hereinabove as having a length of 942.33 feet; thence northwesterly 61.29 feet along last said curve to said parallel line; thence along said parallel line N. 67° 43' 30" W. 547.06 feet to a line which bears S. 22° 16' 30" W. from the place of beginning; thence N. 22° 16' 30" E. 100.00 feet to the place of beginning.

ALSO those portions of those parts of Lot 4 in said F. W. Gibson's Tract, described in deeds to said Southern Pacific Railroad Company, recorded in Book 6302, page 83, and Book 4098, page 197, both books of Deeds in the office of said Recorder, within the following described boundaries:

BEGINNING at the most westerly corner of said Lot 4; thence northerly along the westerly line of said Lot 4 to a line which is parallel with and 100 feet easterly, measured at right angles, from the westerly line of the land described in "Parcel 130" in a Final Order of Condemnation had in Superior Court Case No. 400573, a certified copy of which is recorded in Book 15739, page 1, of Official Records, in the office of said Recorder; thence southerly along last said parallel line and southerly prolongation thereof to the easterly line of the land described in said deed recorded in Book 6302, page 83, of Deeds; thence southerly along last said easterly line to the southerly line of said Lot 4; thence northwesterly along said southerly line to the place of beginning.

The area of the above described parcel of land, consisting of two portions and exclusive of any portion lying within a public street, is 3.32 acres, more or less.

PARCEL NO. 3

That portion of that part of Lot 27 in "Western Two Thirds Rancho San Francisquito" as shown on map recorded in Book 42, pages 93 and 94, of Miscellaneous Records in the office of the Recorder of the County of Los Angeles, described in deed to Southern Pacific Railroad Company, recorded in Book 4241, page 123, of Deeds, in the office of said Recorder, within a strip of land 15 feet wide, the northeasterly side line of said strip being described as follows:

BEGINNING at a point in the curved southwesterly line of the land described as "PARCEL No. 1" in deed to Los Angeles County Flood Control District, recorded in Book 14128, page 330, of Official Records, in the office of said Recorder, distant northwesterly 30.00 feet along said curved southwesterly line from the most southerly corner of the land described in last said deed; thence continuing northwesterly 25.00 feet along said curved southwesterly line; containing 379 square feet of land, more or less;

said easement including the right to construct, reconstruct, inspect, maintain and repair a channel, protection works and appurtenant structures for the purpose of confining the waters of Eaton Wash and its tributaries, and the right to enter upon and to pass and repass over and along said land to deposit tools, etc.; and that it is understood and agreed by the parties hereto that construction of the storm drainage improvements mentioned as "structure" in said easement shall be performed by The United States of America through its contractors; and subject to other terms and conditions mentioned in said easement.

I hereby certify that the foregoing is a full, true and correct copy of an order which was adopted by the Board of Supervisors of Los Angeles County Flood Control District, on August 9, 1955, and entered in the minutes of said Board.

HAROLD J. OSTLY, County Clerk of the County of Los Angeles, State of California, and ex officio Clerk of the Board of Supervisors of Los Angeles County Flood Control District.

By Carrie Hollister
Deputy Clerk

THIS INDENTURE, made this 9th day of August, 1955, by and between SOUTHERN PACIFIC RAILROAD COMPANY, a corporation of the States of California, Arizona and New Mexico, and its Lessee, SOUTHERN PACIFIC COMPANY, a corporation of the State of Delaware, hereinafter collectively called "Railroad," and LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a Body Politic and Corporate of the State of California, hereinafter called "Grantee";

WITNESSETH:

1. Railroad hereby grants to Grantee (subject to the reservations, covenants and conditions herein contained) an easement for flood control purposes in, over and across the following described real property situate in the County of Los Angeles, State of California, to-wit:

PARCEL NO. 1

That portion of that 100-foot wide strip of land in Rancho San Francisquito, as shown on map recorded in Book 1, pages 31 and 32, of Patents, in the office of the Recorder of the County of Los Angeles, described in deed to Southern Pacific Railroad Company, recorded in Book 27, page 11, of Deeds, in the office of said Recorder, within the following described boundaries:

COMMENCING at the most easterly corner of that parcel of land described in easement deed to Los Angeles County Flood Control District, recorded in Book 14948, page 386, of Official Records, in the office of said Recorder; thence, along the northerly line of the land conveyed to said Southern Pacific Railroad Company by deed recorded in Book 37, page 194 of Deeds, in the office of said Recorder, S. 67° 43' 30" E. 547.06 feet to the beginning of a tangent curve, concave to the southwest and having a radius of 1,050 feet; thence southeasterly along said curve 658.83 feet to a point in the northerly line of said 100-foot wide strip of land, a radial line of said curve to said point bears N. 58° 13' 33" E., said point being the true point of beginning of this description; thence continuing southeasterly along said curve 155.12 feet to a point in the southerly line of said 100-foot wide strip of land; thence along said southerly line N. 67° 43' 30" W. 151.75 feet to a point in a curve concave to the southwest, having a radius of 950 feet and being concentric with said curve having a radius of 1,050 feet, a radial line of said curve to last said point bears N. 60° 08' 21" E.; thence northwesterly along said concentric curve 125.58 feet to the southerly prolongation of the easterly line of the westerly 10 feet of Lot 6, F. W. Gibson's Tract, as shown on map recorded in Book 15, page 39, of Miscellaneous

Records, in the office of said Recorder; thence along said prolongation N. 18° 50' 40" E. 19.74 feet; thence N. 48° 04' 47" W. 29.69 feet to a point in the northerly line of said 100-foot wide strip of land; thence S. 67° 43' 30" E. 166.43 feet to the true point of beginning.

The area of the above described parcel of land, (exclusive of that portion within a public street,) is 16,290 square feet, more or less.

PARCEL NO. 2

Those portions of those parts of Rancho San Francisquito, as shown on map recorded in Book 1, pages 31 and 32, of Patents, in the office of the Recorder of the County of Los Angeles and that portion of Lot 6 in F. W. Gibson's Tract, as shown on map recorded in Book 15, page 39, of Miscellaneous Records, in the office of said Recorder, conveyed to Southern Pacific Railroad Company by deeds recorded in Book 37, page 194, Book 3939, page 310 and Book 4042, page 301, all books of Deeds, in the office of said Recorder, within the following described boundaries:

BEGINNING at the most easterly corner of that parcel of land described in easement deed to Los Angeles County Flood Control District, recorded in Book 14948, page 386, of Official Records, in the office of said Recorder; thence, along the northerly line of the land described in said deed recorded in Book 37, page 194, of Deeds, S. 67° 43' 30" E. 972.38 feet to the northerly prolongation of the center line of Ellis Lane (now Temple City Boulevard), 80 feet wide, as shown on map of Tract No. 14535, recorded in Book 298, pages 6 and 7, of Maps, in the office of said Recorder; thence along said prolongation S. 18° 50' 40" W. 92.64 feet to a point in a curve concave to the southwest having a radius of 1050 feet, a radial line of said curve to said point bearing N. 46° 30' 06" E.; thence southeasterly along said curve a distance of 214.86 feet to a point in the northerly line of the land described in deed to said Southern Pacific Railroad Company, recorded in Book 27, page 11, of Deeds, in the office of said Recorder, distant along last said northerly line S. 67° 43' 30" E. 149.08 feet from the westerly line of said Lot 6; thence N. 67° 43' 30" W. 166.43 feet along last said northerly line; thence N. 48° 04' 47" W. 83.35 feet; thence N. 33° 21' 12" W. 46.73 feet; thence N. 51° 06' 05" W. 88.48 feet; thence N. 58° 25' 52" W. 63.56 feet; thence N. 64° 01' 43" W. 124.48 feet, more or less, to the beginning of a tangent curve concave to the southwest having a radius of 950 feet, the westerly terminus of last said curve being tangent to a line which is parallel with and 100 feet southerly, measured at right angles, from said line described hereinabove as having a length of 942.33 feet; thence northwesterly 61.29 feet along last said curve to said parallel line; thence along said parallel line N. 67° 43' 30" W. 547.06 feet to a line which bears S. 22° 16' 30" W. from the place of beginning; thence N. 22° 16' 30" E. 100.00 feet to the place of beginning.

ALSO those portions of those parts of Lot 4 in said F. W. Gibson's Tract, described in deeds to said Southern Pacific Railroad Company, recorded in Book 6302, page 83, and Book 4098, page 197, both books of Deeds in the office of said Recorder, within the following described boundaries:

BEGINNING at the most westerly corner of said Lot 4; thence northerly along the westerly line of said Lot 4 to a

line which is parallel with and 100 feet easterly, measured at right angles, from the westerly line of the land described in "Parcel 130" in a Final Order of Condemnation had in Superior Court Case No. 400573, a certified copy of which is recorded in Book 15739, page 1, of Official Records, in the office of said Recorder; thence southerly along last said parallel line and southerly prolongation thereof to the easterly line of the land described in said deed recorded in Book 6302, page 83, of Deeds; thence southerly along last said easterly line to the southerly line of said Lot 4; thence northwesterly along said southerly line to the place of beginning.

The area of the above described parcel of land, consisting of two portions and exclusive of any portion lying within a public street, is 3.32 acres, more or less.

PARCEL NO. 3

That portion of that part of Lot 27 in "Western Two Thirds Rancho San Francisquito" as shown on map recorded in Book 42, pages 93 and 94, of Miscellaneous Records in the office of the Recorder of the County of Los Angeles, described in deed to Southern Pacific Railroad Company, recorded in Book 4241, page 123, of Deeds, in the office of said Recorder, within a strip of land 15 feet wide, the northeasterly side line of said strip being described as follows:

BEGINNING at a point in the curved southwesterly line of the land described as "PARCEL No. 1" in deed to Los Angeles County Flood Control District, recorded in Book 14128, page 330, of Official Records, in the office of said Recorder, distant northwesterly 30.00 feet along said curved southwesterly line from the most southerly corner of the land described in last said deed; thence continuing northwesterly 25.00 feet along said curved southwesterly line; containing 379 square feet of land, more or less.

The locations of the above described parcels of land are shown outlined by yellow line or by yellow tint on the attached print of Railroad's L. A. Div'n. Drawing LD-7, Sheet 1, Revised March 7, 1955.

The easement herein granted shall include the right to construct, reconstruct, inspect, maintain and repair a channel, protection works and appurtenant structures for the purpose of confining the waters of Eaton Wash and its tributaries, and the right to enter upon and to pass and repass over and along said land to deposit tools, implements and other materials thereon, to take therefrom and use earth, rock, sand, and gravel

for the purpose of excavating, widening, deepening, and otherwise rectifying the channel, and for the construction, maintenance, and repair of embankments, protection works, and appurtenant structures by Grantee, its officers, agents and employees and by persons under contract with it or with The United States of America wherever necessary for flood control purposes.

RESERVING unto Railroad, its successors and assigns, the right to construct, reconstruct, maintain and operate railroad tracks, facilities and appurtenances in, upon, over, along and across the property described herein.

2. This grant is subject and subordinate to the prior and continuing right and obligation of Railroad and its successors to use and maintain its entire railroad right of way and property in performance of its public duty as a common carrier and to the valid regulations of any governmental body or bodies having jurisdiction thereover.

This grant is also subject to all contracts, leases, liens, encumbrances and claims of title which may affect the property described herein and the word GRANT as used herein shall not be construed as a covenant against the existence of any thereof.

3. This indenture is made subject to the express condition that the rights and privileges herein granted Grantee shall lapse and become void if the construction of said structure upon the land described herein is not commenced within one (1) year from the date first herein written.

4. It is understood and agreed between the parties hereto that the construction of the above described storm drainage improvements, hereinafter referred to as "structure," shall be performed by The United States of America through its contractors.

Upon completion by The United States of America through its contractors of the construction of said structure, Grantee, at Grantee's expense, shall thereafter reconstruct and maintain said structure.

In the event it is necessary for Railroad to operate its engines and trains over a shoofly track adjoining the existing tracks of Railroad at said location during the period of construction of said structure, Grantee, at Grantee's expense, shall obtain any necessary permits, licenses or rights of way for the construction of a shoofly track and for the operations thereover by Railroad during said construction period.

Grantee agrees that all work upon or in connection with said structure shall be done at such times and in such manner as not to interfere in any way whatsoever with the operations of Railroad. The plans for and the construction of said structure shall be subject to the approval of Railroad.

Grantee agrees to reimburse Railroad or cause Railroad to be reimbursed for the cost and expense to Railroad of furnishing any materials or performing any labor in connection with the construction, reconstruction, maintenance and removal of said structure, including, but not limited to, the installation and removal of said shoofly track and other protection beneath or along Railroad's tracks, and the furnishing of such watchmen, flagmen and inspectors, as Railroad deems necessary.

5. In the event any work upon or in connection with said structure or its appurtenances, to be done upon or adjacent to the tracks and property of Railroad, should be let to a contractor, such work shall not be begun until such contractor shall have first entered into an agreement with Southern Pacific Company, satisfactory to Southern Pacific Company and indemnifying Railroad from and against all claims, demands, costs, loss, damage and liability growing out of the performance of work to be done by such contractor.

Said contractor shall furnish, at the option of and without expense to Railroad, a reliable surety company's bond, in an amount and in a form satisfactory to Southern Pacific Company, guaranteeing the faithful performance of all the terms, covenants

C

and conditions contained in said agreement to be entered into with Southern Pacific Company by said contractor and a certified copy of a policy of Public Liability and Property Damage Insurance, within limits specified by, and in a form satisfactory to, Southern Pacific Company, covering the contractual liability assumed by contractor in said agreement to be entered into with Southern Pacific Company by said contractor.

6. Grantee agrees to reimburse Railroad for any and all assessments which may be levied by order of any authorized, lawful body against the property of Railroad (and which may have been paid by Railroad) to defray any part of the cost or expense incurred by Grantee in connection with the said construction, ~~reconstruction and maintenance of said structure.~~

7. Should Grantee, its successors or assigns, at any time abandon the use of the said land or any part thereof, or fail at any time to use the same for said purposes for a continuous period of one year, the right hereby given shall cease to the extent of the use so abandoned or discontinued, and Railroad shall at once have the right, in addition to but not in qualification of the rights hereinabove reserved, to resume exclusive possession of the said land, or the part thereof the use of which is so discontinued or abandoned.

Upon termination of the rights and privileges hereby granted, Grantee, at its own cost and expense, agrees to remove said structure from said property of Railroad and restore said premises as nearly as practicable to the same state and condition in which they existed prior to the construction of said structure. Should Grantee in such event fail, neglect or refuse to so remove said structure and restore said property, such removal and restoration may be performed by Railroad at the expense of Grantee, which expense Grantee agrees to pay to Railroad upon demand.

8. This indenture shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in triplicate as of the day and year first herein written.

SOUTHERN PACIFIC RAILROAD COMPANY,

By _____
Vice President

Attest: _____
Assistant Secretary

SOUTHERN PACIFIC COMPANY,

By _____
Vice President

Attest: _____
Assistant Secretary

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT,

By _____
Chairman, Board of Supervisors

Attest: HAROLD J. OSELY, County Clerk and ex officio Clerk of the Board of Supervisors

By _____
Deputy

STATE OF CALIFORNIA,
City and County of San Francisco } *ss.*

On this 29th *day of* September *in the year One Thousand Nine Hundred and Fifty* Five *before me,* MILO J. PUIZINA, *a Notary Public in and for the City and County of San Francisco, State of California, personally appeared* J. W. Corbett and T. F. Ryan, *known to me to be the* Vice President and Assistant Secretary, *respectively, of* Southern Pacific Company, and T. F. Ryan and Chas. E. Eagan, Jr., *known to me to be the* Vice President and Assistant Secretary, respectively, of Southern Pacific Railroad Company, *the corporations described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of the corporations therein named and they acknowledged to me that such corporations executed the same.*

(65 Market St.)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

Corporation

Notary Public in and for the City and County of San Francisco, State of California.

My Commission Expires July 28, 1959.

C

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES } ss.

On this 9th day of August, 19 55, before me HAROLD J. OSTLY, County Clerk of the County of Los Angeles, State of California, personally appeared N. C. Legg, known to me to be the Chairman of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, the District that executed the within instrument, and known to me to be the person who executed the same on behalf of said District and acknowledged to me that said District executed the same.

HAROLD J. OSTLY
County Clerk of Los Angeles County
California

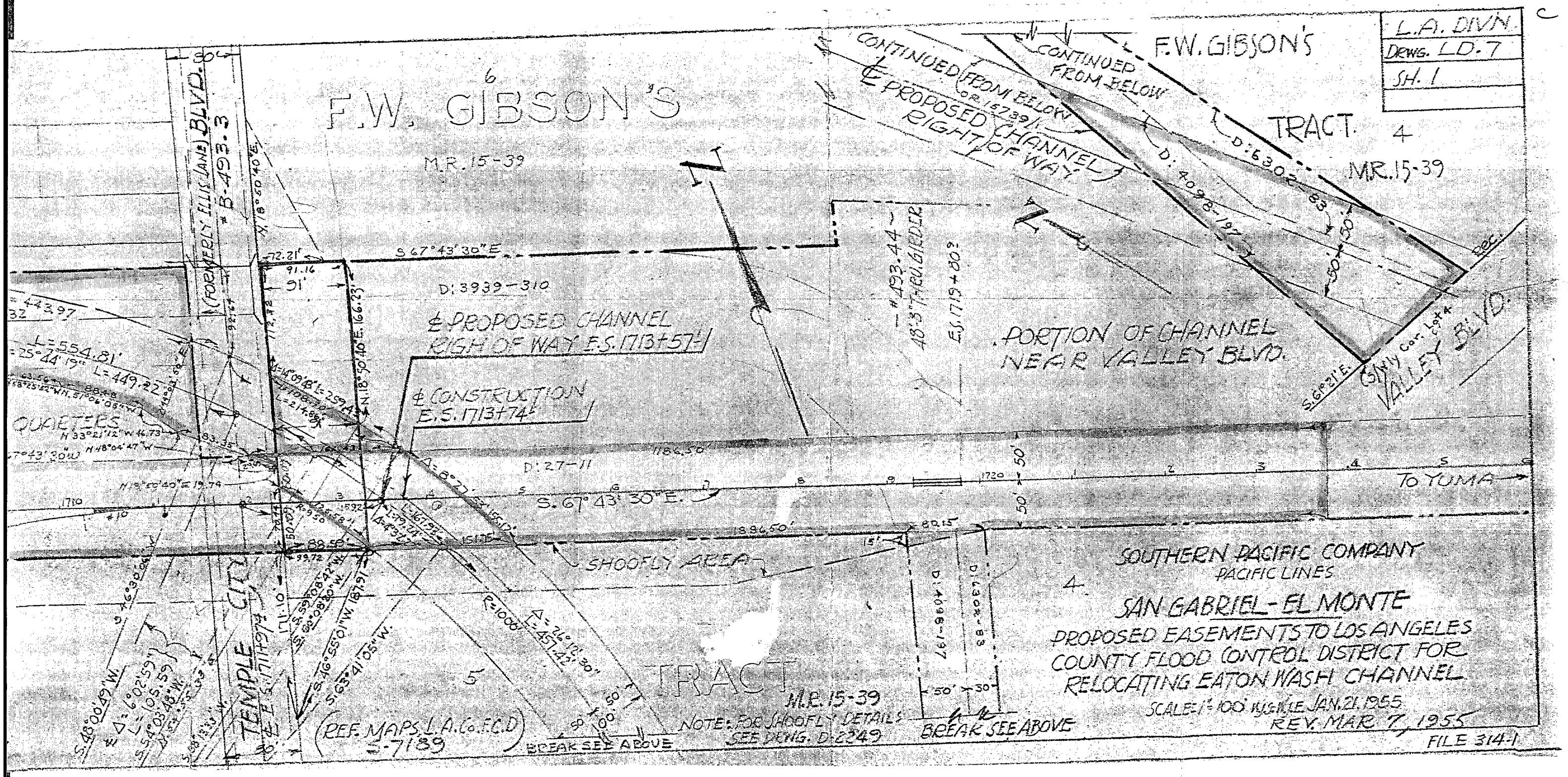
By Carrie Hollister
Deputy

Approved as to form
HAROLD W. KENNEDY, County Counsel
By [illegible]
Deputy ~~Assistant~~

Approved as to description
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
By [illegible]
Civil Engineer
Right of Way Engineering Division

Approved as to title
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
By [illegible]
Title Officer
Right of Way Engineering Division

76E31 3/53



L.A. DIV'N.
DRWG. LD.7
SH. 1
F.W. GIBSON'S
M.R. 15-39
CONTINUED FROM BELOW
CONTINUED FROM BELOW
℄ PROPOSED CHANNEL RIGHT OF WAY
TRACT 4
M.R. 15-39
D: 6302-83
D: 4098-197
S 67°43'30"E
D: 3939-310
℄ PROPOSED CHANNEL RIGHT OF WAY E.S. 1713+57
℄ CONSTRUCTION E.S. 1713+74
PORTION OF CHANNEL NEAR VALLEY BLVD.
VALLEY BLVD.
QUARTERS
D: 27-11
S. 67°43'30"E.
TO YUMA
SHOOFLY AREA
TEMPLE CITY
TRACT 5
M.R. 15-39
NOTE: FOR SHOOFLY DETAILS SEE DRWG. D-2249
BREAK SEE ABOVE
BREAK SEE ABOVE
(REF. MAPS L.A. Co. F.C.D. S-7189)
SOUTHERN PACIFIC COMPANY
PACIFIC LINES
SAN GABRIEL - EL MONTE
PROPOSED EASEMENTS TO LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR RELOCATING EATON WASH CHANNEL
SCALE: 1" = 100' W.S.W.S.E. JAN. 21, 1955
REV. MAR 7, 1955
FILE 314-1

C.S. 1382-E

DOCUMENT COVER

Accounting Department Number
DEED
47468
AUDIT No.

NOTICE

This document must be kept intact. No check marks or notations of any kind should be made on the instruments.

It is important that integrity of this document be preserved and care should be taken to avoid disarrangement or loss of papers included herein.

Should inspection or copying of any instrument require its removal from the file, permission for such removal must be obtained from Manager, Miscellaneous Services (Document Custody Bureau).

This document must be given fire protection overnight.

Return the document promptly to Manager, Miscellaneous Services (Document Custody Bureau).

I, GORDON T. NESVIG, Clerk of the Board of Supervisors of the County of Los Angeles, and ex officio clerk of the governing body of all other special assessment and taxing districts for which said Board so acts, do hereby certify that the attached is a full, true and correct copy of

an Easement for a covered storm drain and appurtenant structures affecting Parcels Nos. 3, 4, 5, and 7, Storm Drain Bond Issue Project No. 524, Rosemead, approved and accepted by Board of Supervisors Board Order No. 99 of March 2, 1965, which approved settlement with the owner, instructed the Chairman to sign, authorized payment, and authorized recordation by the Chief Engineer of the Los Angeles County Flood Control District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County of Los Angeles

this 5th day of March, 19 65.

GORDON T. NESVIG, Clerk of the Board of Supervisors of the County of Los Angeles, and ex officio clerk of the governing body of all other special assessment and taxing districts for which said Board so acts.

By Carmen Harrison
Deputy

BS-CR-199

275-524
ROSEMEAD 3
Includes 4, 5 & 7
CI 44
275-524-RW 2, 3 & 4
First District

THIS INDENTURE, made this 22nd day of March, 1965, by and between SOUTHERN PACIFIC COMPANY, a corporation of the State of Delaware, herein termed "Railroad," and LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, a body politic and corporate of the State of California herein termed "Grantee";

WITNESSETH:

1. Railroad, for and in consideration of the sum of Three Hundred Dollars ($300.00), to be paid to Railroad by Grantee, and in further consideration of the faithful performance by Grantee of all the terms, covenants and conditions herein contained, hereby grants to Grantee an easement to construct, reconstruct, maintain and operate a reinforced concrete culvert pipe, together with necessary appurtenant structures, for the conveying of storm drainage waters beneath trackage and within those three certain parcels of land, owned by Railroad and located in the City of Temple City, Los Angeles County, California, as illustrated on the attached print of Railroad's Los Angeles Division Drawing No. LD-269, Sheet 3 of 3, as revised March 25, 1964.

Said concrete pipeline and appurtenant structures are hereinafter collectively termed "structure", which structure shall conform to all specifications indicated on the print of Railroad's Drawing C.S. 1741, also attached hereto.

2. This grant is made subject and subordinate to the prior and continuing right and obligation of Railroad, its successors and assigns, to use all the property described herein in the performance of its duty as a common carrier and, for that purpose, there is reserved unto Railroad, its successors and assigns, the right (consistent with the rights herein granted) to construct, reconstruct, maintain and use existing and future railroad tracks, facilities and appurtenances and existing and future transportation, communication and pipe line facilities and appurtenances in, upon, over, under, across and along said property.

3. This grant is made subject to all licenses, leases, easements, restrictions, conditions, covenants, encumbrances, liens and claims of title which may affect said property, and the word "grant" as used herein shall not be construed as a covenant against the existence of any thereof.

4. The rights herein granted to Grantee shall lapse and become void if the construction of said structure upon said property is not commenced within one (1) year from the date first herein written.

5. Grantee shall bear the entire cost and expense of constructing, reconstructing and maintaining said structure upon said property. Grantee agrees that all work upon or in connection with said structure shall be done at such times and in such manner as not to interfere in any way whatsoever with the operations of Railroad. The plans for and the construction or reconstruction of said structure shall be subject to the approval of Railroad. Grantee agrees to give Railroad five (5) days' written notice prior to commencement of any work of construction or reconstruction.

Grantee agrees to reimburse Railroad for the cost and expense to Railroad of furnishing any materials or performing any labor in connection with the construction, reconstruction, maintenance and removal of said structure, including, but not limited to, the installation and removal of such falsework and other protection beneath or along Railroad's tracks, and the furnishing of such watchmen, flagmen and inspectors as Railroad deems necessary.

In the event Railroad shall at any time so require, Grantee, at Grantee's expense, shall reconstruct, or alter, or otherwise improve said structure ~~xxmake changes in the location thereof~~ upon receipt of written notice from Railroad so to do.

6. ~~As part consideration, Grantee agrees to pay Railroad an annual amount for any and all assessments which may be levied by order of any municipal, lawful body against the property of Railroad (and which may have been paid by Railroad) to defray any part of the cost and expense incurred in connection with the construction of said structure upon said property commenced within one (1) year from the date first herein written.~~

7. Grantee, its agents and employees, shall have the privilege of entry on said property for the purpose of constructing, reconstructing, maintaining and making necessary repairs to said structure. Grantee agrees to keep said property and said structure in a good and safe condition free from waste, so far as affected by Grantee's operations, to the satisfaction of Railroad. If Grantee fails to keep said property and said structure in a good and safe condition free from waste, then Railroad may perform the necessary work at the expense of Grantee, which expense Grantee agrees to pay to Railroad upon demand.

8. In the event any work upon or in connection with said structure or its appurtenances, to be done upon or adjacent to the tracks and property of Railroad should be let to a contractor by Grantee, such work shall not be begun until such contractor shall have first entered into an agreement with the railroad company which

operates on said property, satisfactory to said company and indemnifying Railroad from and against all claims, liability, cost and expense growing out of the performance of the work to be done by such contractor.

Such contractor shall furnish, at the option of and without expense to Railroad, a reliable surety bond, in an amount and in a form satisfactory to said company, guaranteeing the faithful performance of all the terms, covenants and conditions contained in said agreement, and a certified copy of a policy of Public Liability and Property Damage Insurance, within limits specified by, and in a form satisfactory to, said company, covering the contractual liability assumed by contractor in said agreement to be entered into with said company by such contractor.

9. Should Grantee, its successors and assigns, at any time abandon the use of said property or any part thereof, or fail at any time to use the same for the purpose contemplated herein for a continuous period of one (1) year, the right hereby given shall cease to the extent of the use so abandoned or discontinued, and Railroad shall at once have the right, in addition to but not in qualification of the rights hereinabove reserved, to resume exclusive possession of said property or the part thereof the use of which is so discontinued or abandoned.

Upon termination of the rights and privileges hereby granted, Grantee, at its own cost and expense, agrees to remove said structure from said property and restore said property as nearly as practicable to the same state and condition in which it existed prior to the construction of said structure. Should Grantee in such event fail, neglect or refuse to remove said structure and restore said property, such removal and restoration may be performed by Railroad at the expense of Grantee, which expense Grantee agrees to pay to Railroad upon demand.

10. This indenture shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in duplicate as of the day and year first herein written.

SOUTHERN PACIFIC COMPANY

By _____
(Title) Assistant Vice President

ATTEST _____
Assistant Secretary (Title)

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

By _____
Chairman, Board of Supervisors

ATTEST:
GORDON T. NESVIG
Clerk of the Board of Supervisors

By _____
Deputy

$55¢ IN DOCUMENTARY STAMPS AFFIXED AND CANCELED

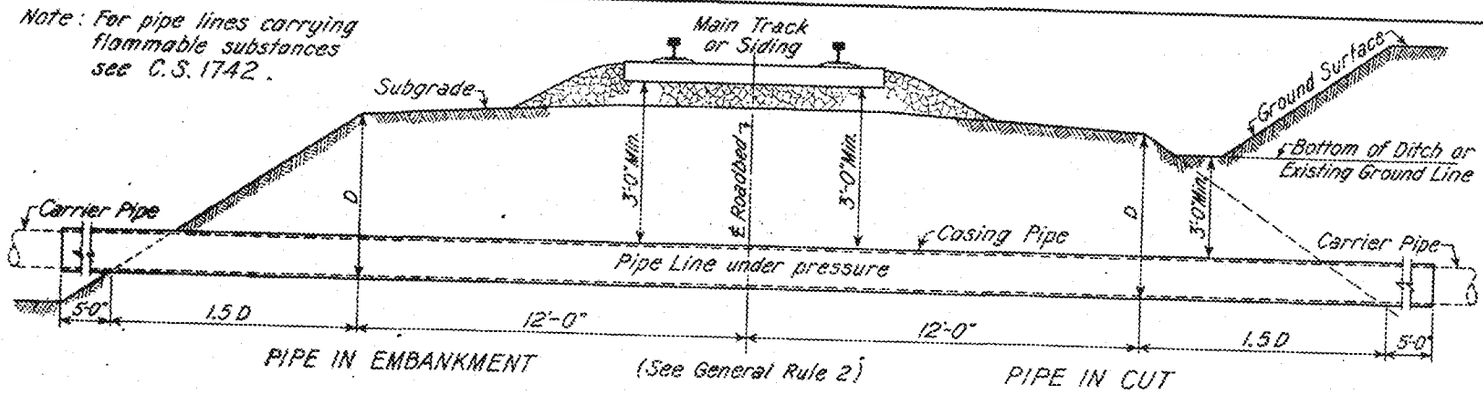
PARTIALLY SCANNED
OVERSIZE ITEM (S)

See Document # 18757
for partially scanned image(s).

For complete version of oversize document(s),
see paper copy.

OVD-parent

Note: For pipe lines carrying flammable substances see C.S. 1742.



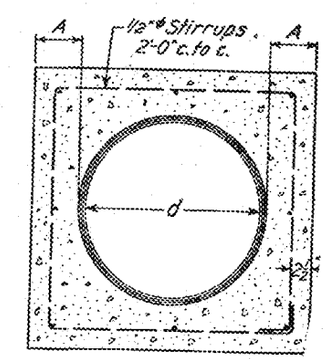
C.
174

TABLE I
THICKNESS OF PIPE CASINGS FOR SUPPORTING TRACK

Inside Diameter	Corrugated Iron Pipe	Smooth Steel Pipe
Inches	U.S. Std. Gage No.	Min. Thickness Inches
4 to 10	14	1/8
12	14	5/16
15, 18	14	1/4
21, 24	12	1/4
30, 36	10	5/16
48, 54, 60	8	

TABLE II
CONCRETE ENCASEMENT FOR PIPES

d Inches	A Inches	Number of Longitudinal 1/2"ϕ Bars
10, 12	4	4
15	5	4
18	5	8
21, 24, 27	6	8
30	7	12
33	8	12
36	9	12



RULES GOVERNING THE INSTALLATION OF PIPE LINES TRANSMITTING WATER OR OTHER NON-FLAMMABLE SUBSTANCES WHEN CROSSING UNDER TRACKS:

GENERAL

1. Distance from bottom of tie to top of pipe, casing or concrete encasement shall be not less than 3'-0".

2. Pipe lines under pressure, crossing main tracks and sidings, shall be installed in an approved casing. Length of such casing shall be as shown on the drawing above.

3. Pipe lines under pressure crossing tracks other than main tracks and sidings, and pipe lines not under pressure crossing any track, do not require a casing provided the carrier pipe is of sufficient strength to support the track and has water-tight joints. For such pipe lines, casings lighter than specified in Table I for supporting track may be used for installing pipe, provided the space between carrier pipe and casing is backfilled with grout or sand.

If carrier pipe does not have sufficient strength to support track, casing or concrete encasement must be installed. Length of casing measured at right angles to track shall extend each side of center line of track four feet plus the vertical distance from bottom of tie to top of casing or encasement but not less than ten feet, except that where casing is installed through railroad embankment it shall extend beyond slope of embankment.

4. No pipe lines shall be laid through or under bridges or culverts, where there is likelihood of restricting the area required for the purpose for which the bridges or culverts were built, or endangering foundations of important structures.

5. If additional tracks are constructed in the future, the protection shall be correspondingly extended.

6. Inverted siphons for drainage or irrigation ditches (C.S. 1705) using steel pipe with welded or screwed joints or corrugated iron pipe with all seams and joints close riveted and soldered, having a diameter of 48 inches or less and the required strength to support track, may be installed without a casing.

CASINGS

1. Casing may be of either corrugated iron, smooth steel or concrete. It shall have sufficient strength to support track, except that a lighter casing may be used for installation purposes as provided in General Rule 3 above.

Nestable (knocked down) type plain galvanized corrugated pipe of gage corresponding to requirements of Table I may be used to protect carrier pipes that are already in place.

2. Metal casing for supporting track shall conform to thicknesses shown in Table I and shall have joints of either screw, welded or riveted type. It shall be galvanized or shall be dipped in preservative material and thoroughly coated inside and outside. If preservative material cannot be used on inside of casing, then the casing shall be at least one gage or 1/16" thicker than otherwise required.

3. Concrete casing for supporting track shall have the strength specified in current ASTM Serial Designation C-76, Class IV. All joints shall be water-tight and of an approved type of construction.

4. The inside diameter of casing shall be at least 2 inches greater than the largest outside diameter of carrier pipe.

5. Sizes of casing larger than shown in Table I are special cases and will be decided upon their merits.

6. Casing shall be so installed as to prevent formation of waterway under the railway. It shall have even bearing throughout its length and shall slope toward one end.

7. When practicable, casing may be installed by the jacking or boring method. If installed by tunneling, space around carrier pipe must be backfilled with grout or sand.

8. When placed in open cut, pipe lines having diameter of 36" or less, when crossing tracks other than main tracks and sidings, may be encased in concrete as shown in Table II.

9. Where the ends of the casing are below ground, they shall be suitably protected against the entrance of foreign material, which might prevent ready removal of the carrier pipe.

Where the ends of the casing are at or above ground surface and above high water level, they may be left open, provided drainage is afforded in such a manner that leakage will be conducted away from the roadbed and structures.

10. Requirements for casings for pipes under main tracks and sidings in dedicated streets may be modified when authorized by Chief Engineer.

CARRIER PIPE

1. Carrier pipe shall be of an approved type with water-tight joints.

2. Corrugated iron, smooth steel or concrete carrier pipe when used without a casing shall have the same strength as required above for casings.

3. Cast iron carrier pipe used without a casing shall have a thickness not less than that specified for Class 150 Cast Iron pipe.

SOUTHERN PACIFIC LINE
COMMON STANDARD

PIPE LINES
FOR NON-FLAMMABLE SUBST
CROSSING UNDER TRAC

NO SCALE

ADOPTED APR.
REVISED JULY

STATE OF CALIFORNIA,
County of Los Angeles } ss.

On this ..... day of ....., 19....., before me, ...
a Notary Public in and for said County and State, personally appeared .....
.....
.....known to me to be the person.... whose name .....
subscribed to the within instrument, and acknowledged that ..... executed the same.

Witness my hand and official seal the day and year first above written.

.....
Notary Public in and for said County and State

STATE OF CALIFORNIA,
County of Los Angeles } ss.

On this ..... day of ....., 19....., before me,
WILLIAM G. SHARP, County Clerk and ex-officio Clerk of the Superior Court in and for said County, personally appeared .....
.....
known to me to be the person.... whose.... name.... ..... subscribed to the within instrument, and acknowledged to me that ..... executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Court, the day and year in this Certificate first above written.

WILLIAM G. SHARP,
County Clerk and ex-officio Clerk of said Superior Court

By .....
Deputy

STATE OF CALIFORNIA,
County of Los Angeles } ss.

On this ..... day of ....., 19....., before me,
..... a Notary Public in and for said County, personally appeared
....., known to me to be the ..... president, and
....., known to me to be the ..... secretary of the
.....SOUTHERN PACIFIC COMPANY.....,
the corporation that executed the within instrument ....., and known to me to be the persons who executed the within instrument on behalf of the corporation therein named and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Witness my hand and official seal the day and year first above written.

.....
Notary Public in and for said County and State

STATE OF CALIFORNIA,
County of Los Angeles } ss.

On this 2nd day of March, 19 65, before me, GORDON T. NESVIG, Clerk of the Board of Supervisors of the County of Los Angeles, State of California, personally appeared .....BURTON W. CHACE....., known to me to be the chairman of the Board of Supervisors of the LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, the District that executed the within instrument, and known to me to be the person who executed the same on behalf of said District and acknowledged to me that said District executed the same, pursuant to the Order of said Board of 3-2, 19 65, No. 79.

GORDON T. NESVIG,
Clerk of the Board of Supervisors
of Los Angeles County, California

By Madeline Stone
Deputy

275-524
Rosemead

No. 3 , Includes 4, 5 and 7

t Map No. 275-524-RW 2, 3 & 4

visorial District First

SOUTHERN PACIFIC COMPANY

TO

OS ANGELES COUNTY FLOOD
CONTROL DISTRICT

HEN RECORDED MAIL TO
OARD OF SUPERVISORS
OUNTY OF LOS ANGELES

ECORDING REQUESTED BY
OS ANGELES COUNTY FLOOD
ONTROL DISTRICT

Approved as to form,

January 29, 1965

HAROLD W. KENNEDY,
County Counsel.

By Edward A. Hoyt
Assistant — Deputy

Approved as to description,

Feb 4, 1965

LOS ANGELES COUNTY FLOOD
CONTROL DISTRICT

By H. Lundy
Civil Engineer
Right of Way Engineering Division

Approved as to title ~~and execution~~,

January 19, 1965

LOS ANGELES COUNTY FLOOD
CONTROL DISTRICT

By R. A. Hough
Title Officer

by L. Emmon

ACCEPTANCE

Under the authority conferred by Resolution duly and regularly adopted by the Board of Supervisors of the Los Angeles County Flood Control District on the 6th day of March, 1962, a certified copy of which was recorded in Book D1543, page 439, of Official Records of Los Angeles County, the undersigned accepts and consents to the recordation on behalf of said District the within instrument on this ..... day of ....., 19.....

.....
Assistant Chief Deputy Engineer

1-61 C.S. 30.

AUTHORITY FOR EXPENDITURE

Owner SOUTHERN PACIFIC Co. GMO No. 67564

Operated by Southern Pacific Co. Form 30 No.

Office of General Manager Companion Form 30 No.

San Francisco June 27, 19 68
(Place) (Date)

EL MONTE MP-493.6 Los Angeles Division
Station and Mile Post

SPCo. 33 California
Valuation Section and No. (State)

Brief Description and Recommendations:

Propose to construct the initial 121' of a 655' GO-15 spur for Thomas Haralambos to serve Standard Beverage, Inc. Industry will have remaining 534' of spur, which will be depressed, also retaining wall, fence and gate, constructed by private contract. Water company at its expense will reinforce water line if required. Spur will diverge from drill track and is illustrated on print of Drawing B-5083, Sheet No. 1, revised May 23, 1968.

Standard Beverage, Inc., Coors beer distributor now on our rails in San Gabriel, has obtained lease-option from us on 5.634 acres of land on which it is constructing a 35,000 square-foot distribution warehouse costing an estimated $300,000 for which it desires spur track service.

Estimated gross annual System revenue, $195,000, of which $20,000 will be new.

731-5/4

Op 70
Pa 100

Recommend:	Recommend:	Approved:

SUMMARY OF ESTIMATE	CHARGES & CREDITS	CASH COST
Gross Investment	$ 3,715	$ 3,630
Ledger Value Prop. Retd.	100	
Net Investment	$ 3,615	
Operating Expenses	170	70
Accrued Depreciation		
Other Accounts (Salvage)		
Gross Cost	$ 3,785	
Less: Salvage		
Less Cost to		
Net Cost	$ 3,785	$ 3,700

Recommended:

Capital Account Budget Reference: Expenditure and Change Authorized:

(sgd) M. A. McIntyre
JUL 11 1968

Page Item

Distribution Correct: [signature] 6/28/68

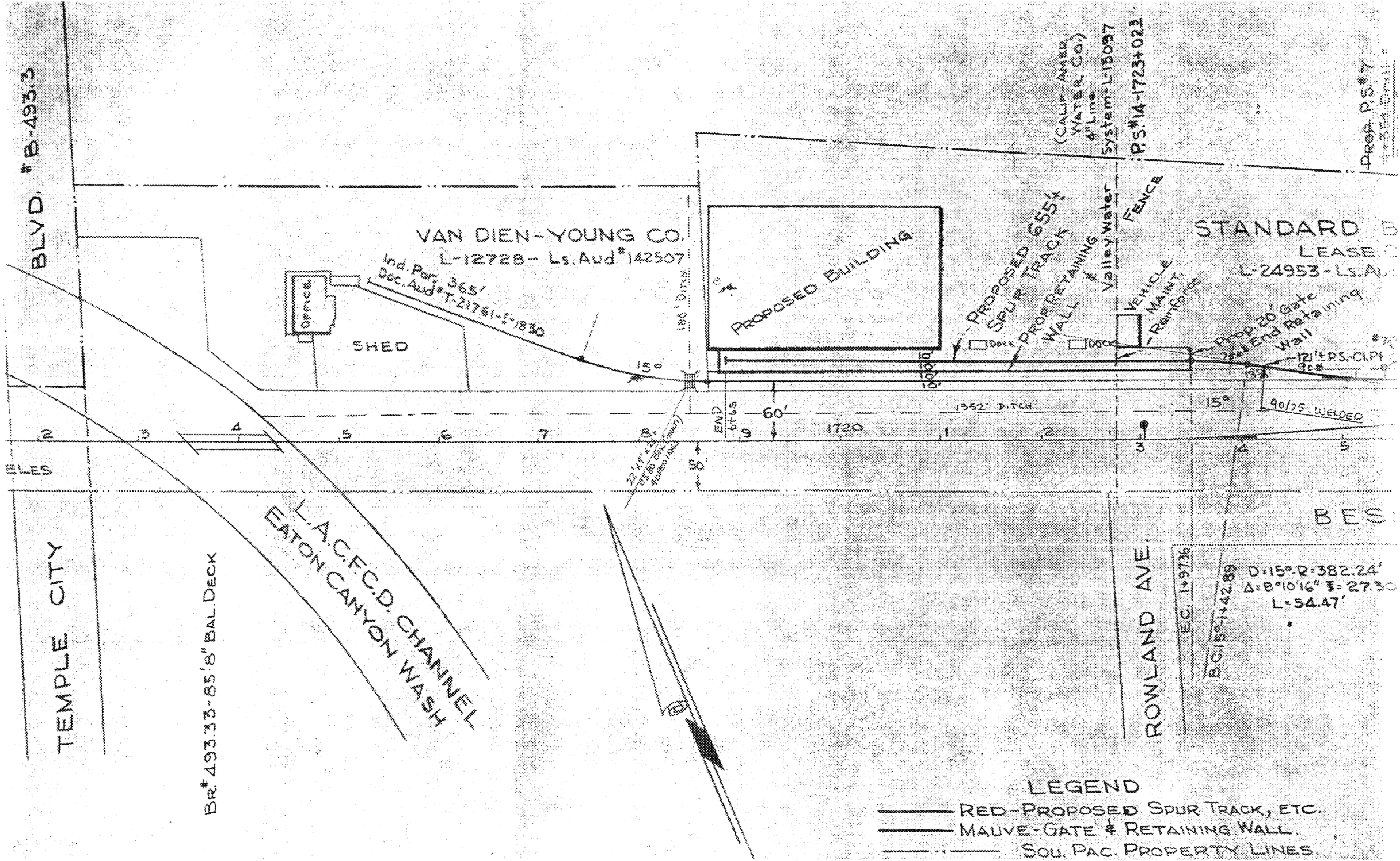
ACCOUNTING CORRECT
For Auditor of Disbursements
1968

[illegible] C.S. 20-2

Sheet 1 of 1 Sheets Form 30 No.

DETAIL OF ESTIMATE

Character of Work	Unit	Quantity	Labor	Material	Total
[illegible]					
1 [illegible] Displacement			30	70	
[illegible]					100
[illegible]					
2 [illegible]				100	
3 [illegible] 7 [illegible]	[illegible]	55	[illegible]	2[illegible]	(25.[illegible])
1T 4 [illegible]	[illegible]	36	[illegible]	175	NC 75
5 [illegible]	[illegible]	[illegible]		265	
6 [illegible]	[illegible]	[illegible]		[illegible]	
7 [illegible]				[illegible]	
[illegible]			[illegible]	280	
			[illegible]	3060	
[illegible]					3715
[illegible]					
3T 8 [illegible]			70		[illegible]
			70		
[illegible]					70



BLVD. #B-493.3
VAN DIEN-YOUNG CO.
L-12728 - Ls. Aud. #142507
Ind. Par. 365'
Doc. Aud. #T-21761-I-1830
OFFICE
SHED
PROPOSED BUILDING
PROPOSED 655'± SPUR TRACK
PROP. RETAINING WALL
Valley Water
FENCE
VEHICLE MAINT. Reinforce
Prop. 20' Gate
End Retaining Wall
STANDARD
LEASE
L-24953 - Ls. Au
(CALIF-AMER. WATER CO.) 4" Line System - L-15097
P.S. #14-1723+023
Prop. P.S. #7
180' DITCH
1352' DITCH
90/75 WELDED
1720
60'
50'
15°
TEMPLE CITY
L.A.C.F.C.D. CHANNEL
EATON CANYON WASH
BR. #493.33-85'8" BAL. DECK
ROWLAND AVE.
E.C. 1+97.36
B.C. 15°-1+42.89
D=15° R=382.24'
Δ=8°10'16" T=27.30
L=54.47'
LEGEND
RED-PROPOSED SPUR TRACK, ETC.
MAUVE-GATE & RETAINING WALL.
SOU. PAC. PROPERTY LINES.

C.S. 9746

Sheet 1 of 1 Sheets

RECONCILIATION BETWEEN AMOUNT REPORTED ON FORM 8912 AND ON FORM 8837

Los Angeles

GMO 2-67564

DOCUMENT Date	Kind	No.	Form 8912 Page No.	Line No.	DESCRIPTION	Quantity	COST Price	Unit	Amount	ADJUSTMENT Acct.	Debit	Acct.	Credit	Explanation for Adjustment
					Grading					Oper	855.38	3	855.38	To Adjust Labor & Mat'l. To Conform with Field Inventory on File in Valuation Dep't.
					Bridges, Trestles, Culverts					6	288.22	Oper	288.22	
					TL & S					6	1197.68	12	1197.68	Transfer Between Investment Accounts
					Fences, Snowshed, Signs					6	178.10	13	178.10	" "
					Total						1614.00		2231.16	

RECEIVED SEP 1 1950 SOUTHERN PACIFIC CO.

Correct:

Approved:

Aud. of Cap. Expenditures

Correct:

Approved:

Aud. of Disbursements

Net Total A&B form 8837. $4457.24

" " " " 8912. 5024.40

Net Adjustment. 567.16 Cr.

Approved: S. Miller Jr.

Date

Taken into Accounts Month of

3-60

Shown on R/W Map Sheet No. ____
Facilities by P.L.T. Date 11.3.70
Land by SEP 10 1970 Date ____

C.S. 8837
Sheet 1 of 2 Sheets

R. V. Exhibit C.

Southern Pacific Transportation Company
(Name of Carrier)

Owner: Southern Pacific Transportation Company
Lessee: ____
Operating Company: Southern Pacific Transportation Company
Work Performed by: Southern Pacific Transportation Company (Contract, company or both)
Financially completed: ____

ROADWAY COMPLETION REPORT

Completion Report (~~Progress~~ / Final) No. 1968
A. F. E. No. 2-67569 Date ____
Sheet No. 1 of 1 Sheets

GENERAL ACCOUNT I, ROAD, AND GENERAL ACCOUNT III, GENERAL EXPENDITURES

Location of Project: State CALIFORNIA Valuation section CAL.-33 Station EL MONTE M. P. 493.6 Division LOS ANGELES

Work Begun SEPT. 1968 — Portions here reported turned over to operation ____ — Project Completed 12-31-68 Turned over to operation ____

Description of project: CONSTRUCT INITIAL 12 FT. (PS To CP) OF 9.0.0.14 SPUR To SERVE STANDARD BITUMAT - ALSO CONSTRUCT DRAINAGE FACILITIES 2nd. culvert under Val. Dion - Young Co. Spur. STANDARD BITUMAT SPUR DIVERGES FROM TRK. # 13 OPPOSITE MILES 1225+33.8.

Cost borne by Southern Pacific Transportation Company % or participated in by ____ (Name participants and proportionate share of each)

Compiled by ED E. [illegible]

Property units added, the aggregate of their costs in place, cost of effecting property retirements					DESCRIPTION OF PROPERTY AND CONSTITUENT PARTS	Property and costs retired			
Unit	Quantity	Cost		Acct. No.		Unit	Quantity	Cost	Acct. No.
					ADDITIONS				
					YARD TRACKS & SIDINGS				
					GRADING				
cu. yd.	47	59.00		3	EXCAVATION, COMMON				
					BRIDGES, TRESTLES & CULVERTS				
					C.S. 80 - MULTIPLE CREOSOTED BOX CULVERTS				
					4 OPENINGS - 22" x 9' x 22'				
					MATERIAL				
MBM	3087	202.00			LUMBER				
		50.00			MISC HDWE				
		349.00			LABOR				
					OPEN DRAINAGE DITCH				
cu. yd.	939	989.00			18" x 10' To 15' x 1352' = EXCAV.				
" "	70	74.00			18" x 5' To 9' x 180' = " Code	1004	1007		
		1664.00		6	TOTAL ACCOUNT	601.00	1063.00		
					TIES				
MBM	2501	381.20			N. SWITCH TIES 7x9 FIR TR.				
EA	29	19.00			S.H. CROSS " 6x8 " "	35			
		400.20		8	TOTAL ACCOUNT			70.00	8
					RAILS				
G.T.	2.632	85.00		9	S.H. 90# RAIL 196.5 L.F.				
					OTHER TRACK MATERIAL				
LBS.	352	9.00			S.H. 90# ANGLE BARS 6 JTS.				
"	39	2.00			S.H. 90# BOLTS 24 EA.				
M.	1.024	1.00			S.H. 90# NUTLOCKS 24 "				
LBS.	640	17.00			S.H. 90# TIE PLATES 50 "				
"	289	44.76			N. TRACK SPIKES 344 "				
"	2722	718.00			N. 90# SWITCH 16.5 1 "	33.0			
"	1340	479.00			N. 90# S.G. FROG - No 7 - 6.25 1 "	12.5			
"	185	24.00			S.H. 4' STOP SWITCH STAND-ONE 1 "	45.5			
		1294.76		10	TOTAL ACCOUNT				
					BALLAST				
cu. yd.	92	161.28		11	CRUSHED ROCK TRAIN HAUL - 10 MI. HAUL				
					TRACK LAYING & SURFACING				
TR. M.	1.023	793.00			TRACK LAYING & SURFACING. PLACE CROSS TIES	1.0	95		
		793.00		12	TOTAL ACCOUNT			30.00	12
		4457.24			TOTAL R & E ACCOUNTS			100.00	

Posted 9-21-70 MJT

I, S. Miller Jr. (Name), Valuation Engineer (Title), of the above named company, do certify that this report of property changes which were made under my supervision, is true to the best of my knowledge and belief.

Stephen Miller Jr. (Signature)

RECEIVED SEP 1 1970 SOUTHERN PACIFIC CO. VAL. ENGINEER

Southern Pacific Transportation Company

Southern Pacific Building • One Market Plaza • San Francisco, California 94105

(415) 541-1000

CANNON Y. HARVEY
VICE PRESIDENT AND GENERAL COUNSEL

JOHN J. CORRIGAN
GENERAL COUNSEL LITIGATION

LOUIS P. WARCHOT
ASSISTANT GENERAL COUNSEL

JOHN MACDONALD SMITH
SENIOR GENERAL ATTORNEY

FACSIMILE
GENERAL (415) 495-5436
LITIGATION (415) 541-1734

WRITER'S DIRECT DIAL NUMBER
(415)541-1769

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BARBARA A. SPRUNG
ASSISTANT GENERAL ATTORNEY

ROBERT E. PATTERSON
CECELIA C. FUSICH
ATTORNEYS

July 22, 1992

Mr. Phillip Ramsey (H-6-4)
South Coast Groundwater Section
United States Environmental Protection
Agency
75 Hawthorne Street
San Francisco, CA 94105

Re: Request for Information, Southern Pacific
Switch Yard, City of Industry, CA 91749

Dear Mr. Ramsey:

This letter and accompanying documents are submitted by Southern Pacific Transportation Company (SPTCo) in response to your letter of May 28, 1992, certified mail No. P461759534.

The responses and related documents correspond to your numbered questions.

1. Attached marked as #1, is a site history and description of the facility that was prepared in response to a 1988 request from the Los Angeles Region of the California Regional Water Quality Control Board. SPTCo believes that this represents the best historical and current status of the site, except for the additional descriptions below. The site of the Southern Pacific Switch Yard, City of Industry, is described in EPA letter dated June 16, 1992, signed by David B. Jones, Chief Superfund, Remedial Action Branch.

In addition to the attached write-up marked #1, the following activities take place at the site:

Site Operations

Began in 1873 (main line operations).

Main Line Rail Operations

The purpose of main line operations is to transport people and freight. Trains travel both eastward and westward.

Classification Yard

The purpose of the classification yard is to configure trains for various destinations. Cars from inbound trains are sorted on several tracks according to their destination. Outbound trains are then made up from the sorted (classified) cars.

Auto Ramp

The purpose of the auto ramp is to transload automobiles between the ground and rail cars. Automobiles are driven manually between the ground and rail cars on portable ramp equipment. A grading and paving project is presently underway to increase automobile storage capacity at the facility.

Intermodal Ramp

The purpose of the intermodal ramp is to transload intermodal cargo (specially configured containers designed for rail/ship/truck transport without unloading between modes) between trucks and rail equipment. The facility is presently inactive.

Freight Car Repair Track

The freight car repair track is used to perform light repairs to freight cars. Personnel typically perform brake hose replacements, brake shoe replacements, etc.

Locomotive Fueling

Locomotives are fueled by contractors using contractor-owned tank trucks and fuel transfer equipment.

Railroad Police Office

The Special Agents utilize this office to support police activities.

Signal Department

The Signal Department maintains an area as a point of assembly and debarkation for department personnel.

Maintenance of Way

Maintenance of Way maintains an area as a point of assembly and debarkation for department personnel.

2. EPA RCRA Identification Number for the site is CAT08001050.

3. SPTCo is unaware at this time of any acts or omissions, of any persons other than employees, with whom we had a contractual relationship that may have caused a release of hazardous substances at the site.

a. Since SPTCo is unaware of any such acts or omissions at the site, we cannot describe what precautions were taken; however, normal site security within reasonable parameters for a rail yard are practiced and employees are instructed in the proper handling of hazardous substances.

b. Normal care and precautions are/were exercised with respect to the hazardous substances at the site including instructions and directives to employees.

4. SPTCo is the current owner of the facility. Deeds evidencing ownership are provided in response to this question are marked as item #4.

5. The enclosed drawings marked to correspond to this question describe the physical characteristics of the site including subparts a through e of this question.

6. a. The ownership previous to SPTCo is covered by the deeds enclosed marked as #4. To the extent the deeds contain the information requested, this is the only information we have on the dates of prior ownership.

b. SPTCo has no evidence on hazardous substance releases during prior ownership.

7. a-b. The prior operator of the site was Pacific Fruit Express Company (PFE), a wholly owned subsidiary of SPTCo. PFE operated the site between 1962 and 1974. The PFE operation is described in item one of this response. There are no records of other prior or current leases at the site.

c. At present SPTCo is unaware of any evidence of a release of hazardous materials at the site during the PFE operations.

8. A number of site investigations have been conducted by SPTCo contractors in connection with request from the California Regional Water Quality Control Board, Los Angeles Region. These are contained in the enclosed reports marked No. 8.

9. SPTCo has engaged Industrial Compliance, Inc. to conduct soils and groundwater investigation work on the site in response to a request from the Regional Water Quality Control Board.

One part of the investigation is to determine whether a pipe connection seal on a drainage system clarifier has caused leakage of hazardous substances to the groundwater. This investigation is not complete.

Phase I and II subsurface investigations were conducted by Industrial Compliance, Inc. on behalf of SPTCo. A copy of these reports are attached and marked as #9(a-e).

a. At the request of the California Regional Water Quality Control Board, SPTCo and its contractors have undertaken an investigation of the soil and groundwater at the site. The work includes soil and groundwater characterization of potential contaminant source areas.

b. Industrial Compliance, Inc., and Hydrologic Consultants, Inc.

c. The purpose of the investigation is to provide facts on which to base any necessary corrective action decisions.

d. SPTCo is presently awaiting comments from the Regional Board regarding the latest work plan. No start date has been set at this time.

10. SPTCo is unaware of whether or not it acquired the site after disposal of hazardous substances on, in or at the site because it has not had occasion to investigate this issue. SPTCo is aware that adjacent landowners may have had a release of hazardous substances into soils and groundwater that may have impacted the SPTCo site.

11. SPTCo acquired the main line property before the turn of the century; therefore, we have no information if any investigation was conducted before purchase of the property; however, it is unlikely.

12. Since the site encompasses a rail yard and railroad main line, hazardous materials are routinely transported to and through the site in connection with the railroad's common carrier obligation; however, these substances are not removed from their packaging (railroad cars and containers) and are not used at the site.

Since the PFE ceased operations almost 20 years ago, there are no known documents that are responsive to this question.

The historical summary of the site marked as #1 indicates that PFE may have used chlorinated solvents, mild alkaline cleaners and freon refrigerants were handled; however, no records or details on the types and quantities of products as set forth in subparts a-g have been discovered.

13. Based on a review of file information, one spill report was located. The spill was five gallons of diesel fuel. No other information regarding this specific incident is known.

Diesel-electric locomotives, freight car power sources, intermodal container power sources, motor vehicles and other railroad equipment may release de minimus amounts of fuel and oil to the ground which are incidental to the operation of such equipment. Such releases may have occurred at the site.

The following responses refer only to the aforementioned releases of de minimus quantities of fuel and oil.

(a) Releases may occur at any time.

(b) Releases may occur due to defective seals, hoses, fittings, etc. Such defects may allow fluids to escape from equipment and drip onto the ground.

(c) Fluids may include fuel (typically diesel), lubricating oils, and hydraulic oils.

(d) Releases could generally be characterized as drips (a few cc's per drip).

(e) Releases may occur at any point at the facility over which leaking equipment moves. No map of such points exists.

(f) In areas of accumulation, contaminated soil may be periodically removed and properly disposed of. Sorbents may be deployed to collect releases. Equipment may receive scheduled and corrective service to prevent and correct defects.

(g) Responses to questions eight and nine address this time.

A possible release of a hazardous substance was reported by the Regional Water Quality Control Board as indicated by a letter dated June 8, 1989. This release has not been confirmed and the subsequent request by the Board for soils and groundwater investigation is intended to clarify whether a release occurred. The Board letter is marked item #13.

14. SPTCo is not aware of a release occurring into any subsurface disposal system as set forth in EPA Question 14.

15. SPTCo will require additional time to research our records for an appropriate response to this question, particularly with respect to old insurance policies. At present the information is simply not available. SPTCo will research its records and supplement this response on older insurance policies.

With respect to current policies, SPTCo encloses documents marked as #15 as our response on current insurance policies. In USEPA Administrative Order No. 91-17, SPTCo requested that the current SPTCo insurance policies provided under that order be held as confidential documents. Our position with respect to this current request for insurance policy information and that position set forth by SPTCo in response to Administrative Order No. 91-17 is the same. SPTCo claims confidentiality for these documents.

16. As discussed with you in a telephone conversation, SPTCo is substituting in lieu of the EPA four page form entitled "Financial Statement for Insurance", SPTCo Securities and Exchange Commission Form 10-K, Annual Report for fiscal year ended December 31, 1991.

17. SPTCo files its federal income tax return as part of a consolidated return with its parent companies and thirty some affiliates in the consolidated group. It is not possible for it to meaningfully provide a portion of that consolidated return.

Further, return information is confidential in nature and subject to limitations on disclosure. Specifically, section 6103 of the Internal Revenue Code of 1986 provides:

> "(a) General Rule.
> Returns and return information shall be confidential and except as authorized by this title--
> (1) no officer or employee of the United States
> **********
> shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section."

For a federal agency to require a taxpayer to sign a retained copy of a federal return and submit it in response to a discovery request is an attempt to subvert the statutory prohibitions of section 6103. Any such request must be subject to the same statutory requirements as if submitted to the Internal Revenue Service.

18. Enclosed marked as #18 are copies of SPTCo's most current Articles of Incorporation and By-Laws.

19. The Standard Industrial Classification Code (SIC) for SPTCo is SIC 4011. The last date of update is unknown to respondent.

Attached is a notarized affidavit stating a diligent record search was conducted and interview of employees conducted within the time frames allowed.

Very truly yours,

David W. Long

Attachment
DWL/aam

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-6146

SOUTHERN PACIFIC TRANSPORTATION COMPANY

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	94-6001323W (I.R.S. Employer Identification No.)
Southern Pacific Building One Market Plaza San Francisco, California (Address of principal executive offices)	94105 (Zip Code) (415) 541-1000 (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Southern Pacific Transportation Company First and Refunding Mortgage 8.20% Bonds, Series B, Due December 1, 2001	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

As of March 15, 1994, none of the registrant's Common Stock was held by non-affiliates.

The number of shares outstanding of the registrant's Common Stock as of March 15, 1994 was 1,350.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION J(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS REPORT WITH THE REDUCED DISCLOSURE FORMAT.

Because the Company is filing this Annual Report under the reduced disclosure format provided by General Instruction J(2) of Form 10-K, certain items have been omitted in their entirety, or in part, as follows:

Omitted in entirety:

Item 4. Submission of Matters to a Vote of Security Holder.
Item 6. Selected Financial Data.
Item 10. Directors and Executive Officers of the Registrant.
Item 11. Executive Compensation.
Item 12. Security Ownership of Certain Beneficial Owners and Management.
Item 13. Certain Relationships and Related Transactions.

Omitted in part:

Item 1. Business.
Item 2. Properties.
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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Southern Pacific Transportation Company ("SPT" or the "Company") is a wholly-owned subsidiary of Southern Pacific Rail Corporation (formerly Rio Grande Industries, Inc.) ("SPRC"). Unless the content otherwise requires, references herein to the Company include SPT and its subsidiaries, including St. Louis Southwestern Railway Company ("SSW") and SPCSL Corp. ("SPCSL"), and references to SPRC include SPRC and its subsidiaries, including SPT and its subsidiaries and Rio Grande Holding, Inc. ("RGH") and its subsidiaries, which include The Denver and Rio Grande Western Railroad Company ("D&RGW") and its subsidiaries. References herein to SPRC prior to August 18, 1993 include SPTC Holding, Inc. ("SPTCH"), a wholly-owned subsidiary of SPRC and the parent of SPT that was merged into SPRC on such date.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

General

The Company transports freight over approximately 12,600 route miles of track throughout the western United States. The Company operates in 14 states over five main routes described in "—Service Territory." The Company serves most west coast ports and large population centers west of the Mississippi and connects with eastern railroads at all major gateways at Chicago, St. Louis, Kansas City, Memphis and New Orleans. The Company's rail lines reach the principal Gulf ports south from Chicago and east from the Los Angeles basin. In addition, the Company's rail lines connect with those of the D&RGW at Ogden, Utah and Herington, Kansas and together constitute continuous routes, one from the Pacific Coast through the Southwestern United States to East St. Louis and on to Chicago and the other from the Pacific Coast through the Midwestern United States to East St. Louis and on to Chicago. It interchanges with Mexican railroads at six gateways into Mexico, which is more than any other U.S. railroad.

The Company's lines provide the extensive distribution network needed by its customers to deliver their products to a wide range of major industrial markets. The principal commodities hauled in its carload operations are chemicals and petroleum products, food and agricultural products, forest products (including paper, paper products and lumber) and coal. Intermodal container and trailer operations continue to be the Company's largest single traffic unit. The Company is the industry leader in the U.S. for container traffic, based on both containers originated and total container traffic handled.

Nearly all of the Company's traffic either originates on or is destined to points served directly by the Company. In addition, nearly half of the Company's traffic both originates and terminates on its lines and is not interchanged with another rail carrier, thus enabling the Company to provide service without the need to coordinate the commercial and operational aspects of freight movements with other railroads.

The Company was acquired by SPRC in October 1988 from Santa Fe Pacific Corporation ("Santa Fe"). In 1989 and 1990, the Company acquired access to Chicago from St. Louis and Kansas City, respectively. For the five years preceding its acquisition by SPRC, SPT had been held in trust pending the decision of the Interstate Commerce Commission (the "ICC") that denied Santa Fe's requested merger with SPT. During this period, SPT fell significantly behind other Class I railroads that were then consolidating, streamlining and strengthening their railroads. At the time of its acquisition SPT was burdened with excess, unprofitable and low density track, inefficient operation and a generally higher and less competitive cost structure than other Class I railroads.

In addition to its rail business, the Company historically has received substantial cash flow from "traditional" real estate sales and leasing activities. More recently, transit corridor sales have become a dominant component of the Company's asset sales program, with the Company usually retaining operating rights over these corridors to continue freight rail service to its customers. Many of the Company's urban and intercity corridors are unique, and in turn valuable, properties in terms of their geographic composition and ready availability for transit use. Real estate sales have been in the past, and for the next several years will continue to be, necessary for the Company to meet its capital expenditure, debt service and other cash needs. Management considers the Company's extensive supply of assets available for sale to be sufficient for that purpose, although sales for 1993 declined sharply from levels for the preceding four years. The supply of properties that may be sold diminishes as sales occur and the timing of sales cannot be accurately predicted.

Business Strategy

Based on the experience gained since SPRC's acquisition of SPT, and the addition of key management personnel during the past three years, including the Company's President and Chief Executive Officer, Edward L. Moyers, who joined the Company in July 1993, the Company has developed and is implementing a strategy to improve the Company's operating results by improving customer service and increasing revenues while lowering the cost and improving the productivity of its railroad operations.

Significant elements of the Company's strategy, similar to those implemented by other railroads, include the following:

Cost Reductions and Operating Efficiencies

The Company's cost reduction strategy is focused principally on the continued reduction of surplus employees; increased efforts to rationalize its physical plant through the sale or lease of low-density, high cost lines, the consolidation of rail yards and other facilities and the sharing of rail line and facilities with other railroads; the implementation of programs to reduce derailments, accidents and personal injuries; and the enhancement of its operating efficiency and asset utilization.

- *Labor Productivity.* A critical element of the Company's cost reduction strategy is to lower labor expenses by continuing to improve labor productivity. From January 1, 1993 to December 31, 1993 the Company reduced the number of its employees (both labor and management) by approximately 3,525, including a reduction of approximately 2,785 employees achieved from July 1, 1993 through December 31, 1993. Revenue ton-miles per employee increased approximately 15 percent in 1993 as compared to 1992.

- *Locomotive Fleet Upgrades.* A key to improving the Company's customer service is increasing the Company's reliability and on time performance, which have generally lagged behind competitors. To improve transit time consistency the Company plans to continue to improve the reliability and utilization of its locomotive fleet through the acquisition of new and remanufactured locomotives and an extensive program to rebuild and perform heavy repairs on locomotives it already owns. The Company has ordered and has financed through capital leases (i) 50 new locomotives, 17 of which were delivered in the last quarter of 1993 and the balance of which are to be delivered by the end of the first half of 1994, and (ii) 133 remanufactured locomotives to be delivered in 1994. The Company also has ordered an additional 100 new locomotives for delivery in 1994, of which 50 are expected to be delivered in May and June 1994. The Company expects that financing for these acquisitions will be arranged in the near future.

- *Operating Efficiencies.* The Company has developed programs to improve the efficiency and productivity of its rail operations including the centralization of certain functions, the computerization of its operations management system and the standardization of certain operating procedures. In November 1993, the Company and Integrated Systems Solutions Corporation ("ISSC"), a subsidiary of International Business Machines Corp. ("IBM"), entered into an agreement under which ISSC will handle all of the Company's management information services ("MIS") functions. Outsourcing MIS is expected to reduce the Company's MIS costs while improving the Company's information systems. In addition, the Company is taking steps to implement more scheduled train operations. The Company's intermodal services were operating on a scheduled system during 1993, and a scheduled system of operations was implemented for moving most of its carload traffic on its five major corridors by the end of March 1994.

- *Plant Rationalization.* Through the rationalization of physical plant, which involves disposition (by sale, lease or abandonment) of low-density, high cost branch lines and concentration on core routes, the Company expects to reduce on-going operating costs. At January 1, 1993, the Company had identified approximately 2,300 miles of branch lines for disposition, of which 833 miles were sold, leased or abandoned as of December 31, 1993. The Company will continue in its efforts to dispose of the balance of these branch lines and will continue to identify additional properties, including other branch lines, rail yards and terminals, that can be made available for sale, lease or abandonment. The Company is also taking steps to identify opportunities to share rail line and facility capacity with other railroads. In addition, the Company has instituted a program to eliminate unnecessary double track and reuse the rails and ties to reduce the Company's maintenance of way costs.

- *Improved Safety Record and Reduced Personal Injury.* In 1992 the Company implemented expanded safety programs designed to reduce accidents and personal injuries. The Company believes the

initiatives it has undertaken, including enhanced employee safety education and training programs, increased use of protective equipment, the implementation of improved standardized operating procedures and the establishment of safety improvement goals for which managers are held accountable, should enable it to reduce the incidence of injury and thereby better contain future cost increases.

Marketing Efforts

The Company seeks to capitalize on the strategic advantages of its route structure, which provides access for service between many key industrial centers, eastern gateways and Mexico, to serve customers in commodity areas such as chemicals and forest products and in intermodal transport. In its intermodal business, the Company has long-standing relationships and multi-year contracts and other shipping arrangements with major steamship companies which use the Company's west coast intermodal facilities and has established marketing arrangements with premier nationwide truckload companies. The Company is placing additional emphasis on attracting new business in Mexico and Canada and adding business to specific routes where carload capacity is not fully utilized. The Company believes these efforts will benefit to some extent from the recent passage of the North American Free Trade Agreement ("NAFTA"). The Company has implemented programs to improve its customer service and responsiveness including the establishment of centralized transportation and customer service centers and increased training and standardized procedures.

Customer Service

Fundamental to the Company's business strategy to increase revenues is improving customer services. Through the quality management system implemented in 1991, the Company has identified specific areas for improvement and continues to benchmark the Company's performance against the industry leader in each area. The quality improvement programs include detailed annual objectives together with monthly cross functional management reviews and ongoing performance appraisals. A critical element in improving the Company's customer service is increasing the Company's reliability and on-time performance, which have generally lagged behind those of its competitors. The locomotive improvement initiative and efforts to improve the efficiency of the Company's terminal operations are intended to improve the Company's transit time consistency. The Company is continuing a multi-year program implemented in 1991 to refurbish approximately 9,000 railcars. Since 1991 the Company has almost doubled the number of customer service representatives, increased training and standardized procedures, and organized its customer service efforts to serve the needs of specific customer groups.

Investment in Plant and Equipment

A key element of the Company's strategy is the continued investment in its plant and equipment in order to enhance its long-term operating performance. The condition of the physical plant plays an important role in transit time reliability. The Company believes its physical plant is in excellent condition as a result of the significant investments it has made during the past decade.

Operations at the Company's expanded and upgraded Burnham locomotive repair facility in Denver, Colorado will have a substantial role in the Company's locomotive upgrade program. In 1993, a total of 53 locomotives were rebuilt and 273 locomotives underwent heavy repairs, 53 and 166 of which, respectively, were completed at Burnham. Through an increase in the number of crew shifts and personnel and improved operating efficiencies, management believes that the Burnham facility will be in a position to rebuild or perform heavy repairs on up to 300 locomotives a year as part of an ongoing scheduled maintenance program.

The Company has embarked on rail car refurbishment and purchase and lease programs designed to improve the efficiency and reliability of the Company's rail car fleet, as well as meet the specialized needs of its customers. The Company has an agreement with a leading rail car manufacturer to refurbish approximately 9,000 rail cars and lease them back to the Company or third parties under a full maintenance

lease agreement. From 1990 through 1993, approximately 5,700 cars were refurbished, with the balance of the program to be completed in 1994 and 1995. To complement its rail car refurbishment program, the Company purchases and leases rail cars on an ongoing basis. In 1993, the Company leased 345 aluminum coal cars, 177 steel coil flatcars, 30 double stack intermodal cars (with an additional 70 to be delivered in 1994) and approximately 125 specialized cars for various uses.

Asset Sales

A key component of the Company's strategy has been and will continue to be the sale of assets non-essential to its railroad operations. The Company possesses sizeable holdings that fall into two distinct types: "transit corridors" and "traditional" real estate. Each type of property has significant value for different classes of buyers. Historically, the Company has received substantial cash flow from "traditional" real estate sales and leasing activities involving industrial and commercial properties located in developed areas on the Company's system. Many of these properties are targeted for sale to fit the specific purpose of potential buyers, such as locating a facility near a customer or supplier or taking advantage of the availability of transportation service, while others are suited for large scale industrial or commercial development. More recently, transit corridor sales have become a dominant component of the Company's asset sales program. The Company expects that increasing highway congestion and other transportation problems will continue to create demand for both passenger corridors and, to a lesser extent, consolidated freight corridors and facilities. The Company has substantial remaining property which it is in the process of selling, preparing to sell or holding for an appropriate time to sell. In addition, the Company continues to release property from its rail business and has a substantial portfolio of leased properties.

Capital and Debt Transactions

On August 17, 1993 SPRC closed the offering and sale of 30,783,750 shares of common stock and issued and sold $375 million principal amount of 9⅜ percent Senior Notes due 2005.

In connection with the foregoing transactions, the Company issued 200 shares of common stock for total consideration of $445.5 million from SPRC. The proceeds from this transaction were used to repay $169 million outstanding under the SPT Term Loan, to purchase $107.7 million of D&RGW property including principally the Burnham locomotive repair facility and certain non-operating properties, to purchase for $99.1 million equipment operated pursuant to operating leases, to pay fees and expenses of $3.8 million and for general corporate purposes. In addition, as part of the foregoing transactions, the Company entered into a $200 million three-year unsecured credit agreement (the "Credit Agreement") replacing its then existing secured bank credit facility.

On March 2, 1994, SPRC closed an offering of 25,000,000 shares of common stock. In connection with this transaction, the Company issued 150 shares of common stock for consideration of $294.5 million from SPRC. The proceeds were used to repay the $175 million then outstanding balance on the Credit Agreement and to purchase $118.9 million of D&RGW rail properties. The proceeds of the purchase from D&RGW were used to repay the amounts outstanding under the RGH credit facilities.

Service Territory

The Company's routes and service territory are briefly described below.

Central Corridor Route. The Central Corridor Route links northern California and the Pacific Northwest with the nation's heartland, traversing the Rocky Mountain states (via the D&RGW), Kansas, Missouri and Illinois. The eastern end of this route reaches the key gateway cities of Kansas City, St. Louis and Chicago. This route handles a diverse mix of traffic including eastbound forest products, perishables and processed foods as well as significant volumes of finished automobiles and other manufactured goods.

Pacific Coast Route. This north-south route is the most direct and efficient rail line connecting the forest product resource base of the Pacific Northwest with the major consuming markets in California and Arizona.

The Company enjoys a strong position in this key corridor. It is the only railroad with operations which extend from the Oregon border through the state of California to Mexico.

Sunset Route. The Company's Sunset Route is well-positioned as the shortest, most direct line from the Los Angeles Basin to Houston and other Gulf Coast ports. As the only single-line rail carrier in the Southern Corridor between Los Angeles and the key eastern gateways of Memphis and New Orleans, this route is favored by international container shippers and carload shippers alike. This route structure advantage creates an excellent fit with the Company's strong presence in carload originations of chemicals and plastics in the Gulf region.

Golden State Route. This route connects Southern California and Arizona with the industrial midwest and the major rail gateways of Kansas City, St. Louis and Chicago. A wide range of products is handled in the corridor including intermodal, metals and ores, agricultural products and miscellaneous manufactured products.

Mid-America Route. The Mid-America Route (also known as the "Cotton Belt Route") links the petrochemical producing region along the Gulf of Mexico with industrial users and consuming markets in the midwest and northeast. The Cotton Belt serves the cities of Dallas/Ft. Worth, Shreveport, Memphis and St. Louis.

Mexico. The Company serves Mexico through interchanges with Mexican railroads at six gateways in California, Texas and Arizona.

Railroad Operations

The following table sets forth certain freight and operating statistics relating to the Company's rail operations for the periods indicated. The operating ratios show consolidated operating expenses expressed as a percentage of operating revenues. The indicated increases in revenue ton-miles and carloads in part reflect implementation in 1992 and 1993 of the Company's business strategy. The decrease in revenue per ton-mile evidences the intense competitive pressures under which the Company operates, particularly those affecting its intermodal activities.

	Year Ended December 31,		
	1993	1992	1991
Revenue ton-miles (billions)	106.1	99.3	89.6
Revenue per ton-mile (dollars)	$.023	$ .024	$ .025
Total carloads (thousands)(1)	1,896	1,827	1,695
Operating ratio (%)	102.1%	101.2%	114.5%(2)

(1) Includes intermodal carloads with an assumed two containers per carload. Intermodal carloads hold from two to ten containers.

(2) Includes a special charge of $270.0 million. The operating ratio excluding the special charge would have been 103.3%.

As the results in the table below show, crew size reductions on Company lines and efforts initiated in 1992 and continued in 1993 to rehabilitate and upgrade the Company's locomotive fleet and improve locomotive utilization have resulted in increased labor productivity.

	Year Ended December 31,		
	1993	1992	1991
Total employees (period end)	16,894	20,419	21,070
Total employee hours worked (thousands)	44,888	47,576	47,609
Revenue ton-miles per employee hour worked	2,364	2,087	1,882

In addition to improvements in labor productivity, the Company's initiatives in rehabilitating and upgrading the quality of its locomotive fleet and improving locomotive utilization are also intended to achieve improvements in fuel efficiency. The following table provides information concerning the Company's diesel fuel consumption for the periods indicated.

	Year Ended December 31,		
	1993	1992	1991
Gallons (millions)	343.5	326.9	304.9
Average cost per gallon	$.59	$.61	$.63
Revenue ton-miles per gallon	309	304	294

Improvements in labor productivity and overall efficiency of operations have not translated directly into operating ratio decreases because revenue per ton-mile has been affected by continued pressure for lower rates, increased competition for new traffic and a shift in traffic mix from automotive and lumber products to traffic that historically generates lower rates on a revenue per ton-mile basis. In addition, the 1993 midwest flooding adversely affected the operating ratio.

Traffic

The Company's marketing strategy is implemented by business development groups, each of which is organized to serve a particular customer or commodity base. The Company seeks to maintain and enhance its competitive position by tailoring its service capabilities to fit each customer base in terms of equipment availability, loading facilities, scheduling and contract terms. In 1993, the largest five shippers accounted for less than 16 percent of the Company's gross freight revenues, with no shipper providing more than five percent of such revenue. Set out below is a comparison of volumes and gross freight revenues (before contract allowances and adjustments) by commodity groups in 1993. A more detailed discussion of the traffic generated by each group follows the table.

	Year Ended December 31, 1993			
	Carloads		Gross Freight Revenue	
	Number (Thousands)	% of Total	Dollars (Millions)	% of Total
Intermodal	600.8	31.7%	$ 706.4	27.4%
Chemical and petroleum products	355.4	18.7	598.0	23.2
Food and agricultural products	244.9	12.9	352.9	13.7
Forest products	219.5	11.6	362.8	14.1
Coal	119.4	6.3	100.2	3.9
Metals and ore	144.6	7.6	199.6	7.7
Construction materials and minerals	147.6	7.8	134.2	5.2
Automotive	64.2	3.4	122.4	4.8
Total	1,896.4	100.0%	$2,576.5	100.0%

Intermodal. The intermodal freight business consists of hauling freight containers or truck trailers by a combination of water, rail and motor carriers, with rail carriers serving as the link between motor carriers and between ports and motor carriers. Intermodal traffic accounted for $706.4 million of gross freight revenues for 1993 or 27.4 percent of total gross freight revenues. The Company's intermodal revenues are derived in large part from goods produced in the Pacific Rim and shipped by rail from west coast ports to east coast markets. This traffic is carried on the Company's lines from its terminals at Portland, Oakland or Los Angeles/Long Beach to Chicago, St. Louis, New Orleans or Houston, or, through connecting carriers, beyond to the U.S. eastern seaboard.

Chemical and Petroleum Products. The Company transports a wide range of industrial chemical and plastic products, which constitute the primary commodity and product groups included in this traffic. Total chemical and petroleum products accounted for $598.0 million of gross freight revenues for 1993 or 23.2 percent of total gross freight revenues. Most of the traffic originates within Texas, where the Company

directly serves chemical and plastics plants. The Company's routes enable it to transport these products from Texas directly to end-user markets on the west coast and through interchanges at major gateways to end-user markets on the east coast.

Food and Agricultural Products. Grain and grain products constitute the primary commodity groups included in this traffic. Total food and agricultural products accounted for gross freight revenues of $352.9 million for 1993 or 13.7 percent of total gross freight revenues. The Company primarily receives, rather than originates, shipments of grain and grain products for delivery to feed lots and poultry farms located along its routes. It also is a major transporter of grain products to Mexico. Shipper demand is affected by competition among sources of grain and grain products as well as price fluctuations in international markets for key commodities. Other food and consumer goods included in this traffic tend to be more stable flows from sources in California to consumer markets in the eastern part of the United States.

Forest Products. This traffic includes lumber stock, plywood and various paper products. It accounted for $362.8 million of gross freight revenues for 1993 or 14.1 percent of total gross freight revenues. Most of the traffic originates in Oregon and Northern California. However, certain product sources in the Pacific Northwest have been adversely affected by environmental concerns. In response, the Company is developing alternative Canadian sources as well as developing a significant presence in the market as a transporter, through interchange at eastern gateways, of lumber and paper products from the southeastern United States to end-user markets in the western United States. The transportation market for lumber is affected by housing starts and remodeling activity, while the transportation market for paper products is driven by end-user demand for packaging and newsprint.

Coal. Coal accounted for gross freight revenues of $100.2 million for 1993 or 3.9 percent of total gross freight revenues. The traffic is subject to intense competition from other coal sources, particularly the Powder River Basin in Wyoming.

Metals and Ores. Metals and ores accounted for $199.6 million of gross freight revenues for 1993 or 7.7 percent of total gross freight revenues. This traffic includes both ferrous and non-ferrous metals and is concentrated on the origination of shipments from copper mines and smelters in Arizona and steel mini-mills in the West. These transportation markets are sensitive to end-user demand for automobiles, appliances and other consumer goods with substantial metal components. The markets also are affected by commodity prices in international markets and subject to the substitution of imported metals.

Other. The traffic generated by the business development groups discussed above amounted to approximately 90.0 percent of the Company's gross freight revenues for 1993. Other commodity and product groups included in the Company's traffic mix include automobiles, automotive parts, construction materials, non-metallic minerals and government traffic. All are subject to fluctuations in end-user demand and competition from other railroads and motor carriers.

Mexico. The Company's Mexico Group, headquartered in Houston, serves as a marketing and service link between the Company's business development groups and markets in Mexico. The Company maintains a strong working relationship with FNM. Approximately $213.7 million of the Company's gross freight revenues for 1993 or 8.3 percent of total gross freight revenues were attributable to shipments to and from Mexico. The Company works closely with FNM's "El Maquiladora" train between Ciudad Juarez and Chihuahua. FNM and the Company are working on establishing through rates for carload shipments of selected commodities through all six of the gateways to Mexico served by the Company.

Physical Plant and Equipment

Roadway, Yards and Structures. At December 31, 1993, the Company had approximately 19,500 miles of track in operation, consisting of approximately 12,580 miles of first main track (route miles) and approximately 6,940 miles of additional main track, passing track, way switching track and yard switching track. Route miles include operating rights on 1,787 miles of track owned by other railroads. Sales and

abandonments are intended to increase the density (gross ton-miles per route mile operated) of the Company's railroad system and eliminate maintenance costs for underutilized track.

Principal railroad yard facilities owned by the Company are located at Eugene, Oregon; Sacramento, Roseville, Oakland, Los Angeles and West Colton, California; Houston, Texas; Pine Bluff, Arkansas; and Kansas City, Kansas. As part of its effort to rationalize operations, the Company is identifying and assessing opportunities for consolidation of its railroad yard facilities. In August 1993, the Company acquired the Burnham locomotive repair facility in Denver, Colorado from the D&RGW.

Equipment. At December 31, 1993, the Company owned or leased equipment described in the table below. The table excludes equipment held under short-term leases. At December 31, 1993 there were 295 locomotives subject to short-term leases. At December 31, 1993, there were approximately 3,850 non-serviceable freight cars in storage, which included approximately 1,000 freight cars awaiting sale to a third party for rehabilitation and leaseback, 750 previously leased freight cars awaiting return to the lessor, 775 freight cars scheduled for repair and the remainder awaiting retirement.

	December 31, 1993					
	Owned		Leased		Total	
Description	Units	Average Age (years)	Units	Average Age (years)	Units	Average Age (years)
Locomotives:						
Road	1,366	12.3	284	11.1	1,650	12.1
Other	333	21.4	12	21.5	345	21.4
Total	1,699		296		1,995	
Freight						
Box	12,937	18.3	3,143	8.6	16,080	16.4
Tank	73	24.6	—	—	73	24.6
Gondola	2,423	20.9	1,165	4.9	3,588	15.7
Hopper	5,109	19.4	1,742	8.3	6,851	16.6
Flat	5,379	20.6	1,489	8.2	6,868	17.9
Total	25,921		7,539		33,460	
Company service units and cabooses	1,134		71		1,205	
Highway trailers and tractors	—		4,302		4,302	

In addition to the locomotive program described below, the Company has embarked on rail car refurbishment and purchase and lease programs designed to improve the efficiency and reliability of the Company's rail car fleet, as well as meet the specialized needs of its customers. The Company has an agreement with a leading rail car manufacturer to refurbish approximately 9,000 rail cars and lease them back to the Company or third parties under a full maintenance lease agreement. From 1990 through 1993, approximately 5,700 cars were refurbished, with the balance of the program to be completed in 1994 and 1995. To complement its rail car refurbishment program, the Company purchases and leases rail cars on an ongoing basis. In 1993, the Company leased 345 aluminum coal cars, 177 steel coil flatcars, 30 double stack intermodal cars (with an additional 70 to be delivered in 1994) and approximately 125 specialized cars for various uses.

The Company also has an extensive program to enhance the quality of the locomotives it already owns. The Company plans to rebuild 207 locomotives and perform heavy repairs on 93 locomotives in 1994, of which all 207 locomotives are expected to be rebuilt and 41 locomotives are to undergo heavy repairs at Burnham. Thereafter, in order to maintain high locomotive availability, the Company plans to rebuild or perform heavy repairs on approximately 300 locomotives each year at its Burnham facility as part of an ongoing scheduled program to rebuild and perform heavy repairs on the Company's locomotive fleet. Pending the acquisition (through capital and operating leases and by purchase) of new and remanufactured locomotives, the Company has substantially increased the number of locomotives it leases on a short-term basis in order to meet the anticipated demands of its customers.

Capital Expenditures and Maintenance. Improvement and ongoing maintenance of roadway, structures and equipment are essential components of the Company's efforts to improve service and reduce operating costs. The Company has made the following railroad capital expenditures (exclusive of capital leases) in order to maintain and improve train service (in millions of dollars):

Capital Expenditures

	Year Ended December 31,		
	1993(1)	1992	1991
Roadway and structures	$196.4	$237.2	$207.2
Railroad equipment:			
Locomotives	21.1	70.3	45.2
Freight cars	5.9	—	2.4
Other	6.6	2.8	4.8
Total	$230.0	$310.3	$259.6

(1) Excludes equipment previously under operating leases purchased with $65.3 million of the proceeds of capital and debt transactions ($30.1 million for locomotives and $35.2 million for freight cars). Also excludes $107.7 million of D&RGW property purchased by the Company in 1993 with proceeds provided to the Company in connection with the SPRC Common Stock and Debt Transactions.

The Company's capital expenditures for railroad operations for 1994 are expected to be approximately $230 million (exclusive of capital leases) including $159 million for roadway and structures and $71 million for railroad equipment and other items. In addition, in connection with the recent decision to consolidate the Company's dispatching, crew calling and other operations, the Company expects to incur approximately $30 million of capitalized costs for facility improvements and communication equipment. The Company has ordered and has financed through capital leases 50 new locomotives, 17 of which were delivered in the last quarter of 1993 and 33 of which will be delivered by the end of the first half of 1994, and 133 remanufactured locomotives to be delivered in 1994. These 183 locomotives will be financed by capital leases (which are expected to have a total present value of minimum lease payments of approximately $131 million) and therefore are not included in the 1994 capital expenditure budget. The Company also has ordered an additional 100 new locomotives for delivery in 1994 at a cost of approximately $135 million (which amount also is not included in the 1994 capital expenditure budget because final determination regarding the method of financing (e.g. capital lease or purchase) has not been made). The Company acquired 1,651 freight cars in 1993 under capital leases with a total present value of minimum lease payments of approximately $43 million and expects to acquire more by capital lease in 1994.

The following table shows the Company's expenses for ongoing maintenance and repairs of roadway and structure and railroad equipment (including administrative and inspection costs) for the periods indicated (in millions of dollars):

Maintenance Expenditures

	Year Ended December 31,		
	1993	1992	1991
Roadway and structures	$207.9	$236.7	$254.2
Railroad equipment:			
Locomotives	204.3	204.1	181.2
Freight cars	110.8	127.9	140.8
Other	3.6	4.7	5.5
Total	$526.6	$573.4	$581.7

Transit Corridor and Real Estate Sales

The disposition of urban and intercity transit corridors and surplus real estate, mostly in metropolitan areas along the Company's rights of way, is a major component of the Company's business strategy and is

conducted as a part of the Company's ordinary course of business. While SPT historically has sold property not required for its core transportation operations, the Company's new management aggressively markets a large portfolio of properties that are classified generally into two distinct types: "transit corridors," which are typically sold to public agencies, and "traditional" real estate, which is typically sold to different groups of potential buyers. The Company had gains from the sale of property and real estate of $24.5 million, $301.3 million and $469.8 million in 1993, 1992 and 1991, respectively.

Transit Corridors. The Company's sales efforts focus particularly on, and most of the proceeds since January 1, 1989 resulted from, the sale of transit corridor properties that consist of the Company's rights of way and related tracks and rail stations that provide a natural corridor over which a metropolitan, regional or other geographic area can establish and operate public transportation systems or consolidated freight corridors (for use by more than one railroad). Many of the Company's urban and intercity corridors are unique, and in turn valuable, properties in terms of their geographic composition and ready availability for transit use. The Company expects that increasing highway congestion and other transportation problems will continue to create demand for both passenger corridors and, to a lesser extent, consolidated freight corridors and facilities. The Company usually retains freight operating rights over these corridors to continue rail service to its customers. The Company obtains other benefits as a part of these sales, such as reduced ongoing maintenance costs for the lines and creating higher traffic density on substitute lines. The Company has identified a number of additional urban and intercity line sale opportunities which it will pursue as part of its normal course of business. Past sales include the Los Angeles County Transportation Commission's purchase of over $400 million of SPT's property and the Peninsula Corridor Joint Powers Board's purchase of SPT's Peninsula Corridor for approximately $220 million, with an additional $110 million of property covered by purchase options.

The funding to purchase transit corridors often comes through either accumulated funds from past taxes or new bond issues. Recent federal and some state legislation is encouraging development of public transit lines by, among other things, creating an awareness on the part of local, state and regional entities of the availability of funds and the opportunities for projects. The timing of corridor sales is difficult to predict and varies from period to period depending on market conditions at the time, differences or delays in targeted or scheduled sales dates and other factors, such as political considerations that are typically involved in negotiations with public agencies. As a result of these and other variables, an effective program for the sale of the Company's inventory of transit corridors and other facilities involves patient and careful work with city and county governments, relevant state agencies and various interested local community organizations. In the future, in order to facilitate sales or otherwise enhance values of transit corridors and other facilities, the Company may form joint ventures with private partners or public entities or engage in other innovative transactions.

Traditional Real Estate. In addition to transit corridors, the Company sells traditional real estate that consists principally of industrial and commercial properties located in developed areas on the Company's system. Many of these properties are targeted for sale to fit the specific purpose of potential buyers, such as locating a facility near a customer or supplier or taking advantage of the availability of transportation services, while others are suited for large scale industrial or commercial development. The Company also owns buildings and other facilities that can be made available for sale or other disposition as the Company further rationalizes its operations. The Company's supply of properties includes several thousand parcels that are available or could be made available for sale within the next few years (without including properties currently leased by the Company to tenants). In order to enhance the value of certain properties and facilitate their disposition, the Company has in the past and may in the future participate with others in the development of such properties by contributing the property and funding to joint ventures or other entities, participating in sale and leaseback arrangements and engaging in other transactions that do not involve immediate cash proceeds.

Employees and Labor

Labor and related expenses accounted for approximately 40 percent of the Company's railroad operating expenses in 1993. At December 31, 1993, the Company employed 16,894 persons, which represents a reduction of approximately 3,525 from January 1, 1993 (including a reduction of over 2,785 employees

achieved from July 1, 1993 through December 31, 1993). SPRC expects to further reduce the number of its employees (both labor and management) by approximately 900 employees through 1994 (a substantial portion of which will come from the Company), subject to certain temporary increases from time to time. These reductions resulted from attrition and voluntary separations, severance, early retirement programs and furloughs.

At December 31, 1993, approximately 86 percent of the Company's railroad employees were covered by collective bargaining agreements with railway labor organizations that are organized along craft lines, where employees are grouped together by job and historical practice. Historically, many collective bargaining agreements in the railroad industry have been negotiated on a nationwide basis with the national railways represented by a bargaining committee.

Labor relations in the railroad industry are subject to extensive governmental regulation under the RLA. The most recent national collective bargaining agreements with the major railway labor organizations and the railroads, including the Company, expired in 1988, and negotiations failed to resolve the wage and work rule issues. After various presidential and legislative actions in 1991, because of its constrained financial condition, the Company was authorized to negotiate separately with certain of its employee unions, rather than on a nationwide basis with the railroads being represented by a bargaining committee, as is typically the case. These negotiations resulted in wage rates that are lower than the national rates for most of the Company's union employees and relieved the Company of the requirement to make certain lump sum payments to employees. These concessions represent a substantial savings to the Company in terms of the labor costs it would have otherwise incurred. In total, new agreements covering over 15,400 union employees of SPRC have been reached. In addition, the Company was able to avoid the establishment of reserve boards (employees who are paid a percentage of salary but stay at home awaiting recall) on all of the Company's lines except the Western Lines, in connection with reductions in its train crew size from three to two.

On November 16, 1993 the Company's employees ratified a new four-year labor agreement with the United Transportation Union, which represents approximately 2,300 trainman and switchmen on the Company's Western Lines. The agreement provided for a reduction of 210 surplus employees, the elimination of the reserve board for the Western Lines, and a wage freeze through the end of 1997. As a result, the Company became the only Class I railroad without reserve boards for any of its lines. Also in November 1993, the Company withdrew from the National Railway Labor Conference, indicating it would negotiate wage and work-rule agreements separately from any nationwide negotiations conducted by other Class I railroads.

In total, new agreements covering all but approximately 150 union employees of the Company have been reached, most of which are open for modification in 1995, except that the agreement related to employees on the Company's Western Lines is open for modification in 1998. The Company will be required to renegotiate its labor agreements at those times.

Wages for approximately half of the Company's employees covered by these new agreements (other than the agreement related to employees on the Company's Western Lines) are required to return to wage levels prevailing under nationwide railway collective bargaining agreements in 1995. Wages for the other employees covered by the new agreements (including the Western Lines) do not require restoration to national wage levels and will be subject to resolution in the next round of negotiations scheduled to begin in late 1994 (1997 for the Western Lines). No assurance can be given as to the terms of any of the Company's new agreements. In addition, all of the Company's labor agreements (except for the agreement related to employees on the Company's Western Lines) provide for cost of living increases on a semi-annual basis beginning July 1, 1995. The additional cost to the Company of these automatic increases could be substantial.

In 1992, the Company completed the reduction of all through freight train crew sizes to an engineer and one conductor (instead of an engineer and two or three train service employees) on all of its lines. Through arbitration the Company was also able to settle certain issues relating to surplus employees, resulting in, among other things, the Company's exemption from the establishment of reserve boards on all lines except the Western Lines. As part of the Company's labor agreement relating to the Western Lines entered into in November 1993, the Company is now exempt from the establishment of reserve boards on all of its lines. As

a result of its arbitration efforts and its recent labor agreement with respect to the Western Lines, 307 employees accepted voluntary severance effective April 1992 and an additional 210 employees accepted voluntary severance effective by the end of 1993, at an aggregate cost to the Company of approximately $37 million.

Under the RLA, labor agreements are renegotiated when they become open for modification, but their terms remain in effect until new agreements are reached. Typically neither management nor labor is permitted to take economic action until extended procedures are exhausted.

Railroad industry personnel are covered by the Railroad Retirement Act ("RRA") instead of the Social Security Act. Employer contributions under the RRA are currently substantially higher than those under the Social Security Act and may rise further because of the increasing proportion of retired employees receiving benefits relative to the number of working employees.

Railroad industry personnel are also covered by the Federal Employer's Liability Act ("FELA") rather than by state workers' compensation systems. FELA is a fault-based system, with compensation for injuries settled by negotiation and litigation. By contrast, most other industries are covered under state-administered no-fault plans with standard compensation schedules.

Governmental Regulation

The Company is subject to environmental, safety, health and other regulations generally applicable to all businesses. In addition, the Company, like other rail common carriers, is subject to regulation by the ICC, the Federal Railroad Administration, state departments of transportation and some state and local regulatory agencies.

The ICC has jurisdiction over, among other things, rates charged by rail carriers for certain traffic movements, service levels, car rental payments and issuance or guarantee of railroad securities. It also has jurisdiction over the situations and terms under which one railroad may gain access to another railroad's traffic or facilities, extension or abandonment of rail lines, consolidation, merger or acquisition of control of rail common carriers and of other carriers by rail, and labor protection provisions in connection with the foregoing. Its power to exercise its jurisdiction is limited in certain circumstances. The Federal Railroad Administration has jurisdiction over railroad safety and equipment standards. State and local regulatory agencies also have jurisdiction over certain local safety and operating matters and these agencies are becoming more aggressive in their exercise of jurisdiction. State legislatures also recently have enacted new laws that are intended to regulate railroads more extensively.

Government regulation of the railroad industry is a significant determinant of the competitiveness and profitability of railroads. Deregulation of certain rates and services under the Staggers Act has substantially increased the flexibility of railroads to respond to market forces, while the deregulated environment has resulted in highly competitive and steadily decreasing rates. Various interests have sought and continue to seek reimposition of government controls on the railroad industry in areas deregulated in whole or in part by the Staggers Act. Additional regulation, changes in regulation and re-regulation of the industry through legislative, administrative, judicial or other action could materially affect the Company.

Competition

The Company's business is intensely competitive, with competition for freight traffic coming from other major railroads and motor carriers depending upon the particular market served. Principal railroad competitors include the Union Pacific Railroad Company ("Union Pacific") in the central corridor and The Atchison, Topeka and Santa Fe Railway Company ("ATSF") in the southern corridor. Competition with other railroads and modes of transportation is generally based on the rates charged, as well as the quality and reliability of the service provided. Some rail competitors have substantially greater financial and other resources than the resources of the Company. This factor and other competitive pressures have resulted in a

downward pressure on rates. In addition, the consolidation in recent years of major western rail systems has resulted in particularly strong competition in the service territory of the Company among the Company's rail system, Union Pacific, ATSF and the Burlington Northern Railroad Company ("BN"). Further consolidation of its rail competitors could adversely affect the Company's competitive position. For example, such further consolidation could result from the acquisition of control of the Chicago and North Western Holdings Corp. by the Union Pacific if its pending application is approved by the ICC. Continuing competitive pressures and declining margins could have a material adverse effect on the Company's operating results.

Certain segments of the Company's freight traffic, notably intermodal, face highly price sensitive competition from trucks, although improvements in railroad operating efficiencies are tending to lessen the truckers' cost advantages. Trucks are not obligated to provide or to maintain rights of way and they do not have to pay real estate taxes on their routes. In recent years, the trucking industry diverted a substantial amount of freight from the railroads as truck operators' efficiency over long distances increased. Because fuel costs constitute a larger percentage of the trucking industry's costs, declining fuel prices disproportionately benefit trucking operations as compared to railroad operations. Truck competition has also increased because of legislation removing many of the barriers to entry into the trucking business and allowing the use of wider, longer and heavier trailers and multiple trailer combinations in many areas.

While deregulation of freight rates under the Staggers Act has enhanced the ability of railroads to compete with each other and alternate forms of transportation, the resulting intense competition has pushed rates downward. In addition, changes in the structure of governmental regulation could significantly affect the Company's competitive position and profitability.

The railroad industry in general is susceptible to changes in the economic conditions of the industries and metropolitan areas that produce and consume the freight they transport. Because the end users of most of the freight shipped by the Company are primarily industrial and home consumers, and because the Company lacks a single large commodity base (such as grain or coal), changes in general economic conditions particularly affect the Company's operating results.

Environmental Matters

The Company's operations are subject to extensive federal, state and local regulation under environmental laws and regulations concerning, among other things, emissions to the air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. Inherent in the railroad operations and the real estate ownership and sales activity of the Company is the risk of environmental liabilities as a result of both current and past operations. The Company regularly transports chemicals and other hazardous materials for shippers, as well as using hazardous materials in its own operations. Environmental liability can extend to previously owned properties, leased properties and properties owned by third parties, as well as properties currently owned and used by the Company. Environmental liabilities can be asserted by adjacent landowners or other third parties in toxic tort litigation. Also, the Company has indemnified certain property purchasers as to environmental contingencies.

In addition to costs incurred on an ongoing basis associated with regulatory compliance in its businesses, the Company may have environmental liability in three general situations. First, it might have liability for having disposed of wastes at waste disposal sites that are believed to pose threats to the public health or the environment. CERCLA imposes liability, without regard to fault or the legality of waste generation or of the original disposal, on certain classes of persons, including the current and certain prior owners or operators of the disposal site and persons that arranged for the disposal or treatment of hazardous substances found at the site at which problems are alleged to exist. CERCLA also authorizes the Environmental Protection Agency ("EPA"), the states and in some circumstances third parties to take actions in response to public health or environmental threats and to seek to recover certain clean-up and legal costs they incur from the same classes of persons. Governmental authorities can also seek recovery for damages to natural resources. Second, under CERCLA and applicable state statutes, the current owner or operator of any real property, not just waste disposal sites, may incur liability for hazardous substances located on the property, or that

have migrated to adjoining properties, even though such wastes were deposited by a prior owner, operator or tenant. A former owner or operator of real property may incur liability for hazardous substances located on the property even though such wastes were deposited by another owner, operator or tenant; and a former owner or operator of real property may incur liability after the sale of the property for hazardous wastes disposed on the property during the time that it owned, operated or leased the property. The third general area is that associated with the accidental release of hazardous materials or substances during a transportation incident, such as a derailment. Federal, state and local laws and regulations may impose (again, without regard to fault), requirements for clean-up of contaminated soils and surface or groundwater resulting from a derailment; and there may also be long-term monitoring requirements to evaluate the impacts on the environment and natural resources. Certain federal and state laws also require that the discharger of hazardous substances reimburse agencies for certain costs in responding to a hazardous materials incident (also without regard to fault). In addition, adjacent land owners or other third parties sometimes initiate toxic tort litigation against the type of sites described above.

State and local agencies, particularly in California where the Company has extensive operations, have become increasingly active in the environmental area. The increased regulation by multiple agencies can be expected to increase the Company's future environmental costs. In particular, properties under federal and state scrutiny frequently result in significant clean-up costs and litigation expenses related to a party's clean-up obligation.

The Company has made and will continue to make substantial expenditures relating to the assessment and remediation of environmental conditions on its properties, including properties held for sale. During 1993 and 1992 the Company spent approximately $16.2 million and $15.7 million, respectively, relating to the assessment and remediation of environmental conditions of operating properties and non-operating properties not held for sale, excluding the effects of the 1991 derailment at Dunsmuir, California. In 1993 and 1992, the Company also incurred and expensed approximately $12.4 million and $17.6 million, respectively, for environmental matters relating to properties held for sale. Costs associated with environmental remediation of properties held for sale may be deferred to the extent such costs, together with estimated future costs and the existing cost basis of the property do not exceed, in the aggregate, the amount expected to be realized upon sale.

In assessing its potential environmental liabilities, the Company typically causes ongoing examinations of newly identified sites and evaluations of existing clean-up efforts to be performed by environmental engineers employed both by it and by consulting engineering firms. These assessments, which usually consider a combination of factors such as the engineering reports, site visits, area investigations and other steps, are reviewed periodically by counsel. The Company's analysis includes, among other things, the number of potentially responsible parties ("PRPs") at many sites that the Company considers to be financially viable participants with the Company; considerations such as the estimated allocation of liability among such PRPs, the selected method of remediation, the timing of work, the effect of inflation, the ability to recover costs from former and current insurance carriers and the development of new remediation technologies; information contained in the Company's historical, operating and compliance files; regulatory guidelines and the regulatory comment and approval process; information contained in regulatory agency files regarding certain sites; settlements made at some sites; the volume and nature of wastes attributable to the Company at certain sites; and decisions that have been made regarding clean-up at some of the sites.

The Company owns or previously owned two properties and has a partial interest in four properties that are on the national priorities list ("NPL") under CERCLA, the federal "superfund" statute. The Company has been informed that it is or may be a PRP, together with multiple other PRPs, with respect to the remediation of eight other properties on such list. Certain other Company properties are included on lists of sites maintained under similar state laws. Inclusion of a site on such lists would allow federal or state "superfund" monies to be spent on clean-up at the sites if PRPs do not perform the clean-up. The law governing "superfund" sites provides that PRPs may be jointly and severally liable for the total costs of remediation. In some instances, liability may be allocated through litigation or negotiation among the PRPs based on equitable factors, including volume contribution. Of its properties, including the NPL and PRP

properties described above, the Company has only three sites that individually involved future cost estimates for environmental matters as of December 31, 1993 in excess of $5 million. None of such estimates exceeded $10 million at that date.

The Company's total costs for its environmental matters cannot be predicted with certainty; however, the Company has accrued reserves for environmental matters with respect to operating and non-operating properties not held for sale, as well as certain properties previously sold, based on the costs estimated to be incurred when such estimated amounts (or at least a minimum amount) can be reasonably determined based on information available. At December 31, 1993 and 1992, the Company had accrued reserves for environmental contingencies of $58.8 million and $67.8 million, respectively. Based on the Company's assessments described above, other available information and the amounts of the Company's established reserves, management does not believe that disposition of environmental matters known to the Company will have a material adverse effect on the Company's financial condition. However, there can be no assurance that material liabilities or costs related to environmental matters will not be incurred in the future. See Note 12 to the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

Union Pacific—Missouri Pacific, Western Pacific Control; ICC Finance Docket No. 30,000, 366 ICC 462 (October 20, 1982). On October 20, 1982, the ICC approved the consolidation of Union Pacific, Missouri Pacific Railroad Company ("MP") and Western Pacific Railroad Company, over vigorous opposition of SPT and others. As a condition to its approval, the ICC awarded SSW trackage rights to operate over the MP lines between Kansas City and St. Louis, which operations commenced on January 6, 1983. The ICC's initial decision did not fix the compensation SSW would pay for the trackage rights.

In a series of decisions the ICC set forth new principles to govern the computation of the "rent" portion of the trackage charges (payment for maintenance expenses has not been a major issue). Court appeals from those decisions were concluded, and Union Pacific filed a collection action for rent in Federal District Court. Union Pacific claims approximately $60 million (including interest) as of December 31, 1993, representing Union Pacific's calculation of the effect of the ICC decisions. SPT has contested the amount claimed as overstated, and further has asserted that Union Pacific failed to provide the service ordered by the Commission, specifically, equal treatment of the trains of the two companies on the trackage rights lines, a different issue from the previously-litigated issue of rent. On October 29, 1993, the ICC issued an order holding in abeyance, pending action from the District Court, SPT's petition to modify or further interpret its order. On December 6, 1993, the District Court dismissed Union Pacific's action without prejudice. Union Pacific requested the District Court reconsider and set aside its decision; and on March 14, 1994, the District Court vacated its order dismissing Union Pacific's complaint. The amount that SPT may ultimately owe Union Pacific will be substantial, but management has made provision that it believes to be adequate for this matter in current liabilities in its financial statements.

1991 Dunsmuir Derailment. In July 1991, a derailment near Dunsmuir, California resulted in the escape from a tank car of metam sodium (a weed killer) into the Sacramento River. The derailment allegedly resulted in environmental damage, particularly the loss of fish, plants and other organisms in approximately 38 miles of the Sacramento River. Certain individuals and businesses have alleged that they incurred costs or damages for medical expenses, personal injuries, property damage and other losses resulting from the incident.

Originally there were approximately 46 lawsuits by private plaintiffs pending against SPT and others in connection with the July 1991 derailment. Most of these cases were consolidated before a single judge in San Francisco Superior Court and certified as class actions. After the certification, approximately 3,350 claimants completed claims forms as members of the class. In June 1993, the class action plaintiffs and SPT entered into an agreement to settle the class action litigation and, on September 17, 1993, the coordinating trial judge issued his final approval of that settlement agreement. Under the terms of the agreement the class action plaintiffs and their counsel will receive a total of $14 million from SPT and the other remaining defendants

(GATX, Huber, Trinity Chemical and Transmatrix). Thirteen class action plaintiffs have filed timely appeals. Unless settled earlier, the appeals will be determined by the California Court of Appeals for the First District. The only remaining civil cases arising from the derailment involve six personal injury-only cases against SPT of which four have been brought by class members who opted out of the class and are pursuing their individual claims.

In addition, the State of California and the United States filed separate suits against SPT and other parties in the United States District Court in Sacramento, California. The State asserted claims for natural resource damages under federal and state environmental statutes and state common law, civil penalties under state statutory law and requests injunctive relief. The federal suit asserted claims for natural resource damages, penalties, recovery of costs, and other relief under federal environmental statutes and for damages pursuant to theories of common law negligence and ultrahazardous activity liability. Several environmental and angling advocacy groups intervened in the federal suit, seeking both injunctive relief and the creation of a fund to cover environmental restoration costs. Prior to the institution of the State and federal cases, SPT instituted litigation in the United States District Court in Los Angeles against the State, the United States and private parties (including the manufacturer of the metam sodium and the manufacturer of the tank car), seeking declaratory relief with respect to issues of potential CERCLA liability and damages and other relief against certain potentially responsible private parties involved in the incident. By judicial directive and by stipulation of the parties, all claims between and among the parties were transferred to the United States District Court in Sacramento, California. In late 1993, that court stayed all litigation among the parties to facilitate settlement negotiations. Those negotiations recently culminated in a settlement between the governments and all defendants in the form of two consent decrees that were lodged with the federal court on March 14, 1994. The consent decree provides that the Company will pay $30 million and the other defendants collectively will pay $8 million in settlement of all of the government claims. The settlement, however, is subject to the condition that the intervenors' claims are dismissed with prejudice and the court approves the consent decrees after public comment. The governments and the Company have filed supplemental motions to dismiss the intervenors' claims, which the Company expects will be decided shortly. If the motions to dismiss are granted, and the court approves the consent decrees after public comment, the settlement will be final and the litigation terminated, except for any appeals. The California Public Utilities Commission also instituted an investigation into the causes of the derailment.

While the total amount of damages and related costs cannot be determined at this time, SPT is insured against most types of damages and related costs involved with the Dunsmuir derailment to the extent they exceed $10.0 million. As of December 31, 1993, SPT had paid approximately $44.7 million related to the Dunsmuir derailment, of which $12 million was charged to expense primarily to cover the $10 million deductible. The balance has been or is in the process of being collected from insurance carriers. As of December 31, 1993, approximately $24.9 million had been recovered by SPT from insurers. SPT expects to recover substantially all additional damages and costs under its insurance policies (including amounts payable pursuant to the settlement of private suits described above, as well as amounts payable pursuant to settlement of the federal court action described above, except for $750,000 which constitutes penalties). As a result, disposition of these matters is not expected to have a material adverse effect on the Company's financial condition.

Houston—Metro. In 1992, SPT received $45 million from the sale of property to the Metropolitan Transit Authority (Metro) in Houston, Texas. SPT believes that the contract of sale in 1992 also requires Metro to acquire an additional $30 million of SPT right-of-way properties. Metro, on the other hand, has indicated that it believes an adjustment or credit should be made with respect to the purchase price for the property it already purchased. Negotiations between SPT and Metro to resolve the matter have been unsuccessful. On March 29, 1994, SPT filed a lawsuit in the U.S. District Court in Houston, Texas seeking damages and/or specific performance in connection with Metro's decision not to purchase the additional $30 million of SPT right-of-way properties and further seeking a declaratory judgment that SPT is not required to refund any amounts to Metro under the 1992 sales contract. On the same day, Metro filed a lawsuit in the U.S. District Court in Houston, Texas seeking a refund from SPT of $19.7 million under the 1992 sales contract between SPT and Metro.

General. SPT is involved in certain income tax cases relating to prior periods, but pursuant to an agreement with SPT's former parent as part of the Company's acquisition of SPT, the former parent has assumed the liability for any adjustments to taxes due or reportable on or before October 13, 1988, the date of acquisition. Accordingly, the Consolidated Financial Statements of the Company do not make provision for any taxes and interest of SPT that may have been due or reportable relating to periods ending on or before October 13, 1988.

Although the Company has purchased insurance, the Company has retained certain risks (consisting principally of a substantial deductible per occurrence) with respect to losses for third-party liability and property claims. In addition, various claims, lawsuits and contingent liabilities are pending against the Company. Management has made provisions for these matters which it believes to be adequate. As a result, the ultimate disposition of these matters is not expected to have any material adverse effect on the Company's financial condition.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

All issued and outstanding Common Stock of the Company is owned by SPRC.

No dividends were declared or paid in 1993, 1992 or 1991. As of December 31, 1993, there were certain restrictions on the payment of dividends by the Company and net worth covenants. See Notes 6 and 8 to the Consolidated Financial Statements.

The advances to SPRC of $684.2 million at December 31, 1993 are not interest bearing. It is anticipated that the Company will make dividend payments or advances in the future to SPRC in order for SPRC to meet its debt service obligation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in connection with the Consolidated Financial Statements and related Notes.

Results of Operations

Year Ended December 31, 1993 Compared to Year Ended December 31, 1992

The Company had a net loss of $204.8 million for 1993 compared to a net income of $109.5 million for 1992. The 1993 amount includes a $98.9 million after-tax charge for the cumulative effect of a change in accounting for post-retirement benefits other than pensions under Statement of Financial Accounting Standards ("FAS") No. 106 adopted by the Company effective January 1, 1993. See "—Accounting Matters." The Company had an operating loss of $53.9 million for 1993 compared to an operating loss of $24.7 million for 1992. Operating results for 1993 were adversely affected by severe weather and flooding in certain western states during the first quarter of the year and in certain midwestern states during the third and fourth quarters of the year. In addition, the Company experienced a significant decline in automotive shipments, a shortage of power due to a temporary reduction in the number of locomotives leased by the Company and a slower than anticipated recovery in certain segments of the economy. The Company addressed the power shortage by continuing to lease additional locomotives on a short-term basis. Management of SPRC estimates that the midwest floods in the second half of 1993, which caused delays, detours and additional repair costs, resulted in additional costs and revenue shortfalls of approximately $60 million to $65 million for 1993, much of which occurred on Company-owned and used rail lines. The foregoing estimate is based on a number of assumptions and the actual amount of additional costs and revenue shortfalls is uncertain. Partially offsetting an increase in operating expenses for 1993 were reduced joint facility rent expense of approximately $10.0 million as a result of the negotiated settlement of a joint facility case, as well as reduced property tax expense of approximately $16.7 million due to revised state property tax assessments and to the favorable settlement of prior years' disputed property taxes in California.

Operating Revenues. In 1993, railroad operating revenues increased $14.8 million compared to 1992. Railroad freight operating revenues increased $26.6 million primarily due to increased intermodal and coal carloads partially offset by decreased automobile and food and agricultural carloads. Other railroad revenues (primarily passenger, switching and demurrage) decreased $11.8 million compared to 1992. Passenger revenues decreased because the Company discontinued operating commuter service in 1992, following the sale of the Company's peninsula corridor in the San Francisco Bay Area (the "Peninsula Corridor"). There was a similar decrease in commuter operating expense. Partially offsetting this decline were increased demurrage and other incidental revenues associated with increased traffic volume. For 1993, carloads increased 3.8 percent and revenue ton-miles increased 6.9 percent compared to 1992. The average freight revenue per ton-mile declined by 5.4 percent compared to 1992 due to continued competitive pressures on

rates and changes in traffic to lower revenue per ton-mile commodities and routes. In 1993 lower than average revenue per ton-mile coal traffic carloads increased by 39.5 percent, while higher than average revenue per ton-mile automobile traffic carloads decreased by 30.0 percent principally due to a plant closing and the loss of a major contract, contributing to the decline in average freight revenue per ton-mile.

The following table compares traffic volume (in carloads), gross freight revenues (before contract allowances and adjustments) and gross freight revenues per carload by commodity group for 1993 compared to 1992.

Carload and Gross Freight Revenue Comparison
Years Ended December 31, 1993 and 1992

	Carloads			Gross Freight Revenues			Gross Freight Revenue per Carload		
	1993	1992	% Change	1993	1992	% Change	1993	1992	% Change
	(in thousands)			(dollars in millions, except revenue per carload)					
Intermodal	600.8	541.9	10.9%	$ 706.4	$ 640.3	10.3%	$1,176	$1,182	(0.5)%
Chemical and petroleum products	355.4	362.0	(1.8)	598.0	581.6	2.8	1,683	1,607	4.7
Food and agricultural products	244.9	246.1	(0.5)	352.9	357.9	(1.4)	1,441	1,454	(0.9)
Coal	119.4	85.6	39.5	100.2	80.2	24.9	839	937	(10.5)
Forest products	219.5	207.6	5.7	362.8	358.6	1.2	1,653	1,727	(4.3)
Metals and ores	144.6	147.6	(2.0)	199.6	204.5	(2.4)	1,380	1,386	(0.4)
Construction materials and minerals	147.6	144.3	2.3	134.2	131.6	2.0	909	912	(0.3)
Automotive	64.2	91.7	(30.0)	122.4	198.2	(38.2)	1,907	2,161	(11.8)
Total	1,896.4	1,826.8	3.8%	$2,576.5	$2,552.9	0.9%	$1,359	$1,397	(2.7)%

- Both segments of the intermodal business, container-on-flatcar ("COFC") and trailer-on-flatcar ("TOFC"), contributed to the increase in 1993 intermodal volume and revenue over 1992 levels. COFC growth primarily came from increased business with major steamship customers and increases in domestic doublestack business. TOFC volumes grew primarily as a result of increased business with motor carriers.
- Chemical and petroleum products carloads were down 1.8% in 1993 due to reduced demand by Company-served plastics shippers, a corresponding reduction in plastic feedstocks, reduced carloads of soda ash and crude oil and completion of an environmental waste contract in 1992. Revenue per carload increased due to an increase in long-haul traffic and yield improvement strategies, particularly in plastics.
- Coal carloads and revenue increased in 1993 due in large part to the United Mine Workers strike affecting eastern mine operations between June and December 1993, which increased demand for coal from Company-served mines. The strike was settled in December 1993. The increased coal carloads and revenues in 1993 were also due to strong summer demand by utilities and continued demand for western coal to be used in utility test burns. The Company expects that settlement of the coal strike, which was a significant factor in the increase in coal carloads and revenues in 1993, will result in reductions or eliminations of coal shipments for certain customers, but the Company cannot predict the effect of such settlement on total coal carloads in the future.
- Carload volume in forest products increased in 1993 through growth in shipments of paper products, while lumber product carloadings maintained 1992 levels primarily due to weak construction markets. Revenue for forest products grew at a slower rate than carloads due to a reduction in revenue per carload which was brought about by changes in product and market mix.
- Automobile traffic declined in 1993 as compared to 1992 because of the closing of a General Motors plant in California and the loss of a contract for transportation of finished automobiles.

Operating Expenses. Railroad operating expenses for 1993 increased $41.6 million, or 1.7 percent, compared to 1992. Management of SPRC estimates that approximately $50 million to $55 million of increased operating expenses were associated with the severe flooding that occurred in the midwest during the third and fourth quarters of 1993, much of which occurred on Company-owned and used rail lines.

The foregoing estimate is based on a number of assumptions and the actual amount of additional operating expenses is uncertain. Equipment rental costs and fuel costs also increased in 1993, while labor and fringe benefits costs and materials and supplies costs decreased in 1993 compared to 1992 as discussed below.

The following table sets forth a comparison of the Company's operating expenses for 1993 and 1992.

Railroad Operating Expense Comparison
Years ended December 31, 1993 and 1992

	1993	1992	% Change
	(dollars in millions)		
Labor and fringe benefits	$1,013.0	$1,037.7	(2.4)%
Fuel	212.6	197.8	7.5
Materials and supplies	161.6	189.5	(14.7)
Equipment rental	325.5	283.2	14.9
Depreciation and amortization	228.2	227.2	0.4
Other	604.1	568.0	6.4
Total	$2,545.0	$2,503.4	1.7%

- Labor and fringe benefit expenses decreased $24.7 million, or 2.4 percent, for 1993 compared to 1992. At December 31, 1993 Company employment had substantially declined compared to December 31, 1992, primarily due to a decline in roadway maintenance employees during the last four months of 1993 resulting in reduced labor costs for day-to-day repair and maintenance activities, as well as to a decline in transportation employees in December 1993 resulting from the November 1993 ratification of a UTU agreement. During 1993, train crew starts declined by 2.1 percent compared to 1992, even though adversely impacted by the midwest floods in the third and fourth quarters of 1993, contributing to the overall decline in labor costs. In addition, included in the expense reduction above is reduced payroll tax expense due to reduced employment and the elimination in 1993 of the railroad unemployment insurance repayment tax.
- Fuel expense increased $14.8 million, or 7.5 percent, due primarily to increased fuel consumption associated with increased traffic volume, partially offset by a 2.1 percent decline in the average cost per gallon of fuel from $.61 in 1992 to $.59 in 1993.
- Materials and supplies expenses decreased $27.9 million, or 14.7 percent, for 1993 compared to 1992 due primarily to reduced running repairs on locomotives, reduced roadway repair and maintenance activity, the use of recycled and reconditioned second-hand materials, as well as to reduced purchases of material during the first quarter of 1993 in response to reduced revenues in that quarter compared to 1992. There was also a $5.0 million non-recurring inventory adjustment during 1993. During the year, the Company rebuilt or performed heavy repairs on 203 locomotives compared to heavy repairs on 141 locomotives in 1992. Costs associated with the rebuilding of 60 locomotives in 1993 were capitalized.
- Equipment rental costs increased $42.3 million, or 14.9 percent, due to a combination of the effects of the midwest floods causing increased equipment cycle time and increased short-term locomotive lease costs associated with increased traffic volume and a shortage of locomotives in certain areas. Included in the increase is a $19.1 million increase in net car hire, and a $13.4 million increase in locomotive lease costs over 1992.
- Depreciation and amortization expense increased $1.0 million, or 0.4 percent, due primarily to an increased depreciable property base in 1993.
- Other expenses increased $36.1 million, or 6.4 percent, for 1993 compared to 1992. This category of expense includes purchased repairs and services, joint facility rent and maintenance costs, casualty

costs and property and other taxes. The 1993 increase is due primarily to detour fees and joint facility maintenance and operations costs associated with the midwest floods which SPRC estimated to be approximately $27 million, much of which occurred on Company-owned and used rail lines. The foregoing estimate is based on a number of assumptions and the actual amount of additional flood-related costs is uncertain. Also showing an increase for 1993 were casualty costs (due in part to the fact that 1992 casualty costs were reduced by insurance recoveries received with respect to claims accrued in 1992 and prior years), environmental cost accruals, data processing equipment rental costs as well as an increase in taxes on fuel beginning in the fourth quarter of 1993. Partially offsetting the expense increases in this category were reduced joint facility rent expense of approximately $10.0 million as a result of the negotiated settlement of a joint facility case earlier in the year, as well as reduced property tax expense of approximately $16.7 million due to revised state property tax assessments and to a favorable settlement of prior years' disputed property taxes in California.

Other Income and Interest Expense. Other income in total was $8.6 million in 1993 compared to $292.1 million in 1992, a decrease of $283.5 million. Gains on sales of property and real estate decreased $276.8 million to a total of $24.5 million in 1993. Rental income increased $3.7 million due in part to non-recurring rental income associated with a fiber optic conduit easement with Southern Pacific Telecommunications Company ("SP Telecom"). Interest income remained relatively stable with a decrease of $0.6 million during 1993. The remaining portion of other income was an expense of $41.1 million in 1993 compared to an expense of $31.3 million in 1992, an increased expense of $9.8 million. This increase is due in part to the write-off of $12.3 million of deferred loan costs and to increased expenses of $10.6 million in 1993 associated with the sale of accounts receivable which were partially offset by reduced expenses associated with properties held for sale. In addition, in November 1993, the Company received $27.1 million in cash from SP Telecom in full redemption of the SP Telecom preferred stock owned by the Company plus accrued dividends on the preferred stock, resulting in other income of $14.9 million. Interest expense was $101.5 million in 1993 compared to $89.2 million in 1992, an increase of $12.3 million due primarily to a higher level of outstanding debt during 1993.

Energy Tax

On August 10, 1993, the President signed into law legislation which imposes a tax on certain fuels. The tax is expected to increase the Company's fuel costs for 1994 by approximately $10 million to $15 million. However, certain of the Company's freight contracts have escalation clauses that would help to offset such increased fuel costs. The Company also posted certain rate increases effective October 1, 1993 that represent a surcharge intended to mitigate the impact of the fuel tax.

Inflation

In prior years, the Company has experienced increased costs due to the effect of inflation on the cost of compensation and benefits, and in the replacement of or additions to property and equipment. A portion of the increased labor costs directly affects expenses through increased operating costs. Fuel costs have fluctuated with market conditions and have directly affected operating results. Operating efficiencies have, however, partially offset this impact. Competition and other market factors have adversely affected the Company's ability to price services to fully recover cost increases. Certain of the wage agreements obtained in 1991, 1992 and 1993 have reduced the effects of inflation on future operating costs until they expire and become subject to renegotiation in 1995 (1998 with respect to the agreement covering the Western Lines).

Accounting Matters

In 1991, the Company recorded the 1991 Special Charge of $270.0 million. The 1991 Special Charge provided for employee separation and relocation related primarily to labor agreements reached in 1991, sale, lease or abandonment of low density lines, restoration and clean-up costs and certain legal matters. See Note 2 to the Consolidated Financial Statements included elsewhere herein.

The Company adopted FAS 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" effective January 1, 1993, thus incurring an after-tax charge of $98.9 million for the cumulative effect of change in accounting principle relating to the Company's retiree welfare plan. The Company has amended its retiree benefit policies and estimates that its liability for such retiree benefits at January 1, 1993 was approximately $160.1 million before tax, after reflecting these policy amendments. See Note 10 to the Company's Consolidated Financial Statements included elsewhere herein.

In February 1992, FAS 109 "Accounting for Income Taxes" was issued. Through December 31, 1992, the Company accounted for income taxes under the asset and liability method prescribed by FAS 96, "Accounting for Income Taxes". Management adopted FAS 109 prospectively in the first quarter of 1993. The impact of adoption of FAS 109 did not have a material effect on the Company's Consolidated Financial Statements.

Under both FAS 96 and FAS 109, deferred tax liabilities and assets are recorded based on the enacted income tax rates which are expected to be in effect in the periods in which the deferred tax liability or asset is expected to be settled or realized. A change in the tax laws or rates results in adjustments to the deferred tax liabilities and assets. The effect of such adjustments shall be included in income in the period in which the tax laws or rates are changed.

In November 1992, FAS 112 "Employers' Accounting for Postemployment Benefits" was issued. FAS 112 requires employers to recognize the obligation to provide benefits to former or inactive employees after employment but before retirement, if certain conditions are met. The initial effect of applying FAS 112 is to be reported as the effect of a change in accounting method and previously issued financial statements are not to be restated. The Company will adopt FAS 112 and take a pre-tax charge of approximately $6.6 million in the first quarter of 1994 as required by FAS 112. See Note 1 to the Company's Consolidated Financial Statements included elsewhere herein.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, including supplementary data, and accompanying report of independent auditors are listed in the Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules filed as part of this annual report.

SSW, a 99.9% owned subsidiary of SPT has not filed an annual report on Form 10-K by reason of its guarantee of the Senior Secured Notes of SPT because:

(a) summarized financial information concerning SSW as required by Rule 1-02(aa) of Regulation S-X is contained in Note 16 to SPT's Consolidated Financial Statements on pages F-22 to F-24; and

(b) SPT and SSW are jointly and severally liable with respect to the Senior Secured Notes and the aggregate of total assets, net earnings and net equity of SPT and SSW constitute a substantial portion of the total assets, net earnings and net equity of SPT on a consolidated basis.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

A. Documents filed as part of this report:

1. Financial statements and schedules:

The financial statements, financial statement schedules and accompanying report of independent auditors are listed in the Index to Financial Statements and Financial Statement Schedules filed as part of this Annual Report.

2. Exhibits:

3.1 Southern Pacific Transportation Company Composite Certificate of Incorporation (incorporated by reference to Exhibit 3A to the Company's Annual Report on Form 10-K for the year ended December 31, 1980).

3.2 Certificate of Amendment of Certificate of Incorporation of the Company dated April 1, 1989 (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).

3.3 Certificate of Amendment of Certificate of Incorporation of the Company dated August 9, 1993.

3.4 By-laws of the Company, as adopted October 13, 1988 (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1988).

4.2 Debt Instruments: The Company is not filing any instruments evidencing indebtedness because the total amount of securities authorized under any single such instrument does not exceed 10% of the Company's total assets. The registrant agrees to provide the Commission upon request copies of instruments defining the rights of holders of long-term debt of the registrant and its subsidiaries for which consolidated financial statements are required to be filed with the Commission.

10.1 Receivables Purchase Agreement between the Company and Rio Grande Receivables, Inc. dated as of November 1, 1989 (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989).

10.2 Receivables Purchase Agreement between St. Louis Southwestern Railway Company and Rio Grande Receivables, Inc. dated as of November 1, 1989 (incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989).

10.3 The Denver and Rio Grande Western Railroad Company Benefit Protection Agreement with William J. Holtman dated August 11, 1989 (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989).*

10.4 Southern Pacific Transportation Company Benefit Protection Agreement with E.L. Johnson dated August 17, 1989 (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989).*

10.5 1990 Incentive Compensation Plan of Southern Pacific Transportation Company (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989).*

10.6 Rio Grande Industries, Inc. (SPRC's former name) 1990-1994 Long Term Earnings Growth Incentive Plan as adopted by Board of Directors of SPRC on May 23, 1990 (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K for the year ended December 31, 1990).*

10.7 Southern Pacific Rail Corporation Employment Agreement with E.L. Moyers dated July 16, 1993 (previously filed as Exhibit 10.14 to SPRC's Registration Statement on Form S-1 which was initially filed on May 12, 1993 (File No. 33-62608), and incorporated by this reference).*

10.8 Southern Pacific Transportation Company Supplemental Retirement Benefit for D.M. Mohan dated March 25, 1993 (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992).*

10.9 Southern Pacific Transportation Company Pension and Benefit Agreement with W.J. Holtman dated December 9, 1992 (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992).*

10.10 1993 Incentive Compensation Plan of Southern Pacific Transportation Company (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992).*

10.11 Rio Grande Industries, Inc. (the Company's former name) 1990-1994 Long Term Earnings Growth Incentive Plan (as amended and effective January 1, 1993) as adopted by the Board of Directors of SPRC on January 27, 1993 (incorporated by reference to Exhibit 10.21 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992).*

10.12 Form of Registration Rights Agreement (previously filed as Exhibit 10.19 to SPRC's Registration Statement on Form S-1 which was initially filed on May 12, 1993 (File No. 33-62608), and incorporated by this reference).

10.13 Form of Corporate Matters Agreement (previously filed as Exhibit 10.20 to SPRC's Registration Statement on Form S-1 which was initially filed on May 12, 1993 (File No. 33-62608), and incorporated by this reference).

10.14 Form of 1993 Equity Incentive Plan (previously filed as Exhibit 10.21 to SPRC's Registration Statement on Form S-1 which was initially filed on May 12, 1993 (File No. 33-62608), and incorporated by this reference).*

10.15 Employment Agreement with Cannon Y. Harvey dated June 1, 1993 (previously filed as Exhibit 10.15 to SPRC's Registration Statement on Form S-1 that was initially filed on December 17, 1993 (File No. 33-73116), and incorporated by this reference).*

10.16 Employment Agreement with Thomas J. Matthews dated August 1, 1993 (previously filed as Exhibit 10.16 to SPRC's Registration Statement on Form S-1 that was initially filed on December 17, 1993 (File No. 33-73116), and incorporated by this reference).*

10.17 Southern Pacific Rail Corporation Agreement dated March 3, 1994 (accepted March 7, 1994) with E.L. Moyers (incorporated by reference to Exhibit 10.17 to SPRC's Annual Report on Form 10-K for the year ended December 31, 1993).*

21.1 Subsidiaries of the Company (previously filed as part of Exhibit 21.1 to the Registration Statement of SPRC on Form S-1 which was initially filed on December 17, 1993 (File No. 33-73116), and incorporated by this reference).

The Registrant will furnish to a requesting security holder any Exhibit requested upon payment of the Registrant's reasonable copying charges and expenses in furnishing the Exhibit.

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* Management contract or compensatory plan, contract or arrangement required to be filed as an Exhibit pursuant to Item 14(c).

B. Reports on Form 8-K:

The Company did not file any reports on Form 8-K during the three months ended December 31, 1993.

C. Other Exhibits:

No exhibits in addition to those previously filed or listed in Item 14(a)(3) are filed herein.

D. Other Financial Statement Schedules:

No additional financial statement schedules are required.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: /s/ B.C. KANE

B.C. Kane
Controller
(Principal Accounting Officer)
Date: March 24, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Date: March 24, 1994

By: /s/ EDWARD L. MOYERS

Edward L. Moyers
Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)

Date: March 24, 1994

By: /s/ ROBERT F. STARZEL

Robert F. Starzel
Vice Chairman and Director

Date: March 24, 1994

By: /s/ DONALD C. ORRIS

Donald C. Orris
Executive Vice President—Distribution Services and Director

Date: March 24, 1994

By: /s/ THOMAS J. MATTHEWS

Thomas J. Matthews
Vice President—Administration and Director

Date: March 24, 1994

By: /s/ GLENN P. MICHAEL

Glenn P. Michael
Vice President—Operations and Director

Date: March 24, 1994

By: /s/ LAWRENCE C. YARBERRY

Lawrence C. Yarberry
Vice President—Finance
(Principal Financial Officer)

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

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All other schedules are omitted because they are not applicable or because the required information is shown in the financial statements or the notes thereto. Columns omitted from schedules filed have been omitted because the information is not applicable.

Financial statements and summarized financial information of companies accounted for by the equity method have been omitted because considered in the aggregate, or individually, they would not constitute a significant subsidiary.

Independent Auditors' Report

The Board of Directors
Southern Pacific Transportation Company:

We have audited the accompanying consolidated balance sheets of Southern Pacific Transportation Company and Subsidiary Companies as of December 31, 1993 and 1992, and the related consolidated statements of operations, stockholder's equity, and cash flows for each of the years in the three year period ended December 31, 1993. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules V, VI, VIII and X as of and for the years ended December 31, 1993, 1992 and 1991. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southern Pacific Transportation Company and Subsidiary Companies as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1993 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, as of and for the years ended December 31, 1993, 1992 and 1991, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the financial statements, effective January 1, 1993 the Company changed its methods of accounting for income taxes and postretirement benefits other than pensions.

KPMG PEAT MARWICK

San Francisco, California
February 17, 1994, except as to the third paragraph
of Note 15, which is as of March 2, 1994

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	1993	1992
	(dollars in millions)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (includes restricted cash of $5.4 in 1993 and 1992)	$ 31.9	$ 45.4
Accounts receivable, net of allowance for doubtful accounts of $7.0 in 1993 and $7.6 in 1992 (Note 3)	109.7	111.3
Notes receivable from Rio Grande Receivables, Inc. (Note 3)	24.1	14.7
Other notes receivable	2.3	3.7
Materials and supplies, at cost	46.5	44.1
Other current assets	41.4	38.2
Total current assets	255.9	257.4
PROPERTY, at cost (Notes 4, 6, 9 and 12)		
Roadway and structures	5,496.9	5,298.8
Railroad equipment	1,612.2	1,556.1
Other property	174.3	123.1
Total property	7,283.4	6,978.0
Less accumulated depreciation	2,792.1	2,717.2
Property, net	4,491.3	4,260.8
OTHER ASSETS AND DEFERRED CHARGES		
Investments in affiliated companies	17.0	26.3
Notes receivable and other investments	60.1	48.8
Note receivable from Rio Grande Receivables, Inc. (Note 3)	27.8	27.8
Other	85.1	76.6
Total other assets	190.0	179.5
TOTAL	$4,937.2	$4,697.7

(Continued)

See accompanying notes to consolidated financial statements.

SOUTHERN PACIFIC TRANSPORTATION COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS (Continued)

	December 31, 1993	December 31, 1992
	(dollars in millions)	
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts and wages payable	$ 119.4	$ 159.7
Accrued payables		
Taxes	34.5	53.3
Interest	26.4	14.2
Vacation pay	60.6	66.9
Current portion of long-term debt (Note 6)	62.2	147.9
Redeemable preference shares of a subsidiary (Note 8)	1.8	2.2
Other current liabilities (Note 5)	520.9	558.1
Total current liabilities	825.8	1,002.3
LONG-TERM DEBT (Note 6)	916.3	755.6
DEFERRED INCOME TAXES (Note 7)	837.7	938.1
OTHER LIABILITIES (Notes 5 and 10)	642.3	515.4
REDEEMABLE PREFERENCE SHARES OF A SUBSIDIARY (Note 8)	44.2	46.0
COMMITMENTS AND CONTINGENCIES (Notes 9, 10 and 12)		
STOCKHOLDER'S EQUITY		
Common stock, without par value: authorized 2,000 shares, issued and outstanding 1,200 shares in 1993 and 1,000 shares in 1992	424.9	424.9
Additional paid-in capital	615.5	150.0
Retained income (Note 8)	1,314.7	1,519.5
Advances to parent	(684.2)	(654.1)
Total stockholder's equity	1,670.9	1,440.3
TOTAL	$4,937.2	$4,697.7

See accompanying notes to consolidated financial statements.

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	1993	1992	1991
		(in millions)	
OPERATING REVENUES			
Railroad	$ 2,489.7	$2,474.9	$2,405.0
Other	61.0	48.9	40.0
Total	2,550.7	2,523.8	2,445.0
OPERATING EXPENSES			
Railroad			
Labor and fringe benefits (Note 10)	1,013.0	1,037.7	1,033.9
Fuel	212.6	197.8	192.2
Materials and supplies	161.6	189.5	192.9
Equipment rental	325.5	283.2	254.9
Depreciation and amortization (Note 4)	228.2	227.2	231.2
Other	604.1	568.0	578.8
Special charge (Note 2)	—	—	270.0
Total railroad	2,545.0	2,503.4	2,753.9
Other	59.6	45.1	38.8
Total	2,604.6	2,548.5	2,792.7
OPERATING LOSS	(53.9)	(24.7)	(347.7)
OTHER INCOME			
Gains from sales of property (Note 4)	24.5	301.3	469.8
Real estate and other rentals, net	20.7	17.0	23.6
Interest income	4.5	5.1	7.4
Other income (expense), net (Note 3)	(41.1)	(31.3)	(55.3)
Total	8.6	292.1	445.5
INTEREST EXPENSE (Note 6)	101.5	89.2	93.8
INCOME (LOSS) BEFORE INCOME TAXES	(146.8)	178.2	4.0
INCOME TAXES (BENEFIT) (Note 7)			
Current	(1.8)	(1.3)	—
Deferred	(39.1)	70.0	2.5
Total	(40.9)	68.7	2.5
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING	(105.9)	109.5	1.5
CUMULATIVE EFFECT ON YEARS PRIOR TO 1993 OF CHANGE IN ACCOUNTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Net of tax benefit of $61.2) (Note 10)	(98.9)	—	—
NET INCOME (LOSS)	$ (204.8)	$ 109.5	$ 1.5

See accompanying notes to consolidated financial statements.

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

Years ended December 31, 1993, 1992 and 1991

	Common Stock		Additional Paid-in Capital	Retained Income	Advances to Parent	Total Stockholder's Equity
	Number of Shares	Amount				
			(in millions, except shares)			
Balances at December 31, 1990	1,000	$424.9	$150.0	$1,408.5	$(599.7)	$1,383.7
Net income	—	—	—	1.5	—	1.5
Contribution of SPCSL common stock	—	—	—	—	14.2	14.2
Advances to parent	—	—	—	—	(35.3)	(35.3)
Balances at December 31, 1991	1,000	424.9	150.0	1,410.0	(620.8)	1,364.1
Net income	—	—	—	109.5	—	109.5
Advances to parent	—	—	—	—	(33.3)	(33.3)
Balances at December 31, 1992	1,000	424.9	150.0	1,519.5	(654.1)	1,440.3
Net loss	—	—	—	(204.8)	—	(204.8)
Advances to parent	—	—	—	—	(30.1)	(30.1)
Common stock issued	200	—	445.5	—	—	445.5
Contribution of capital	—	—	20.0	—	—	20.0
Balances at December 31, 1993	1,200	$424.9	$615.5	$1,314.7	$(684.2)	$1,670.9

See accompanying notes to consolidated financial statements.

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	1993	1992	1991
		(in millions)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$(204.8)	$109.5	$ 1.5
Adjustments to net income (loss)			
Depreciation and amortization	228.2	227.2	231.5
Special charge	—	—	270.0
Deferred income taxes	(100.3)	70.0	2.5
Gains from sales of property	(24.5)	(301.3)	(469.8)
Cumulative effect of change in accounting for post-retirement benefits other than pensions	160.1	—	—
Changes in:			
Receivables, net	(5.0)	38.3	8.9
Materials and supplies	(2.4)	(1.9)	17.6
Income taxes payable/receivable	(18.8)	2.0	(5.9)
Other current and noncurrent assets	1.8	11.3	(1.5)
Other current and noncurrent liabilities	(104.8)	(28.7)	(90.8)
Total adjustments	134.3	16.9	(37.5)
Net cash provided by (used for) operating activities	(70.5)	126.4	(36.0)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(404.0)	(310.3)	(259.6)
Property sold and retired	28.1	322.9	513.4
Change in notes receivable and other investments, net	(3.3)	(37.3)	(7.3)
Net cash provided by (used for) investing activities	(379.2)	(24.7)	246.5
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt, net of costs	430.3	510.7	43.7
Debt repayment, net	(427.4)	(560.2)	(257.5)
Advances to parent	(30.1)	(33.3)	(35.3)
Proceeds from issuance of common stock, net of costs	445.5	—	—
Contribution of capital	20.0	—	—
Redeemable preference shares repayment	(2.1)	(2.1)	(1.3)
Net cash provided by (used for) financing activities	436.2	(84.9)	(250.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(13.5)	16.8	(39.9)
CASH AND CASH EQUIVALENTS—BEGINNING OF THE YEAR	45.4	28.6	68.5
CASH AND CASH EQUIVALENTS—END OF THE YEAR	$ 31.9	$ 45.4	$ 28.6

See accompanying notes to consolidated financial statements.

SOUTHERN PACIFIC TRANSPORTATION COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ownership, Principles of Consolidation and Basis of Presentation—Southern Pacific Transportation Company ("SPT") was a wholly-owned subsidiary of SPTC Holding, Inc. ("SPTCH") until August 1993 at which time, SPTCH, a wholly-owned subsidiary of Southern Pacific Rail Corporation ("SPRC") (formerly Rio Grande Industries, Inc.) was merged into SPRC; therefore, per share data are not shown in the accompanying consolidated financial statements. As used in this document, the Company refers to SPT together with its subsidiaries. The consolidated financial statements are prepared on the historical cost basis of accounting and include the accounts of SPT and all significant subsidiary companies, including St. Louis Southwestern Railway Company ("SSW") and SPCSL Corp. ("SPCSL"), on a consolidated basis. SPRC also owns Rio Grande Holding, Inc. ("RGH") which owns The Denver and Rio Grande Western Railroad Company ("D&RGW"). SPRC management continues to review and consider the placement of various subsidiaries within the corporate structure of SPRC.

Cash and Cash Equivalents—For statement of cash flows purposes, the Company considers commercial paper, municipal securities and certificates of deposit with original maturities when purchased of three months or less to be cash equivalents.

Investments—Investments in affiliated companies (those in which the Company has a 20 percent to 50 percent ownership interest) are accounted for by the equity method. Other investments are stated at cost which does not exceed market.

Property—Property accounting procedures followed by the Company and its railroad subsidiaries are prescribed by the ICC. In accordance with the Company's definition of unit of property, all costs associated with the installation of rail, ties, ballast and other track improvements are capitalized. Other costs are capitalized to the extent they increase asset values or extend useful lives. Retirements are generally recorded using a system wide first-in first-out basis. The cost of property and equipment (including removal and restoration costs) is depreciated on the straight line composite group method, generally based on estimated service lives. Pursuant to ICC regulation, periodic depreciation studies are required and changes in service life estimates are subject to the review and approval of the ICC. Gains or losses from disposition of depreciable railroad operating property are credited or charged to accumulated depreciation except for significant disposals of equipment. Certain railroad properties that are not essential to transportation operations are being held for sale. Gains or losses resulting from sales of real estate no longer required for railroad operations are recognized as other income in the consolidated statement of operations.

Revenues—Freight revenues from rail transportation operations are recognized based on the percentage of completed service method. Other railroad revenues and other revenues are recognized as earned.

Retiree Welfare Benefits—Prior to January 1, 1993, the Company expensed retiree welfare benefits when paid. Effective January 1, 1993 the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and recorded the estimate of its liability under Statement No. 106 of $160.1 million, which net of income taxes resulted in a charge to earnings of $98.9 million (See Note 10). Statement No. 106 requires that all employers sponsoring a retiree welfare plan use a single actuarial cost method as is required for pension plan accounting and that they disclose specific information about their plan in their financial statements.

Postemployment Benefits—In November 1992, Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" was issued. Statement No. 112 requires employers to recognize the obligation to provide benefits to former or inactive employees after employment but before retirement, if certain conditions are met. The initial effect of applying Statement No. 112 is to be reported as the effect of a change in accounting method and previously issued financial statements are not to be restated. The Company will adopt Statement No. 112 and take a pre-tax charge of approximately $6.6 million in the first quarter of 1994.

Income Taxes—Prior to January 1, 1993 income taxes were reported using the liability method prescribed by Statement of Financial Accounting Standards No. 96 "Accounting for Income Taxes." Under Statement No. 96, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

Effective January 1, 1993, the Company prospectively adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The impact of adoption of Statement No. 109 was not material to the Company's consolidated financial statements.

Under both Statement No. 96 and Statement No. 109, deferred tax liabilities and assets are recorded based on the statutory income tax rates which are expected to be settled or realized. A change in the tax laws or rates results in adjustments to the deferred tax liabilities and assets. The effect of such adjustments shall be included in income in the period in which the tax laws or rates are changed.

Reclassifications—Certain of the amounts previously reported have been reclassified to conform to the current consolidated financial statement presentation.

2. SPECIAL CHARGE

In the fourth quarter of 1991, the Company recorded a $270 million Special Charge. Approximately $125 million of the Special Charge is related to labor agreements then recently concluded and then in progress which have resulted in crew size reduction and payments to approximately 1,000 employees and relocation costs over the next several years. Approximately $55 million of the Special Charge was credited to accumulated depreciation to reserve for 1,200 miles of low density rail lines identified for sale or abandonment. The remainder of the charge was to provide for restoration and clean up costs on certain properties ($74 million) and for various legal matters ($16 million).

Expenditures in 1993 and 1992 applied against the reserves were $54.7 million and $72.2 million for employee separation and relocation and $16.2 million and $15.7 million for restoration and cleanup costs, respectively.

3. SALE OF RECEIVABLES

Beginning in 1989, the Company began selling certain net recievables (including interline accounts), without recourse, to Rio Grande Receivables, Inc. ("RGR"), a subsidiary of SPRC. Also in 1989, RGR began selling the receivables purchased from the Company, with certain limited recourse provisions, to ABS Commercial Paper, Inc. ("ABS"), an unaffiliated third party, on a continuing basis for a period of up to five years subject to certain terms and conditions. The Company has agreed to service the receivables sold and is paid a fee for such services. The sale price for the receivables sold is based upon the face amount of the receivables and is reduced by discounts for expected defaults, servicing costs and anticipated collection periods. The Company retains a residual interest in the receivables should actual collections exceed the projected collections upon which the default discounts are calculated.

ABS purchases an undivided interest in the receivables up to an aggregate amount of approximately $300.0 million, net of discounts, at any one time, for a period up to five years subject to certain conditions. ABS finances its purchases by the sale of its commercial paper, secured by the receivables it purchases, up to a maximum aggregate principal amount of $300.0 million at any time outstanding. The ability of ABS to sell commercial paper is supported by certain banks which have agreed to provide liquidity to ABS on an as-needed basis. The liquidity banks must maintain a P-1 rating or there would need to be one or more replacement banks or a reduction in the maximum amount of commercial paper which ABS could issue. During 1991, one bank's rating was reduced and additional bank commitments were obtained from the remaining banks.

As of December 31, 1993, 1992 and 1991, the Company had sold $338.3 million, $317.9 million and $369.2 million of net outstanding receivables, respectively, and had notes receivables from RGR for receivables sold of $51.9 million, $42.5 million and $81.5 million, of which $27.8 million were interest bearing at December 31, 1993, 1992 and 1991, and are included in other assets. Included in other income (expense), net is approximately ($37.9) million in 1993, ($27.8) million in 1992, and ($58.0) million in 1991 of discounts and other expenses associated with the sales of accounts receivable. The initial term of the agreements expire on October 31, 1994. The Company has obtained commitments of the banks to extend the facility for a period of one year.

4. PROPERTY

The average depreciation rates for the Company's property and equipment were approximately 3.1 percent for roadway and structures, 4.9 percent for locomotives and 4.2 percent for freight cars for 1993.

The Company received cash proceeds from sales and retirements of real estate and property of $28.1 million, $322.9 million and $513.4 million in 1993, 1992 and 1991, respectively. The 1992 amount includes $124.0 million from sales to the Peninsula Corridor Joint Powers Board ("JPB"), $45.0 million from sales to Metro Transit of Houston, Texas and $83.0 million from sales to the Los Angeles County Transportation Commission ("LACTC"). The 1991 amount includes $321.7 million from sales to the LACTC and $91.9 million from sales to the JPB. The Company incurred and capitalized approximately $12 million in 1993 and $18 million in each of 1992 and 1991 in costs relating to environmental conditions on properties held for sale.

The Company has granted the JPB options to purchase additional rights-of-way and land within five years after the closing of the sale of the Peninsula Main Line for approximately $110 million. The Company will retain exclusive freight rights on the sold properties.

5. OTHER CURRENT LIABILITIES AND OTHER LIABILITIES

Other current liabilities include the following amounts at December 31, 1993 and 1992:

	1993	1992
	(in millions)	
Reserves for casualty, freight-related claims, and other (current portion)	$145.0	$190.8
Accrued repairs, equipment rentals and other payables	333.4	320.7
Post-retirement benefit obligation	20.0	—
Reserve for employee separation and relocation (current portion)	22.5	46.6
	$520.9	$558.1

Included in other non-current liabilities are $312.7 million and $299.6 million for casualty and freight-related claims and $35.3 million and $66.0 million for employee separation and relocation at December 31, 1993 and 1992, respectively, in addition to $140.6 million for post-retirement benefits other than pensions at December 31, 1993.

6. LONG-TERM DEBT

Long-term debt is summarized as follows (in millions):

	December 31,	
	1993	1992
Equipment obligations (9.125-14.25%; due 1994 to 2005)	$378.1	$437.6
Mortgage bonds (2.75-8.2%; due 1994 to 2001)	39.6	42.1
Bank credit facility (5.438-7.75%; due 1994 to 1996)	—	335.0
Credit agreement (various; due 1996)	125.0	—
Senior secured notes (10.5%; due 1999)	290.0	—
Other debt (4.0-6.0%; due 1994 to 2018)	88.1	88.1
Capitalized lease obligations (Note 9)	57.7	0.7
Total	978.5	903.5
Less current portion	(62.2)	(147.9)
Total long-term	$916.3	$ 755.6

On May 12, 1992, SPT completed a refinancing of its $525 million bank loan and other credit facilities and obtained a $450 million credit facility from a group of banks (the "Bank Credit Facility"), which consisted of a $325 million four-year amortizing term loan (the "SPT Term Loan") and a $125 million four-year non-amortizing revolver (the "SPT Revolver"). On August 17, 1993, the Bank Credit Facility was repaid as part of the SPRC common stock and debt transactions and the issuance of 200 shares of common stock by the Company to SPRC.

SPT closed $290 million of 10½% Senior Secured Notes on April 6, 1993. The Notes are secured by the rail lines of SSW and are required to be repaid over the three-year period 1997-1999. Proceeds of the financing were used to make a $100 million payment on the SPT Term Loan, a $125 million payment on the SPT Revolver, and for general corporate purposes. The Notes contain certain covenants and restrictions on dividends, loans and affiliate transactions, and provided registration rights to their holders. The registration rights were satisfied by an exchange offer of substantially identical notes completed in November 1993.

In August 1993 SPT entered into a $200 million three-year unsecured credit agreement (the "Credit Agreement") (replacing the SPT Revolver) and made an initial $125 million drawdown thereunder. The Credit Agreement contains several quarterly financial covenants including, subject to certain exceptions, required minimum tangible net worth; a maximum funded debt to tangible net worth ratio; and a minimum fixed charge coverage ratio. As a result of delays in asset sales and the continuing effects of severe midwestern floods, SPT was required to obtain waivers of compliance with certain financial covenants applicable as of September 30,1993 contained in the Credit Agreement. Further, because of the delays in asset sales and continuing effects of the flooding, SPT entered into amendments to the Credit Agreement with its banking group in December 1993 to modify certain financial covenant tests.

As part of an on-going program to improve its locomotive fleet, the Company acquired through capital lease 15 new locomotives in 1993 and borrowed a total of $103.8 million in 1991 and 1992 to purchase a total of 55 new and 45 remanufactured locomotives.

Contractual maturities of long-term debt (including capital lease obligations) during each of the five years subsequent to 1993 and thereafter are as follows (in millions):

1994	$ 62.2
1995	54.0
1996	171.8
1997	144.4
1998	137.7
Thereafter	408.4
	$978.5

Management estimates the fair value of the Company's debt at December 31, 1993 and 1992 was approximately $1,067 million and $944 million, respectively, based on interest rates for similar issues and financings.

At December 31, 1993 the Company is a party to interest rate swap agreements with an aggregate notional amount of $100 million, which is used to hedge its interest rate exposure and is accounted for as an adjustment of interest expense over the life of the debt.

A significant portion of railroad equipment and certain railroad property is subject to liens securing the mortgage bonds, equipment obligations, or other debt.

7. INCOME TAXES

The following summarizes income tax expense (benefit) for the years indicated:

	Year Ended December 31,		
	1993	1992	1991
	(in millions)		
Current			
Federal	$ —	$ —	$ —
State	(1.8)	(1.3)	—
Total current	(1.8)	(1.3)	—
Deferred			
Federal	(31.2)	58.2	2.2
State	(7.9)	11.8	0.3
Total deferred	(39.1)	70.0	2.5
Deferred taxes on cumulative effect of change in accounting for post-retirement benefits other than pensions			
Federal	(51.8)	—	—
State	(9.4)	—	—
Total deferred taxes on cumulative effect	(61.2)	—	—
Total income tax expense (benefit)	$(102.1)	$ 68.7	$ 2.5

Deferred tax expense in 1993 includes $18.7 million related to the change in the Federal tax rate.

Total income tax expense (benefit) from continuing operations differed from the amounts computed by applying the statutory federal income tax rate to income before income taxes as a result of the following for the years ended December 31, 1993, 1992 and 1991:

	December 31,		
	1993	1992	1991
Statutory rate	(35.0%)	34.0%	34.0%
State income taxes (net of federal income tax benefit)	(4.3)	3.9	3.1
Cumulative effect of federal tax rate change (from 34% to 35%)	12.7	—	—
Other, net	(1.3)	0.7	24.4
Effective rate	(27.9%)	38.6%	61.5%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1993 and January 1, 1993 are presented below (in millions):

	December 31, 1993	January 1, 1993
Deferred tax assets:		
Accruals and reserves not deducted for tax purposes until paid	$ 350.8	$ 317.6
Net operating loss carryforwards	546.7	485.6
Other	108.5	90.6
Total gross deferred tax assets	1,006.0	893.8
Deferred tax liabilities		
Differences in depreciation and cost capitalization methods (including deferred gains on property)	(1,835.7)	(1,791.9)
Other	(8.0)	(40.0)
Total gross deferred tax liabilities	(1,843.7)	(1,831.9)
Net deferred tax liability	$ (837.7)	$ (938.1)

The Company has analyzed the sources and expected reversal periods of its deferred tax assets and liabilities. The Company believes that the tax benefits attributable to deductible temporary differences and operating loss carryforwards will be realized by the recognition of future taxable amounts related to taxable temporary differences for which deferred tax liabilities have been recorded. Accordingly, the Company believes a valuation allowance for its deferred tax assets is not necessary.

The former parent of the Company has agreed to indemnify SPRC, SPT and its subsidiaries against any federal income tax liability that may be imposed on the Company or its 80%-owned subsidiaries for tax periods ending on or prior to October 13, 1988 (the "Acquisition Date"). Years prior to 1984 are closed. SPRC agreed to pay or cause SPT and its subsidiaries to pay to the former parent any refund of federal income taxes attributable to the 80%-owned subsidiaries received by SPRC, SPT or its subsidiaries after the Acquisition Date for any tax period ending on or prior to the Acquisition Date. Further, the former parent will also indemnify SPRC, SPT and its subsidiaries, at least in part, for state, local and other taxes in respect of periods to and including the Acquisition Date, but only to the extent that such taxes are due or reportable for periods prior to the Acquisition Date.

The intercompany tax allocation agreement among the Company and SPRC, which became effective following the closing of the Acquisition, was amended effective January 1, 1992 to provide that the Company will pay to SPRC the lessor of either the amount equal to that which the Company would have paid (or received) had the Company filed a separate consolidated tax return or which SPRC would pay as current taxes.

As of December 31, 1993 the Company had approximately $1.3 billion of net operating loss carryforwards ("NOLs") which expire in 2003 through 2008. The NOLs are subject to review and potential disallowance, in whole or in part, by the Internal Revenue Service ("IRS") upon audit of the federal income tax returns of the Company. SPRC's consolidated federal income tax returns, in which the Company is included, are currently being examined for the period October 14, 1988 through 1990. Management believes adequate provision has been made for any potential adverse result.

8. REDEEMABLE PREFERENCE SHARES OF A SUBSIDIARY

SSW, a 99.9 percent owned subsidiary of SPT, originally issued $53.5 million ($48.5 million Series A and $5 million Series B) of SSW's non-voting redeemable preference shares. The current carrying amount on the balance sheets at December 31, 1993 and 1992 reflects the outstanding balances of the redeemable preference shares of $46.0 million and $48.2 million, respectively.

The Series A shares are subject to mandatory redemption at face value over a 20-year period commencing in 1991, at which time mandatory dividends shall be declared and paid over the same period. The overall effective interest rate since the date of issue is approximately 2.0%. The Series B shares are subject to mandatory redemption at face value over a 15-year period commencing in 1989. Mandatory dividends shall be declared and paid over a 10-year period commencing in 1994. The overall effective interest rate since the date of issue is approximately 4.9%.

Mandatory redemptions and mandatory dividends of Series A and Series B shares scheduled for payment during each of the five years subsequent to 1993 are as follows (in millions):

1994	$4.1
1995	4.2
1996	4.2
1997	4.2
1998	4.2

The Series A and Series B shares restrict certain dividend payments by SSW to its common and preferred shareholders. Under these provisions, at December 31, 1993, $35.5 million of SSW's historical cost basis retained income was not restricted. No estimate of the fair value of the preference shares was made by the Company.

9. LEASES

The Company leases certain freight cars, locomotives, data processing equipment and other property. Future minimum lease payments under noncancellable leases as of December 31, 1993 are summarized as follows:

Year ended December 31,	Capital Leases	Operating Leases
	(in millions)	
1994	$ 8.2	$120.9
1995	9.4	105.2
1996	9.4	88.8
1997	9.4	81.7
1998	9.4	55.4
Later years through 2015	66.4	163.6
Total minimum payments	112.2	$615.6
Less amount representing interest (at rates ranging from 4.1% to 13.3%)	(54.5)	
Present value of minimum lease payments	$ 57.7	

Rental expense for noncancellable operating leases with terms over one year was $146.7 million, $106.3 million and $138.2 million for the years ended December 31, 1993, 1992 and 1991, respectively. Contingent rentals and sublease rentals were not significant.

During the fourth quarter of 1993, the Company committed to a capital lease financing for 50 new locomotives. The locomotives will be leased for a term of 21 years. The first 17 locomotives were delivered in the fourth quarter, 1993, with the remainder to be delivered in the first half of 1994. In addition, the Company committed to acquire 133 remanufactured locomotives in 1994 to be financed with a capital lease. The total present value of minimum lease payments relating to the 183 locomotives is expected to be approximately $131 million.

In 1984, the Company entered into a long-term lease agreement with the Ports of Los Angeles and Long Beach. Under the terms of the lease, the Company is obligated to make certain future minimum lease payments and is subject to additional contingent rentals which are based on the annual volume of container movement at the Intermodal Container Transfer Facility. The minimum lease payments, ranging from approximately $3.0 million to $4.5 million per year for 1994 to 1998 are included in the table above. However, for each 5-year period from 1998 through 2036, the amount of the annual minimum lease payments and contingent rentals will be determined by the Ports based on independent appraisals of the fair rental value of the property, and therefore, no amounts are included in the above table for such years. The 1993 expense was $6.5 million.

In late 1990, the Company entered into an agreement to sell up to 9,000 of its freight cars to a company which would recondition the cars and lease them back to the Company or third parties under a full-maintenance lease agreement. As of December 31, 1993, approximately 5,680 freight cars have been sold under the agreement for approximately $43 million in cash and notes receivable. The Company realized a gain of $19.3 million from these sales, which has been deferred and is being amortized over the terms of the leases. Annual rental for the reconditioned freight cars leased back to the Company under operating leases for periods up to 10 years is expected to be approximately $30.9 million in 1994. In 1993, the Company entered into a capital lease covering 1,651 freight cars with a total present value of minimum lease payments of approximately $43 million.

In 1992, the Company commenced a sale/leaseback transaction consisting of 100 locomotives which were sold to a rebuilder for their net book value of approximately $10.2 million, and were leased back (when rebuilt) under an operating lease agreement over a term of nine years.

The Company leases operating rights on track owned by other railroads and shares costs of transportation facilities and operations with other railroads. These include rights on Union Pacific lines between Kansas City and St. Louis and on Burlington Northern Railroad Company lines between Kansas City and Chicago. The Company has the right to terminate its usage with certain notice periods. Net rent expense for trackage rights was a benefit of $2.2 million in 1993, $8.7 million in 1992, and $15.0 million in 1991. The 1993 amount includes the benefit of the negotiated settlement of a joint facility case of approximately $10 million.

The Company pays for the use of transportation equipment owned by others and receives income from others for the use of its equipment. It also shares the cost of other transportation facilities with other railroads. Rental expense and income from equipment and the operation of joint facilities are included in operating expenses on a net basis. Total net equipment lease, rent and car hire expense was $326 million, $283 million and $255 million for 1993, 1992 and 1991, respectively.

10. EMPLOYEE BENEFIT AND COMPENSATION PLANS

Pension Plan. The Company is a participating employer under the SPRC Pension Plan (the "SPRC Pension Plan"). The SPRC Pension Plan is a defined benefit noncontributory pension plan covering employees not covered by a collective bargaining agreement. The SPRC Pension Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Pension benefits for normal retirement are calculated under a formula which utilizes average compensation, years of benefit service, and Railroad Retirement and Social Security pay levels. The Company's funding policy is to contribute each year an amount not less than the minimum required contribution under ERISA nor greater than the maximum tax deductible contribution. The assets of the SPRC Pension Plan consist of a variety of investments including U.S. Government and agency securities, corporate stocks and bonds and money market funds.

The following summarizes the components of SPRC's net periodic pension cost under the provisions of Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (in millions):

	Year Ended December 31		
	1993	1992	1991
Service cost—benefits covered during the year	$ 5.5	$ 4.9	$ 4.4
Interest cost on projected benefit obligation	31.2	31.5	31.5
Actual return on plan assets	(40.1)	(17.6)	(86.9)
Net amortization and deferral	7.5	(16.1)	58.3
Net periodic pension cost	$ 4.1	$ 2.7	$ 7.3

The Company's pension expenses related to its participation in the SPRC Pension Plan were $6.1 million in 1993, $6.2 million in 1992 and $7.3 million in 1991.

The following summarizes the funded status and amounts recognized in SPRC's consolidated balance sheets for the SPRC Pension Plan at December 31, 1993 and 1992 (in millions):

	December 31,	
	1993	1992
Actuarial present value of benefit obligations:		
Vested benefits	$366.0	$347.8
Non-vested benefits	7.8	4.7
Accumulated benefit obligation	$373.8	$352.5
Projected benefit obligation	420.8	405.3
Fair value of assets in plan	363.2	377.9
Projected benefit obligation in excess of plan assets	(57.6)	(27.4)
Unrecognized transition amount	(4.6)	(5.2)
Unrecognized gain or loss	20.7	4.1
Unrecognized prior service cost	4.8	5.3
Net pension liability included in SPRC's balance sheet	$(36.7)	$(23.2)

At December 31, 1993 and 1992, the Company's consolidated balance sheets included pension liabilities of $35.9 million and $29.9 million, respectively.

The following summarizes the significant assumptions used in accounting for the SPRC Pension Plan:

	December 31,		
	1993	1992	1991
Weighted average discount rate	7.25%	8.0%	8.5%
Expected rate of increase in future compensation levels	6.0%	6.0%	6.0%
Weighted average expected long-term rate of return on plan assets	9.0%	9.0%	9.0%

Thrift Plan. SPRC has established a defined contribution plan (the "SPRC Thrift Plan") as an individual account savings and investment plan for employees of SPRC who are not subject to a collective bargaining agreement. Eligible participants may contribute a percentage of their compensation and the Company also contributes using a formula based on participant contributions.

Postretirement Benefits Other Than Pensions. The Company sponsors several plans which provide health care and life insurance benefits to retirees who have met age and service requirements. The contribution rates that are paid by retirees are adjusted annually to offset increases in health care costs, if any, and fix the amounts payable by the Company. The life insurance plans provide life insurance benefits for certain retirees. The amount of life insurance is dependent upon length of service, employment dates, and several other factors, and increases in coverage beyond certain minimum levels are borne by the employee. Prior to January 1, 1993, the Company's policy was to expense and fund the cost of all retiree welfare benefits only as the benefits were payable. The Company charged to expense $21.8 million and $18.9 million in 1992 and 1991, respectively, for these benefits.

The Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1993. The effect of adopting Statement No. 106 on net income and the net periodic benefit cost (expense) for 1993 was a charge to earnings of $160.1

million (less income taxes of $61.2 million) and an increase in expense of $0.8 million, respectively. The Company's policy continues to be to fund the cost of all retiree welfare benefits only as the benefits are payable. Accordingly, there are no plan assets.

The following table summarizes the plan's accumulated postretirement benefit obligation at December 31, 1993 (in millions):

	Health Care	Life Insurance	Total
Retirees	$41.3	$107.5	$148.8
Fully eligible plan participants	9.6	6.9	16.5
Accumulated post-retirement benefit obligation	$50.9	$114.4	165.3
Unrecognized net gain (loss)			(8.7)
Plan amendment			3.7
Accrued post-retirement benefit cost included in other liabilities			$160.3

As of December 31, 1993, the current portion of accrued post-retirement benefit cost was approximately $19.9 million and the long-term portion was approximately $140.4 million.

The net periodic post-retirement benefit costs for 1993 includes the following components (in millions):

Service cost	$ 0.7
Interest cost	12.1
Net periodic post-retirement benefit cost	$12.8

For measurement purposes, the Company has not assumed an annual rate of increase in the per capita cost of covered benefits for future years, since the Company has limited its future contributions to current levels. The weighted average discount rate used in determining the benefit obligation was 7.25 percent.

1990-1994 Long Term Earnings Growth Incentive Plan and Annual Incentive Compensation Plans. Certain officers of the Company participate in the 1990-1994 Long Term Earnings Growth Incentive Plan of the Company. The 1992 and 1993 Incentive Compensation Plans covered all exempt employees of the Company. Based on the provisions of these plans, no amounts were charged to expense in 1993, 1992 or 1991.

Executive Compensation Plans. SPRC has an employment agreement with its chief executive officer ("CEO") which provides for an annual base salary and provides that, if SPRC achieves an operating ratio of 89.5% for 1994, 88.0% for 1995 or 85.0% for 1996, the CEO will receive 200,000 shares, 300,000 shares and 350,000 shares of SPRC Common Stock, respectively, as a stock bonus under SPRC's Equity Incentive Plan. If the required SPRC operating ratio for any year is not achieved, the SPRC Compensation Committee of the Board of Directors may in its discretion award a portion of such shares.

The SPRC Compensation Committee has authorized the grant of stock bonuses covering up to 1,375,000 shares of SPRC Common Stock, in the aggregate, to 27 additional key executive employees of the Company in addition to the CEO, contingent upon the attainment of certain pre-established corporate financial and individual performance objectives based on many of the same criteria as the CEO's agreement. A portion of each stock bonus grant is subject to the achievement of such corporate financial and individual performance objectives during each of 1994, 1995, 1996 and 1997.

11. RELATED PARTIES

SPRC has maintained separate accountability for the operating activities of its principal railroad subsidiaries as to the sharing of freight revenues and charges for use of railroad equipment and joint facilities. Interline accounts receivable and payable continue to be settled through the traditional clearing process between railroads. The railroads are coordinating and, where considered appropriate, consolidating the marketing, administration, transportation and maintenance operations of the railroads.

In 1992 the Company started using D&RGW's new locomotive repair facility in Denver, Colorado for major locomotive repair work. D&RGW charged the Company $33.8 in 1993 and $35.8 million in 1992 for locomotive repairs performed for the Company. In addition, D&RGW charged the Company $2.0 million, $2.4 million and $1.1 million for locomotives leased to the Company in 1993, 1992 and 1991, respectively. At December 31, 1993, the Company owed D&RGW approximately $8.4 million for such items. Commencing in 1990, the Company charges D&RGW for a portion of costs incurred relating to the marketing and administrative functions of the railroads. Such charges amounted to $16.4 million, $14.3 million and $9.5 million in 1993, 1992 and 1991, respectively.

As part of the capital and debt transactions completed in August 1993 and March 1994, the Company purchased a total of $226.6 million of D&RGW property, including the Burnham locomotive repair facility in Denver, Colorado (See Note 15).

The Company paid $6.8 million, $4.2 million and $4.1 million in 1993, 1992 and 1991, respectively, to SP Environmental Systems, Inc. ("SPES"), a wholly owned subsidiary of SPRC, for professional services regarding environmental matters, excluding services provided by third parties billed through SPES.

The Company and The Anschutz Corporation ("TAC") have engaged in a variety of transactions primarily related to administration and equipment owned and used by the companies for which amounts are billed to and from the Company and functions relating to the purchase of fuel and entering fuel futures contracts on behalf of the Company. Such transactions are based on the usage or services performed. In addition, the Company has entered into an arrangement with TAC whereby TAC administers the Company's mineral interests, including but not limited to oil and gas and hard mineral estates. The Company believes that the terms of these transactions are comparable to those that could be obtained from unaffiliated parties.

12. COMMITMENTS AND CONTINGENCIES

It is anticipated that the Company will pay dividends or make advances to SPRC in order for SPRC to make principal and interest payments relating to the $375 million 9⅜% Senior Notes due 2005. In addition, in order for the Company to meet its consolidated debt obligations and to make payments to buy-out surplus employees and make capital expenditures expected to be required, the Company must improve operating results and sell property, real estate and other assets with substantial values that are not necessary to its transportation operations.

The various debt agreements of the Company contain restrictions as to payment of dividends to SPRC. The Company is permitted to make advances or dividends to its parent in order for certain specified interest to be paid by its parent.

On November 4, 1993 the Company and Integrated Systems Solutions Corporation ("ISSC"), a subsidiary of IBM, entered into a ten-year agreement under which ISSC will handle all of the Company's management information services ("MIS") functions. These include systems operations, application

development and implementation of a disaster recovery plan. Pursuant to the agreement, the Company is obligated to pay annual base charges of between $45 million and $50 million (which covers, among other things, payments for MIS equipment) over a ten year period, subject to adjustments for cost of living increases and variations in the levels of service provided under the agreement.

Inherent in the operations of the transportation and real estate business is the possibility that there may exist environmental conditions as a result of current and past operations which might be in violation of various federal and state laws relating to the protection of the environment. In certain instances, the Company has received notices of asserted violation of such laws and regulations and has taken or plans to take steps to address the problems cited or to contest the allegations of violation. The Company has recorded reserves to provide for environmental costs on certain operating and non-operating properties as a result of past operations. Environmental costs include site remediation and restoration on a site-by-site basis as well as costs for initial site surveys and environmental studies of potentially contaminated sites. The Company has made and will continue to make substantial expenditures relating to environmental conditions on its properties, including properties held for sale. In assessing its potential environmental liabilities, the Company typically causes ongoing examinations of newly identified sites and evaluations of existing clean-up efforts to be performed by environmental engineers. These assessments, which usually consider a combination of factors such as the engineering reports, site visits, area investigations and other steps, are reviewed periodically by counsel. Due to uncertainties as to various issues such as the required level of remediation and the extent of participation in clean-up efforts by others, the Company's total clean-up costs for environmental matters cannot be predicted with certainty. The Company has accrued reserves for environmental matters with respect to operating and non-operating properties not held for sale, as well as certain properties previously sold, based on the costs estimated to be incurred when such estimated amounts (or at least a minimum amount) can be reasonably determined based on information available. During the years ended December 31, 1993, 1992 and 1991, the Company recognized expenses of $10.5 million, $5.0 million and $74.0 million, respectively, related to environmental matters. At December 31, 1993 and 1992, the Company had accrued reserves for environmental contingencies of $58.8 million and $67.8 million, respectively, which includes $13.6 million and $15.8 million, respectively, in current liabilities. These reserves relate to estimated liabilities for operating and non-operating properties not held for sale and certain properties previously sold, and were exclusive of any significant future recoveries from insurance carriers. Based on the Company's assessments described above, other available information and the amounts of the Company's established reserves, management does not believe that disposition of environmental matters known to the Company will have a material adverse effect on the Company's financial position. However, there can be no assurance that material liabilities or costs related to environmental matters will not be incurred in the future.

A substantial portion of the Company's railroad employees are covered by collective bargaining agreements with national railway labor organizations that are organized along craft lines. These agreements are generally negotiated on a multi-employer basis, with the railroad industry represented by a bargaining committee. The culmination of various Presidential and legislative events in 1992 resulted in the Company negotiating most of its labor agreements separately. Certain of the completed agreements allowed the Company not to make lump sum payments previously accrued and to incur smaller wage increases in the future than other railroads. A substantial number of the labor agreements expire in 1995.

As a condition to its approval of the consolidation of Union Pacific, Missouri Pacific Railroad Company ("MP") and Western Pacific Railroad Company in 1982, the ICC awarded SSW trackage rights to operate over the MP lines between Kansas City and St. Louis. The ICC's initial decision did not fix the compensation SSW would pay for the trackage rights, which commenced in January 1983. After a series of hearings, the ICC set forth new principles to govern the computation of charges. Union Pacific has asserted a claim for

additional amounts due against the Company of approximately $60 million (including interest) as of December 31, 1993 and has filed a collection action in Federal District Court. SPT has contested the amounts claimed for various reasons. Union Pacific has requested the District Court to reconsider and set aside its decision. Whether or not the Company's position is sustained, the amount owed Union Pacific will be substantial. Management has made provision that it believes to be adequate for this matter in current liabilities in its financial statements.

In July 1991, a derailment near Dunsmuir, California, occurred. While certain litigation continues and the total amount of damages and related costs cannot be determined at this time, SPT is insured against most types of damages and related costs involved with the Dunsmuir derailment to the extent that they exceed $10 million. As of December 31, 1993, SPT had paid approximately $44.7 million related to the Dunsmuir derailment, of which $12 million was charged to expense primarily to cover the $10 million deductible. The balance has been or is in the process of being collected from insurance carriers. As of December 31, 1993, approximately $24.9 million had been recovered by SPT from insurers. SPT expects to recover substantially all additional damages and costs under its insurance policies. As a result, disposition of these matters is not expected to have a material adverse effect on the Company's financial condition.

Although the Company has purchased insurance, the Company has retained certain risks with respect to losses for third-party liability and property claims. In addition, various claims, lawsuits and contingent liabilities are pending against the Company. Management has made provisions for these matters which it believes to be adequate. As a result, the ultimate disposition of these matters is not expected to have a material adverse effect on the Company's consolidated financial position.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the years ended December 31, 1993, 1992, and 1991 is as follows (in millions):

	December 31,		
	1993	1992	1991
Cash payments (refunds):			
Interest	$72.3	$76.3	$93.2
Income taxes	—	—	0.6
Noncash transactions:			
Sale of real estate for a note receivable	—	—	124.0
Purchase of locomotives	—	—	69.8
Capital lease obligations for railroad equipment	57.0	—	—

14. QUARTERLY DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(in millions)		
1993				
Operating revenues	$593.7	$652.1	$659.9	$ 645.0
Operating income (loss)	(11.3)	15.3	(44.1)	(13.8)
Other income (expense)	1.1	0.2	(16.7)	2 4
Net income (loss) (a)	(118.7)	(6.5)	(72.6)	(7.0)
1992				
Operating revenues	$624.4	$651.6	$628.9	$ 618.9
Operating income (loss)	(25.3)	4.4	2.6	(6.4)
Other income (expense)	119.6	17.0	20.6	134.9
Net income (loss)	46.1	—	.6	62.8

(a) First quarter 1993 data includes an extraordinary charge of $98.9 million (net of taxes) for the change in accounting for postretirement benefits other than pensions.

15. CAPITAL AND DEBT TRANSACTIONS

On August 17, 1993 SPRC closed the offering and sale of 30,783,750 shares of common stock and issued and sold $375 million principal amount of 9⅜ percent Senior Notes due 2005.

In connection with the foregoing transactions, the Company issued 200 shares of common stock for total consideration of $445.5 million from SPRC. The proceeds from this transaction were used to repay $169 million outstanding under the SPT Term Loan, to purchase $107.7 million of D&RGW property including principally the Burnham locomotive repair facility and certain non-operating properties, to purchase for $99.1 million equipment operated pursuant to operating leases, to pay fees and expenses of $3.8 million and for general corporate purposes. In addition, as part of the foregoing transactions, the Company entered into a $200 million three-year unsecured Credit Agreement replacing its then existing secured bank credit facility.

On March 2, 1994, SPRC closed an offering of 25,000,000 shares of common stock. In connection with this transaction, the Company issued 150 shares of common stock for consideration of $294.5 million from SPRC. The proceeds were used to repay the $175 million then outstanding balance on the Credit Agreement and to purchase $118.9 million of D&RGW rail properties. The proceeds of the purchase from D&RGW were used to repay the amounts outstanding under the RGH credit facilities.

16. SUPPLEMENTAL CONDENSED COMBINING FINANCIAL INFORMATION

The following presents supplemental condensed combining financial information (in millions).

Supplemental Condensed Combining Balance Sheets—December 31, 1993

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Current assets	$ 190.2	$ 34.7	$ 31.0	$ —	$ 255.9
Advances to parent/Investment in subsidiaries	36.8	445.3	—	(482.1)	—
Property, net	3,860.3	553.3	77.7	—	4,491.3
Other assets and deferred charges	142.5	42.4	5.1	—	190.0
Total assets	$4,229.8	$1,075.7	$113.8	$(482.1)	$4,937.2
Current liabilities	$ 588.6	$ 201.3	$ 35.9	$ —	$ 825.8
Long-term debt	705.8	171.6	38.9	—	916.3
Deferred income taxes	757.1	82.4	(1.8)	—	837.7
Other liabilities	507.4	240.3	26.1	(131.5)	642.3
Redeemable preference shares	—	44.2	—	—	44.2
Stockholder's equity	1,670.9	335.9	14.7	(350.6)	1,670.9
Total liabilities and stockholder's equity	$4,229.8	$1,075.7	$113.8	$(482.1)	$4,937.2

Supplemental Condensed Combining Balance Sheets—December 31, 1992

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Current assets	$ 186.9	$ 42.9	$27.6	$ —	$ 257.4
Advances to parent/Investment in subsidiaries	250.0	147.4	(19.5)	(377.9)	—
Property, net	3,423.6	782.4	54.8	—	4,260.8
Other assets and deferred charges	136.4	33.7	9.4	—	179.5
Total assets	$3,996.9	$1,006.4	$72.3	$(377.9)	$4,697.7
Current liabilities	$ 787.5	$ 187.9	$26.9	$ —	$1,002.3
Long-term debt	529.2	188.2	38.2	—	755.6
Deferred income taxes	838.8	98.8	0.5	—	938.1
Other liabilities	401.1	113.9	0.4	—	515.4
Redeemable preference shares	—	46.0	—	—	46.0
Stockholder's equity	1,440.3	371.6	6.3	(377.9)	1,440.3
Total liabilities and stockholder's equity	$3,996.9	$1,006.4	$72.3	$(377.9)	$4,697.7

SOUTHERN PACIFIC TRANSPORTATION COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Supplemental Condensed Combining Statements of Operations—Year Ended December 31, 1993

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Operating revenues	$1,980.8	$413.7	$156.2	$—	$2,550.7
Operating expenses	2,007.8	430.5	166.3	—	2,604.6
Operating income (loss)	(27.0)	(16.8)	(10.1)	—	(53.9)
Other income (expense)	21.0	(1.1)	(0.4)	(10.9)	8.6
Interest expense	82.3	26.2	3.9	(10.9)	101.5
Loss before income taxes and before change in accounting	(88.3)	(44.1)	(14.4)	—	(146.8)
Income taxes (benefit)	(28.3)	(14.4)	1.8	—	(40.9)
Net loss before change in accounting	(60.0)	(29.7)	(16.2)	—	(105.9)
Cumulative effect on years' prior to 1993 of change in accounting for post-retirement benefits other than pensions	(84.9)	(6.0)	(8.0)	—	(98.9)
Net loss	$ (144.9)	$ (35.7)	$ (24.2)	$—	$ (204.8)

Supplemental Condensed Combining Statements of Operations—Year Ended December 31, 1992

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Operating revenues	$1,977.3	$407.2	$139.3	$—	$2,523.8
Operating expenses	2,011.5	395.6	141.4	—	2,548.5
Operating income (loss)	(34.2)	11.6	(2.1)	—	(24.7)
Other income (expense)	299.2	1.0	0.4	(8.5)	292.1
Interest expense	67.8	27.9	2.0	(8.5)	89.2
Income (loss) before income taxes	197.2	(15.3)	(3.7)	—	178.2
Income taxes (benefit)	73.3	(4.6)	—	—	68.7
Net income (loss)	$ 123.9	$ (10.7)	$ (3.7)	$—	$ 109.5

Supplemental Condensed Combining Statements of Operations—Year Ended December 31, 1991

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Operating revenues	$1,964.2	$384.4	$96.4	$ —	$2,445.0
Operating expenses	2,242.1	459.9	90.7	—	2,792.7
Operating income (loss)	(277.9)	(75.5)	5.7	—	(347.7)
Other income (expense)	444.1	20.2	(4.7)	(14.1)	445.5
Interest expense	81.1	24.3	2.5	(14.1)	93.8
Income (loss) before income taxes	85.1	(79.6)	(1.5)	—	4.0
Income taxes (benefit)	29.2	(27.1)	0.4	—	2.5
Net income (loss)	$ 55.9	$ (52.5)	$ (1.9)	$ —	$ 1.5

SOUTHERN PACIFIC TRANSPORTATION COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Concluded)

Supplemental Condensed Combining Statements of Cash Flows—Year Ended December 31, 1993

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Cash Flows From Operating Activities	$ (63.2)	$ 1.3	$ (8.6)	—	$ (70.5)
Cash Flows From Investing Activities	(340.1)	(25.0)	(14.1)	—	(379.2)
Cash Flows From Financing Activities	396.5	17.1	22.6	—	436.2
Net Change In Cash and Cash Equivalents	(6.8)	(6.6)	(0.1)	—	(13.5)
Cash and Cash Equivalents—Beginning of Year	39.4	8.0	(2.0)	—	45.4
Cash and Cash Equivalents—End of Year	$ 32.6	$ 1.4	$ (2.1)	—	$ 31.9

Supplemental Condensed Combining Statements of Cash Flows—Year Ended December 31, 1992

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Cash Flows From Operating Activities	$ 79.1	$ 35.5	$ 11.8	—	$126.4
Cash Flows From Investing Activities	(15.9)	(6.0)	(2.8)	—	(24.7)
Cash Flows From Financing Activities	(52.4)	(21.5)	(11.0)	—	(84.9)
Net Change In Cash and Cash Equivalents	10.8	8.0	(2.0)	—	16.8
Cash and Cash Equivalents—Beginning of Year	28.6	—	—	—	28.6
Cash and Cash Equivalents—End of Year	$ 39.4	$ 8.0	$ (2.0)	—	$ 45.4

Supplemental Condensed Combining Statements of Cash Flows—Year Ended December 31, 1991

	SPT Issuer	SSW Guarantor	Non Guarantors	Adjustments Eliminations	Company Consolidated
Cash Flows From Operating Activities	$ (37.7)	$ 7.6	$ (5.9)	—	$ (36.0)
Cash Flows From Investing Activities	269.9	(1.2)	(22.2)	—	246.5
Cash Flows From Financing Activities	(271.5)	(6.4)	27.5	—	(250.4)
Net Change In Cash and Cash Equivalents	(39.3)	—	(0.6)	—	(39.9)
Cash and Cash Equivalents—Beginning of Year	67.9	—	0.6	—	68.5
Cash and Cash Equivalents—End of Year	$ 28.6	—	$ —	—	$ 28.6

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE V. PROPERTY AND EQUIPMENT

	Balance at Beginning of Year	Additions (at cost)	Retirements	Other Changes	Balance at End of Year
			(in millions)		
Year Ended December 31, 1993					
Roadway and structures	$5,298.8	$267.7	$ (69.6)	$ —	$5,496.9
Railroad equipment	1,556.1	96.1	(97.0)	57.0(a)	1,612.2
Other property	123.1	52.6	(1.4)	—	174.3
Total	$6,978.0	$416.4	$(168.0)	$ 57.0	$7,283.4
Year Ended December 31, 1992					
Roadway and structures	$5,120.1	$237.2	$ (58.5)	$ —	$5,298.8
Railroad equipment	1,690.3	71.6	(136.1)	(69.7)(b)	1,556.1
Other property	140.9	19.4	(37.2)	—	123.1
Total	$6,951.3	$328.2	$(231.8)	$(69.7)	$6,978.0
Year Ended December 31, 1991					
Roadway and structures	$5,018.4	$207.2	$(148.7)	$ 43.2(c)	$5,120.1
Railroad equipment	1,650.2	47.6	(77.2)	69.7(b)	1,690.3
Other property	123.0	22.8	(4.9)	—	140.9
Total	$6,791.6	$277.6	$(230.8)	$ 112.9	$6,951.3

(a) Equipment acquired under capitalized lease agreement.
(b) Locomotives delivered in 1991 and paid for in 1992.
(c) Property acquired in connection with the acquisition of SPCSL.

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE VI. ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

	Balance at Beginning of Year	Additions Charged to Expense	Retirements (net of salvage)	Other Changes	Balance at End of Year
			(in millions)		
Year Ended December 31, 1993					
Roadway and structures	$1,881.4	$159.1	$ (74.1)	$ —	$1,966.4
Railroad equipment	815.7	67.6	(78.6)	—	804.7
Other property	20.1	1.5	(0.6)	—	21.0
Total	$2,717.2	$228.2	$(153.3)	$ —	$2,792.1
Year Ended December 31, 1992					
Roadway and structures	$1,799.0	$152.2	$ (69.8)	$ —	$1,881.4
Railroad equipment	855.3	72.2	(111.8)	—	815.7
Other property	26.0	2.8	(8.7)	—	20.1
Total	$2,680.3	$227.2	$(190.3)	$ —	$2,717.2
Year Ended December 31, 1991					
Roadway and structures	$1,718.8	$154.8	$(128.3)	$53.7(a)	$1,799.0
Railroad equipment	840.9	71.5	(57.1)	—	855.3
Other property	21.3	5.2	(0.5)	—	26.0
Total	$2,581.0	$231.5	$(185.9)	$53.7	$2,680.3

(a) Amount reserved for 1,200 miles of low density rail lines identified for sale or abandonment as part of the 1991 Special Charge.

SOUTHERN PACIFIC TRANSPORTATION COMPANY AND SUBSIDIARY COMPANIES

SCHEDULE VIII. VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	Balance at Beginning of Year	Charged to Expense	Deductions	Balance at End of Year
		(in millions)		
Year Ended December 31, 1993				
Casualty and other claims	$440.4	$143.0	$165.4	$418.0
Post-retirement benefit obligation	—	172.6	12.0	160.6
Employee separation and relocation and other	112.5	—	54.7	57.8
Total	$552.9	$315.6	$232.1	$636.4
Year Ended December 31, 1992				
Casualty and other claims	$459.0	$133.3	$151.9	$440.4
Employee separation and relocation and other	184.7	—	72.2	112.5
Total	$643.7	$133.3	$224.1	$552.9
Year Ended December 31, 1991				
Casualty and other claims	$412.9	$223.0	$176.9	$459.0
Employee separation and relocation and other	66.2	125.0	6.5	184.7
Total	$479.1	$348.0	$183.4	$643.7

SOUTHERN PACIFIC RAIL CORPORATION
AND SUBSIDIARY COMPANIES

SCHEDULE X. SUPPLEMENTARY INCOME STATEMENT INFORMATION

	Charged to Costs and Expenses		
	1993	1992	1991
		(in millions)	
Maintenance and repairs	$526.6	$573.4	$581.7
Taxes other than payroll and income taxes:			
Real estate and personal property	11.3	28.4	23.2
Sales and other	40.6	39.3	33.1

Name	Policy Nos.	Dates

SOUTHERN PACIFIC TRANSPORTATION COMPANY

INSURANCE COMPANIES

Name	Policy Nos.	Dates
Allianz Underwriters Insurance Company P.O. Box 54897 Terminal Annex Los Angeles, California 90054		
	AUX5200291	03/05/81-03/05/82
	AUX5200810	03/31/82-03/31/83
	AUX5200819	05/11/82-03/31/83
	AUX5200681	03/31/83-03/31/84
American Casualty Company of Reading, Pennsylvania CNA Plaza Chicago, Illinois 60685		
	0460157	06/01/60-07/20/61
	0460158	06/01/60-07/20/61
American Home Assurance Company 70 Pine Street New York, New York 10270 or American Home Insurance Co. 50 South Clinton Street East Orange, New Jersey 07018		
	TT4198995	07/01/68-07/25/68
	IF4462727	07/01/68-07/25/69
	IF4462757	07/25/68-07/25/69
	CE355869	07/25/69-07/25/70
	CE355759	07/25/69-07/25/70
	CE357137	07/25/70-07/25/71
	CE357135	07/25/70-07/25/71
	CE2691955	07/25/71-07/25/72
	CE2691956	07/25/71-07/25/72
	CE2691524	07/25/72-07/25/73
	CE2691523	07/25/72-07/25/73
	CE3381694	07/25/73-07/25/74
	CE3381696	07/25/73-07/25/74
American Reinsurance Company American Re Plaza 555 College Road East Princeton, New Jersey 08540		
	8822-0002	06/01/60-07/20/61
	8822-0001	06/01/60-07/20/61
	C0094161	07/01/67-07/01/68

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Name	Policy Nos.	Dates
	0095933	07/01/68-07/25/68
	C0095756	07/01/68-07/25/69
	C0095944	07/25/68-07/25/69
	C0095760	07/25/68-07/25/69
	C0096401	07/25/69-07/25/70
	C0096644	07/25/70-07/25/71
	C0096655	07/25/70-07/25/71
California Union Insurance Company 3700 Wilshire Boulevard Los Angeles, California 90010 Mailing Address: California Union Insurance Company 1600 Arch Street Philadelphia, Pennsylvania 19103		
	ZCV004561	12/14/77-11/09/78
	ZCV004764	11/09/78-12/31/79
	ZCV004765	11/09/78-12/31/79
	ZCV004763	11/09/78-12/31/79
	ZCV004766	11/09/78-12/31/79
	ZCV005058	03/01/80-03/01/81
	ZCV005735	03/31/81-03/31/82
	ZCV006137	03/31/82-03/31/83
	ZCV006433	03/31/83-03/31/84
	ZCV006545	03/31/83-03/31/84
Continental Casualty Company CNA Plaza Chicago, Illinois 60685		
	RD9972575	06/01/60-07/20/61
	RD9433868	07/01/67-07/01/68
	RD9433911	07/01/68-07/25/68
	RD9433908	07/25/68-07/25/69
The Continental Insurance Company 9 Capital Street Concord, New Hampshire 03301 Mailing Address: The Continental Insurance Company 180 Maiden Lane New York, New York 10038		
	LX6332083	07/25/69-07/25/70
	LX1216535	07/25/70-07/25/71
	LX1217499	07/25/71-07/25/72
	LX2618406	07/25/72-07/25/73

Name	Policy Nos.	Dates
Employers Insurance of Wausau 2000 Westwood Drive Wausau, Wisconsin 54401 Mailing Address: P.O. Box 8020 Wausau, Wisconsin 54402-8020		
	573400100367	03/31/83-03/31/84
Employers Surplus Lines Insurance Company (Falcon Insurance Company) now known as C.E. Health Compensation and Liability Insurance Company 577 Airport Boulevard, Suite 540 Burlingame, California 94010		
	S10441	06/01/60-07/20/61
	E60931	07/25/69-07/25/70
	S60930	07/25/69-07/25/70
	E60687	07/25/70-07/25/71
	E60686	07/25/70-07/25/71
Federal Insurance Company 15 Mountain View Road P.O. Box 1615 Warren, New Jersey 07061-1615		
	CPM36792	06/01/60-07/20/61
	CPM36793	06/01/60-07/20/61
	CPM36791	06/01/60-07/20/61
	77378575	07/01/68-07/25/69
	77378659	07/25/69-07/25/70
	79220209	07/25/72-07/25/73
	77770832	07/25/73-07/25/74
	7933-1828	11/09/78-12/31/79
	79280518	03/05/81-03/31/82
	(83)79280518	03/31/82-03/31/83
	(84)79280518	03/31/83-03/31/84
Fireman's Fund Insurance Company Environmental Claims Facility 1330 B Redwood Way Petaluma, California 94954		
	XL96718	09/21/67-07/25/68
	XL97810	07/01/68-02/14/69
	XL97808	07/01/68-07/25/68
	XLX1026748	07/25/68-07/25/69
	XL97808	07/25/68-07/25/69
	XLX1372709	03/05/81-03/31/84

Name	Policy Nos.	Dates
General Reinsurance Corporation 695 East Main Street P.O. Box 10350 Stamford, Connecticut 06904-2350		
	X2961	06/01/60-07/20/61
	X2959	06/01/60-07/20/61
	X2960	06/01/60-07/20/61
	Cover Note	07/01/68-07/25/68
	X4362	07/25/68-07/25/69
	X4553	07/25/69-07/25/70
	X4552	07/25/69-07/25/70
	X4651	07/25/70-07/25/71
	X4650	07/25/70-07/25/71
Glacier General Ins. Assurance Co. Claims Department P.O. Box 4026 Missoula, Montana 59806		
	RIA559	07/25/69-07/25/70
Granite State Insurance Company 1750 Elm Street P.O. Box 960 Manchester, New Hampshire 03107		
	6180-2588	03/01/80-03/31/81
	6181-2989	03/31/81-03/31/31
Great American 580 Walnut Street P.O. Box 2575 Cinncinati, Ohio 45201-2575		
	ML848	07/01/68-07/25/68
Harbor Insurance Company 4201 Wilshire Boulevard Los Angeles, California 90010		
	106576	07/01/68-07/25/69
	11288	07/25/71-07/25/72
	113091	07/25/72-07/25/73
	116563	07/25/73-07/25/74
	119773	07/25/74-07/25/75
	120947	09/23/74-09/23/75
	119512	07/25/74-11/09/74
	119772	07/25/74-11/09/74
	120946	11/09/74-11/09/75
	126388	07/25/75-07/25/76
	126389	09/23/75-09/23/76
	126390	09/23/75-09/23/76
	126422	09/23/75-09/23/76
	126840	11/09/75-11/09/76

Name	Policy Nos.	Dates
	129666	07/25/76-11/09/77
	129665	07/25/76-11/09/77
	129667	07/25/76-11/09/77
	129629	09/23/76-11/09/77
	129630	09/23/76-11/09/77
	129631	09/23/76-11/09/77
	129482	11/09/76-11/09/77
	133371	11/09/77-11/09/78
	133372	11/09/77-11/09/78
	133370	11/09/77-11/09/78
	133373	11/09/77-11/09/78
	134121	11/09/77-11/09/78
	136223	11/09/78-12/31/79
	136224	11/09/78-12/31/79
	136225	11/09/78-12/31/79
	136226	11/09/78-12/31/79
	136222	11/09/78-12/31/79
	HI145800	03/01/80-03/31/81
The Home Insurance Company 59 Maiden Lane New York, New York 10038		
	HEC9557939	07/01/67-07/01/68
	HEC9558040	09/01/67-07/25/68
	HEC9304505	07/01/68-07/25/68
	HEC9558679	07/25/68-07/25/69
	HEC9558679	07/25/68-07/25/69
	HEC9791039	07/25/69-07/25/70
	HEC9791884	07/25/70-07/25/71
	HEC9920068	07/25/71-07/25/72
	HEC4356371	07/25/72-07/25/73
	HEC4357036	07/25/73-07/25/74
The Insurance Company of Florida 4500 North State Road 7 Ft. Lauderdale, Florida 33319 Mailing Address The Insurance Company of Florida c/o Central National Insurance Company 105 South 17th Street Omaha, Nebraska 68102		
	FXX102003	03/31/81-03/31/83
Insurance Company of North America 1600 Arch Street Philadelphia, Pennsylvania 19103		
	XCP144686	05/11/82-03/31/83
	XCP145538	03/31/83-03/31/84

Name	Policy Nos.	Dates
The Insurance Company of the State of Pennsylvania 70 Pine Street New York, New York 10270		
	4177-7655	03/01/76-11/09/77
	4177-7656	09/23/76-11/09/77
	4177-8430	11/09/77-11/09/78
INSCO, Limited		
	2/0230FC	11/09/77-11/09/78
	2/0231FC	11/09/77-11/07/78
International Surplus Lines Insurance Company 200 South Wacker Drive Chicago, Illinois 60606 Mailing Address International Surplus Lines c/o Crum & Forster Corporation 40 Technology Drive Warren, New Jersey 07060		
	XI1013	07/25/71-07/25/72
	XSI1014	07/25/71-07/25/72
	XSI1311	07/25/72-07/25/73
	XSI1312	07/25/72-07/25/73
	XSI1754	07/25/73-07/25/74
	XSI1755	07/25/73-07/25/74
	XSI2068	07/25/74-07/25/75
	RR2200	12/31/79-03/31/81
	RR2201	12/31/79-03/31/81
	RR2202	12/31/79-03/31/81
	RR2300	03/31/81-03/31/82
	RR2302	03/31/81-03/31/82
	RR2301	03/31/81-03/31/82
	RR2400	03/31/82-03/31/83
	RR2402	03/31/82-03/31/83
	RR2401	03/31/82-03/31/83
	RR2470	03/31/83-03/31/84
	RR2471	03/31/83-03/31/84
	RR2472	03/31/83-03/31/84
Landmark Insurance Company 3699 Wilshire Boulevard Los Angeles, California 90010 Mailing Address Landmark Insurance Company 200 State Street Boston, Massachusetts 02109		
	FE4000098	11/09/78-12/31/79

Name	Policy Nos.	Dates
	516013	06/01/61-07/20/61
	516015/6	06/01/61-07/20/61
	516673	07/20/61-07/20/62
	516674/5	07/20/61-07/20/62
	518545	07/20/62-07/20/63
	518546/7	07/20/62-07/20/63
	521037	07/20/63-01/01/65
	521038	07/20/63-01/01/65
	521040	07/20/63-01/01/65
	526350	01/01/65-01/01/66
	526151	01/01/65-01/01/66
	526349	01/01/65-01/01/66
	531615	12/23/65-07/01/67
	531614	01/01/66-07/01/67
	539365/6	07/01/67-07/01/68
	539367	07/01/67-07/01/68
	540018	09/01/67-07/25/68
	543345	07/01/68-07/25/68
	543348	07/01/68-07/25/68
	543345/6	07/01/68-07/25/69
	543344	07/01/68-07/25/69
	543347/8	07/25/68-07/25/69
	546765	07/25/69-07/25/70
	546773	07/25/69-07/25/70
	546774	07/25/69-07/25/70
	548819	07/25/70-07/25/71
	548820	07/25/70-07/25/71
	548821	07/25/70-07/25/71
	UC0394	07/25/71-07/25/72
	UC0395	07/25/71-07/25/72
	UC0396	07/25/71-07/25/72
	UD0434	07/25/72-07/25/73
	UD0435	07/25/72-07/25/73
	UD0436	07/25/72-07/25/73
	UE0284	07/25/73-07/25/74
	UE0286	07/25/73-07/25/74
	UFR1017	07/25/74-07/25/75
	53408	09/23/74-09/23/75
	UFR1015	07/25/74-11/09/74
	UFR1016	07/25/74-11/09/74
	UFR1738	11/09/74-11/09/75
	UGR1165	07/25/75-07/25/76
	UGR1168	09/23/75-09/23/76
	UGR1170	09/23/75-09/23/76
	UGR1171	09/23/75-09/23/76
	UGR1164	11/09/75-11/09/76
	UHR1208	07/25/76-11/09/77
	UHR1209	07/25/76-11/09/77
	UHR1252/3	09/23/76-11/09/77
	UHR1254	09/23/76-11/09/77
	UHR1256/7	09/23/76-11/09/77
	UHR1251	11/09/76-11/09/77
	UJR1521	11/09/77-11/09/78
	UJR1522	11/09/77-11/09/78

Name	Policy Nos.	Dates
Lexington Insurance Company 200 State Street Boston, Massachusetts 02109		
	5540247FR	12/31/79-03/31/81
	5540248FR	12/31/79-03/31/81
	5540246FR	12/31/79-03/31/81
	Unknown	03/31/81-03/31/82
	Unknown	03/31/81-03/31/82
London Market Insurers (including Certain London Market Insurance Companies and Certain Underwriters at Lloyd's, London) c/o Walton Smith, Esq. Lord Bissell & Brook One Atlantic Center, Suite 3700 1201 West Peachtree Street Atlanta, Georgia 30309		
	104199	12/01/42-12/01/45
	136165	06/01/48-06/01/49
	136164	06/01/48-06/01/49
	142364	06/01/49-06/01/50
	142365	06/01/49-06/01/50
	149364	06/01/50-06/01/51
	149365	06/01/50-06/01/51
	149363	06/01/50-06/01/51
	158751	06/01/51-06/01/52
	158752	06/01/51-06/01/52
	158753	06/01/51-06/01/52
	460681	10/26/51-10/26/52
	466022	06/01/52-06/01/53
	466021	06/01/52-06/01/53
	466020	06/01/52-06/01/53
	467016	10/26/52-10/26/53
	473419	06/01/53-06/01/54
	473420	06/01/53-06/01/54
	473421/2/3/4	06/01/53-06/01/54
	483530	06/01/54-06/01/55
	483531	06/01/54-06/01/55
	483532/3	06/01/54-06/01/55
	494236	06/01/55-06/01/56
	494237	06/01/55-06/01/56
	494238	06/01/55-06/01/56
	499102	03/01/56-06/01/57
	499099	06/01/56-06/01/57
	499100	06/01/56-06/01/57
	499101	06/01/56-06/01/57
	502549	06/01/57-07/01/58
	502548	06/01/57-07/01/58
	513867	06/01/60-06/01/61
	513868	06/01/60-06/01/61
	513870/1	06/01/60-06/01/61
	516012	06/01/61-07/20/61

Name	Policy Nos.	Dates
	UJR1523	11/09/77-11/09/78
	UJR1524	11/09/77-11/09/78
	UJR1526	11/09/77-11/09/78
	UKR1538	11/09/78-12/31/79
	UKR1539	11/09/78-12/31/79
	UKR1540	11/09/78-12/31/79
	UKR1541	11/09/78-12/31/79
	UKR1542	11/09/78-12/31/79
	UMR0240	03/01/80-03/31/81
	UNR0121	03/05/81-03/31/82
	UNR0192	03/31/81-03/31/82
	551-UPR0140	03/31/82-03/31/83
	551-UPR0225	05/11/82-03/31/83
	551-UPR0141	03/31/82-05/11/82
	551UQR0100	03/31/83-03/31/84
	551UQR0101	03/31/83-03/31/84
Lumbermen's Mutual Casualty Company 1 Kemper Drive Long Grove, Illinois 60049		
	8TB001245	07/01/68-07/25/68
	8TB001245P	07/25/68-07/25/69
Midland Insurance Company 160 Water Street New York, New York 10038		
	1117170114731	07/25/73 - 07/25/74
	XL724829	03/31/83 - 03/31/84
Mutual Fire INSOLVENT		
	15286	07/25/68-07/25/69
	R-5057	07/25/69-07/25/70
National Union Fire Insurance Company of Pittsburgh, Pennsylvania 70 Pine Street New York, New York 10270		
	10-11-70	07/01/68-07/25/68
	101170	07/25/68-07/25/69
Nationwide Mutual Insurance Company One Nationwide Plaza Columbus, Ohio 43216		
	C11268	07/25/68-07/25/69
	11361	07/25/72-07/25/73
	C11268	09/01/67-07/25/68
	C-011360	07/25/69-07/25/70
	C11361	07/29/69-07/25/70

Name	Policy Nos.	Dates
	C11360	07/25/70-07/25/71
	C11361	07/25/70-07/25/71
	C11361	07/25/71-07/25/72
	11361	07/25/73-07/25/74
Northbrook Property and Casualty Insurance Company Allstate Commercial Plaza South Berrington, Illinois 60010 Mailing Address Allstate Plaza Northbrook, Illinois 60062		
	63-006-343	12/31/79-03/31/81
	63-007-838	03/31/81-03/31/82
	63008648	03/31/82-03/31/83
Pacific Indemnity Company 15 Mountain View Road P.O. Box 1615 Warren, New Jersey 07061-1615		
	XLAC184200	07/25/68-07/25/69
Reserve INSOLVENT		
	1019	07/01/68-07/25/68
	XEL000103	07/25/68-07/25/69
	XEL005160	07/25/69-07/25/70
Royal Insurance Company of America Meridian Business Campus 495 North Commons Drive Aurora, Illinois 60504 Mailing Address Royal Insurance Company of America 9300 Arrow Point Boulevard Charlotte, North Carolina 28217-5599		
	WKF766032	07/01/69-07/25/69
Southern American Insurance Company 1450 East 300 North Provo, Utah 84601		
	XG860035	11/09/78-12/31/79
	XX800109	11/09/78-12/31/79
	XX800272	03/01/80-03/01/81

Name	Policy Nos.	Dates
The Travelers Indemnity Company One Tower Square Hartford, Connecticut 06183		
	TM1307246	07/01/67-07/01/68
	1115	07/01/68-07/25/68
	M1650703	07/25/68-07/25/69
	M165078	07/25/68-07/25/69
Transportation Mutual Ins. Co. 226 Walnut Street Philadelphia, PA 19106		
	18721A	06/01/58-06/01/60
	18721B	06/01/58-06/01/60
	0-4938	06/01/60-07/20/61
	0-4939	06/01/60-07/20/61
	0-4939	06/01/60-07/20/62
	SPF799	07/20/61-07/20/62
	SPF842	07/20/61-07/20/63
	SPF873	07/20/63-01/01/65
	SPF917	01/01/65-01/01/66
	SPF945	01/01/66-07/01/67
	A5-8042	07/01/68-07/25/68
	S8041	07/01/68-07/25/69
	S8042	07/25/68-07/25/69
	S8073	07/25/69-07/25/69
	S8092	07/25/69-07/25/71
	S8118	07/25/71-07/25/72
	S8154	07/25/76-11/09/77
	S8164	11/09/77-11/09/78
	S8177	11/09/78-12/31/79
	S8178	11/09/78-12/31/79

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF FEBRUARY, A.D. 1969, AT 11:55 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352977

DATE: 12-27-94

0703228 8100

944255253

CERTIFICATE OF INCORPORATION

OF

SOUTHERN PACIFIC TRANSPORTATION COMPANY

FIRST: The name of the corporation is SOUTHERN PACIFIC TRANSPORTATION COMPANY.

SECOND: The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business and the objects and purposes to be transacted, promoted and carried on are (subject to the limitations contained in Article Fourth hereof):

1. To take over all of the business, assets, franchises and property, of every kind and character, real, personal and mixed, and wheresoever situated, of Southern Pacific Company, a corporation organized and existing under the laws of the State of Delaware, to assume any or all of the obligations or liabilities of said Southern Pacific Company, and to conduct any business heretofore conducted by said Southern Pacific Company;

2. To do a general transportation business; to transport, carry, haul, distribute, deliver and handle passengers, freight, baggage, mail, express, goods, wares, merchandise and other property of every kind and nature, by railroad, steamship, airplane, truck, bus, pipeline and other means of transportation or by any thereof;

3. To purchase, construct, establish, lease or otherwise acquire, own, operate, maintain, hold and use, mortgage, sell or

otherwise dispose of or deal with:

(a) Railroads, railways, railroad and railway lines and systems, and transportation facilities, lines and systems of all kinds, operated by steam, electricity, gasoline, motor or any other motive power whatsoever, steamship lines, air lines, and bus, automobile, motor coach and truck lines;

(b) Telegraph and telephone communication lines, wireless communication facilities, radio stations, electric and other lines, and all structures, appliances and equipment necessary or useful in connection therewith;

(c) Terminal properties and depots, freight and passenger station houses, rights of way, tramways and tracks, bridges, trestles, tunnels, signals and signal systems, car houses, engine houses, roundhouses, turntables, transfer tables, freight, coal and wood houses and sheds, snowsheds, warehouses, storage and cold storage facilities, machine and repair shops, freight, stock and repair yards, power plants and power houses for the development, generation, transmission or utilization of water, steam, electric or other power, plants for any form of lighting or heating, pipe lines, ice and refrigerating plants, oil, water or gas tanks and wells, grain and other elevators, wharves, docks, piers, slips, landings, drydocks, derricks, airports, landing areas, hangars, hotels, boarding houses, eating houses, hospitals and all other buildings, structures, superstructures, property, fixtures,

appliances and appurtenances necessary or useful in connection therewith;

(d) Cars, locomotives, engines, rolling stock and railway equipment of all kinds, motors, buses, trucks, automobiles, ferries, ships, steamers, barges, tugs and other craft, towing, salvage and wrecking outfits, airplanes and aircraft of all kinds, and all tools, machinery, appliances, equipment, mechanical and electrical devices and property of every kind and nature necessary or useful in connection therewith; and

(e) Any and all other property, real, personal or mixed, and wheresoever situated, whether or not similar to any property above described, which may be necessary or useful in connection with the businesses referred to in paragraphs 1 and 2 of this Article Third;

4. In furtherance and not in limitation of any powers conferred by the laws of the State of Delaware and of the objects and purposes referred to in the preceding paragraphs of this Article Third:

(a) To purchase or otherwise acquire, own, hold, develop, operate, mortgage, sell and convey, or demise, lease, let and hire business and residential properties, agricultural, timber, mineral and other lands, mines, deposits, quarries, ditches, water and water rights, and other real property of every kind and description or estates or interests therein;

(b) To purchase, manufacture, or otherwise acquire, invest in, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, lease, let, hire, trade, deal in and deal with, goods, wares and merchandise and personal property of every kind and description;

(c) To purchase, lease, or otherwise acquire, own, hold, control, operate and use franchises, easements, grants, powers, permits, rights, licenses, privileges and immunities, and other property of every kind and description;

(d) To acquire, and pay for in cash, stock or bonds of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, firm, association or corporation, and to carry on any business or businesses so acquired and to do any and all things necessary or proper in connection therewith;

(e) To acquire by purchase, subscription or otherwise, or to underwrite, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations,

joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof;

(f) To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof;

(g) To borrow or raise money for any of the purposes of the corporation and, from time to time, without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the real or personal property of the corporation, whether at the time owned or thereafter acquired, and to purchase, hold, sell, pledge or otherwise dispose of such bonds or other obligations of the corporation;

(h) To lend to any person, firm or corporation any of its funds, either with or without security;

(i) To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly;

(j) To guarantee the payment of dividends upon any capital stock or to endorse or otherwise guarantee the principal or interest, or both, of any bonds, debentures, notes, scrip, evidences of indebtedness or other obligations or securities of, or the performance of any contract or obligations of, or in any other manner to aid, any other corporation or corporations, association or associations, domestic or foreign, or any firm or individual, in so far as the giving of such guaranty or aid may be permitted by law;

(k) To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trade-marks and trade names, relating to or useful in connection with any business of this corporation;

(l) To have one or more offices and to conduct its

business in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws thereof.

5. In general, to carry on any other business in connection with the foregoing, and to have and exercise all of the powers now or hereafter conferred by the laws of the State of Delaware, and to do any or all of the things herein set forth to the same extent as natural persons might or could do, subject, however, to the provisions of this Article Third.

FOURTH: Notwithstanding any other provision contained in this certificate of incorporation, the corporation shall not be authorized to construct, maintain or operate public utilities within the State of Delaware or to do business as a railroad or canal company within said state.

FIFTH: The total number of shares of stock which the corporation shall have authority to issue is Ten (10); all of such shares shall be without par value.

SIXTH: The holders of the common stock without par value of the corporation shall, upon the issue for cash by the corporation of additional such common stock or any securities convertible into such common stock, have the right, during such period of time and on such conditions as the board of directors shall prescribe, to subscribe to and purchase such additional common stock or convertible securities in proportion to their respective holdings of such common stock, at such price or prices as the Board of Directors may from time to time fix and as may be permitted by law.

SEVENTH: The name and mailing address of each incorporator is as follows:

Name	Mailing Address
Benjamin F. Biaggini	65 Market Street San Francisco, California 94105
John B. Reid	65 Market Street San Francisco, California 94105
Alan C. Furth	65 Market Street San Francisco, California 94105

EIGHTH: The corporation is to have perpetual existence.

NINTH: In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized:

To make, alter and repeal the by-laws of the corporation;

To fix the consideration for which fully paid and non-assessable shares of the common stock without par value may be issued from time to time;

To borrow or raise money for any of the purposes of the corporation and, from time to time, without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the real or personal property of the corporation, whether at the time owned or thereafter acquired, and to purchase, hold, sell, pledge or otherwise dispose of such bonds or other obligations of the corporation.

To set apart out of any funds of the corporation available for dividends, a reserve or reserves for any proper purpose, or to abolish any such reserve in the manner in which it was created;

By a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution or in the by-laws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; provided, however, the by-laws may provide that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member;

To pay pensions and establish and carry out pension, profit sharing, stock option, stock purchase, stock bonus, retirement, benefit, incentive and compensation plans, trusts and provisions for any or all of its directors, officers, and employees, and for any or all of the directors, officers, and employees of its subsidiaries.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called upon such notice as is required by statute, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its Board of Directors shall deem expedient and for the best interests of the corporation.

TENTH: Meetings of stockholders and directors may be held without the State of Delaware, if the by-laws so provide. The books of the corporation may be kept (subject to any provision contained in the statutes of the State of Delaware) outside the State of Delaware at such place or places as may be from time to time designated by the Board of Directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

ELEVENTH: Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in

connection with any corporate action, the meeting and vote of stockholders may be dispensed with if the written consent is obtained of the holders of a majority of the voting stock entitled to vote upon the action if a meeting were held, or of such greater percentage of such voting stock as may be required by law.

TWELFTH: At all elections of directors of this corporation each holder of record of stock possessing voting power shall be entitled to as many votes as shall equal the number of shares of his stock multiplied by the number of directors to be elected and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them as he may see fit.

THIRTEENTH: The directors, officers and employees of the corporation shall be indemnified to the extent permitted by the laws of the State of Delaware.

FOURTEENTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 14th day of February, 1969.

Benjamin F. Biaggini

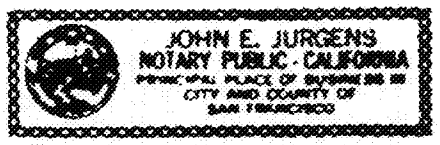
John B. Reid

Alan C. Furth

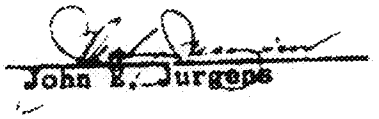
STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED, that on this 14th day of February, 1969, personally came before me John E. Jurgens a notary public for the State of California, Benjamin F. Biaggini, John B. Reid and Alan C. Furth, the parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said Certificate to be the act and deed of the signers respectfully and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.



My Commission Expires June 14, 1969



John E. Jurgens

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TWENTY-FOURTH DAY OF FEBRUARY, A.D. 1969, AT 10 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352976

DATE: 12-27-94

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CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

BEFORE PAYMENT OF CAPITAL

OF

SOUTHERN PACIFIC TRANSPORTATION COMPANY

SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Certificate of Incorporation of this corporation shall be and it hereby is amended by deleting the Articles thereof numbered SIXTH and TWELFTH in their entirety, and the Articles numbered SEVENTH through ELEVENTH, shall be and they hereby are renumbered, consecutively, SIXTH through TENTH; and further, that the Articles presently numbered THIRTEENTH and FOURTEENTH shall be and they hereby are renumbered, respectively, Articles ELEVENTH and TWELFTH.

SECOND: That the corporation has not received any payment for any of its stock.

THIRD: That the amendment was duly adopted in accordance with the provisions of section 241 of the General Corporation

Law of the State of Delaware.

IN WITNESS WHEREOF, said SOUTHERN PACIFIC TRANSPORTATION COMPANY has caused its corporate seal to be hereunto affixed and this certificate to be signed by B. F. BIAGGINI, its President, and attested by J. C. JASPAR, its Secretary, this 20th day of February, 1969.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By B. F. Biaggini
B. F. Biaggini, President

ATTEST:

By J. C. Jaspar
J. C. Jaspar, Secretary

SOUTHERN PACIFIC TRANSPORTATION COMPANY
DELAWARE
1969

2

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 20th day of February, 1969, personally came before me, H. G. Bunn, Jr., a Notary Public in and for the City, the County and State aforesaid, B. F. BIAGGINI, President of SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation of the State of Delaware, and he duly executed said certificate before me and acknowledged the said certificate to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said certificate and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

H. G. Bunn, Jr., Notary Public

H. G. BUNN, JR.
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN BUSINESS IN
THE CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires June 27, 1971

3

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AGREEMENT OF MERGER, WHICH MERGES:

"SOUTHERN PACIFIC COMPANY", A DELAWARE CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-SIXTH DAY OF NOVEMBER, A.D. 1969, AT 8:35 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352975

DATE: 12-27-94

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MERGER AGREEMENT

This MERGER AGREEMENT, dated as of the 20th day of February, 1969, between SOUTHERN PACIFIC COMPANY (hereinafter referred to as "PRESENT COMPANY"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY (hereinafter referred to as "TRANSPORTATION COMPANY"), to which S.P. INC. (hereinafter referred to as "HOLDING COMPANY") is a party,

WITNESSETH:

Present Company is a Delaware corporation, authorized to do, among other things, a general transportation business, but primarily engaged in business as a common carrier by railroad subject to the Interstate Commerce Act in interstate, intrastate and foreign commerce in the States of California, Arizona, Oregon, Nevada, New Mexico, Texas, Louisiana and Utah. It has, under its Certificate of Incorporation, an authorized capital stock consisting of 35,667,108 shares of common stock without par value, of which 27,141,386.3384 shares are outstanding.

Transportation Company is a Delaware corporation authorized to do the same types of business as Present Company, including that of a common carrier by railroad subject to the Interstate Commerce Act. It is presently authorized under its Certificate of Incorporation to issue 10 shares of common stock without par value, none of which are presently outstanding.

Holding Company is a Delaware corporation authorized to engage in any lawful act for which corporations may be organized under the General Corporation Law of Delaware. It is presently authorized under its Certificate of Incorporation to issue 10 shares of common stock without par value and 10 shares of preferred stock without par value, none of which

shares are presently outstanding. Its Board of Directors on February 20, 1969 adopted a resolution authorizing an amendment to its Certificate of Incorporation increasing its authorized capital stock to 90 million shares of common stock without par value and 10 million shares of preferred stock without par value, such amendment to become effective, however, only on the obtaining from the Interstate Commerce Commission of all final legally required approval with respect to action contemplated by this agreement, as provided in paragraph TWELFTH of this agreement. Also, on February 20, 1969 its Board of Directors adopted an amendment to its Certificate of Incorporation changing its corporate name to Southern Pacific Company, such amendment to become effective, however, only on the effective date of this agreement.

Present Company, Transportation Company and Holding Company all have their respective registered offices in the State of Delaware at No. 100 West Tenth Street in the City of Wilmington, County of New Castle and the name of their respective registered agent at such address is The Corporation Trust Company.

The parties hereto desire to adopt a plan of corporate reorganization, to be set forth in this Merger Agreement, under which Transportation Company will first become a wholly-owned subsidiary of Holding Company, and Present Company will then merge into Transportation Company, incident to which the stock of Present Company will automatically be converted into equivalent shares of stock of Holding Company.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, and to set forth the terms and conditions of this plan of corporate reorganization and merger, the parties agree as follows:

FIRST: On the effective date of this agreement a certificate setting forth the amendment to the Certificate of Incorporation of Holding Company adopted February 20, 1969 to change its corporate name to Southern Pacific Company shall be duly filed with the Secretary of State of Delaware in accordance with Delaware law, so as to make such amendment effective on that date.

SECOND: On the effective date of this agreement there shall be merged into Transportation Company, the Present Company, together with all its property (real, personal and mixed), easements, licenses and interests of every kind, rights, privileges, powers and franchises of a public as well as of a private nature, exemptions and immunities, subject, however, to any liens, mortgages or charges thereon; and the corporate existence of Present Company shall simultaneously terminate. From and after the effective date of this agreement all such properties (real, personal and mixed), easements, licenses and interests of every kind, rights, privileges, powers and franchises of a public, as well as of a private nature, exemptions and immunities shall be vested in Transportation Company by virtue of this merger and without any other instrument, and shall thereupon be as effectually the properties of Transportation Company as they were formerly of Present Company, and all rights of all creditors of, and all liens, mortgages or charges upon the property of Present Company shall be preserved unimpaired. The title to all real estate acquired by deed, gift, grant, appropriation, or otherwise vested in Present Company, shall not revert or be in any way impaired by reason of this merger, or anything done by virtue hereof, but shall be vested in Transportation Company by virtue of such merger.

THIRD: On and after the effective date of this agreement Transportation Company hereby expressly assumes

liability for obligations of any kind whatsoever, without exception, owed, incurred or assumed by Present Company, including, but not limited to, contracts, deeds of trust, indentures, debts, mortgages, liabilities and duties, and all such shall, on and after such effective date, attach to Transportation Company and be enforceable against it and its properties to the same extent as if incurred or contracted by it. On and after such effective date Transportation Company expressly assumes the due and punctual payment of all outstanding bonds, debentures, equipment trust obligations and conditional sales obligations issued or assumed by Present Company, together with interest thereon, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of any mortgage indenture or other legal instrument under which any of such obligations were issued or assumed. This agreement and merger shall preserve and not impair the lien and security of any such mortgage indenture or other legal instrument and any of the rights and powers of the trustee, bondholders or any other parties thereunder. On or immediately after the effective date of this agreement, Transportation Company shall also execute, and cause to be appropriately recorded, such indentures as the trustee, or any other party to any such mortgage indenture or other legal instrument, may request, and in form satisfactory to such trustee or other party, whereby the obligations of Present Company under any such mortgage indenture or other legal instrument shall be assumed by Transportation Company and Transportation Company shall succeed and be substituted for Present Company thereunder.

FOURTH: On the effective date of this agreement and incident to this merger, paragraph FIFTH of the Certificate

of Incorporation of Transportation Company is amended to read as follows:

> "FIFTH: The total number of shares of stock which the corporation shall have authority to issue is Twenty-seven Million One Hundred Forty-one Thousand Three Hundred Sixty-six (27,141,366); all of such shares shall be without par value."

FIFTH: On the effective date of this agreement, and incident to this merger, the stockholders of Present Company shall automatically become owners of one share of the common stock without par value of the Holding Company for each share of stock of the Present Company now held by them. Outstanding certificates for shares of the common stock without par value of Present Company shall be adopted by the Holding Company and shall represent the same number of shares of the common stock without par value in the Holding Company. It shall not be necessary, therefore, for stockholders of the Present Company to surrender their certificates for new certificates.

SIXTH: Transportation Company shall be the corporation surviving the foregoing merger. It will continue to exist after the merger as a corporation incorporated under the laws of Delaware and under its Certificate of Incorporation, as amended, and as it may subsequently be amended.

SEVENTH: Upon the merger becoming effective the Boards of Directors of Holding Company and of Transportation Company shall each consist of the directors of Present Company immediately prior to the merger becoming effective, who shall serve as directors of Holding Company and of Transportation Company until the next annual meeting of shareholders of those two companies or until such time as their successors are elected and have qualified.

EIGHTH: This Merger Agreement shall be submitted to the stockholders of Present Company and of Transportation

Company for ratification and confirmation at meetings to be called and held in accordance with the applicable laws of Delaware and the Interstate Commerce Act, and the Certificates of Incorporation and By-Laws of such companies; and shall be ratified and confirmed by the affirmative vote of the stockholders of each of such companies owning at least two-thirds of its capital stock outstanding.

NINTH: Unless the Interstate Commerce Commission shall order, in granting requisite approval of this merger pursuant to paragraph TENTH hereof, that in carrying it out there need not be compliance with the provisions of Delaware law relating to reimbursement of stockholders objecting to a merger, or unless this agreement is not consummated, stockholders of Present Company who dissent from this merger and seek reimbursement in compliance with the procedures of Delaware law, shall be paid in accordance with such law for the value of their stock. The parties, however, in applications filed pursuant to paragraph TENTH hereof, shall seek to have the Interstate Commerce Commission order that there need not be compliance with such Delaware law relating to reimbursement of dissenting stockholders in carrying out this merger.

TENTH: The parties hereto, jointly or separately shall take such steps as are necessary to obtain the consent of the Interstate Commerce Commission to carry out this agreement, and to obtain approval of such action by any other government agencies, federal, state or local, which, in the opinion of counsel for Present Company, is required by law, and shall do any and all other things deemed by the parties to be necessary or appropriate in order to cause the merger to be consummated on the terms herein provided.

ELEVENTH: Consummation of this Merger Agreement is subject to the satisfaction of the following conditions prior to its becoming effective:

(a) Ratification and confirmation of this Merger Agreement by vote of the stockholders of Present Company and Transportation Company as required by law, and by paragraph EIGHTH hereof;

(b) Obtaining the approval of the Interstate Commerce Commission to carry out this Merger Agreement, and obtaining approval by any other government agencies, federal, state or local, which, in the opinion of counsel for Present Company, is required by law for consummation of such agreement; and

(c) Obtaining a ruling from the Internal Revenue Service satisfactory in form and substance to counsel for Present Company with respect to the tax consequences of consummation of this Merger Agreement and the transactions contemplated thereby.

TWELFTH: Prior to the effective date of this agreement, but subsequent to the obtaining of ratification and confirmation of such agreement by the stockholders of Present Company, as provided in paragraph EIGHTH hereof, and subsequent to the obtaining from the Interstate Commerce Commission of all legally required approval with respect to action contemplated by this agreement, subject to subsequent ratification of this agreement by the stockholders of Transportation Company as provided in paragraph TENTH hereof, ten shares of the common stock without par value of Transportation Company shall be duly issued to Holding Company. Thereafter, but prior to the effective date of this agreement: (a) the requisite ratification of this agreement by the stockholders of Transportation Company shall first be obtained, as provided in

paragraph EIGHTH hereof; (b) there shall then be obtained from the Interstate Commerce Commission all final legally required approval with respect to action contemplated by this agreement; and (c) thereafter a certificate setting forth the amendment adopted February 20, 1969 to the Certificate of Incorporation of Holding Company increasing its authorized capital stock to 90 million shares of common stock without par value and 10 million shares of preferred stock without par value shall be duly filed with the Secretary of State of Delaware in accordance with Delaware law so as to make such amendment effective. Immediately after the effective date of this agreement the remaining authorized shares of the common stock without par value of Transportation Company, (27,141,356), shall be issued to Holding Company.

THIRTEENTH: This Merger Agreement may be revoked at any time before it becomes effective, notwithstanding that it may have been approved by the stockholders of Present Company or of Transportation Company, if for any reason consummation of this agreement is found to be inadvisable or impractical by the Board of Directors of Present Company.

Furthermore, the Board of Directors of Present Company and Transportation Company each shall have the right to revoke the Merger Agreement unless satisfactory opinions or rulings are received from counsel or tax authorities as to the tax consequences of the plan of reorganization, including rulings from the Internal Revenue Service to the effect that for federal income tax purposes:

(a) The proposed merger of Present Company with and into Transportation Company constitutes a reorganization within the meaning of section 368(a) of the Internal Revenue Code.

(b) No gain or loss will be recognized to Present Company, Transportation Company or Holding Company on the

transfer of assets and assumption of liabilities incidental to the merger and the issuance of the shares of the common stock without par value of Holding Company to the stockholders of Present Company in exchange for their shares of Present Company pursuant to the plan of reorganization.

(c) No gain or loss will be recognized to the stockholders of Present Company upon receipt of the shares of Holding Company in exchange for shares of stock of Present Company, the basis of the stock of Holding Company so received will be the same as the tax basis of the shares of stock of Present Company exchanged therefor, and the holding period of the shares of the stock of Holding Company received by the stockholders of Present Company will include the holding period of the shares of stock of Present Company exchanged therefor.

(d) The basis of the corporate assets acquired from Present Company in the merger will be the same in the hands of Transportation Company as in the hands of Present Company.

(e) Transportation Company shall succeed to and take into account all tax attributes of Present Company, including all the pertinent items described in section 381(c) of the Internal Revenue Code.

Upon any such revocation, this Merger Agreement shall be void and there shall be no liability hereunder or on account of such termination on the part of Present Company, Transportation Company or Holding Company, or the directors, officers, employees, agents or stockholders of any of them.

FOURTEENTH: If this Merger Agreement shall not have been revoked as herein provided and if the conditions herein specified have been satisfied, this agreement shall become effective at 12:00 p.m. (midnight) of the day upon which the original signed instrument and a duplicate copy thereof, duly certified and acknowledged in accordance with the laws of

Delaware, are filed with the Secretary of State of Delaware. The agreement shall be duly recorded in the office of the Recorder of the County of New Castle, the county in which the registered offices of Present Company and of Transportation Company are located.

FIFTEENTH: Stock transfer taxes, if any, payable solely by reason of this agreement shall be borne by the corporation party hereto liable therefor and will not be collected from the stockholders of any such corporation. In the event the merger is not consummated, such expenses as are incurred, including costs of organizing Holding Company or Transportation Company, shall be assumed by Present Company.

SIXTEENTH: This agreement may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties to this agreement, pursuant to the approval and authority duly given by resolutions adopted by their respective boards of directors have caused these presents to be executed by Chairman of Present Company, the President of Transportation Company and the Chairman of Holding Company, and attested by the Secretary of each party hereto, and the corporate seals affixed.

SOUTHERN PACIFIC COMPANY

By: D. J. Russell, Chairman

[Seal]

Attest:

By: J. C. Jacobs, Secretary

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____
D. F. Biggins, President

[Seal]

Attest:

By: _____
J. C. Jaspar, Secretary

S.P. INC.

By: _____
D. J. Russell, Chairman

[Seal]

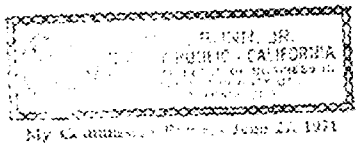
Attest:

By: _____
J. C. Jaspar, Secretary

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 20th day of February, 1969, personally came before me, a Notary Public in and for the City and County and State aforesaid, B. F. BIAGGINI, President of SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation of the State of Delaware, and he duly executed said Agreement of Merger before me and acknowledged the said Agreement of Merger to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said Agreement of Merger and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.



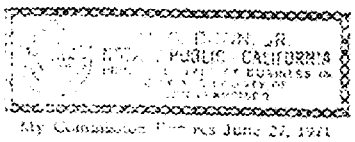
H. G. BUNN, JR.
H. G. Bunn, Jr., Notary Public

[Seal]

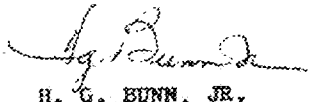
STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 20th day of February, 1969, personally came before me, a Notary Public in and for the City and County and State aforesaid, D. J. RUSSELL, Chairman of SOUTHERN PACIFIC COMPANY, a corporation of the State of Delaware, and he duly executed said Agreement of Merger before me and acknowledged the said Agreement of Merger to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said Agreement of Merger and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.



My Commission Expires June 27, 1971



H. G. BUNN, JR.
H. G. Bunn, Jr. Notary Public

{Seal}

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 20th day of February, 1969, personally came before me, a Notary Public in and for the City and County and State aforesaid, D. J. RUSSELL, Chairman of S.F. INC., a corporation of the State of Delaware, and he duly executed said Agreement of Merger before me and acknowledged the said Agreement of Merger to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said Agreement of Merger and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

H. G. BUNN, Jr.
H. G. Bunn, Jr., Notary Public

I, J. C. JASPAR, Secretary of SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation organized and existing under the laws of the State of Delaware, hereby certify, as such secretary and under the seal of the said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of said corporation and having been signed on behalf of SOUTHERN PACIFIC COMPANY a corporation of the State of Delaware, was duly submitted to the stockholders of said SOUTHERN PACIFIC TRANSPORTATION COMPANY at a special meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, upon waiver of notice, signed by all the stockholders, for the purpose of considering and taking action upon said Agreement of Merger, that ten (10) shares of stock of said corporation were on said date issued and outstanding having voting power and that the proposed agreement of merger was approved by the stockholders by an affirmative vote representing at least a majority of the outstanding stock of said corporation entitled to vote thereon, and that thereby the Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said SOUTHERN PACIFIC TRANSPORTATION COMPANY, and the duly adopted agreement of the said corporation.

WITNESS my hand and the seal of said SOUTHERN PACIFIC TRANSPORTATION COMPANY on this 25th day of November, 1969.

J C Jaspar
Secretary

[Seal]

I, J. C. JASPAR, Secretary of SOUTHERN PACIFIC COMPANY, a corporation organized and existing under the laws of the State of Delaware, hereby certify, as such Secretary and under the seal of the said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of the said corporation and having been signed on behalf of SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation of the State of Delaware, was duly submitted to the stockholders of said SOUTHERN PACIFIC COMPANY at the annual meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation after at least 20 days' notice by mail as provided by section 251 of Title 8 of the Delaware Code of 1953, on the 14th day of May, 1969, for the purpose of considering and taking action upon said Agreement of Merger, that twenty-seven million one hundred forty-one thousand three hundred sixty-six (27,141,366) shares of stock of said corporation were on said date issued and outstanding having voting power; that the proposed agreement of merger was approved by the stockholders by an affirmative vote representing at least two-thirds of the outstanding stock of said corporation entitled to vote thereon, and that thereby the Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said SOUTHERN PACIFIC COMPANY, and the duly adopted agreement of the said corporation.

WITNESS my hand and the seal of said SOUTHERN PACIFIC COMPANY on this 25th day of November, 1969.

J. C. Jaspar
Secretary

[Seal]

THE ABOVE AGREEMENT OF MERGER, having been executed on behalf of each constituent corporate party thereto, and having been adopted separately by each constituent corporate party thereto, in accordance with the provisions of the General Corporation Law of the State of Delaware, and that fact having been certified on said Agreement of Merger by the Secretary of each constituent corporate party thereto, the Chairman of SOUTHERN PACIFIC COMPANY and the President of SOUTHERN PACIFIC TRANSPORTATION COMPANY do now hereby execute the said Agreement of Merger and the Secretary of each such constituent corporate party thereto does now hereby attest the said Agreement of Merger under the corporate seals of their respective corporations, as the respective act, deed and agreement of each of said corporations, on this 25th day of November, 1969.

SOUTHERN PACIFIC COMPANY

By D. J. Russell
D. J. Russell, Chairman

[Seal]

Attest:

By J. C. Jaspar
J. C. Jaspar, Secretary

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By E. F. Biaggini
E. F. Biaggini, President

[Seal]

Attest:

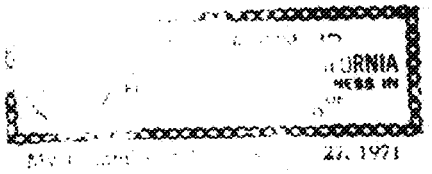
By J. C. Jaspar
J. C. Jaspar, Secretary

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 25th day of November, 1969, personally came before me, a Notary Public in and for the City and County and State aforesaid, D. J. RUSSELL, Chairman of SOUTHERN PACIFIC COMPANY, a corporation of the State of Delaware, and he duly executed said Agreement of Merger before me and acknowledged the said Agreement of Merger to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said Agreement of Merger and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

H. G. Bunn, Jr., Notary Public



STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

BE IT REMEMBERED that on this 25th day of November, 1969, personally came before me, a Notary Public in and for the City and County and State aforesaid, B. F. BIAGGINI, President of SOUTHERN PACIFIC TRANSPORTATION COMPANY, a corporation of the State of Delaware, and be duly executed said Agreement of Merger before me and acknowledged the said Agreement of Merger to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said Agreement of Merger and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

H. G. Bunn, Jr., Notary Public

H. G. BUNN, JR.
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL PLACE OF BUSINESS IN
CITY AND COUNTY OF
SAN FRANCISCO

My Commission Expires June 27, 1971

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"HOLTON INTER-URBAN RAILWAY COMPANY", A CALIFORNIA CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWELFTH DAY OF NOVEMBER, A.D. 1985, AT 9 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352974

DATE: 12-27-94

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SECRETARY OF STATE

CERTIFICATE OF OWNERSHIP

D. K. McNear and A. G. Richards, the Chairman, President and Chief Executive Officer and Secretary, respectively, of Southern Pacific Transportation Company (hereinafter referred to as the "Corporation"), a Delaware corporation, hereby certify that:

(a) The Corporation owns one hundred percent (100%) of the outstanding shares of stock issued by Holton Inter-Urban Railway Company, a California corporation.

(b) At a duly held meeting of the Board of Directors of the Corporation, a resolution was approved and adopted by a majority of its Board of Directors to merge Holton Inter-Urban Railway Company, a California corporation, into the Corporation and to assume all its obligations. A certified copy of the resolution is attached to this Certificate as Exhibit A.

(c) At the meeting of the Board of Directors held on September 19, 1985, at the Corporation's principal executive offices located at Southern Pacific Building, One Market Plaza, in the City and County of San Francisco, State of California, such resolution was approved and adopted by the vote of seven directors, the authorized and elected number of directors on the board being eight. To constitute a quorum for the transaction of business, a majority of the directors then in office shall be present. The resolution was adopted unanimously by the seven directors present at the meeting.

D. K. McNear
Chairman, President and
Chief Executive Officer

A. G. Richards
Secretary

[redacted]

VERIFICATION

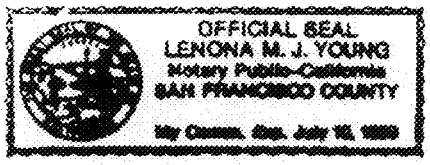
County of San Francisco)
) ss:
State of California)

D. K. McNear, being duly sworn, deposes and says that he has read the foregoing Certificate of Ownership, knows the contents thereof, and that the same are true as stated.

D. K. McNear
Chairman, President and
Chief Executive Officer

Subscribed and sworn to before me this 8th day of November, 1985.

Lenona M. J. Young



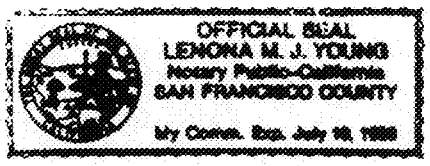
County of San Francisco)
) ss:
State of California)

A. G. Richards, being duly sworn, deposes and says that he has read the foregoing Certificate of Ownership, knows the contents thereof, and that the same are true as stated.

A. G. Richards

Subscribed and sworn to before me this 8th day of November, 1985.

Lenona M. J. Young



0113

Southern Pacific Transportation Company,
Board of Directors,
September 19, 1985.

WHEREAS, Southern Pacific Transportation Company (the Company), a Delaware corporation, owns all of the outstanding shares of stock of Holton Inter-Urban Railway Company, a California corporation; and

WHEREAS, it is deemed advisable and in the best interests of the Company and its shareholder to have the Holton Inter-Urban Railway Company merge into the Company, its parent, and for the Company to assume all of its obligations; and

WHEREAS, the proposed merger is subject to the review of the Interstate Commerce Commission ("Commission") and would be effectuated under Section 253 of the General Corporation Law of the State of Delaware and the Interstate Commerce Act.

NOW, THEREFORE, BE IT RESOLVED, That Holton Inter-Urban Railway Company be merged into this Company pursuant to the provisions of Section 253 of the General Corporation Law of the State of Delaware and the Interstate Commerce Act;

BE IT RESOLVED FURTHER, That upon the effectiveness of the merger of Holton Inter-Urban Railway Company, this Company shall assume all of its obligations;

BE IT RESOLVED FURTHER, That the proper officers of this Company be and they are hereby severally authorized to make, verify and file such application or applications as may be required or desirable with the Commission for its approval or exemption of the merger transaction and any other action which may be necessary or proper in connection therewith before the Commission or

such other agencies which may be appropriate, and said officers be and they are hereby severally authorized to take such other actions, steps or proceedings as may be necessary or proper in the premises; and

BE IT RESOLVED FURTHER, That the proper officers of this Company be and they are hereby severally authorized, for and in the name and on behalf of this Company, to take or cause to be taken any or all such further action, and to execute, acknowledge and deliver all such further instruments as may, in the judgment of said officers, be necessary to carry out these resolutions following approval or exemption of the merger by the Commission.

I, A. G. RICHARDS, Secretary of Southern Pacific Transportation Company, a corporation of the State of Delaware, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Directors of said company, at a meeting held on the 19th day of September, 1981, at which a quorum was present, and that the said resolution is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Company this 6th day of November, 1985.

Secretary

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE EIGHTH DAY OF JUNE, A.D. 1987, AT 10 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352973

DATE: 12-27-94

0703228 8100

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CERTIFICATE OF AMENDMENT

We, D. K. McNEAR, Chairman of Southern Pacific Transportation Company ("SPT"), a Delaware corporation, and A. G. RICHARDS, Secretary of SPT, hereby certify:

The following amendment to SPT's Composite Certificate of Incorporation, to eliminate the monetary liability of directors for breach of their fiduciary duty of care, pursuant to Sec. 102(b)(7) of the Delaware General Corporation Law, was adopted by the stockholders of this company at their annual meeting held on April 28, 1987, in San Francisco, California:

> "Article Thirteenth. No director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty by such director as a director: provided, however, that this Article Thirteenth shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article Thirteenth shall apply to, or have any effect on, the liability or alleged liability of any director of the Company for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal."

Said annual meeting of stockholders was called upon notice duly given dated April 1, 1987, in accordance with Sec. 222 of the Delaware General Corporation Law and the amendment was adopted by vote of the majority of the outstanding stock entitled to vote thereon.

May 27, 1987

Southern Pacific Transportation Company

D. K. McNEAR
Chairman

10 AM

FILED

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF)
SAN FRANCISCO)

On this 27th day of May, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared D. K. McNear and A. G. Richards, known to me to be Chairman and Secretary, respectively, of Southern Pacific Transportation Company, a Delaware corporation, who executed the within instrument on behalf of the corporation, and acknowledged to me that they executed the same.

Alice J. Worthy
Alice J. Worthy
Notary Public in and for State of
California, County of San Francisco

ALICE J. WORTHY
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL PLACE OF BUSINESS IN
City and County of SAN FRANCISCO
My Commission Expires June 24, 1988

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF APRIL, A.D. 1989, AT 10 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352972

DATE: 12-27-94

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FILED

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SECRETARY OF STATE

CERTIFICATE OF AMENDMENT

OF

THE CERTIFICATE OF INCORPORATION

OF

SOUTHERN PACIFIC TRANSPORTATION COMPANY

Southern Pacific Transportation Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify that the following amendment to the Certificate of Incorporation of said corporation has been duly adopted in accordance with Section 242 and Section 228 of the General Corporation Law of Delaware:

"Article FIFTH of the Certificate of Incorporation of Southern Pacific Transportation Company is amended in its entirety to read as follows:

"FIFTH: The total number of shares of stock which the corporation shall have authority to issue is One Thousand (1,000); all of such shares shall be without par value.

"The Twenty Seven Million One Hundred Forty-One Thousand Three Hundred Sixty-Six (27,141,366) shares of presently issued and outstanding common stock of the corporation without par value shall be and are hereby reclassified and changed without any further act into One Thousand (1,000) fully paid and non-assessable shares of the common stock of the corporation without par value without increasing or decreasing or otherwise changing the amount of stated capital or paid-in-surplus of the corporation.";

IN WITNESS WHEREOF, Southern Pacific Transportation Company hereby caused this certificate to be signed attested by its duly authorized officers this 1st day of April, 1989.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____
President

ATTEST:

_____
Secretary

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"SOUTHERN PACIFIC AIR FREIGHT, INC.", A DELAWARE CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-EIGHTH DAY OF AUGUST, A.D. 1991, AT 9 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352971

DATE: 12-27-94

0703228 8100M

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STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 08/26/1991
912405311 - 703228

CERTIFICATE OF OWNERSHIP AND MERGER OF SUBSIDIARY INTO PARENT

**CERTIFICATE OF OWNERSHIP AND MERGER
MERGING
SOUTHERN PACIFIC AIR FREIGHT, INC.
INTO
SOUTHERN PACIFIC TRANSPORTATION COMPANY
(PURSUANT TO SECTION 253 OF THE GENERAL CORPORATION LAW OF DELAWARE)**

Southern Pacific Transportation Company, a Delaware corporation (the "Company"), does hereby certify:

FIRST: That the Company is incorporated pursuant to the General Corporation Law of the State of Delaware.

SECOND: That the Company owns all of the outstanding shares of each class of the capital stock of Southern Pacific Air Freight, Inc., a Delaware corporation.

THIRD: That the Company, by the following resolutions of its Board of Directors, duly adopted on the 30th day of July, 1991, determined to merge into itself Southern Pacific Air Freight, Inc. on the conditions set forth in such resolutions:

RESOLVED, That Southern Pacific Transportation Company shall merge into itself its subsidiary, Southern Pacific Air Freight, Inc. and assume all of said subsidiary's liabilities and obligations.

RESOLVED FURTHER, That the President and the Secretary of Southern Pacific Transportation Company be and they hereby are directed to make, execute and acknowledge a certificate of ownership and merger setting forth a copy of the resolution to merge said Southern Pacific Air Freight, Inc. into this Company and to assume said subsidiary's liabilities and obligations on the date of adoption thereof and to file the same in the office of the Secretary of State of Delaware and a certified copy thereof in the office of the Recorder of Deeds of New Castle County.

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IN WITNESS WHEREOF, said Southern Pacific Transportation Company has caused its corporate seal to be affixed and this certificate to be signed by D. M. MOHAN, its President, and T. F. O'DONNELL, its Secretary, this 19th day of August, 1991.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____
President

ATTEST:

By: _____
Assistant Secretary

Q:\tg\lpw\certificates.jun

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"LOS ANGELES UNION TERMINAL, INC.", A CALIFORNIA CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-NINTH DAY OF SEPTEMBER, A.D. 1992, AT 10 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352970

DATE: 12-27-94

0703228 8100M

944255253

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 09/29/1992
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CERTIFICATE OF OWNERSHIP AND MERGER OF LOS ANGELES UNION TERMINAL, INC. INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY

Pursuant to section 253 of the Delaware General Corporation Law, the undersigned corporation does hereby certify:

FIRST: That the name and state of incorporation of the surviving corporation is Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"). The name and state of incorporation of the subsidiary corporation to be merged into Surviving Corporation is Los Angeles Union Terminal, Inc., a California corporation ("Subsidiary").

SECOND: That Subsidiary has one class of capital stock outstanding all of which is owned by Surviving Corporation.

THIRD: That Surviving Corporation, by the following resolutions of its board of directors, duly adopted on September 21, 1992, determined to merge into itself Subsidiary on the conditions set forth in such resolutions:

RESOLVED, That Surviving Corporation merge into itself Subsidiary and assume all of Subsidiary's liabilities and obligations and upon the effective date of such merger, Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California; and

FURTHER RESOLVED, That Surviving Corporation shall succeed to the property and assets, if any, of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary; and

FURTHER RESOLVED, That shares of stock of Subsidiary shall not be converted into shares of stock of Surviving Corporation, but shall be cancelled and the authorized capital stock of Surviving Corporation shall not be changed, but shall be and remain the same as before the merger; and

FURTHER RESOLVED, That the state of incorporation of Surviving Corporation shall be and remain the State of Delaware; and

FURTHER RESOLVED, That the officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger; and

FURTHER RESOLVED, That the name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company; and

FURTHER RESOLVED, That all provisions of the existing certificate of incorporation, as amended and in effect upon the effective date of the merger, shall be and remain the certificate of incorporation of Surviving Corporation; and

FURTHER RESOLVED, That Surviving Corporation adopt the Plan of Merger of Los Angeles Union Terminal, Inc. into Southern Pacific Transportation Company in a form substantially similar to that which is attached as Exhibit I to these resolutions and incorporated by reference herein and file the Plan of Merger of Los Angeles Union Terminal, Inc. into Southern Pacific Transportation Company with the Secretary of State of California; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president, and the secretary of Surviving Corporation, and each of them, hereby are directed to make, execute and attest a Certificate of Ownership and Merger with Subsidiary setting forth a copy of these resolutions providing for the merger of Subsidiary into Surviving Corporation, and the date of adoption hereof, and to file the same in the office of the Secretary of the State of Delaware and a certified copy thereof in the appropriate office of the Recorder of Deeds; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president and any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file an executed original and a certified copy of the Certificate of Ownership and Merger with Subsidiary with the appropriate offices of the Recorder and the California Secretary of State consenting on the part of Surviving Corporation to be served with process in California in any proceeding

for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger; and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file with the Secretary of State of California a copy of a Plan of Merger with Subsidiary in substantially the form attached hereto; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file on behalf of Subsidiary a certificate of satisfaction of the Franchise Tax Board in conformity with Section 1110 of the California Corporations Code; and

FURTHER RESOLVED that the proper officers of the Surviving Corporation, and each of them, hereby are authorized to take any further actions as may be deemed necessary or proper to accomplish the purpose and intent of the foregoing resolutions.

FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger, and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation at the following address:

Southern Pacific
Transportation Company
1 Market Plaza
Southern Pacific Building
San Francisco, California 94105

Dated this 22nd day of September, 1992.

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: _____

VICE PRESIDENT

ATTEST:

_____
Secretary

PLAN OF MERGER
OF
LOS ANGELES UNION TERMINAL, INC.
INTO
SOUTHERN PACIFIC TRANSPORTATION COMPANY

PLAN OF MERGER dated as of this 22nd day of September 1992, for Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"), and Los Angeles Union Terminal, Inc., a California corporation and wholly-owned subsidiary of Surviving Corporation ("Subsidiary").

Recitals

1. Subsidiary has authorized 25,000 shares of common stock, each having a par value of $1.00, of which all of the issued and outstanding shares are owned by Surviving Corporation.

2. Surviving Corporation and Subsidiary desire to simplify their business procedures, bookkeeping and administrative structure and eliminate duplicative functions.

Plan

1. Subsidiary shall merge into Surviving Corporation and upon the effective date of such merger Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California. Surviving Corporation shall succeed to the property and assets of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary.

2. This Plan of Merger shall be duly adopted by the board of directors of Subsidiary and become effective upon approval of Surviving Corporation, as sole shareholder of Subsidiary.

3. Upon the effective date of the merger, all issued and outstanding shares of capital stock of Subsidiary shall be cancelled and all certificates evidencing ownership of such shares shall be void and of no effect, and all issued and outstanding shares of capital stock of Surviving Corporation shall remain issued and outstanding.

4. The state of incorporation of Surviving Corporation shall be and remain the State of Delaware.

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EXHIBIT I

5. The officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger.

6. The name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company.

7. All provisions of the existing certificate of incorporation of Surviving Corporation, as amended and in effect on the effective date of the merger, on file with the Secretary of State of Delaware, shall constitute the certificate of incorporation of Surviving Corporation. Also, all provisions of the bylaws of Surviving Corporation, as amended and in effect on the effective date of the merger, shall constitute the bylaws of Surviving Corporation.

8. Subsidiary and Surviving Corporation shall take, or cause to be taken, all action, or do or cause to be done, all things necessary, proper or advisable under the laws of the United States and the states of Delaware and California, to consummate and make effective the merger, subject to, however, the approval of the board of directors of Surviving Corporation as provided by law.

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"NORTHWESTERN PACIFIC RAILROAD COMPANY", A CALIFORNIA CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-NINTH DAY OF SEPTEMBER, A.D. 1992, AT 10:01 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352969

DATE: 12-27-94

0703228 8100M

944255253

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:01 AM 09/29/1992
732173009 - 703228

CERTIFICATE OF OWNERSHIP AND MERGER OF NORTHWESTERN PACIFIC RAILROAD COMPANY INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY

Pursuant to section 253 of the Delaware General Corporation Law, the undersigned corporation does hereby certify:

FIRST: That the name and state of incorporation of the surviving corporation is Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"). The name and state of incorporation of the subsidiary corporation to be merged into Surviving Corporation is Northwestern Pacific Railroad Company, a California corporation ("Subsidiary").

SECOND: That Subsidiary has one class of capital stock outstanding all of which is owned by Surviving Corporation.

THIRD: That Surviving Corporation, by the following resolutions of its board of directors, duly adopted on September 21, 1992, determined to merge into itself Subsidiary on the conditions set forth in such resolutions:

RESOLVED, That Surviving Corporation merge into itself Subsidiary and assume all of Subsidiary's liabilities and obligations and upon the effective date of such merger, Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California; and

FURTHER RESOLVED, That Surviving Corporation shall succeed to the property and assets, if any, of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary; and

FURTHER RESOLVED, That shares of stock of Subsidiary shall not be converted into shares of stock of Surviving Corporation, but shall be cancelled and the authorized capital stock of Surviving Corporation shall not be changed, but shall be and remain the same as before the merger; and

FURTHER RESOLVED, That the state of incorporation of Surviving Corporation shall be and remain the State of Delaware; and

FURTHER RESOLVED, That the officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger; and

FURTHER RESOLVED, That the name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company; and

FURTHER RESOLVED, That all provisions of the existing certificate of incorporation, as amended and in effect upon the effective date of the merger, shall be and remain the certificate of incorporation of Surviving Corporation; and

FURTHER RESOLVED, That Surviving Corporation adopt the Plan of Merger of Northwestern Pacific Railroad Company into Southern Pacific Transportation Company in a form substantially similar to that which is attached as Exhibit I to these resolutions and incorporated by reference herein and file the Plan of Merger of Northwestern Pacific Railroad Company into Southern Pacific Transportation Company with the Secretary of State of California; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president, and the secretary of Surviving Corporation, and each of them, hereby are directed to make, execute and attest a Certificate of Ownership and Merger with Subsidiary setting forth a copy of these resolutions providing for the merger of Subsidiary into Surviving Corporation, and the date of adoption hereof, and to file the same in the office of the Secretary of the State of Delaware and a certified copy thereof in the appropriate office of the Recorder of Deeds; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president and any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file an executed original and a certified copy of the Certificate of Ownership and Merger with Subsidiary with the appropriate offices of the Recorder and the California Secretary of State consenting on the part of Surviving Corporation to be served with process in California in any proceeding

for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger; and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file with the Secretary of State of California a copy of a Plan of Merger with Subsidiary in substantially the form attached hereto; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file on behalf of Subsidiary a certificate of satisfaction of the Franchise Tax Board in conformity with Section 1110 of the California Corporations Code; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file with the Interstate Commerce Commission a Verified Notice of Exemption in furtherance of the foregoing resolutions to the extent and in a manner deemed appropriate by said officers.

FURTHER RESOLVED, That the proper officers of the Surviving Corporation, and each of them, hereby are authorized to take any further actions as may be deemed necessary or proper to accomplish the purpose and intent of the foregoing resolutions.

FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger, and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such

suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation at the following address:

Southern Pacific Transportation Company
1 Market Plaza
Southern Pacific Building
San Francisco, California 94105

Dated this 21st day of September, 1992.

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: _____
VICE PRESIDENT

ATTEST:

_____
Secretary

PLAN OF MERGER
OF
NORTHWESTERN PACIFIC RAILROAD COMPANY
INTO
SOUTHERN PACIFIC TRANSPORTATION COMPANY

PLAN OF MERGER dated as of this 21st day of September, 1992, for Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"), and Northwestern Pacific Railroad Company, a California corporation and wholly-owned subsidiary of Surviving Corporation ("Subsidiary").

Recitals

1. Subsidiary has authorized 350,000 shares of common stock, each having a par value of $100.00, of which all of the issued and outstanding shares are owned by Surviving Corporation.

2. Surviving Corporation and Subsidiary desire to simplify their business procedures, bookkeeping and administrative structure and eliminate duplicative functions.

Plan

1. Subsidiary shall merge into Surviving Corporation and upon the effective date of such merger Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California. Surviving Corporation shall succeed to the property and assets of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary.

2. This Plan of Merger shall be duly adopted by the board of directors of Subsidiary and become effective upon approval of Surviving Corporation, as sole shareholder of Subsidiary.

3. Upon the effective date of the merger, all issued and outstanding shares of capital stock of Subsidiary shall be cancelled and all certificates evidencing ownership of such shares shall be void and of no effect, and all issued and outstanding shares of capital stock of Surviving Corporation shall remain issued and outstanding.

4. The state of incorporation of Surviving Corporation shall be and remain the State of Delaware.

EXHIBIT I

5. The officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger.

6. The name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company.

7. All provisions of the existing certificate of incorporation of Surviving Corporation, as amended and in effect on the effective date of the merger, on file with the Secretary of State of Delaware, shall constitute the certificate of incorporation of Surviving Corporation. Also, all provisions of the bylaws of Surviving Corporation, as amended and in effect on the effective date of the merger, shall constitute the bylaws of Surviving Corporation.

8. Subsidiary and Surviving Corporation shall take, or cause to be taken, all action, or do or cause to be done, all things necessary, proper or advisable under the laws of the United States and the states of Delaware and California, to consummate and make effective the merger, subject to, however, the approval of the board of directors of Surviving Corporation as provided by law.

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"VISALIA ELECTRIC RAILROAD COMPANY", A CALIFORNIA CORPORATION,

WITH AND INTO "SOUTHERN PACIFIC TRANSPORTATION COMPANY" UNDER THE NAME OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-NINTH DAY OF SEPTEMBER, A.D. 1992, AT 10:02 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352968

DATE: 12-27-94

0703228 8100M

944255253

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:02 AM 09/29/1992
732273010 - 703228

CERTIFICATE OF OWNERSHIP AND MERGER OF VISALIA ELECTRIC RAILROAD COMPANY INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY

Pursuant to section 253 of the Delaware General Corporation Law, the undersigned corporation does hereby certify:

FIRST: That the name and state of incorporation of the surviving corporation is Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"). The name and state of incorporation of the subsidiary corporation to be merged into Surviving Corporation is Visalia Electric Railroad Company, a California corporation ("Subsidiary").

SECOND: That Subsidiary has one class of capital stock outstanding all of which is owned by Surviving Corporation.

THIRD: That Surviving Corporation, by the following resolutions of its board of directors, duly adopted on September 21, 1992, determined to merge into itself Subsidiary on the conditions set forth in such resolutions:

RESOLVED, That Surviving Corporation merge into itself Subsidiary and assume all of Subsidiary's liabilities and obligations and upon the effective date of such merger, Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California; and

FURTHER RESOLVED, That Surviving Corporation shall succeed to the property and assets, if any, of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary; and

FURTHER RESOLVED, That shares of stock of Subsidiary shall not be converted into shares of stock of Surviving Corporation, but shall be cancelled and the authorized capital stock of Surviving Corporation shall not be changed, but shall be and remain the same as before the merger; and

FURTHER RESOLVED, That the state of incorporation of Surviving Corporation shall be and remain the State of Delaware; and

FURTHER RESOLVED, That the officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger; and

FURTHER RESOLVED, That the name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company; and

FURTHER RESOLVED, That all provisions of the existing certificate of incorporation, as amended and in effect upon the effective date of the merger, shall be and remain the certificate of incorporation of Surviving Corporation; and

FURTHER RESOLVED, That Surviving Corporation adopt the Plan of Merger of Visalia Electric Railroad Company into Southern Pacific Transportation Company in a form substantially similar to that which is attached as Exhibit I to these resolutions and incorporated by reference herein and file the Plan of Merger of Visalia Electric Railroad Company into Southern Pacific Transportation Company with the Secretary of State of California; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president, and the secretary of Surviving Corporation, and each of them, hereby are directed to make, execute and attest a Certificate of Ownership and Merger with Subsidiary setting forth a copy of these resolutions providing for the merger of Subsidiary into Surviving Corporation, and the date of adoption hereof, and to file the same in the office of the Secretary of the State of Delaware and a certified copy thereof in the appropriate office of the Recorder of Deeds; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president and any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file an executed original and a certified copy of the Certificate of Ownership and Merger with Subsidiary with the appropriate offices of the Recorder and the California Secretary of State consenting on the part of Surviving Corporation to be served with process in California in any proceeding

for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger; and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file with the Secretary of State of California a copy of a Plan of Merger with Subsidiary in substantially the form attached hereto; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice-president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file on behalf of Subsidiary a certificate of satisfaction of the Franchise Tax Board in conformity with Section 1110 of the California Corporations Code; and

FURTHER RESOLVED, That the chairman, any vice chairman, the president or any vice president of Surviving Corporation shall be, and each of them hereby is, authorized and directed in the name and on behalf of Surviving Corporation to execute and file with the Interstate Commerce Commission a Verified Notice of Exemption in furtherance of the foregoing resolutions to the extent and in a manner deemed appropriate by said officers.

FURTHER RESOLVED, That the proper officers of the Surviving Corporation, and each of them, hereby are authorized to take any further actions as may be deemed necessary or proper to accomplish the purpose and intent of the foregoing resolutions.

FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary, as well as for enforcement of any obligation of Surviving Corporation arising from the merger, and to irrevocably appoint the Secretary of State of California as its agent to accept service of process in any such

suit or other proceedings and a copy of such process shall be mailed by the Secretary of State of California to Surviving Corporation at the following address:

Southern Pacific Transportation Company
1 Market Plaza
Southern Pacific Building
San Francisco, California 94105

Dated this 21st day of September, 1992.

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: _____

VICE PRESIDENT

ATTEST:

_____
Secretary

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PLAN OF MERGER
OF
VISALIA ELECTRIC RAILROAD COMPANY
INTO
SOUTHERN PACIFIC TRANSPORTATION COMPANY

PLAN OF MERGER dated as of this 21st day of September, 1992, for Southern Pacific Transportation Company, a Delaware corporation ("Surviving Corporation"), and Visalia Electric Railroad Company, a California corporation and wholly-owned subsidiary of Surviving Corporation ("Subsidiary").

Recitals

1. Subsidiary has authorized 10,000 shares of common stock, each having a par value of $100, of which all of the issued and outstanding shares are owned by Surviving Corporation.

2. Surviving Corporation and Subsidiary desire to simplify their business procedures, bookkeeping and administrative structure and eliminate duplicative functions.

Plan

1. Subsidiary shall merge into Surviving Corporation and upon the effective date of such merger Subsidiary shall cease to exist and shall no longer exercise its powers, privileges and franchises subject to the laws of the State of California. Surviving Corporation shall succeed to the property and assets of and exercise all the powers, privileges and franchises of Subsidiary and shall be liable for all the liabilities and obligations, if any, of Subsidiary.

2. This Plan of Merger shall be duly adopted by the board of directors of Subsidiary and become effective upon approval of Surviving Corporation, as sole shareholder of Subsidiary.

3. Upon the effective date of the merger, all issued and outstanding shares of capital stock of Subsidiary shall be cancelled and all certificates evidencing ownership of such shares shall be void and of no effect, and all issued and outstanding shares of capital stock of Surviving Corporation shall remain issued and outstanding.

4. The state of incorporation of Surviving Corporation shall be and remain the State of Delaware.

EXHIBIT I

5. The officers and directors of Surviving Corporation shall be and remain the same officers and directors in office upon the effective date of the merger.

6. The name of Surviving Corporation, upon the effective date of the merger, shall be and remain Southern Pacific Transportation Company.

7. All provisions of the existing certificate of incorporation of Surviving Corporation, as amended and in effect on the effective date of the merger, on file with the Secretary of State of Delaware, shall constitute the certificate of incorporation of Surviving Corporation. Also, all provisions of the bylaws of Surviving Corporation, as amended and in effect on the effective date of the merger, shall constitute the bylaws of Surviving Corporation.

8. Subsidiary and Surviving Corporation shall take, or cause to be taken, all action, or do or cause to be done, all things necessary, proper or advisable under the laws of the United States and the states of Delaware and California, to consummate and make effective the merger, subject to, however, the approval of the board of directors of Surviving Corporation as provided by law.

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF MARCH, A.D. 1993, AT 4:20 O'CLOCK P.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352967

DATE: 12-27-94

0703228 8100

944255253

SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:20 PM 03/29/1993
930895295 - 703228

CERTIFICATE OF CORRECTION FILED TO CORRECT CERTAIN ERRORS IN THE CERTIFICATE OF OWNERSHIP AND MERGER OF LOS ANGELES UNION TERMINAL, INC. INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY FILED IN THE OFFICE OF THE SECRETARY OF STATE OF DELAWARE ON SEPTEMBER 29, 1992

The undersigned, Southern Pacific Transportation Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify:

FIRST: That the name of the corporation is Southern Pacific Transportation Company.

SECOND: That a Certificate of Ownership and Merger of Los Angeles Union Terminal, Inc. into Southern Pacific Transportation Company was filed with the Secretary of State of Delaware on September 29, 1992, and that such certificate requires correction as permitted by Section 103(f) of the GCL.

THIRD: That the inaccuracy or defect of such certificate to be corrected was the appointment of the California Secretary of State as agent for service of process.

FOURTH: That Article Fourth of such certificate is corrected to read as follows:

> FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary as well as for enforcement of any obligation of Surviving Corporation arising from the merger.

Dated this 15th day of March, 1993.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By _____
Its Vice President

ATTEST:

By _____
Its Secretary

PGTD:CJ2

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF MARCH, A.D. 1993, AT 4:25 O'CLOCK P.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352966

DATE: 12-27-94

0703228 8100

944255253

SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:25 PM 03/29/1993
930895296 - 703228

CERTIFICATE OF CORRECTION FILED TO CORRECT CERTAIN ERRORS IN THE CERTIFICATE OF OWNERSHIP AND MERGER OF NORTHWESTERN PACIFIC RAILROAD COMPANY INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY FILED IN THE OFFICE OF THE SECRETARY OF STATE OF DELAWARE ON SEPTEMBER 29, 1992

The undersigned, Southern Pacific Transportation Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify:

FIRST: That the name of the corporation is Southern Pacific Transportation Company.

SECOND: That a Certificate of Ownership and Merger of Northwestern Pacific Railroad Company into Southern Pacific Transportation Company was filed with the Secretary of State of Delaware on September 29, 1992, and that such certificate requires correction as permitted by Section 103(f) of the GCL.

THIRD: That the inaccuracy or defect of such certificate to be corrected was the appointment of the California Secretary of State as agent for service of process.

FOURTH: That Article Fourth of such certificate is corrected to read as follows:

> FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary as well as for enforcement of any obligation of Surviving Corporation arising from the merger.

Dated this 15th day of March, 1993.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By [signature]
Its Vice President

ATTEST:

By [signature]
Its Secretary

PGTD:CJ2

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF MARCH, A.D. 1993, AT 4:30 O'CLOCK P.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352965

DATE: 12-27-94

0703228 8100

944255253

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 03/29/1993
930895297 - 703228

CERTIFICATE OF CORRECTION FILED TO CORRECT CERTAIN ERRORS IN THE CERTIFICATE OF OWNERSHIP AND MERGER OF VISALIA ELECTRIC RAILROAD COMPANY INTO SOUTHERN PACIFIC TRANSPORTATION COMPANY FILED IN THE OFFICE OF THE SECRETARY OF STATE OF DELAWARE ON SEPTEMBER 29, 1992

The undersigned, Southern Pacific Transportation Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify:

FIRST: That the name of the corporation is Southern Pacific Transportation Company.

SECOND: That a Certificate of Ownership and Merger of Visalia Electric Railroad Company into Southern Pacific Transportation Company was filed with the Secretary of State of Delaware on September 29, 1992, and that such certificate requires correction as permitted by Section 103(f) of the GCL.

THIRD: That the inaccuracy or defect of such certificate to be corrected was the appointment of the California Secretary of State as agent for service of process.

FOURTH: That Article Fourth of such certificate is corrected to read as follows:

> FOURTH: That Surviving Corporation has agreed that it may be served with process in California in any proceeding for enforcement of any obligation of Subsidiary as well as for enforcement of any obligation of Surviving Corporation arising from the merger.

Dated this 15th day of March, 1993.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By _____
Its Vice President

ATTEST:

By _____
Its Secretary

PGTD:CJ2

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SOUTHERN PACIFIC TRANSPORTATION COMPANY", FILED IN THIS OFFICE ON THE TENTH DAY OF AUGUST, A.D. 1993, AT 11:07 O'CLOCK A.M.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7352964

DATE: 12-27-94

0703228 8100

944255253

STATE OF DELAWARE
SECRETARY OF STATE 002
DIVISION OF CORPORATIONS
FILED 11:07 AM 08/10/1993
932225225 - 703228

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SOUTHERN PACIFIC TRANSPORTATION COMPANY

Southern Pacific Transportation Company, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

1. That the Board of Directors of the Corporation at a meeting duly called and held on August 4, 1993 duly adopted resolutions setting forth an amendment to the Certificate of Incorporation of the Corporation and declared said amendment to be advisable.

2. That the sole shareholder of the outstanding shares of Common Stock of the Corporation, acting by means of written consent in lieu of a meeting pursuant to Section 228(a) of the General Corporation Law of the State of Delaware, on August 4, 1993 duly adopted and approved said amendment to the Certificate of Incorporation of the Corporation.

3. That said amendment to the Certificate of Incorporation of the Corporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware. The resolutions setting forth the amendment are as follows:

> "RESOLVED, that the Certificate of Incorporation of the Corporation be amended by deleting Article Fifth in its entirety and inserting in lieu thereof as follows:
>
> 'Fifth: The total number of shares of common stock which the Corporation shall have authority to issue is Two Thousand (2000) shares; all of such shares shall be without par value.'"

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be affixed hereto and this Certificate to be executed by Robert F. Starzel, its Vice Chairman, and attested

to by Thomas F. O'Donnell, its Secretary, this 9th day of August, 1993.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: Robert F. Starzel
Vice Chairman

ATTEST:

By: Thomas F. O'Donnell
Secretary

MCSD AS7

BY-LAWS

OF

SOUTHERN PACIFIC TRANSPORTATION COMPANY

A DELAWARE CORPORATION

ADOPTED OCTOBER 13, 1988

BY-LAWS

OF

SOUTHERN PACIFIC TRANSPORTATION COMPANY

A Delaware Corporation

ADOPTED OCTOBER 13, 1988

ARTICLE I.

Meetings of Stockholders

Section 1. Annual Meetings. The annual meeting of the stockholders, for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held on such date and at such place and hour as shall be designated by the Board of Directors (herein called the Board), the Executive Committee, or the Chairman, and set forth in the notice thereof.

Section 2. Special Meetings. A special meeting of the stockholders for any purpose or purposes may be called at any time by the Board or the Executive Committee, and such meeting shall be held on such date and at such place and hour as shall be designated in the notice thereof.

Section 3. Notice of Meetings. Except as otherwise expressly required by law, notice of each meeting of the stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to notice of, or to vote at, such meeting by delivering a typewritten or printed notice in the United States mail, postage prepaid, directed to such stockholder at his address as it appears on the stock record of the Company or by transmitting a notice thereof to him at such address by telegraph, cable or other form of recorded communication. Every such notice shall state the place, date and hour of the meeting and, in such case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required.

Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy, except a stockholder who attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. Except as otherwise expressly required by law, if stockholders holding of record a majority of the shares of stock of the Company entitled to be voted shall be present in person or by proxy, a quorum for the transaction of business at any meeting of the stockholders shall exist. In the absence of a quorum at any such meeting of any adjournment or adjournments thereof, a majority in voting interest of those present in person or by proxy and entitled to vote, may adjourn such meeting from time to time until stock-

holders holding the amount of stock requisite for a quorum shall be present in person or by proxy. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 5. Organization. At each meeting of the stockholders, the Chairman, or any other officer of the Company designated by the Board, the Executive Committee, or the Chairman, shall act as chairman of the meeting.

Section 6. Order of Business. The order of business at each meeting of the stockholders shall be determined by the chairman of the meeting, but such order of business may be changed by a majority in voting interest of those present in person or by proxy at such meeting and entitled to vote.

Section 7. Voting. Except as otherwise provided in the Certificate of Incorporation, each stockholder shall, at each meeting of the stockholders, be entitled to one vote in person or by proxy for each share of stock of the Company which has voting power on the matter in question held by him and registered in his name on the stock record of the Company on the record date fixed pursuant to the provisions of Section 4 of Article VII of these By-laws.

Shares of its own stock belonging to the Company or to another company, if a majority of the shares entitled to vote on the election of directors of such other company is held, directly or indirectly, by the Company, shall not be entitled to vote or be counted for quorum purposes. Any vote of stock of the Company may be given at any meeting of the stockholders by the person entitled to vote the same in person or by proxy appointed by an instrument in writing delivered to the Secretary or an Assistant Secretary of the Company or the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date, unless such proxy provides for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy.

At all meetings of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these By-laws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote, a quorum being present.

Section 8. Action by Consent of Stockholders. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (which consent may be signed in counterparts). Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the corporation in the manner required by the Delaware General Corporation Law, written consents signed by a sufficient number of stockholders to take the action are delivered to the Company in the manner required by the Delaware General Corporation Law.

Section 9. List of Stockholders. It shall be the duty of the Treasurer or other officer of the Company to prepare and make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at the place where the meeting is to be held or at such other place within the city where the meeting is to be held as is specified in the notice of the meeting. Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 10. Inspectors. Either the Board or the chairman of the meeting may, in its or his discretion, appoint two or more inspectors, who need not be stockholders, who shall receive and take charge of ballots and proxies and decide all questions relating to the qualification of those asserting the right to vote and the validity of ballots and proxies.

ARTICLE II.

Board of Directors

Section 1. General Powers. The property, business, affairs and policies of the Company shall be managed by or under the direction of the Board, except as otherwise provided in the Delaware General Corporation Law or the Certificate of Incorporation.

Section 2. Number and Term of Office. The number of directors which shall consititute the whole Board shall be not less than three nor more than fifteen. (The term "whole Board" as used in these By-laws shall mean the number of directors elected and holding office at any time.) Each of the directors of the Company shall hold office until his successor shall be elected and shall qualify or until his earlier death, resignation or removal; provided, however, that the term of a director who is an officer (other than the Chairman or a Vice Chairman) shall terminate automatically upon the date of his retirement from the Company. Any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 3. Election. At each annual meeting of the stockholders for the election of directors at which a quorum is present, the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

Section 4. Resignation and Vacancies. Any director may resign at any time by giving written notice of his resignation to the Board, the Chairman or the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

In case of any vacancy on the Board or in case of any newly created directorship, a director to fill the vacancy or the newly created directorship for the unexpired portion of the term being filled may be elected by a majority of the directors of the Company then in office though less than a quorum, or by a sole remaining director.

Section 5. Meetings.

(A) Annual Meetings. As soon as practicable after each annual election of directors, the Board shall meet to elect members of committees and officers of the Company, and transact any other business.

(B) Regular Meetings. Regular meetings of the Board shall be held at such times and places as the Board shall from time to time determine. Notice of regular meetings need not be given.

(C) Special Meetings. Special meetings of the Board, at which any and all business may be transacted, shall be held at such times and places as the Board, any five directors or the Chairman may determine. The Secretary shall give oral or written notice to each director of each special meeting, including the time and place thereof. Any special meeting of the Board shall be a legal meeting without any notice thereof having been given if all the directors then in office shall be present. The purposes of a meeting need not be specified in the notice or waiver of notice of any meeting.

(D) Quorum and Manner of Acting. Except as otherwise expressly required by these By-laws or by law, a majority of the directors then in office shall be present in person or at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and the vote of a majority of the directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or for an act to be the act of the Board. In the absence of a quorum, a majority of the directors present may adjourn such meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given.

(E) Action by Communications Equipment. The directors may participate in a meeting of the Board by conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

(F) Action by Consent. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all the directors consent thereto in a writing or writings, and such writing or writings are filed with the minutes of the proceedings of the Board.

(G) Organization. At each meeting of the Board, one of the following shall act as chairman of the meeting, in the following order of precedence: (a) the Chairman; (b) a Vice Chairman; (c) the President; (d) any director chosen by a majority of the directors who are present. The Secretary or, in the case of his absence, the person whom the chairman of the meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof.

Section 6. Compensation. Each director, in consideration of his serving as such, may receive from the Company such amount per annum and such fees for attendance at meetings of the Board or of any committee, or both, as the Board may from time to time determine. The Board may likewise provide that the Company shall reimburse each director or member of a committee for any expenses incurred by him on account of his attendance at any such meeting. Nothing contained in this Section shall be construed to preclude any director from serving the Company in any other capacity and receiving compensation therefor.

ARTICLE III.

Committees

Section 1. Executive Committee.

(A) Appointment, Term of Office, Etc. There shall be an Executive Committee consisting of the Chairman, any Vice Chairmen and the President of the Company. Each member of the Executive Committee shall continue as such only so long as he remains a director holding one of the above offices.

In the absence or disqualification of a member, the member or members of the Executive Committee present at a meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

(B) Functions and Powers.

(i) General. The Executive Committee, between meetings of the Board and subject to any limitations prescribed by the Board, shall have and may exercise the powers of the Board in the management of the property, business, affairs and policies of the Company; provided, however, that the Executive Committee shall not have the power or authority to approve amendments to the Certificate of Incorporation of the Company, adopt agreements of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all the property and assets of the Company, recommend to the stockholders the dissolution of the Company or revocation of a dissolution or amend these By-laws. The Executive Committee shall have the power and authority to declare dividends and to authorize the issuance of stock of the Company.

(ii) Compensation, Expenditures, Sales and Retirement of Property, and Agreements. The Executive Committee shall adopt and implement policies specifying and limiting the power and authority of each of the officers of the Company to: hire and terminate employees; determine compensation and bonuses; authorize expenditures; enter into contracts; purchase and sell assets; make investments; make contributions; execute notes, mortgages, deeds and other instruments; and otherwise take actions on behalf of the Company. The Executive Committee also shall adopt policies with respect to the review and approval of material written contracts and instruments by an attorney for the Company.

(C) Meetings. Meetings of the Executive Committee shall be held at such times and places as the Executive Committee or the Chairman shall from time to time determine. The Chairman or Secretary shall give oral or written notice to each member of the Executive Committee of each meeting, including the time and place thereof.

Except as otherwise expressly required by these By-laws or by law, three of the members of the Executive Committee shall be present in person at any meeting of the Executive Committee in order to constitute a quorum for the transaction of business at such meeting, and the vote of a majority of the members present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or for an act to be the act of the Executive Committee.

Section 2. Other Committees. The Board, by resolution adopted by a majority of the whole Board, may designate other committees, each committee to consist of two or more directors and to have such duties and functions and to act in such manner as shall be provided in such resolution. Subject to the provisions of such resolution, any such committee shall be governed by paragraph (C) of Section 1 of this Article III.

Section 3. Action by Communications Equipment or Consent. The members of any committee may participate in a meeting by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting. Any action required or permitted to be taken at any meeting of any committee may be taken without a meeting if all members of the committee consent thereto in writing, and such writing is filed with the minutes of the proceedings of the committee.

ARTICLE IV.

Officers

Section 1. Election and Appointment and Term of Office. The officers of the Company who shall be elected by the Board shall be: a Chairman; one or more Vice Chairmen; a President; such Executive Vice Presidents and Senior Vice Presidents as the Board may by resolution determine; one or more Vice Presidents; a General Counsel; a Secretary; a Controller and a Treasurer. Each such officer shall hold office until his successor is elected or appointed and qualified or until his earlier death, resignation or removal. Any number of offices may be held by the same person, except that the same person may not simultaneously hold the office of Secretary and any of the offices of Chairman, Vice Chairman or President.

The Board, the Executive Committee, or the Chairman may elect or appoint such other officers (including one or more Assistant Vice Presidents, Assistant Treasurers, Assistant Secretaries, Assistant Controllers and Assistant General Counsel) as deemed necessary who, as officers of the Company, shall have such authority and shall perform such duties as the Board, the Executive Committee or the Chairman may from time to time prescribe.

Section 2. Resignation, Removal and Vacancies. Any officer may resign at any time by giving written notice of his resignation to the Chairman or the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

Any officer, agent or employee may be removed, with or without cause, at any time by the Board, the Executive Committee, or the officer appointing such officer, agent or employee. Election or appointment of an officer shall not in and of itself create any contract rights on the part of such officer.

A vacancy in any office may be filled for the unexpired portion of the term in the same manner as provided in these By-laws for election or appointment to such office.

Section 3. Powers and Duties.

(A) Chairman. The Chairman shall be the Company's principal executive officer. The Chairman shall, together with any Vice Chairmen, carry out the duties and implement the functions assigned to the office of the Chairman by these By-laws, the Board or the Executive Committee.

(B) Vice Chairmen. Each Vice Chairman shall, together with the Chairman, carry out the duties and implement the functions assigned to the Office of the Chairman by these By-laws and shall perform such other duties as may be assigned to him by the Board, the Executive Committee or the Chairman.

(C) Office of the Chairman. The Office of the Chairman shall consist of the Chairman and any Vice Chairmen. The Office of the Chairman shall have active control and general charge and management of the property, business and affairs of the Company and shall have general supervision of the Company's officers, agents and employees. Any authority, power or duty assigned by these By-laws or by the Board or Executive Committee to the Office of the Chairman may be exercised or performed by the Chairman or any Vice Chairman, and the act of any one of them shall constitute the act of the Office of the Chairman.

(D) President. The President shall be primarily responsible for the transportation operations of the Company and shall perform such other duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(E) Executive Vice Presidents. Each Executive Vice President shall perform such duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(F) Senior Vice Presidents. Each Senior Vice President shall perform such duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(G) Vice Presidents. Each Vice President shall perform such duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(H) General Counsel. The General Counsel shall have general supervision and control of all the Company's legal business. He shall perform such other duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(I) Secretary. The Secretary shall attend and keep, or cause to be kept the records of all meetings of the stockholders, the Board, the Executive Committee and all other committees. He shall be custodian of the seal of the Company, and shall affix or cause to be affixed the seal to instruments as required. He shall give or cause to be given due notice of all meetings in accordance with these By-laws and as required by law. He shall perform such other duties as may be assigned to him by the Board, the Executive Committee or the Office of the Chairman.

(J) Controller. The Controller shall have charge, supervision and control of the accounting affairs of the Company. He shall, at such times and in such form as he may deem advisable, require from all officers and agents who receive or disburse funds for account of the Company reports showing all such receipts and disbursements. He shall perform such other duties as may be assigned to him by the Board, the Executive Committee, the Office of the Chairman or the Vice President-Finance.

(K) Treasurer. The Treasurer shall have charge and custody of all moneys, stock, bonds, notes and other securities owned or held by the Company, except those held elsewhere at the direction of the Office of the Chairman. The Treasurer shall deposit funds of the Company as provided in Section 2 of Article V of these By-laws, and shall sign or cause to be signed checks, drafts, and vouchers against such deposits in accordance with regulations prescribed by the Office of the Chairman. The Treasurer shall keep, in such form as shall be prescribed by the Controller, true and full accounts of all receipts and disbursements and other transactions of his office. The Treasurer shall keep the stock record and perform such other duties as may be assigned to him by the Board, the Executive Committee, the Office of the Chairman or the Vice President-Finance.

Section 4. Compensation. Officers shall receive such compensation for their services as may be authorized or ratified by the Board or the Executive Committee and no officer shall be prevented from receiving compensation by reason of the fact that he is also a director of the Company. Election or appointment as an officer shall not of itself create a contract or other right to compensation for services performed by such officer.

ARTICLE V.

Deeds, Contracts, Deposits and Proxies

Section 1. Execution of Documents. The Chairman, any Vice Chairman, the President or any Vice President or any other officer designated by the Board, the Executive Committee or the Office of the Chairman each shall have power to execute and deliver deeds, contracts, mortgages, bonds, notes, indentures and other documents and instruments for and in the name of the Company.

Section 2. Deposits. All funds received for the account of the Company shall be deposited by the Treasurer to the credit of the Company in such depositories or otherwise as the Board, the Executive Committee, or the Office of the Chairman or any other officer of the Company to whom power in that respect shall have been delegated by the Board, the Executive Committee, the Office of the Chairman or these By-laws shall determine.

Section 3. Voting of Stock or Other Securities of Other Companies. Unless otherwise provided by resolution of the Board, on behalf of the Company the Chairman, and Vice Chairman, the President or any Vice President designated by one of the foregoing shall attend in person or by substitute appointed by him, or shall execute written instruments appointing a proxy or proxies to represent the Company at, all meetings of the stockholders of any other corporation, association or other entity in which the Company holds any stock or other

securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and otherwise, such officer, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the Company and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the Board or the Executive Committee.

ARTICLE VI.

Shares and Their Transfer; Fixing Record Date

Section 1. Certificates for Stock. Every owner of stock of the Company shall be entitled to have a certificate certifying the number of shares owned by him in the Company and designating the class of stock to which such shares belong, which shall otherwise be in such form as the Board shall prescribe. Each such certificate shall be signed by, or in the name of the Company by, either the Chairman, the Vice Chairman, the President or a Vice President, and by either the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Company. Any or all such signatures may be facsimiles.

Section 2. Record. A stock record shall be kept by the Treasurer of the name of the person, firm or corporation owning the stock represented by each certificate of stock of the Company, the number of shares represented by each such certificate, the date thereof and, in the case of cancellation, the date of cancellation. Except as otherwise expressly required by law, the person in whose name shares of stock stand on the stock record of the Company shall be deemed the owner thereof for all purposes as regards the Company.

Section 3. Transfer of Stock; Lost, Stolen, Destroyed or Mutilated Certificates. The transfer of stock and certificates of stock which represent the stock of the Company, and the replacement of lost, stolen, destroyed or mutilated stock certificates shall be governed by the Delaware Uniform Commercial Code. The Board may appoint or authorize any officer or officers to appoint one or more transfer agents and one or more registrars.

Section 4. Fixing Date for Determination of Stockholders of Record. In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any such action. A determination of stockholders entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

ARTICLE VII.

Seal

The Board shall adopt a corporate seal, which shall be in the form of a circle and shall bear the full name of the Company and the word "Delaware".

ARTICLE VIII.

Waiver of Notices; Places of Meetings; Presumption of Assent

Section 1. Waiver of Notices. Whenever notice is required to be given by the Certificate of Incorporation, by these By-laws or by law, a waiver thereof in writing, signed by the person entitled to such notice, or by an attorney thereunto authorized, shall be deemed equivalent to notice, whether given before or after the time specified therein and, in the case of a waiver of notice of a meeting, whether or not such waiver specified the purpose of or business to be transacted at such meeting.

Section 2. Place of Meetings. Any meeting of the stockholders, the Board, the Executive Committee or any other committee of the Board may be held within or outside the State of Delaware.

Section 3. Presumption of Assent. A director or stockholder of the Company who is present at a meeting of the Board, any committee thereof or stockholders at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director or stockholder who voted in favor of such action.

ARTICLE IX.

Indemnification

Section 1. Definitions. For purposes of this Article, the following terms shall have the meanings set forth below:

(a) Action - Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative;

(b) Derivative Action - Any action by or in the right of the Company to procure a judgment in its favor;

(c) Third Party Action - Any action other than a Derivative Action; and

(d) Indemnified Party - Any person who is or was a party or is threatened to be made a party to any Action by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, including without limitation any employee benefit plan of the Company for which any such person is or was serving as trustee, plan administrator or other fiduciary.

Section 2. Third Party Actions. The Company shall indemnify any Indemnified Party against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by him in connection with any Third Party Action if, as determined pursuant to Section 5 below, he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company and, with respect to any criminal Action, had no reasonable cause to believe his conduct was unlawful. The termination of any Third Party Action by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create either a presumption that the Indemnified Party did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Action, a presumption that the Indemnified Party had reasonable cause to believe that his conduct was unlawful.

Section 3. Derivative Actions. The Company shall indemnify any Indemnified Party against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of any Derivative Action if, as determined pursuant to Section 5 below, he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person is or has been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or court in which such Action was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such Indemnified Party is fairly and reasonably entitled to indemnification for such expenses which the Court of Chancery or such other court deems proper. If any claim that may be made by or in the right of the Company against any person who may seek indemnification under this Article IX is joined with any claim by any other party against such person in a single Action, the claim by or in the right of the Company (and all expenses related thereto) shall nevertheless be deemed the subject of a separate and distinct Derivative Action for purposes of this Article IX.

Section 4. Success on Merits or Otherwise. If and to the extent that any Indemnified Party has been successful on the merits or otherwise in defense of any Action referred to in Section 2 or 3 of this Article IX, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any determination that he has met the applicable standards of conduct set forth in Section 2 or 3 of this Article IX.

Section 5. Determination. Except as provided in Section 4, any indemnification under Section 2 and 3 of this Article IX (unless ordered by a court) shall be made by the Company only upon a determination that indemnification of the Indemnified Party is proper in the circumstances because he has met the applicable standards of conduct set forth in said Section 2 or 3. Any indemnification under Section 4 of this Article IX (unless ordered by a court) shall be made by the Company only upon a determination by the Company of the extent to which the Indemnified Party has been successful on the merits or otherwise. Any such determination shall be made (a) by the Board by a majority vote of a quorum consisting of directors who were not parties to the such action, suit or proceeding or, (b) if such a quorum is not obtainable, or, even if obtainable a

quorum of disinterested directors so directs, by independent legal counsel (which counsel shall not be the counsel generally employed by the Company in connection with its corporate affairs) in a written opinion, or (c) by the stockholders of the Company at a meeting called for such purpose.

Section 6. Advancement of Expenses. Expenses (including attorneys' fees) or some part thereof incurred by an Indemnified Party in defending any action, shall be paid by the Company in advance of the final disposition of such action upon receipt of a written undertaking by or on behalf of the Indemnified Party to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized in this Article IX.

Section 7. Other Indemnification. The indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall not be deemed exclusive of any other rights to which any Indemnified Party or other person seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation, any agreement, by-law (including without limitation any other or further Section or provision of this Article IX), vote of the stockholders or disinterested directors or otherwise), and any procedure provided for by any of the foregoing, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 8. Applicability; Effect. Any indemnification or advancement of expenses provided by or granted pursuant to this Article IX shall be applicable to acts or omissions that occurred prior to the adoption of this Article IX, shall continue as to any person who has ceased to be a director, officer or employee of the Company or, at the request of the Company, was serving as and has since ceased to be a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, including, without limitation, any employee benefit plan of the Company for which any such person served as trustee, plan administrator or other fiduciary, and shall inure to the benefit of the heirs, executors and personal representatives of such person. The repeal or amendment of this Article IX or of any section or provision thereof which would have the effect of limiting, qualifying or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict or otherwise affect the right or power of the Company to indemnify any person, or affect any right of indemnification of such person, with respect to any acts or omissions which occurred prior to such repeal or amendment. All rights under this Article IX shall be deemed to be provided by contract between the Company and each person covered hereby.

Section 9. Insurance. By action of the Board, notwithstanding any interest of the directors in such action, the Company may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an Indemnified Party, whether or not the Company would have the power to indemnify him against such liability under applicable provisions of law.

Section 10. Right to Impose Conditions to Indemnification. The Company shall have the right to impose, as conditions to any indemnification provided or permitted in this Article VI, such reasonable requirements and conditions as to the Board or stockholders may appear appropriate in each specific case and

circumstance, including but not limited to any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Action shall be counsel mutually agreeable to the person to be indemnified and to the Company; (b) that the Company shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Company shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Company.

Section 11. Indemnification of Agents. The Company shall have the right, but shall not be obligated, to indemnify any agent of the Company not otherwise covered by this Article to the fullest extent permissible by the laws of Delaware. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided by Section 5 of this Article IX.

Section 12. Savings Clause. If this Article or any section or provision hereof shall be invalidated by any court on any ground, then the Company shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article IX that shall not have been invalidated.

ARTICLE X.

Amendments

These By-laws may be altered or repealed by the vote of a majority of the whole Board, subject to the power of the holders of a majority of the outstanding stock of the Company entitled to vote in respect thereof, by their vote given at an annual meeting or at any special meeting, to alter or repeal any By-law made by the Board.