RECORDATION NO. 11124 Filed 1425
NOV 30 1979 -10 00 AM
INTERSTATE COMMERCE COMMISSION

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CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

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RECORDATION NO. 11124-A Filed 1425
NOV 30 1979 -10 00 AM
INTERSTATE COMMERCE COMMISSION

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CABLE ADDRESSES
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RECORDATION NO. 11124-B Filed 1425
NOV 30 1979 -10 00 AM
INTERSTATE COMMERCE COMMISSION

11124-B-334A030
Date NOV 30 1979
Fee $ 170.00
ICC Washington, D. C.

I.C.C. FEE OPERATION BR.
NOV 30 1979

RECORDATION NO. 11124-C Filed 1425
NOV 30 1979 -10 00 AM
INTERSTATE COMMERCE COMMISSION

November 28, 1979

Lease Financing
Dated as of October 15, 1979
11-1/2% Equipment Trust Certificates
Due January 20, 1995

See page 4 for Cross indexing request.

SEE

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herein on behalf of First Security State Bank, as Trustee, for ing and recordation counterparts of the following documents:

New A

1. Equipment Trust Agreement dated as of October 15, 1979 between First Security Bank of Utah, N.A., as Trustee, and the Connecticut Bank and Trust Company, as Owner-Trustee.

— 2. Lease of Railroad Equipment dated as of October 15, 1979 between First Security State Bank, as Trustee, and the Connecticut Bank and Trust Company, as Owner-Trustee.

— B 3. Sublease Assignment, Assumption and Supplement Agreement dated as of October 15, 1979 among BRAE Corporation, as Assignor, First Security State Bank, as Trustee, and Mississippi & Skuna Valley Railroad Company, as Sublessee.

— C 4. Sublease Assignment, Assumption and Supplement Agreement dated as of October 15, 1979 among BRAE Corporation, as Assignor, First Security State Bank, as Trustee, and Columbia & Cowlitz Railway Company, as Sublessee.

Counterpart Clyde Letheeler

RECORDATION NO. 11124-E Filed 1425
NOV 30 1979 -10 00 AM
INTERSTATE COMMERCE COMMISSION

5. Assignment of Subleases and Agreement dated as of October 15, 1979 between First Security State Bank, as Trustee and the Connecticut Bank and Trust Company, as Owner-Trustee.

6. Assignment of Lease, Reassignment of Subleases and Agreement dated as of October 15, 1979 between the Connecticut Bank and Trust Company, as Owner-Trustee, and First Security Bank of Utah, N.A., as Trustee.

The names and addresses of the parties to the aforementioned agreements are as follows:

(1) Trustee:

First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111

(2) Owner-Trustee, Lessor, Assignee, Assignor:

The Connecticut Bank and Trust Company
1 Constitution Plaza
Hartford, Connecticut 06115

(3) Assignor:

BRAE Corporation
Three Embarcadero Center
San Francisco, California 94111

(4) Trustee, Lessee, Sublessor, Assignee, Assignor:

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84111

(5) Sublessee:

Mississippi & Skuna Valley Railroad Company
In care of Weyerhaeuser Company
Tacoma, Washington 98477

(6) Sublessee:

Columbia & Cowlitz Railway Company
In care of Weyerhaeuser Company
Tacoma, Washington 98477

Please file and record the documents referred to in this letter and cross-index them under the names indicated above.

The equipment covered by the aforementioned documents consists of the following:

Type	Quantity	Road Numbers [inclusive]	Sublessee
70-ton, 52' 6" Boxcars with steel load dividers, offset 16' plug doors, plate C, AAR Mechanical Designation: XL, Manufacturer: PACCAR, Inc.	100	CLC 4001 through CLC 4100	Columbia & Cowlitz Railway Company
70-ton, 52' 6" Boxcars with offset 16' plug doors, plate C, AAR Mechanical Designation: XM, Manufacturer: PACCAR, Inc.	50	CLC 3351 through CLC 3400	Columbia & Cowlitz Railway Company
100-ton, 62' 6" Bulkhead Flat Cars, AAR Mechanical Designation: FB, Manufacturer: Bethlehem Steel Corporation	35	MSV 400 through MSV 434	Mississippi & Skuna Valley Railroad Company
100-ton, 7000 cubic feet Chip Cars with bottom dump, AAR Mechanical Designation: HTS, Manufacturer: Ortner Freight Car Company	27	MSV 1440 through MSV 1466	Mississippi & Skuna Valley Railroad Company

Cross-Indexing Request

A. Under Recordation No. 9875, indexed under BRAE Corporation, as Company, and under Morgan Guaranty Trust Company of New York, as Trustee, please enter in both the yellow page index book and the white page index book the following cross-indexing:

"See Recordation No. 11124 ".

B. Under Recordation No. 10954 covering a lease and other documents to be indexed under the Connecticut Bank and Trust Company, as Lessor, and the First Security State Bank, as Lessee, and as indexed under other parties, please enter in both the yellow page index book and the white page index book the following cross-indexing:

"See Recordation No. 11124 ".

C. Please enter in the yellow page index book and the white page index book under this Recordation No. (that is, Recordation No. 11124) the following cross-indexing:

"See Recordation No. 9875-J
9875-M
9875-N
9875-O
10954-A
10954-B.

There is also enclosed a check for $170 payable to the Interstate Commerce Commission representing the recording fees for the aforementioned documents, including the extra fees for the above-requested cross-indexing.

Please stamp all counterparts of the enclosed documents with your office recording stamp. Please retain one counterpart for your files, and return the remaining counterparts to the individual delivering this letter.

Very truly yours,

John W. White

John W. White, as Agent for
First Security State Bank

Ms. Agatha L. Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

John W. White
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N. Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/30/79 at 10:00AM , and assigned recordation number(s). 11124, 11124A, 11124B, 11124C, 11124D, & 11124E

Sincerely yours,

H. G. Homme, Jr.
Secretary

Enclosure(s)

SE-30
(3/79)

11124-A

NOV - 1979

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of October 15, 1979,

between

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee/Lessor

LEASE OF RAILROAD EQUIPMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, acting not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, acting not in its individual capacity but solely as Owner-Trustee (hereinafter, together with its successors and assigns, called the "Owner-Trustee") under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof (the "Owner Trust Agreement"), with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners") and others.

WHEREAS the Lessee, the Lessee-Beneficiaries, the Owners, the Owner-Trustee and the Purchasers named in Exhibits A-1 and A-2 thereto (the "Purchasers") are entering into a Participation Agreement (the "Participation Agreement") dated as of the date hereof;

WHEREAS, pursuant to an interim lease agreement (the "Interim Lease"), the Owner-Trustee leased to the Lessee certain units of railroad equipment (the "Ortner Units") described in Schedule A hereto as manufactured by Ortner Freight Car Company ("Ortner");

WHEREAS the Owner-Trustee and the Lessee intend that this Agreement shall supersede and replace the Interim Lease;

WHEREAS Brae Corporation ("Brae") is assigning to the Owner-Trustee pursuant to Purchase Order Assignments (hereinafter called collectively the "Purchase Order Assignments" and individually a "Purchase Order Assignment"), substantially in the form attached to the Participation Agreement as Exhibits B-1 and B-2, Brae's rights under

certain purchase orders (the "Manufacturing Agreements") with each of PACCAR Inc and Bethlehem Steel Corporation (hereinafter called, together with Ortner, collectively the "Builders" and individually a "Builder") to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units, together with the Ortner Units, being hereinafter called the "Equipment");

WHEREAS the Lessee agrees to lease from the Owner-Trustee all the units of the Equipment, or the Ortner Units and such lesser number of units as are delivered and accepted under the Purchase Order Assignments, at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called a "Unit");

WHEREAS, without in any way diminishing the liability and obligations of the Lessee-Beneficiary under this Lease, the Lessee proposes to enter into a Management Agreement (the "Management Agreement") between the Lessee and Brae Railcar Management Inc. (the "Manager") in order to discharge certain of its obligations under this Agreement;

WHEREAS Brae has entered into Lease Agreements dated July 12, 1979, and July 13, 1979, as amended, respectively (hereinafter called, as further amended as set forth in the next succeeding paragraph, collectively the "Subleases" and individually a "Sublease"), in the respective forms attached to Schedules D-1 and D-2 hereto as Annex B thereto, with Mississippi & Skuna Valley Railroad Company and Columbia & Cowlitz Railway Company, respectively (hereinafter called collectively the "Sublessees" and individually a "Sublessee");

WHEREAS, pursuant to Sublease Assignment, Assumption and Supplement Agreements dated as of October 15, 1979 (the "Sublease Assumption and Supplement Agreements"), (i) Brae is assigning to the Lessee all its right, title and interest as lessor under the Subleases to the extent such Subleases relate to Units, (ii) the Lessee is assuming certain of the obligations of Brae under the Subleases to the extent such Subleases relate to Units and (iii) the Sublessees are releasing Brae of such obligations under the Subleases to the extent such Subleases relate to Units and consenting to the Sublease Assignment (as hereinafter defined) and the Lease Assignment (as hereinafter defined);

WHEREAS the Lessee intends to assign the Subleases to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement (the "Sublease Assignment"), substantially in the form of Schedule E hereto;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement (the "Security Document") with First Security Bank of Utah, N.A. (herein, together with its successors and assigns as trustee under the Security Document, called the "Trustee"), pursuant to which equipment trust certificates (the "Trust Certificates") will be issued and sold to finance a portion of the purchase price of the Equipment, and the Owner-Trustee will be obligated to make payments equal to the principal of and interest on the Trust Certificates out of the rentals received hereunder and security title and interest in the Units will be conveyed to the Trustee until the Owner-Trustee fulfills all its obligations under the Security Document;

WHEREAS, in order to induce the Purchasers to enter into the Participation Agreement and purchase the Trust Certificates and the Owners to enter into the Owner Trust Agreement and to cause the Owner-Trustee to enter into the Equipment Trust Agreement and the Lease, Brae and Comdisco, Inc. ("Comdisco"), are entering into Letter Agreements (the "Letter Agreements") substantially in the respective forms attached hereto as Exhibits G-1 and G-2 with the Trustee, the Owner-Trustee and the Lessee;

WHEREAS the Lessee is entering into an Indemnity Agreement (the "Indemnity Agreement") with the Owner-Trustee, substantially in the form attached hereto as Schedule C, pursuant to which the Lessee agrees to indemnify the Owners under certain circumstances against the loss of certain tax benefits contemplated to accrue to the Owners under this Lease; and

WHEREAS the Owner-Trustee will assign this Lease and its rights under the Subleases and the Sublease Assignment to the Trustee for security purposes pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement (the "Lease Assignment"), substantially in the form attached to the Security Document as Annex II, until the Owner-Trustee fulfills all its obligations under the Security Document, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent");

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or any Owner under this Lease or under the Security Document, including the Lessee's rights by subrogation thereunder against any Builder or the Trustee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee or a Lessee-Beneficiary, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee, any Owner, any holder of the Trust Certificates or the Trustee for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Order Assignments; provided, however, that such acceptance shall be in accordance with the provisions of Section 3.01 of the Security Document. Each delivery of a Unit to the Owner-Trustee under the Purchase Order Assignments shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Purchase Order Assignments. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Purchase Order Assignments, on behalf of the Trustee under the Security Document and on behalf of itself hereunder, and execute and deliver to the Owner-Trustee and the Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of the Purchase Order Assignments, stating that such Unit has been inspected and accepted on behalf of the Lessee, the Owner-Trustee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee, the Owner-Trustee and the Trustee, and shall be subject thereafter to all the terms and conditions of this Lease and the Security Document. The Ortner Equipment, which previously has been accepted by the Owner-Trustee in accordance with the provisions of the Interim Lease, shall be deemed to have been accepted by the Owner-Trustee and the Lessee upon execution and delivery of this Lease by the Owner-Trustee and Lessee. The Lessee hereby represents and warrants to the Owner-Trustee that other than the Ortner Equipment no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder.

§ 3. Rentals. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 181 consecutive monthly payments payable commencing on January 20, 1980, and on the 20th day of each month thereafter to and including January 20, 1995. The first rental payment shall be in an amount equal to the interest payment due on the Trust Certificates on January 20, 1980. The next 60 monthly rental payments commencing February 20, 1980, to and including January 20, 1985, shall each be in an amount equal to 1.09102% of the Purchase Price (as defined in the

Security Document) of each Unit subject to this Lease on the date of such payment; followed by 60 monthly rental payments commencing February 20, 1985, to and including January 20, 1990, in an amount equal to .94758% of the Purchase Price of each such Unit; followed by 60 monthly rental payments commencing on February 20, 1990, to and including January 20, 1995, in an amount equal to .81426% of the Purchase Price of each such Unit.

If any of the rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document), the rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable on such rental payment for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

For so long as the Security Document shall remain in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease to the Trustee, for the account of the Owner-Trustee, in care of the Trustee, with instructions to the Trustee (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the Security Document known to the Trustee to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no Event of Default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or as the Owner-Trustee shall direct in immediately available funds at such place as the Owner-Trustee shall specify in writing.

The Lessee agrees to make each payment provided for herein as contemplated by this § 3 in immediately available or Federal funds at or prior to 11:00 a.m. Salt Lake City time at the Corporate Trust Office (as defined in the Security Document) on the date due, or if the Security Document shall no longer be in effect, at the office of the Owner-Trustee.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder or, in the case of the Ortner Equipment, on the date of execution and delivery of this Agreement and, subject to the provisions set forth in the next succeeding paragraph and of §§ 7, 10 and 13 hereof, shall terminate on January 20, 1995. Except for obligations

of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Trustee under the Security Document. If an Event of Default should occur under the Security Document, the Trustee may terminate this Lease (or rescind its termination), all as provided therein and, if the assumption and substitution set forth in the last paragraph of Section 5.01 of the Security Document shall occur, this Agreement shall automatically terminate without further action of the parties hereto.

§ 5. Identification Marks. The Lessee agrees that it will cause each Unit to be marked plainly, distinctly, permanently and conspicuously on each side of each Unit, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION"

or such other words as shall be approved by the Owner-Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Lessee shall cause the same to be restored or replaced. The Lessee shall not change, or permit to be changed, the numbers of any of the Units (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Owner-Trustee and which shall be filed and recorded in like manner as this Lease.

The Units may be lettered in an appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered in the case of any of the sublessees under subleases permitted in § 12 hereof in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Lessee will not allow the name of any person, firm, associa-

tion or corporation to be placed on any of the Units as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or by the sublessees under subleases permitted in § 12 hereof.

§ 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the Trustee, the holders of Trust Certificates and the respective estates held in trust by the Owner-Trustee under the Owner Trust Agreement and by the Trustee under the Security Document harmless from all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, any Owner, the Trustee, the holders of Trust Certificates, the Lessee, any Lessee-Beneficiary, Brae, Comdisco, the trust estates created by the Owner Trust Agreement or the Lease Trust Agreement, any Builder (except for those taxes which are the responsibility of a Builder pursuant to the applicable Purchase Order Assignment) or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; this Lease, the Lease Trust Agreement, the Lease Assignment, the Consent, the Owner Trust Agreement, the Participation Agreement, the Letter Agreements, the Management Agreement, the Security Document, the Manufacturing Agreements, the Purchase Order Assignments, the Subleases and any other subleases and the assignments thereof covering any of the Units, the Sublease Assignment, the Trust Certificates or the issuance thereof under the Security Document, the Indemnity Agreement, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Owner Trust Agreement or by the Trustee under the Security Document (all such taxes, assessments, fees, charges, penalties, fines,

additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee (in its individual capacity), any Owner, the holders of Trust Certificates or the Trustee (in its individual capacity), other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or the Indemnity Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded whether or not the indemnified party is currently allowed a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by any Owner or any transfer or disposition by any Owner resulting from bankruptcy or other proceedings for the relief of creditors in which such Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease without the consent of the Lessee, unless, in each case, such transfer or disposition is required or contemplated by this Lease or an Event of Default shall have occurred and be continuing; and (iii) any Taxes imposed on or measured by any trustee fees received by the Owner-Trustee or the Trustee; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the fourth paragraph of this § 6. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee (or the affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same.

If any person indemnified hereunder shall be allowed a credit for any foreign Taxes for which the Lessee shall have reimbursed such indemnified party, such indemnified party shall pay to the Lessee the amount of such credit, plus an amount equal to any tax benefits realized by such indemnified party as a result of any payment to the Lessee pursuant to this sentence. For purposes of this paragraph, in determining the order in which the indemnified party utilizes withholdings or other foreign taxes as a credit against such indemnified party's United States income taxes, such indemnified party shall be deemed to utilize (i) first, all foreign taxes other than those described in (ii) below, and (ii) then, all foreign Taxes for which the Lessee shall have reimbursed such indemnified party pursuant to this § 6. Each indemnified party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to claim a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party and otherwise to minimize any Taxes for which the Lessee is responsible under this § 6.

The amount which the Lessee shall be required to pay with respect to any Taxes indemnified against pursuant to this § 6 shall be an amount sufficient to restore the indemnified party to the same position such indemnified party would have been in had such Taxes not been imposed.

If claim is made against any indemnified party for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided, however, that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior

written consent of such indemnified party, which consent may not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such indemnified party shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, except obligations resulting from the second sentence of the first paragraph of this § 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee in the Units, or shall promptly notify the Owner-Trustee, each Owner and the Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner-Trustee, the Trustee and each Owner. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to facts and circumstances occurring during periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Lease. All amounts payable by the Lessee pursuant to this § 6 shall be payable directly to the indemnified party entitled to indemnification, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the Trust Certificates.

The Lessee shall furnish promptly, upon request, such information and data as is normally available to the Lessee and which the Owner-Trustee, the Trustee or the Owners reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently

rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date of this Lease, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, or until such Unit shall have been returned in the manner provided in §§ 11 or 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee and the Trustee with respect thereto. On the rental payment date next succeeding the delivery of such notice, the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit which suffered a Casualty Occurrence as of the date of such payment in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a Casualty Occurrence before the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder and no event then exists which after notice or lapse of time or both would become a default hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the date on which payment therefor is made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease and before such

Unit shall have been returned in the manner provided in § 14 hereof, and whenever any Unit shall suffer a Casualty Occurrence while being stored as provided in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay to the Owner-Trustee an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Owner-Trustee shall be entitled to recover possession of such Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit.

The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease, maintain or cause to be maintained, at its own expense, public liability, property and casualty insurance in respect of the Units at the time subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it, and in no event shall such insurance be less than (i) combined single limit public liability insurance insuring the Owner-Trustee, the Trustee, the Lessee and the Lessee-Beneficiaries in the amount of $1,000,000 for liability arising out of bodily injury and property damage as a result of the ownership and operation of the Units and (ii) casualty insurance against damages to each Unit in the amount of the Purchase Price thereof, with a $500 deductible applicable on a per Unit basis. The proceeds of such insurance shall be payable to the Trustee, the Owner-Trustee and the Lessee as their respective interests may appear and the Lessee shall furnish to the Owner-Trustee and the Trustee on or before April 1 of each year certificates of insurance confirming that such coverage is in effect and that the Owner-Trustee and the Trustee are named as additional insureds.

The Lessee shall obtain from each insurer under the immediately preceding paragraph an agreement, by endorsement or separate instrument, that such insurer will give the Owner-Trustee and the Trustee 30 days' written notice before

such insurer's policy shall be materially altered or canceled or not renewed. On or prior to the delivery and acceptance of any Unit hereunder, and in January of each year, the Lessee shall, to the extent applicable under the immediately preceding paragraph, deliver to the Owner-Trustee a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

Any certificate of insurance carried in accordance with this § 7 shall be substantially in conformity with the form of certificate of insurance referred to in the certificate delivered pursuant to Paragraph 8(f)(iv) of the Participation Agreement.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1980, the Lessee will furnish to the Owner-Trustee, each Owner and the Trustee an Officer's Certificate (as defined in the Security Document) (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Trustee may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the Security Document have been preserved or replaced, (c) identifying the Units then being subleased by the Lessee as permitted hereunder (including the name of each sublessee and the term of each sublease covering the Units) and specifying which Units, if any, are not then being subleased by the Lessee and (d) certifying that each Unit which is subject to this Lease is in good order and proper repair, reasonable wear and tear excepted, in accordance with § 9 hereof (or specifying in detail the extent to which each such Unit is not in the condition required by § 9 hereof and stating the action the Lessee is taking to correct the same); setting forth in detail projected maintenance expenditures with respect to the Units for each of the next three calendar years; and computing the amount (the "Maintenance Shortfall"),

if any, by which projected maintenance expenditures for the then current calendar year exceed the sum of the funds then on deposit in the Maintenance Fund (as hereinafter defined) and required additions to such Fund pursuant to clause (i) of the fourth paragraph of § 9 hereof during such year. The Owner-Trustee shall have the right, at its own expense and risk, by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against any Builder, including, but not limited to, any claims and rights arising under the provisions of the Manufacturing Agreements. The Owner-Trustee and the Owners shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation,

servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee (but not as between the Lessee and the Builder thereof) that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Owner-Trustee, the Owners and the Trustee, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Trustee, adversely affect the property or rights of the Owner-Trustee or the Trustee under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good order and proper repair, reasonable wear and tear excepted.

In furtherance of its obligations hereunder to maintain the Units, the Lessee agrees to establish a fund with the Trustee (the "Maintenance Fund") in which it will deposit (i) in equal monthly installments $500 per Unit per calendar year commencing January 1, 1981, and (ii) on April 1 of each year, commencing April 1, 1981, an amount equal to the Maintenance Shortfall shown in the report due on such date pursuant to § 8 hereof. The Lessee agrees that it will withdraw funds from the Maintenance Fund only for the

purpose of paying for maintenance of the Units as required by this Agreement and that within 15 days after the end of each calendar quarter it will provide a report to the Trustee and the Owner-Trustee demonstrating that all funds theretofore withdrawn from the Maintenance Fund have been applied in accordance with this Agreement. At any time, if no Event of Default shall have occurred and be continuing under this Agreement, the Trustee may, at the direction and solely at the risk of the Lessee, invest any funds on deposit in the Maintenance Fund, in Institutional Liquid Assets, a Massachusetts business trust, in an interest-bearing account with the Trustee or in such other similar investment vehicle as the Trustee and the Owner-Trustee shall approve. The Lessee shall promptly restore to the Maintenance Fund any loss of principal incident to the sale or redemption of any such investment.

The Lessee and its affiliates, at their own cost and expense, may from time to time make or permit to be made such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively, "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or the original conventional purpose of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee in the following cases: (i) such Part is in replacement of or in substitution for,

and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9, or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term "Part" for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the holders of Trust Certificates and the Trustee, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death

of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; provided, however, that the Lessee shall not be obligated to protect, indemnify or hold harmless any Indemnified Person under this clause (v), except in the case of any negligence or intentional act of the Lessee or of its employees or agents and except to the extent otherwise provided by law, in respect of any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted in § 8, § 11 or § 14 hereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignment, the Security Document or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Owner-Trustee; or (viii) any claim arising out of the Trustee's holding a security interest under the Security Document or the Lease Assignment. All payments hereunder shall be made directly to the Indemnified Person. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in

connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined by the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the Owner-Trustee (in both its individual and fiduciary capacities) and the holders of Trust Certificates, the Trustee and the Owners, as third-party beneficiaries hereof, from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the holders of Trust Certificates, the Trustee, the Owners and the Owner-Trustee because of the use in or about the construction or operation of any unit of the Equipment of any article or material specified by the Lessee and not manufactured or ordered by a Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Trustee of the Units or the leasing thereof to the Lessee.

The indemnities arising under this § 9 shall not be deemed to operate as a guarantee of the residual value of the Units or as a guarantee of the payment of the principal of or interest on the Trust Certificates.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for 10 days after such payment is due; or

B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement, the Indemnity Agreement, the Consent, the Sublease Assignment, any Sublease or any Sublease Assumption and Supplement Agreement, or on the part of either Lessee-Beneficiary contained in the Participation Agreement, and such default shall continue, or provision satisfactory to the Owner-Trustee and the Trustee for compliance with such covenant, condition or agreement as to which the Lessee or such Lessee-Beneficiary shall be in default shall not be made, for

30 days after written notice from the Owner-Trustee or the Trustee to the Lessee or such Lessee-Beneficiary specifying the default and demanding that the same be remedied; or

C. a petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against any Sublessee or Substituted Sublessee (as hereinafter defined) and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of such Sublessee or Substituted Sublessee under the applicable Sublease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed or otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

D. any proceeding other than one referred to in (C) above shall be commenced by or against the Lessee, any Lessee-Beneficiary, any Sublessee or any Substituted Sublessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, of any Lessee-Beneficiary under the Lease Trust Agreement or the Participation Agreement or of any Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease (as hereinafter defined) under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Agreement, of such Lessee-Beneficiary under the Lease Trust Agreement and the Participation Agreement or of such Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease, as the case

may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee, such Lessee-Beneficiary or such Sublessee or Substituted Sublessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

E. an Event of Default set forth in Article Five of the Security Document shall have occurred and be continuing; or

F. any material representation or warranty made by the Lessee or any Lessee-Beneficiary herein or in the Participation Agreement, the Indemnity Agreement or in any document or certificate furnished the Owner-Trustee, the Owners, the Trustee or the holder of any Trust Certificate by the Lessee or any Lessee-Beneficiary in connection herewith or therewith or pursuant hereto or thereto shall be incorrect as of the date as of which made in any material respect; or

G. an event of default (as defined in any Sublease or Substituted Sublease) shall have occurred and be continuing under any Sublease for 60 or more days or under any Substituted Sublease;

then, in any such case, upon notice by the Owner-Trustee to the Lessee, and without any other action or consents (i) the participation of the Lessee as sublessor under any Sublease, Substituted Sublease or any other sublease shall be terminated and (ii) the Owner-Trustee shall be substituted for the Lessee, for all purposes, as the sublessor under any such Sublease, Substituted Sublease or such other sublease. In addition, whether or not such notice is given, the Owner-Trustee, at its option, may, in any such case:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of the Units and subleases covering the Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee or any sublessees of the Units, or their respective successors or assigns (the rights and interests of all sublessees of the Units being subordinate and junior to the rights of the Owner-Trustee and its successors or assigns), to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 10.0% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the

breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount with respect to each Unit equal to the excess, if any, of the Casualty Value thereof as of the rental payment date on or next preceding the date of termination over the amount the Owners reasonably estimate to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) or (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Owners' or the Owner-Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Owners and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

The failure of the Owner-Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion

and shall not be effective unless in writing signed by the Owner-Trustee.

The Lessee also agrees to furnish the Owner-Trustee, the Owners and the Trustee, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under the Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the applicable standards then in effect with respect to such Units under the Interchange Rules of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled;

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee; and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-

Trustee upon any sale, lease or other disposal of all or any of the Units.

The performance of the foregoing covenant is of the essence of this Lease and upon application to any court having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee, requiring the specific performance thereof. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be promptly turned over to the Owner-Trustee.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee other than the Trustee except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owners and the Owners' and the Owner-Trustee's assigns.

So long as no Event of Default, or an event which with notice or lapse of time or both could constitute an Event of Default, exists hereunder or under the Security Document, the Lessee shall be entitled to the use and possession of the Units in accordance with the terms of this Lease. The Lessee agrees that the Units will be used exclusively within the continental United States, the State of Alaska and the Dominion of Canada; provided, however, that if the Lessee permits the use of any Unit in the Dominion of Canada (or any Province or Territory thereof) by any Sublessee or Substituted Sublessee or otherwise, the Lessee shall, except as otherwise provided in § 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Owner-Trustee and the Trustee in the Units to be so used and (b) furnished the Owner-Trustee and the Trustee with an opinion of Canadian counsel satisfactory to the Owner-Trustee and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Owner-Trustee and the Trustee in such Units. The Lessee shall at all times remain in compliance with the terms and provisions of this Lease in respect of each of the Units wherever located. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Unit; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Unit in accordance with the provisions set forth in the next succeeding paragraph of this § 12. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to sublease the Units pursuant to the Subleases or a Substituted Sublease (as hereinafter defined). If, pursuant to the provisions of either Sublease, the Lessee has the right to terminate such Sublease upon the occurrence of an event of default by the Sublessee thereunder or has the right to terminate such Sublease with respect to any Units pursuant to Section 6D thereof, upon the occurrence and continuance of any such event of default or right to terminate, the Lessee may, upon 10 days prior written notice to the Owner-Trustee and the Trustee, terminate such Sublease with respect to all or any portion of the Units leased thereunder; provided, however, that effective upon any such termination (i) all the Units pre-

viously leased under such Sublease shall have been duly leased by the Lessee to another sublessee (a "Substituted Sublessee") under a sublease (a "Substituted Sublease") meeting the requirements set forth below, (ii) such Substituted Sublease (insofar as it pertains to the Units) shall have been duly assigned by the Lessee to the Owner-Trustee and by the Owner-Trustee to the Trustee pursuant to a sublease assignment and lease assignment substantially in the form of the Sublease Assignment and the Lease Assignment and all recordations, filings and other action necessary to establish, perfect, protect and preserve the rights of the Owner-Trustee and the Trustee in and to such Substituted Sublease shall have been duly made or taken, and the Lessee shall have delivered to the Owner-Trustee and the Trustee such instruments and documents as they may reasonably request in order to evidence the foregoing, and (iii) the Lessee shall have delivered to the Owner-Trustee and the Trustee an opinion of counsel for the Lessee with respect to the Substituted Sublease and the assignments thereof to the effect set forth in Section 3.04(c) of the Security Document; provided further, however, that with respect to any termination, within any 180-day period, pursuant to Section 6D of either Sublease, of less than 20% of the Units initially subleased thereunder, the conditions set forth in clauses (i) through (iii) above need not have occurred at the time of termination but must have occurred within 180 days after termination. Each Substituted Sublease of Units (i) shall have a noncancelable lease term which expires not earlier than the lease term of the Sublease to which such Units were originally subject, (ii) shall be and state that it is subject and subordinate to this Lease and the rights, interests and remedies of the Owner-Trustee under this Lease and of the Trustee under the Security Document and their respective successors and assigns hereunder or thereunder, (iii) shall be with a Substituted Sublessee which is a railroad company duly incorporated under the laws of the United States or any state thereof, (iv) shall be with a Substituted Sublessee which (a) is (and remains) a wholly owned subsidiary of Weyerhaeuser Company or (b) has, or is (and remains) a wholly owned subsidiary of a corporation having, a credit rating of "A" or better by Moody's Investor Service, Inc. (or its successor), or "A" or better by Standard & Poor's Corporation (or its successor) on all its outstanding senior debt, (c) has as the principal shipper on

its lines of railroad a corporation having such a credit rating and 90% of its annual business is with such corporation and other shippers having such a credit rating or (d) is consented to by the Trustee (which consent shall not be unreasonably withheld), and (v) shall have substantially the same other terms and be in substantially the same form as the Sublease to which such Units were originally subject, or, if the Lessee is in good faith unable to enter into a sublease having such other terms and in such form, shall have such other commercially reasonable terms and be in such form as shall be agreeable to the Lessee provided that the rent payable thereunder with respect to such Units subleased thereunder during each calendar year shall be in an amount at least equal to the rentals due under this Lease with respect to such Units during such calendar year period.

So long as no Event of Default shall have occurred and be continuing, each Unit may, under the terms of this Lease and pursuant to any Sublease or Substituted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any Sublease or Substituted Sublease and other than an encumbrance resulting from claims against the Owner-Trustee or the Trustee not related to the ownership or leasing of, or the security interest of the Trustee in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner-Trustee, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner-Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 12.

§ 13. Renewal Options and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term or any extended term, as the case may be, of this Lease, elect to extend the

term of this Lease in respect of Units then covered by this Lease, for five additional one-year periods followed by two additional five-year periods commencing on the scheduled expiration of the original term or any extended term, as the case may be, of this Lease, at a "Fair Market Rental" payable in monthly payments; provided, however, that no such extended term shall extend beyond January 20, 2010.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his appointment. If the parties shall have appointed a single appraiser the determination of Fair Market Rental of the single appraiser appointed shall be final. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

In the event that the Lessee shall in its reasonable judgment determine that it is not economically feasible for the Lessee to comply with the provisions of the second paragraph of § 9 hereof or clause (iii) of the first paragraph of § 14 hereof during any extended term of this Lease as extended pursuant to the provisions of the first paragraph of this § 13, with respect to any Unit, the Lessee shall have the right at its option, on at least 30 days' prior written notice to the Owner-Trustee to terminate this Lease as to such Unit (subject to the provisions for the survival of indemnification obligations contained in § 9 hereof) as of the next scheduled rental payment date during such extended term upon payment to the Owner-Trustee of the present value as of such date of termination of the remaining rental for such Unit during such extended term with the monthly rentals discounted monthly at an annual rate of 10%.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Owner-Trustee elects to sell any Units to third parties at the expiration of the original or any extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of the term of this Lease. In the event that the Owner-Trustee shall receive, prior to the end of the then term of this Lease, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer at the expiration of the term of this Lease, the Owner-Trustee shall give written notice to the Lessee of such offer. Such notice shall be given to the Lessee on or prior to the end of the then term of this Lease, and shall include the price offered by the other party in writing to the Owner-Trustee. The Lessee shall have the sole right and option, for a period of 10 business days from the date of receipt of such notice, to elect to purchase the Units for cash at the price at which the Units are proposed to be sold. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Owner-Trustee or (ii) the end of the then term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Owner-Trustee until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the original term or any extended term, as the case may be, of this Lease or as soon as practicable on or after the termination of the original term or any extended term, as the case may be, of this Lease and in any event not later than 60 days after the termination of the original term or any extended term, as the case may be, of this Lease with respect to Units not purchased by the Lessee, the Lessee will, at its own cost and expense, cause each such Unit to be transported to the lines of railroad or premises of the sublessee under the sublease permitted in § 12 hereof then covering such Unit or which covered such Unit at the expiration of the term of this Lease as to such Unit, provided that such lines of railroad or premises are located within the continental United States, or to such other point or points as shall be reasonably designated by the Lessee with the approval of the Owner-Trustee, and will arrange for the Owner-Trustee to store such Unit at such point for a period not exceeding 60 days from the date at which each such Unit is first placed in storage pursuant to this § 14, the delivery, storage and transporting of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at the Lessee's expense any Part

title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the applicable standards then in effect for such Unit under the Interchange Rules of the Association of American Railroads.

In connection with the Owner-Trustee's sale of the Units so returned, the Owner-Trustee may warrant to a purchaser of such Units that such Units are owned by the Owner-Trustee free and clear of all liens, encumbrances and rights of others, and the Lessee shall hold the Owner-Trustee harmless from and against any liability arising by virtue of said warranty other than for liability arising by virtue of liens against the Owner-Trustee, any Owner or the Trustee not related to the ownership of the Units.

If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of this Lease as to such Unit, belong to and be the property of the Owner-Trustee. In the event that by the 90th day after the termination of this Lease with respect to any Units the Lessee has not, at the request of the Owner-Trustee, caused at least 90% of such Units to be transported to such point or points as provided in this § 14, the Lessee shall pay to the Owner-Trustee the per diem interchange multiplied by the number of Units equal to the difference between 90% of such Units and the number of Units previously delivered pursuant to this § 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of the Units have been so transported. If, after the termination of the 60-day storage period provided in this § 14, any Units have not been so transported, the Lessee shall pay to the Owner-Trustee the per diem interchange for each Unit not so transported for each day after the end of such storage period until each Unit has been so transported.

Commencing with the expiration of the original term or any extended term, as the case may be, of this Lease with respect to any Units, the Lessee will deliver to the Owner-Trustee Officer's Certificates (as that term is defined in the Security Document) in the manner described in the next succeeding sentence and to the effect that (a) no Event of Default or any event which with lapse of time or notice or

both would constitute an Event of Default had occurred or was continuing as of such date; (b) no liens, charges, security interests or other encumbrances (except for any encumbrances resulting from any claims against the Owner-Trustee or any Owner) were, as of such date, imposed on or with respect to any such Unit, any accession thereto, or the interest of any Owner-Trustee or any Owner therein; and (c) such Units have been returned to the Owner-Trustee pursuant to this § 14 in the same operating order, repair and condition required by the first paragraph of this § 14. The Officer's Certificate described in clause (a) in the preceding sentence shall be furnished on the expiration of the original term and any extended term of this Lease, and the Officer's Certificates described in clauses (b) and (c) in the preceding sentence shall be furnished on a monthly basis, beginning 30 calendar days after the expiration of the original term and any extended term of this Lease, and such Officer's Certificate shall cover each Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this § 14.

§ 15. Recording. The Lessee, at its sole cost and expense, will cause this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, the Lease Assignment and any assignment hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit and recording required of the Owner-Trustee under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Trustee for the purpose of proper protection, to their satisfaction, of the Owner-Trustee's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, and any assignment hereof or thereof; provided, however, that the Lessee shall not be required to take any such action in respect of the Dominion of Canada (or any Province thereof) if (i) the Lessee deems such action to be unduly burdensome, (ii) after giving effect to the failure to take such action,

the Lessee has taken all action required by law to protect the title of the Owner-Trustee to and the security interest of the Trustee in Units having a Fair Value (as defined in the Security Document) of not less than 90% of the aggregate Fair Value of all the Units then subject to this Lease, and (iii) any Unit at any time located in the Dominion of Canada (or any Province thereof) shall have been marked with the markings specified in § 5 hereof.

The Lessee will promptly furnish to the Trustee and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Owner-Trustee.

§ 16. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that there are any expenses incurred or loss of principal (including interest accrued thereon at time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments made pursuant to Section 8.04 of the Security Document, the rentals thereafter payable by the Lessee in respect of Units settled for after such expenses or loss arose shall be increased by such amount as shall, in the reasonable opinion of the Owners, cause the Owners' net return (computed on the same assumptions as were utilized by the Owners in originally evaluating this transaction) to equal the net return that would have been realized by the Owners if such expenses or loss had not arisen.

In the event that the Owner-Trustee shall become obligated to make any payment (other than payments in settlement for Equipment pursuant to the Security Document or the Purchase Order Assignments or payments or rentals required to be made in respect of the principal of or interest on the Trust Certificates) or to perform any obligations pursuant to the Security Document not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

§ 17. Owner-Trustee's Right To Perform for the Lessee; Manager. If the Lessee fails to perform or comply with any of its agreements contained herein, any Owner or the Owner-Trustee may upon notice to the Lessee itself perform or

comply with such agreement, and the amount of the reasonable cost and expenses of the Owner-Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate of 12-1/2% per annum or such lesser amount as shall be legally enforceable, shall be payable by the Lessee upon demand. Entry into the Management Agreement by the Lessee shall not in any way reduce or limit the liabilities, obligations and responsibilities of the Lessee and the Lessee-Beneficiaries hereunder or under the Lease Trust Agreement or otherwise.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 12-1/2% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the United States mails, first-class postage prepaid, addressed as follows:

> if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department;
>
> if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, with a copy to the Lessee-Beneficiaries, in care of BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Trustee or the holders of the Trust Certificates regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 20. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred

to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Lessee, the Lessee-Beneficiaries, or the Owners, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding such corporation personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Owner Trust Agreement) and this Lease is executed and delivered by The Connecticut Bank and Trust Company not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner-Trustee under the Owner Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against The Connecticut Bank and Trust Company (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder, may look to said Trust Estate for satisfaction of the same.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with

the intention of binding the First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Lease is executed and delivered by the Lessee not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

§ 21. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes the Interim Lease and all other agreements, oral or written, with respect thereto, except the Participation Agreement and the Indemnity Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner-Trustee and the Lessee and, as provided in Section 9.06 of the Security Document, joined by the Trustee.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. It shall not be necessary that any counterpart

be signed by both the parties hereto so long as each party hereto shall have executed and delivered one counterpart hereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee for the Lessee-Beneficiaries,

by _____

[SEAL]

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by _____

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the 27th day of November 1979, before me personally appeared SANDRA P. POWELL, to me personally known, who, being by me duly sworn, says that she is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

[Notarial Seal]

Notary Public

My Commission Expires
9-7-82

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

[Notarial Seal]

Notary Public

My Commission Expires

Schedule A to the Lease

Type	Quantity	Road Numbers (inclusive)	Sublessee
70-ton, 52' 6" Boxcars with steel load dividers, offset 16' plug doors, plate C, AAR Mechanical Designation: XL, Manufacturer: PACCAR Inc	100	CLC 4001 through CLC 4100	Columbia & Cowlitz Railroad Company
70-ton, 52' 6" Boxcars with offset 16' plug doors, plate C, AAR Mechanical Designation: XM, Manufacturer: PACCAR Inc	50	CLC 3351 through CLC 3400	Columbia & Cowlitz Railroad Company
100-ton, 62' 6" Bulkhead Flat Cars, AAR Mechanical Designation: FB, Manufacturer: Bethlehem Steel Corporation	35	MSV 400 through MSV 434	Mississippi & Skuna Valley Railroad Company
100-ton, 7000 cubic feet Chip Cars with bottom dump, AAR Mechanical Designation: HTS, Manufacturer: Ortner Freight Car Company	27	MSV 1440 through MSV 1466	Mississippi & Skuna Valley Railroad Company

Schedule B to the Lease

Casualty Values

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1980	101.9538	July 20, 1983	93.7819
February 20, 1980	101.9735	August 20, 1983	93.4137
March 20, 1980	101.9919	September 20, 1983	93.0410
April 20, 1980	101.9808	October 20, 1983	92.6520
May 20, 1980	101.9541	November 20, 1983	92.2584
June 20, 1980	101.9258	December 20, 1983	91.8600
July 20, 1980	101.8535	January 20, 1984	91.4452
August 20, 1980	101.7791	February 20, 1984	91.0254
September 20, 1980	101.7027	March 20, 1984	90.6007
October 20, 1980	101.6101	April 20, 1984	90.1765
November 20, 1980	101.5153	May 20, 1984	89.7385
December 20, 1980	101.4183	June 20, 1984	89.2953
January 20, 1981	101.3048	July 20, 1984	88.8437
February 20, 1981	101.1890	August 20, 1984	88.3868
March 20, 1981	101.0708	September 20, 1984	87.9247
April 20, 1981	100.9405	October 20, 1984	87.4483
May 20, 1981	100.7889	November 20, 1984	86.9665
June 20, 1981	100.6345	December 20, 1984	86.4792
July 20, 1981	100.4490	January 20, 1985	85.9775
August 20, 1981	100.2605	February 20, 1985	85.6135
September 20, 1981	100.0689	March 20, 1985	85.2459
October 20, 1981	99.8555	April 20, 1985	84.8802
November 20, 1981	99.6388	May 20, 1985	84.5049
December 20, 1981	99.4189	June 20, 1985	84.1257
January 20, 1982	99.1768	July 20, 1985	83.7426
February 20, 1982	98.9312	August 20, 1985	83.3555
March 20, 1982	98.6822	September 20, 1985	82.9646
April 20, 1982	98.4387	October 20, 1985	82.5638
May 20, 1982	98.1774	November 20, 1985	82.1589
June 20, 1982	97.9125	December 20, 1985	81.7499
July 20, 1982	97.6388	January 20, 1986	81.3309
August 20, 1982	97.3613	February 20, 1986	80.9077
September 20, 1982	97.0800	March 20, 1986	80.4803
October 20, 1982	96.7806	April 20, 1986	80.0492
November 20, 1982	96.4773	May 20, 1986	79.6084
December 20, 1982	96.1699	June 20, 1986	79.1636
January 20, 1983	95.8443	July 20, 1986	78.7128
February 20, 1983	95.5144	August 20, 1986	78.2578
March 20, 1983	95.1803	September 20, 1986	77.7987
April 20, 1983	94.8474	October 20, 1986	77.3332
May 20, 1983	94.4987	November 20, 1986	76.8635
June 20, 1983	94.1456	December 20, 1986	76.3895

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1987	75.9090	July 20, 1990	52.3449
February 20, 1987	75.4241	August 20, 1990	51.8116
March 20, 1987	74.9348	September 20, 1990	51.2724
April 20, 1987	74.4431	October 20, 1990	50.7342
May 20, 1987	73.9457	November 20, 1990	50.1900
June 20, 1987	73.4439	December 20, 1990	49.6399
July 20, 1987	72.9384	January 20, 1991	49.0907
August 20, 1987	72.4283	February 20, 1991	48.5355
September 20, 1987	71.9134	March 20, 1991	47.9742
October 20, 1987	71.3928	April 20, 1991	47.4085
November 20, 1987	70.8675	May 20, 1991	46.8443
December 20, 1987	70.3373	June 20, 1991	46.2740
January 20, 1988	69.8011	July 20, 1991	45.7070
February 20, 1988	69.2601	August 20, 1991	45.1338
March 20, 1988	68.7141	September 20, 1991	44.5543
April 20, 1988	68.1654	October 20, 1991	43.9762
May 20, 1988	67.6117	November 20, 1991	43.3919
June 20, 1988	67.0530	December 20, 1991	42.8012
July 20, 1988	66.4915	January 20, 1992	42.2118
August 20, 1988	65.9249	February 20, 1992	41.6160
September 20, 1988	65.3530	March 20, 1992	40.0137
October 20, 1988	64.7760	April 20, 1992	40.4106
November 20, 1988	64.1936	May 20, 1992	39.8116
December 20, 1988	63.6058	June 20, 1992	39.2061
January 20, 1989	63.0127	July 20, 1992	38.6104
February 20, 1989	62.4142	August 20, 1992	38.0082
March 20, 1989	61.8101	September 20, 1992	37.3993
April 20, 1989	61.2028	October 20, 1992	36.7946
May 20, 1989	60.5912	November 20, 1992	36.1832
June 20, 1989	59.9739	December 20, 1992	35.5651
July 20, 1989	59.3546	January 20, 1993	34.9509
August 20, 1989	58.7296	February 20, 1993	34.3300
September 20, 1989	58.0987	March 20, 1993	33.7023
October 20, 1989	57.4632	April 20, 1993	33.0721
November 20, 1989	56.8218	May 20, 1993	32.4478
December 20, 1989	56.1744	June 20, 1993	31.8167
January 20, 1990	55.5223	July 20, 1993	31.1958
February 20, 1990	54.9974	August 20, 1993	30.5681
March 20, 1990	54.4681	September 20, 1993	29.9334
April 20, 1990	53.9374	October 20, 1993	29.3047
May 20, 1990	53.4079	November 20, 1993	28.6690
June 20, 1990	52.8725	December 20, 1993	28.0264

Rental Payment Date	Percentage
January 20, 1994	27.3895
February 20, 1994	26.7457
March 20, 1994	26.0947
April 20, 1994	25.4390
May 20, 1994	24.7902
June 20, 1994	24.1343
July 20, 1994	23.4876
August 20, 1994	22.8338
September 20, 1994	22.1727
October 20, 1994	21.5184
November 20, 1994	20.8569
December 20, 1994	20.1881
January 20, 1995	20.0000

SCHEDULE C
to the
Lease

INDEMNITY AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY
not in its individual capacity but solely
as Owner-Trustee

Dated as of October 15, 1979

INDEMNITY AGREEMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee for the Lessee-Beneficiaries (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (hereinafter called collectively the "Owners" and individually an "Owner") and others have created a Series 1 Trust (the "Trust") established pursuant to Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as the date hereof (the "Owner Trust Agreement"), with the Owner-Trustee, as trustee, and pursuant to the Owner Trust Agreement have authorized and directed the Owner-Trustee, solely on behalf of the Trust, to enter into an Equipment Trust Agreement dated as of the date hereof, (the "Security Document"), between the Owner-Trustee and First Security Bank of Utah, N. A., as Trustee (the "Trustee"), providing for the leasing by the Owner-Trustee of certain units of railroad equipment (the "Cars") therein described, and for the leasing by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease") between the Owner-Trustee and the Lessee of the Cars.

WHEREAS Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), have created a trust under a Lease Trust Agreement dated as of the date hereof with the Lessee, as trustee, and pursuant thereto have authorized the Lessee to lease the Cars pursuant to the Lease and to enter into this Agreement on their behalf;

WHEREAS, as an inducement to the Owners to direct the Owner-Trustee to enter into the Lease and to lease the Cars to the Lessee and as an inducement to each Owner to provide funds to the Owner-Trustee for a portion of the purchase price of the Cars, the Lessee agrees to indemnify the Owners against the loss of certain benefits under the Lease; and

WHEREAS pursuant to the Owner Trust Agreement the Owners have authorized the Owner-Trustee to enter into this Agreement on their behalf and for their benefit;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the parties hereto hereby agree as follows:

1. The Lease has been entered into on the basis that each Owner shall be entitled to such deductions, credits and other benefits as are provided to an owner of the Cars under the Internal Revenue Code of 1954, as amended (the "Code"), including, without limitation:

(a) the deduction for accelerated depreciation (the "Depreciation Deduction") on the Cars under Section 167 of the Code based upon the aggregate Purchase Price (as defined in the Security Document) of the Cars utilizing the Asset Depreciation Range lower limit of 12 years as provided in Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method when most beneficial to each Owner and taking into account an estimated gross salvage value of 20% of the Purchase Price of the Cars which will be reduced by 10% of the Purchase Price as provided in Section 167(f) of the Code; and

(b) the deduction under Section 163 of the Code (the "Interest Deduction") in the full amount of any interest paid or accrued by each Owner in accordance with such Owner's method of accounting for tax purposes with respect to the indebtedness incurred by such Owner in financing its purchase of the Cars.

The parties also intend that the Owners be entitled to the above deductions and benefits to the extent allowable for state and local tax purposes and acknowledge that the investment tax credit shall be passed through to the users of the Cars.

2. If, as a result of an act or omission of the Lessee or any Lessee-Beneficiary, any Owner shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to any Owner, all or any portion of the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to the Cars (a "Loss"), then, subject to the terms of Section 4 hereof, the Lessee after written request of such Owner shall pay to such Owner additional rent in an amount which, in the

reasonable opinion of such Owner as agreed to by the Lessee or, failing such agreement, as determined by an independent accounting firm acceptable to such Owner and the Lessee, will cause such Owner's net return over the term of the Lease in respect of such Cars to equal the net return that would have been available if such Owner had been entitled to the utilization of all of the Interest Deduction and the Depreciation Deduction with respect to such Cars, and the Lessee shall forthwith pay to such Owner the amount of any interest which may be assessed by the United States or any state against such Owner attributable to the Loss. Such additional rent shall be paid commencing with the first periodic rental payment due after such Owner notifies the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 2, the Casualty Values set forth in the Lease shall be revised as necessary to preserve the net after-tax return on such Owner's investment in the Cars as provided hereinabove.

3. For purposes of this Agreement, a Loss shall occur upon the earliest of (a) the payment by an Owner to the Internal Revenue Service of the tax increase resulting from such Loss, or (b) the final adjustment of the tax return of an Owner to reflect such Loss. Each Owner shall be responsible for, and shall not be entitled to a payment under this Agreement on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to the sale or other disposition (whether voluntary or involuntary) of the Cars, including the lease thereof by such Owner, prior to any default by the Lessee, or (ii) a failure of such Owner to timely or properly claim the Interest Deduction or Depreciation Deduction for such Cars in the tax return of such Owner, or (iii) a disqualifying change in the nature of such Owner's business or the liquidation thereof, or (iv) a foreclosure by any person holding through such Owner or the Owner-Trustee a lien on such Cars, which foreclosure results solely from an act of such Owner or the Owner-Trustee, or (v) any event which by the terms of the Lease requires payment by the Lessee of the Casualty Value of such Cars, or (vi) the failure of such Owner to have sufficient taxable income against which to apply such Depreciation Deduction or Interest Deduction, or (vii) the failure of such Owner properly to contest any such Loss pursuant to the terms of Section 4 hereof, or (viii) any other act solely of such Owner or the Owner-Trustee which directly causes the Loss of all or part of the Interest Deduction (including loss of

any Interest Deduction due to prepayment pursuant to the Security Document) or the Depreciation Deduction; provided, however, that the execution and delivery of the Lease and other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of the Lease and such other documents shall not be deemed to have caused the Loss of such Interest Deduction or the Depreciation Deduction under this Section 3.

4. In the event a claim shall be made by the Internal Revenue Service that the Depreciation Deduction or Interest Deduction of any Owner should be denied or disallowed, or recaptured, such Owners shall, except as hereinafter provided, (i) promptly notify the Lessee in writing of such Loss, (ii) not make payment of the tax claimed for at least 30 days after the giving of such notice, and (iii) give the Lessee any relevant information relating to such Loss which may be particularly within the knowledge of such Owner; and such Owner shall take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time, including administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and proceedings in the appropriate United States District Court, United States Court of Claims or the United States Tax Court or equivalent state or local courts and agencies, including such appeals as are allowable from each such proceeding; provided that:

(a) within 30 days after notice by such Owner to the Lessee of such claim, the Lessee shall make a request that such claim be contested;

(b) such Owner, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims as such Owner may elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith, any request made by the Lessee concerning the manner of contesting the claim;

(c) prior to such Owner taking such action the Lessee shall have furnished such Owner with an opinion of its tax counsel to the effect that a meritorious ground exists for resisting such claim and describing such ground; and

(d) the Lessee shall have indemnified such Owner in a manner satisfactory to such Owner for any liability or loss with regard to such claim which such Owner may incur as the result of contesting such claim, and shall have agreed to pay such Owner on demand all costs and expenses which such Owner may incur in connection with contesting such claim including, without limitation, (i) reasonable attorneys' fees and accountants' fees and disbursements, (ii) the amount of any interest and penalties which may ultimately be payable to the United States Government as the result of contesting such claim, and (iii) in the event such Owner shall, in connection with any such claim, pay the tax claimed and then seek a refund, reimburse such Owner, on demand, an amount equal to the tax paid plus interest and penalties paid by such Owner, if any.

If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested such Owner to contest such claim as above provided and shall have duly complied with all of the terms of this Section 4, the Lessee's liability under this Section 4, with respect to such Loss, shall become fixed upon final determination of such Owner's liability for such Loss. In the event the Lessee does not request such Owner to contest such claim as provided in this Section 4, the liability of the Lessee shall become fixed to such Owner at the time such Owner makes payment of the tax attributable to such Loss. In the event any such claim is contested, such Owner shall prosecute such contest diligently and in good faith and shall keep the Lessee informed of the status thereof. Notwithstanding any provision to the contrary in this Section 4, such Owner may elect not to contest any such claim, or to discontinue any proceedings previously commenced, and thereupon the Lessee shall be relieved of all liability to indemnify such Owner with respect to the Loss involved in respect of such claim, and such Owner shall reimburse the Lessee for all amounts paid by the Lessee under this Section 4.

In the event that such Owner pays the tax claimed and received reimbursement therefor from the Lessee and obtained a refund thereof from the government, such refund together with any interest paid by the government shall be paid to the Lessee promptly after receipt thereof by such Owner.

It is understood and agreed that nothing in this Section 4 shall be deemed to impose upon the Lessee any liability arising out of any claims other than those for which the Lessee has indemnified such Owner pursuant to Section 2 hereof.

5. All of the Owners' rights and privileges arising from the indemnities contained in this Agreement shall survive the expiration or other termination of the Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Owner-Trustee on behalf of the Owners or directly by any Owner, its successors and assigns.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

6. All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail prepaid, addressed (a) if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, (b) if to any Owner, at its address set forth in the Owner Trust Agreement and (c) if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Department, with a copy to the Lessee-Beneficiaries in care of Brae Railcar Management, Inc., at Three Embarcadero Center, San Francisco, California 94111.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

8. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. It shall not be necessary that any counterpart hereof be signed by all the parties hereto so long as each party has executed and delivered a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed by their respective officers thereunto duly authorized.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Owner-
Trustee,

by

_____
Authorized Officer

SCHEDULE D-1
to the
Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS the parties hereto have heretofore entered into an interim Sublease Assignment, Assumption and Supplement Agreement dated as of October 15, 1979 (the "Original Agreement"), and other interim documents (the "Interim Documents");

WHEREAS the Original Agreement contemplated that an amended and restated Sublease Assignment, Assumption and Supplement Agreement would be entered into by the parties thereto when long-term financing for the Equipment (as hereinafter defined) had been arranged;

WHEREAS such financing has been arranged and, therefore, the parties hereto hereby amend and restate the Original Agreement with this Agreement;

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and Bethlehem Steel Corporation ("Bethlehem") providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase certain units of railroad equipment described in Equipment Schedule No. Three included in Annex A hereto from Bethlehem;

WHEREAS the Lessee will lease from the Owner-Trustee (i) those units of equipment purchased by the Owner-Trustee under the Interim Documents from Ortner Freight Car Company ("Ortner") and described in Equipment Schedule No. Five included in Annex A hereto and (ii) all the units of such equipment so purchased from Bethlehem (the units purchased from Bethlehem and Ortner being called collectively the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, to the extent it relates to the Equipment, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment

to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree that the Original Agreement is amended and restated by this Agreement and hereby further agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that other than the Original Agreement and this Agreement the Assignor has not entered into any assignment of its interests in the Sublease, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediately available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff

against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the

Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any respresentation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all persons claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal] by _____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal] by _____

Attest:

_____

MISSISSIPPI & SKUNA VALLEY
RAILROAD COMPANY,

[Corporate Seal] by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF)
) ss.:
COUNTY OF)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires:

[Notarial Seal]

Annex A

RECORDATION NO. 9875-A Filed 1425

AUG 14 1979 -2 30 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this 12th day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO. (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Ca to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter,or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____

Title _____

Date 7/18/79

MISSISSIPPI & SKUNA VALLEY RR CO.

By _____

Title President

Date July 12, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 11 day of July, 1979, before me personally appeared [illegible], to me personally known, who, being by me duly sworn says that he is Vice Pres. of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

M. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF MISSISSIPPI)
) ss.
County of LOWNDES)

On this 12th day of July, 1979, before me personally appeared J. C. Jessup, Jr., to me personally known, who, being by me duly sworn says that he is President of MISSISSIPPI & SKUNA VALLEY RR CO. and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Castellea Brown
Notary Public

My Commission Expires: April 14, 1982

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Mississippi & Skuna Valley RR Co. pursuant to that certain Lease Agreement dated as of ....., 197 9.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2'offset	25
XP	Gen'l purpose Boxcar, 70 Ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	30
FB	Bulkhead Flat 100 Ton		62'6"	9'4"	11'		85
FB	Bulkhead Flat 100 Ton		60'6"	9'4"	11'		15
HTS	Chip Car					Bottom Dump	40

BRAE CORPORATION

BY: [signature]

TITLE: Vice President - Marketing

DATE: 7/19/79

MISSISSIPPI & SKUNA VALLEY RR CO

BY: [signature]

TITLE: President

DATE: July 12, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of _____, 19___, between BRAE and MISSISSIPPI & SKUNA VALLEY RR CO.

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Cobb
Title Vice President-Marketing
Date 7/18/79

MISSISSIPPI & SKUNA VALLEY RR CO.

By A. C. Jennings Jr.
Title President
Date July 12, 1979

FRANCES T. HENSHAW
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Feb. 1, 1980

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

I, Frances T. Henshaw a Notary Public, State of California, duly commissioned and sworn, do certify that on this 13th day of August 1979, I carefully compared the annexed copy of LEASE AGREEMENT dated July 12, 1979, between BRAE CORPORATION, as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO., as Lessee; with the original thereof, now in the possession of Heller, Ehrman, White & McAuliffe, of 44 Montgomery St., S.F., State of California, and that the same is a full, true, and exact copy of said original.

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

Frances T. Henshaw
Frances T. Henshaw Notary Public, State of California.

My Commission Expires FEBRUARY 1, 1980

Cowdery's Form No. 26—Certificate of Notary to Copy of Document

10954-B

RECORDATION NO. ..... Filed 1425

OCT 29 1979 -3 40 PM

INTERSTATE COMMERCE COMMISSION

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as Lease-Trustee (the "Lessee"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS certain banks (collectively the "Owners" and individually an "Owner"), as beneficiaries of the Series 1 Trust established pursuant to the Master Trust Agreement dated as of February 2, 1976, as supplemented with THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") propose to authorize and direct the Owner-Trustee to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and providing for the assignment to the Owner-Trustee of the rights to purchase certain units of railroad equipment (the "Equipment") described in Annex A hereto from ORTNER FREIGHT CAR COMPANY (the "Builder");

WHEREAS the Lessee will lease on an interim basis from the Owner-Trustee all the Equipment pursuant to a Lease Agreement (the "Interim Lease") dated as of the date hereof;

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979 (such Lease Agreement, as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, providing for the lease by Assignor to the Sublessee and the term Sublease as used hereinafter shall mean the Sublease as it relates to the Equipment of certain units of railroad equipment;

WHEREAS the parties hereto shall herein supplement the Sublease to specify the Equipment as included thereunder;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Lessee proposes to assign the Sublease, for security purposes, to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement, dated as of the date hereof (the "Interim Sublease Assignment"), until the Lessee fulfills its obligations under the Interim Lease;

WHEREAS the Owner-Trustee may finance a portion of the purchase price of the Equipment on an interim basis by borrowing from one or more lenders (the "Interim Lender") and may secure such borrowing by granting the Interim Lender a security interest in the Equipment, by assigning to the Interim Lender certain rights under the Interim Lease and by reassigning to the Interim Lender pursuant to a Reassignment of Sublease and Agreement (the "Interim Sublease Reassignment") certain rights under the Sublease and the Interim Sublease Assignment;

WHEREAS the Owner-Trustee proposes to replace the interim financing arrangements with long-term financing arrangements; and

WHEREAS the Sublessee shall herein consent to the Interim Sublease Assignment and the Interim Sublease Reassignment and agree to enter into an amendment and restatement of this Agreement in connection with the long-term financing of the Equipment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, powers, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublessee.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublease is hereby supplemented by substituting Schedule Nos. TWO, THREE, FOUR AND FIVE in place of the Equipment Schedule dated July 12, 1979, attached thereto.

6. The Sublessee upon receipt of a copy of the Interim Sublease Assignment, consents to all the terms and conditions of the Interim Sublease Assignment and any Interim Sublease Reassignment and agrees that:

(i) it will pay all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Owner-Trustee, at the address specified by Owner-Trustee, by bank wire transfer of immediate available funds; provided, that if an Interim Sublease Reassignment shall have been made, upon receipt of a copy thereof, all such Payments shall be made to the Interim Lender;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee, the Builder, the Owner-Trustee, the Interim Lender or otherwise;

(iii) the Owner-Trustee and any Interim Lender shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease to the extent that it relates to the Equipment as though the Owner-Trustee and any Interim Lender were named therein as the Lessee;

(iv) neither the Owner-Trustee nor any Interim Lender shall, by virtue of the Interim Sublease Assignment or the Interim Sublease Reassignment, be or become subject to any liability or obligation under the Subleae or otherwise; and

(v) the Sublease to the extent that it relates to the Equipment shall not, without the prior written consent of the Owner-Trustee and any Interim Lender, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Interim Sublease Assignment, any Interim Sublease Reassignment if any or this Agreement or of any of the rights created by any there of.

(vi) all other terms and conditions of the Interim Sublease Assignment and Interim Sublease Reassignment shall not be deemed to modify or amend the terms and conditions of the Sublease.

7. The parties hereto acknowledge that the Owner-Trustee contemplates arranging for long-term financing of the Equipment and, in furtherance of such arrangements, among other matters, expects there will be executed and delivered an amended and restated Lease, Assignment of Sublease and Reassignment of Sublease in replacement of the Interim Lease, Interim Sublease Assignment and Interim Sublease Reassignment, and that the parties hereto will enter into an amended and restated Sublease Assignment, Assumption and Supplement Agreement in replacement of this Agreement, and the parties hereto hereby agree to enter into such amended and restated Agreement.

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any Interim Lender under any agreement between an Interim Lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interim Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July 1979, between Assignor and Weyerhaeuser Company.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
Lease-Trustee

By: _____

(CORPORATE SEAL)
ATTEST:

_____

BRAE CORPORATION

By: _____

(CORPORATE SEAL)
ATTEST:

_____

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any lender under any agreement between a lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interm Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July, 1979 between BRAE CORPORATION and WEYERHAEUSER COMPANY.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK, not in its individual capacity but solely as Lease-Trustee

By _____

(CORPORATE SEAL)

ATTEST:

_____

BRAE CORPORATION

By _____

(CORPORATE SEAL)

ATTEST:

_____

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By: _____
SECRETARY

(CORPORATE SEAL)

ATTEST:

_____

STATE OF UTAH)
):ss:
COUNTY OF SALT LAKE)

On this 26th day of October, 1979, before me personally appeared JOHN A. SAGER, to me personally known, who being by me duly sworn, says that he is a Trust Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: 9-7-82

STATE OF CALIFORNIA)
):ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this 29th day of October, 1979, before me personally appeared Jerry Riesgen, to me personally known, who being by me duly sworn, says that he is a Vice President of BRAE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

OFFICIAL SEAL
SUSAN M. CODEGLIA
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
SAN FRANCISCO COUNTY
My Commission Expires Nov. 8, 1980

Susan M. Codeglia
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Nov. 8, 1980

STATE OF WASHINGTON)
):ss:
COUNTY OF King)

On this 25th day of October, 1979, before me personally appeared Alan P. Vandevert, to me personally known, who being by me duly sworn, says that he is a Secretary of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Beverly E. Knight
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Feb. 1, 1981

EXHIBIT A

EQUIPMENT SCHEDULE No.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee ("Lessor") hereby leases the following Cars to FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee ("Lessee") on the terms and conditions contained in the Lease Agreement to which this Schedule is attached.

A.A.R. Mech. Design	Description	Numbers	Dimensions Length	Inside Width	Height	Doors Width	No. of Cars
	7,000 cubic foot Chip Cars	MSV 1440-66					27

FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee.

BY: _____

TITLE: _____

DATE: _____

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trust

BY: _____

TITLE: _____

DATE: _____

ANNEX A

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. 2,3,4 and 5 (the "Substituted Schedules), as attached hereto, for the original Equipment Schedule attached to the Lease Agreement dated July 12, 1979 ("Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern that the railcars described in the Substituted Schedules to the same extend and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules shall have equal loading priority as such term is defined Section 3B of the Lease.

BRAE CORPORATION

By _____

Title President

Date October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By _____

Title SECRETARY

Date Oct. 25, 1979

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO. pursuant to that certain Lease Agreement dated as of July 12, ..., 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	General Purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2' offset	25
XP	General Purpose Boxcar 70 ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	30
FB	Bulkhead Flat 100 ton		60'6"	9'4"	11"		15
HTS	Chip Car					Bottom Dump	13

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct. 25, 1979

This Equipment Schedule No. Two, together with Equipment Schedules Three and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 TON	MSV 400 through MSV 434	62'6"	9'4"	11'		35

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROA

BY: _____

SECRETARY

TITLE: _____

DATE: Oct. 25, 1979

This Equipment Schedule No. Three, together with Equipment Schedules Two and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FOUR

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 ton		62'6"	9'4"	11"		50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct 25, 1979

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FIVE

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
HTS	Chip Car	MSV 1440 through MSV-1466				Bottom Dump	27

BRAE CORPORATION

BY: [signature]

TITLE: President

DATE: October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: [signature]

TITLE: SECRETARY

DATE: Oct. 25, 1979

This Equipment Schedule No. Five, together with Equipment Scheudles Two and Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

SCHEDULE D-2
to the Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

COLUMBIA & COWLITZ RAILWAY COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and COLUMBIA & COWLITZ RAILWAY COMPANY (the "Sublessee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and PACCAR Inc (the "Builder"), providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase the units of railroad equipment described in Equipment Schedule No. Two included in Annex A hereto from the Builder;

WHEREAS the Lessee will lease from the Owner-Trustee all the units of such equipment so purchased (the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 13, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called

the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge

of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediate available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee,

be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by the First Security

State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all personal claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal]

by

_____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Authorized Officer

COLUMBIA & COWLITZ RAILWAY COMPANY,

[Corporate Seal]

by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N. A., not in its individual capacity but solely as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

_____
Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

_____
Notary Public

My Commission expires:

[Notarial Seal]

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of COLUMBIA & COWLITZ RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

My Commission expires:

[Notarial Seal]

Annex A

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this thirteenth day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and COLUMBIA & COWLITZ RAILWAY COMPANY (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Ca to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter,or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____

Title Vice President-Marketing

Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By _____

Title President

Date July 13, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 18th day of July, 1979, before me personally appeared Jim Battle, to me personally known, who, being by me duly sworn says that he is Vice President of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

M. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF Washington)
) ss.
County of Cowlitz)

On this 13th day of July, 1979, before me personally appeared John H. Wilkinson, to me personally known, who, being by me duly sworn says that he is President of COLUMBIA & COWLITZ RAILWAY COMPANY and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Barbara J. Oxford
Notary Public

My Commission Expires: 10-1-81

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Columbia & Cowltiz Railway Co. pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 Ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	200
XL	Gen'l purpose Boxcar 70 Ton truck w/load dividers & E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	100
FB	Bulkhead Flat Car 100 Ton		60'6"	9'4"	11'		200
HTS	Chip Car 7,000 Cubic Feet					End Dump	50

BRAE CORPORATION

BY: Jim Gallin

TITLE: Vice President - Marketing

DATE: 7/18/79

COLUMBIA & COWLITZ RAILWAY CO.

BY: John A Wilkinson

TITLE: President

DATE: July 13, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of July 13, 19 79, between BRAE and COLUMBIA & COWLITZ RAILWAY COMPANY

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Cook
Title Vice President-Marketing
Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By John A Wilkinson
Title President
Date July 13, 1979

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and COLUMBIA & COWLITZ RAILWAY COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. Two and No. Three (the "Substituted Schedules"), as attached hereto, in place of Equipment Schedule dated July 13, 1979, attached to the Lease Agreement dated as of July 13, 1979 (the "Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern the railcars described in the Substituted Schedules to the same extent and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules have equal loading priority as such term is defined in Section 3B of the Lease.

BRAE CORPORATION	COLUMBIA & COWLITZ RAILWAY COMPANY
By_____	By_____
Title_____	Title_____
Date_____	Date_____

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, ..., 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.	CLC 3351 through CLC 3400	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	50
XL	General Purpose Boxcars 70 ton truck w/load dividers & E.O.C.	CLC 4001 through CLC 4100	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Two, together with Equipment Schedules Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, , 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Three, together with Equipment Schedules Two and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Four

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2" offset	50
FB	Bulkhead Flat Car, 100 ton		6'6"	9'4"	11'		200
HTS	Chip Car, 7000 cubic feet					End Dump	50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

Schedule E
to the Lease

ASSIGNMENT OF SUBLEASES AND AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee

Dated as of October 15, 1979

ASSIGNMENT OF SUBLEASES AND AGREEMENT dated as of October 15, 1979, by and between FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as trustee (the "Lessee"), under a Lease Trust Agreement dated as of the date hereof with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee"), under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners"), and others.

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Security Document") with First Security Bank of Utah, N.A., not in its individual capacity but solely as trustee (the "Trustee");

WHEREAS the Owner-Trustee and the Lessee have entered into a lease of railroad equipment dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Lease") providing for the leasing by the Owner-Trustee to the Lessee of certain Units (as defined in the Lease);

WHEREAS the Lessee and Mississippi & Skuna Valley Railroad Company ("Mississippi") have entered into a Lease Agreement dated as of July 12, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof, and the Lessee and Columbia & Cowlitz Railway Company (such company, together with Mississippi, being hereinafter called collectively the "Sublessees" and individually a "Sublessee") have entered into a Lease Agreement dated as of July 13, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof (such Lease Agreements, as so amended,

and as hereafter amended, being hereinafter called collectively the "Subleases" and individually a "Sublease") providing for the leasing by the Lessee to each Sublessee of certain Units;

WHEREAS in order to provide security for the obligations of the Lessee under the Lease, as an inducement for the Owners to pay a portion of the Purchase Price (as defined in the Security Document) and as an inducement for the Purchasers (as defined in the Security Document) to invest in the Equipment Trust Certificates (as defined in the Security Document), the Lessee agrees to assign for security purposes all its rights in, to and under the Subleases to the Owner-Trustee as and only to the extent that the Subleases relate to Units;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 11 hereof, the Lessee hereby assigns, transfers and sets over unto the Owner-Trustee, as collateral security for the payment and performance of the Lessee's obligations under the Lease, all the Lessee's right, title and interest, powers, privileges, and other benefits under the Subleases, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessee from the Sublessees under or pursuant to the provisions of the Subleases whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in any Sublease, and to do any and all other things whatsoever which the Lessee is or may become entitled to do under the Subleases. In furtherance of the foregoing assignment, the Lessee hereby irrevocably authorizes and empowers the Owner-Trustee in its own name, or in the name of its nominee, or in the name of the Lessee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessee is or may become entitled under the Subleases, and to enforce compliance by the Sublessees with all the terms and provisions thereof.

The parties hereto acknowledge that certain rights under this Assignment are to be reassigned by the Owner-Trustee to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment") and that pursuant to the Lease and the Subleases all moneys payable thereunder and so assigned are to be paid at the principal office of the Trustee for application by the Trustee pursuant to the Lease Assignment. In the event that the Owner-Trustee receives any amounts of money under the terms of the Lease or the Subleases which have been so assigned, the Owner-Trustee shall forthwith forward such amounts to the Trustee for its application as aforesaid.

2. This Assignment is executed only as security of the obligations of the Lessee under the Lease and, therefore, the execution and delivery of this Assignment shall not subject the Owner-Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Lessee under the Subleases, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessee to the Sublessees shall be and remain enforceable by the Sublessees, their respective successors and assigns, against, and only against, the Lessee or persons other than the Owner-Trustee and the Trustee.

3. To protect the security afforded by this Assignment, but subject to the provisions of Paragraph 11 hereof, the Lessee agrees as follows:

(a) The Lessee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Subleases provide are to be performed by the Lessee; without the written consent of the Trustee, the Lessee will not anticipate the rents under any Sublease or waive, excuse, condone, forgive or in any manner release or discharge any Sublessee of or from the obligations, covenants, conditions and agreements to be performed by such Sublessee which are intended to satisfy the obligations of the Lessee under the Lease, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating a Sublease and the Lessee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Lessee fail to make any payment or

to do any act which this Assignment requires the Lessee to make or do, then the Owner-Trustee or the Trustee, but without obligation so to do, after first making written demand upon the Lessee and affording the Lessee a reasonable period of time within which to make such payment or do such act, but without releasing the Lessee from any obligation hereunder, may make or do the same in such manner and to such extent as the Owner-Trustee or the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Owner-Trustee and the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessee contained in the Subleases; and in exercising any such powers, the Owner-Trustee and the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessee will reimburse the Owner-Trustee and the Trustee for such costs, expenses and fees.

4. Subject to the provisions of Paragraph 11 hereof, the Lessee does hereby constitute the Owner-Trustee the Lessee's true and lawful attorney, irrevocably, with full power (in the name of the Lessee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Subleases to which the Lessee is or may become entitled, to enforce compliance by the Sublessees with all the terms and provisions of the Subleases, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Owner-Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessee's obligations under the Lease, this Assignment and all rights herein assigned to the Owner-Trustee shall terminate, and all estate, right, title and interest of the Owner-Trustee and the Trustee in and to the Subleases shall revert to the Lessee, but the Owner-Trustee shall execute and deliver such documents as the Lessee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Lessee will pay and discharge any and all

claims, liens, charges or security interests (other than created by the Security Document) on the Subleases or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessee or the Lessee-Beneficiaries, or their successors and assigns (other than the Trustee), not arising out of the transactions contemplated by the Security Document or the Subleases or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) unless such claims, liens, charges or security interests would rank subordinate to the interests of the Trustee in and to the Subleases and the Lease or such rentals or other payments, or unless the Lessee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect such interests of the Trustee.

7. The Lessee will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Owner-Trustee in order to confirm or further assure the interest of the Owner-Trustee hereunder.

8. The Owner-Trustee may assign all or any of the rights assigned to it hereby or arising under the Subleases, including, without limitation, the right to receive any Payments due or to become due and the power to act as each Sublessee's true and lawful attorney, and the parties hereto acknowledge that this Assignment is to be reassigned to the Trustee as aforesaid. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Owner-Trustee hereunder. The Owner-Trustee will give written notice to the Lessee and each Sublessee of any such assignment other than the assignment to the Trustee.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessee shall cause copies of all notices received in connection with the Subleases and all Payments to be promptly delivered or made to the Trustee at its address set forth in Section 9.05 of the Security Document or at such other address as the Trustee shall designate.

11. The Owner-Trustee hereby agrees with the Lessee that, so long as no Event of Default, or any event which with

lapse of time or notice or both would constitute such an Event of Default, under the Lease has occurred and is then continuing, the Owner-Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessee to the Owner-Trustee by this Assignment, except the right to receive, forward and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Subleases, the Lease and the Security Document, the Lessee may, so long as no Event of Default or event which with notice or lapse of time or both would constitute such an Event of Default under the Lease has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of Section 8(B)(i) of a Sublease; provided, however, the Lessee shall not, without the prior written consent of the Owner-Trustee (except as permitted by the third paragraph of § 12 of the Lease), terminate any Sublease in full or with respect to any Units or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of Section 8(B)(ii) of a Sublease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires

EQUIPMENT TRUST

EQUIPMENT TRUST AGREEMENT

between

FIRST SECURITY BANK OF UTAH, N.A.,
Not in its individual capacity but solely as Trustee,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
Not in its individual capacity but solely as Owner-Trustee

Dated as of October 15, 1979

11-1/2% Equipment Trust Certificates,
Due January 20, 1995

EQUIPMENT TRUST AGREEMENT dated as of October 15, 1979, between FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee (the "Trustee") and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee"), under the Series 1 Trust established under a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof (the "Owner Trust Agreement") with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina and others.

WHEREAS 11-1/2% Equipment Trust Certificates, Due January 20, 1995, are to be issued and sold from time to time in an aggregate principal amount not exceeding $8,200,000 and the proceeds of such sale are to be deposited in trust with the Trustee and are to constitute a fund to be known as "EQUIPMENT TRUST, 11-1/2% Equipment Trust Certificates, Due January 20, 1995," to be applied by the Trustee in payment of a portion of the cost of the Trust Equipment (as hereinafter defined), the remainder of the cost thereof to be paid by the Owner-Trustee as provided herein;

WHEREAS a security interest in the Trust Equipment is to be vested in and is to be retained by the Trustee as security for the obligations of the Owner-Trustee hereunder until such obligations are performed;

WHEREAS the Owner-Trustee is entering into the Lease (as hereinafter defined) with the Lessee (as hereinafter defined) pursuant to which the Owner-Trustee will lease the Trust Equipment to the Lessee;

WHEREAS the Lease is being assigned by the Owner-Trustee to the Trustee as security for the obligations of the Owner-Trustee hereunder pursuant to the Lease Assignment (as hereinafter defined);

WHEREAS the text of the Trust Certificates (as hereinafter defined) is to be substantially in the form annexed hereto as Schedule B; and

WHEREAS it is desired to secure to the holders of the Trust Certificates the payment of the principal thereof, as hereinafter provided, with interest thereon, as hereinafter provided, each payable as herein and therein provided, and to evidence the rights of the holders of the Trust Certificates in substantially the form annexed hereto as Schedule B;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby agree as follows:

ARTICLE ONE

Definitions

SECTION 1.01. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the respective meanings hereinafter specified:

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, control (including controlled by and under control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

The term Business Day shall mean any calendar day, excluding Saturday, Sunday and legal holidays or days on which banking institutions are authorized by law to be closed in Hartford, Connecticut, San Francisco, California, or Salt Lake City, Utah.

Casualty Occurrence shall mean any occurrence specified in Section 4.07 hereof to be a Casualty Occurrence.

Closing Date shall mean, with respect to the Ortner Equipment, a date on or prior to December 31, 1979, as to which the Owner-Trustee shall have given five days' prior notice to the Trustee and, with respect to the

other Equipment, a Closing Date as defined in a Purchase Order Assignment.

Consent shall mean the Consent and Agreement dated as of the date hereof, executed by the Lessee, substantially in the form attached to the Lease Assignment.

Corporate Trust Office shall mean the principal office of the Trustee in the State of Utah, city of Salt Lake City, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department.

Cost, when used with respect to a unit of Equipment, shall mean the Purchase Price of such unit, as set forth in the invoice of the Manufacturer thereof.

Deposited Cash shall mean the aggregate of (a) the proceeds from the sale of the Trust Certificates deposited with the Trustee pursuant to Section 2.01 hereof and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 8.04, and (b) any sums restored to Deposited Cash from rentals pursuant to Section 4.04 and on deposit with the Trustee.

Equipment shall mean the standard-gauge railroad rolling stock described in Schedule A hereto or other railroad rolling stock of the types described therein.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

The Fair Value of any unit of Trust Equipment on any date shall be deemed to be the greater of (y) the actual value of such unit or (z) an amount computed by multiplying the unpaid principal amount of the Trust Certificates outstanding on such date (after giving effect to any payment in respect thereof due on such date pursuant to Section 4.04 hereof) by a fraction of which the numerator shall be the Cost of such unit and the denominator shall be the Cost of all units (including such unit) subject to the trust on such date.

The word holder or holders, when used with respect to Trust Certificates, shall include the plural as well as the singular number and shall mean the person in whose name such Trust Certificate is registered.

Investments shall mean (i) certificates of deposit of commercial banks incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than $50,000,000, (ii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest and principal, in each case maturing within one year after the date of investment therein, or (iii) any repurchase agreements in respect of (i) and (ii).

Lease shall mean the Lease of Railroad Equipment dated as of the date hereof, between the Owner-Trustee and the Lessee, substantially in the form of Annex I hereto, as the same may be supplemented or amended as contemplated hereby or thereby.

Lease Assignment shall mean the Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof, between the Owner-Trustee and the Trustee, substantially in the form of Annex II hereto. The term "Lease Assignment" shall include any reassignment of a sublease with a Substituted Sublessee as provided by § 12 of the Lease.

Lessee shall mean First Security State Bank, a Utah corporation, not in its individual capacity but solely as trustee under the Lease Trust Agreement dated as of the date hereof with the Lessee-Beneficiaries.

Lessee-Beneficiaries shall mean Rail Finance Corporation, a Delaware corporation, and CFS Railcar, Inc., a Delaware corporation, and each such company shall individually be referred to as a Lessee-Beneficiary.

Manufacturers shall mean PACCAR Inc, Bethlehem Steel Corporation and Ortner, and each such company shall be individually referred to as a Manufacturer.

Manufacturing Agreements shall mean the agreements defined as Manufacturing Agreements in the Purchase Order Assignments.

Maximum Purchase Price shall mean $10,933,333.

Officer's Certificate shall mean a certificate signed by the President or a Vice President or an authorized officer of any Manufacturer, the Owner-Trustee, any Sublessee or the Lessee, as the case may be.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel satisfactory to the Trustee and who may be counsel for the Lessee, a Lessee-Beneficiary, a Sublessee or the Owner-Trustee. The acceptance by the Trustee of, together with its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Ortner shall mean Ortner Freight Car Company.

Ortner Equipment shall mean the Equipment described on Schedule A hereto which is manufactured by Ortner.

Owners shall mean The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina and their respective successors complying with the provisions of Section 6.01 of the Trust Agreement.

Owner-Trustee shall mean The Connecticut Bank and Trust Company, a Connecticut corporation, not in its individual capacity but solely as Owner-Trustee under an Owner Trust Agreement dated as of the date hereof with the Owners.

Owner Trust Agreement shall have the meaning assigned thereto in the preamble hereof.

Participation Agreement shall mean the Participation Agreement dated as of the date hereof, among the Lessee, the Lessee-Beneficiaries, the Owners, the Owner-Trustee and the Purchasers.

Prime Rate shall mean the base rate of interest as announced from time to time by Manufacturers Hanover Trust Company for 90-day commercial loans in New York City to borrowers of the highest credit standing. In computing interest on the Trust Certificates, such base rate of interest shall be adjusted automatically as of

the opening of business on the effective date of any change in such base rate of interest.

Purchase Order Assignments shall mean the two Purchase Order Assignments dated as of the date hereof, substantially in the form attached to the Participation Agreement as Exhibits B-1 and B-2.

Purchasers shall mean the purchasers named in Exhibits A-1 and A-2 to the Participation Agreement.

The Purchase Price of a unit of Equipment shall mean, with respect to the Ortner Equipment, the actual cost to the Owner-Trustee thereof (including delivery charges and taxes) as set forth in the invoice of Ortner to the Owner-Trustee and, with respect to the other Equipment, the Purchase Price thereof as defined in the applicable Purchase Order Assignment.

Request shall mean a written request for the action therein specified, delivered to the Trustee, dated not more than ten days prior to the date of delivery thereof to the Trustee and signed on behalf of the Owner-Trustee or the Lessee, as the case may be, by an authorized officer of the Owner-Trustee or the Lessee.

Subleases shall mean the Lease Agreement dated July 12, 1979, as amended, between Brae Corporation and Mississippi & Skuna Valley Railroad Company and the Lease Agreement dated July 13, 1979, as amended, between Brae Corporation and Columbia & Cowlitz Railway Company, copies of which are attached as Annex B to Schedules D-1 and D-2 to the Lease, respectively, as amended by the Sublease Assignment, Assumption and Supplement Agreements dated as of the date hereof among each Sublessee, respectively, Brae Corporation and the Lessee, substantially in the forms of Schedules D-1 and D-2 to the Lease, to the extent but only to the extent that such Lease Agreements cover Trust Equipment. The term "Sublease" shall also include any sublease agreement with any Substituted Sublessee, as permitted by § 12 of the Lease.

Sublease Assignment shall mean the Assignment of Subleases and Agreement between the Lessee and the

Owner-Trustee substantially in the form of Schedule E of the Lease. The term "Sublease Assignment" shall include any assignment of sublease and agreement with a Substituted Sublease as provided by § 12 of the Lease.

Sublessees shall mean Mississippi & Skuna Valley Railroad Company and Columbia & Cowlitz Railway Company and each such company shall be individually referred to as a Sublessee.

Substituted Sublessee shall mean a sublessee of all or part of the Equipment meeting the requirements of a "Substituted Sublessee" as defined in § 12 of the Lease.

Trust Agreement shall mean the Trust Agreement dated as of the date hereof between the Owner-Trustee and the Owners.

Trust Certificates shall include the singular as well as the plural number and shall mean 11-1/2% Equipment Trust Certificates, Due January 20, 1995, issued hereunder.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean First Security Bank of Utah, N.A., and, subject to the provisions of Article Eight, any successor as trustee hereunder.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof; and all references to numbered Articles, Sections, paragraphs and subdivisions, unless the context otherwise requires or unless the references thereto specify another agreement, refer to such Articles, Sections, paragraphs and subdivisions of this Agreement.

ARTICLE TWO

Trust Certificates and Issuance Thereof

SECTION 2.01. Issuance of Trust Certificates. Without waiting for the recording or filing of this Agree-

ment or of any other instrument respecting the Trust Equipment, the Trustee shall from time to time issue and deliver Trust Certificates in such aggregate principal amounts as the Owner-Trustee shall direct by request, upon the deposit with the Trustee of an amount equal to such aggregate principal amount of Trust Certificates to be issued and delivered.

Subject to the provisions of Section 2.05 of this Agreement, the aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of $8,200,000, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

SECTION 2.02. Interests Represented by Trust Certificates; Interest; Maturity. Each of the Trust Certificates shall represent an interest in the principal amount therein specified in the trust created hereunder and shall bear interest on the unpaid portion of said principal amount (a) at the Prime Rate plus 1/2 of 1% to and including January 20, 1980, and (b) at the rate of 11-1/2% per annum from January 20, 1980, to and including the date said unpaid principal amount is paid in full. Interest shall be paid on January 20, 1980, and thereafter principal and interest payments shall be made in 180 consecutive monthly installments on the twentieth day of each month in each year commencing February 20, 1980, calculated so that the amount of principal and interest payable on each such date shall be substantially in proportion to the amount of principal and interest set forth in respect of such date in Schedule C hereto and such installments of principal shall completely amortize the principal amount of the Trust Certificates. The Trustee shall furnish to each holder of Trust Certificates at the time of issuance thereof a schedule showing the payments of principal and interest to be made thereon.

Interest on the Trust Certificates shall be calculated on the basis of a 360-day year of 12 30-day months.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made

on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Owner-Trustee) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the installments of principal amount represented thereby theretofore paid in whole or in part, the Trustee will mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Trustee; provided, however, that this paragraph shall not apply to a Purchaser of Trust Certificates or any other institutional investor agreeing to be bound by Paragraph 11 of the Participation Agreement if, at the time payments of principal or interest are to be made, such Purchaser or such institutional investor is a holder of Trust Certificates, and the Trustee may make payments of principal and interest to the Purchasers of Trust Certificates or to such institutional investors by check or wire transfer of immediately available funds (to the extent such funds are available to the Trustee hereunder) at their "home office" address which address shall be supplied to the Trustee by the Purchasers or institutional investors. The Trustee acknowledges receipt of the instructions from the Purchasers set forth in Exhibits A-1 and A-2 to the Participation Agreement. Each payment of principal and interest made by check or wire transfer at the "home office" address of a holder of Trust Certificates shall be identified as: "Payment of principal of [and/or interest on] 11-1/2% Equipment Trust Certificates, Due January 20, 1995".

SECTION 2.03. Forms of Trust Certificates. The Trust Certificates shall be in substantially the form annexed hereto as Schedule B.

SECTION 2.04. Execution by Trustee. The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of an Authorized Officer of the Trustee and its seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Authorized Officers. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certifi-

cates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.05. Characteristics of Trust Certificates. (a) The Trust Certificates shall be registered, as to both principal and interest, in the name of the holders; shall be transferable in whole or in part and exchangeable for Trust Certificates of other denominations of equal aggregate outstanding principal amount upon presentation and surrender thereof for registration of transfer or exchange at the Corporate Trust Office, accompanied, in the case of transfer, by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by its duly authorized attorney in fact, in form satisfactory to the Trustee; shall, in connection with the initial issuance of Trust Certificates, be dated as of the date of issue and shall, in connection with Trust Certificates issued in exchange for or upon registration of transfer of another Trust Certificate or Certificates, be dated as of the date to which interest has been paid or shall, if no interest has been paid thereon, be dated as of the date of initial issuance; and shall entitle the registered holder to interest from the date thereof.

(b) Anything contained herein to the contrary notwithstanding, prior to due presentment for registration of transfer the parties hereto may deem and treat the registered holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

(c) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration and registration of transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purposes, the Trustee shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

(d) For any registration, registration of transfer or exchange, the Trustee shall require payment by the person requesting same of a sum sufficient to reimburse it for any governmental charge connected therewith.

(e) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange for, or upon the

registration of transfer of the whole or any part, as the case may be, of one or more other Trust Certificates shall carry all the rights to principal and to interest accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such one or more other Trust Certificates, and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest or principal shall result from such exchange, substitution or registration of transfer.

(f) The Trustee shall not be required to issue, transfer or exchange Trust Certificates for a period of 10 days next preceding any interest payment date.

(g) The Trustee shall not be required to transfer or exchange Trust Certificates if such transfer or exchange would be in violation of the Securities Act of 1933.

(h) The Trustee agrees to take the actions provided in Paragraph 10 of the Participation Agreement specified therein to be performed by the Trustee.

SECTION 2.06. Replacement of Lost Trust Certificates. In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee evidence to its satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate, and also shall furnish such security or indemnity as may be required by the Trustee in its discretion (it being understood that a letter of indemnity from the Purchaser of such Trust Certificate shall be deemed acceptable by the Trustee). All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE THREE

Acquisition of Trust Equipment by Trustee; Deposited Cash

SECTION 3.01. Acquisition of Equipment by Trustee. The Owner-Trustee shall cause to be transferred to the Trustee, as trustee for the holders of the Trust Certificates, the Equipment described in Schedule A hereto, all of which will be new Equipment placed in service on or after October 15, 1979. The Owner-Trustee agrees to execute and deliver such bills of sale, assignments or other instruments as shall be necessary to effect the transfer of such Equipment to the Trustee. The Owner-Trustee hereby designates the Lessee to accept such Equipment and such other Equipment as is described in the next succeeding paragraph of this Section 3.01 on behalf of the Owner-Trustee.

In the event that it may be deemed necessary or desirable to include in the trust hereby created other Equipment in lieu of any units of the Equipment specifically described in Schedule A hereto prior to the acceptance of such Equipment by or on behalf of the Trustee, or in the event that any unit of the Equipment described in Schedule A hereto shall suffer a Casualty Occurrence before being accepted by or on behalf of the Trustee pursuant to this Section and Section 3.04, the Owner-Trustee may cause to be transferred to the Trustee such other new Equipment to be substituted under the trust, in each case subject to compliance with the provisions of Section 3.04.

Each unit of Ortner Equipment shall be settled for hereunder on the Closing Date with respect thereto and each other unit of Equipment shall be settled for hereunder on the Closing Date on which such unit of Equipment shall be settled for under a Purchase Order Assignment.

Any unit of Equipment (including the Ortner Equipment) not delivered at the time any Manufacturer is required by the second proviso to the first sentence or by the second sentence of Paragraph 2 of any Purchase Order Assignment to cease deliveries of Assigned Equipment (as defined in such Purchase Order Assignment) thereunder shall be excluded from this Agreement and not included in the term "Trust Equipment". All other units of the Assigned Equipment delivered in accordance with the Purchase Order Assignments shall be included in this Agreement and in the term "Trust Equipment".

If, prior to the settlement for all of the units of the Equipment pursuant to this Article Three, the Trustee or the Owner-Trustee shall have actual knowledge of any of the events specified in clauses (i) through (iv) in the second proviso to the first sentence of Paragraph 2 of any Purchase Order Assignment, the Trustee or the Owner-Trustee shall forthwith give written notice thereof to each Manufacturer and each party to the Participation Agreement. Neither the Trustee nor the Owner-Trustee shall be deemed to have such actual knowledge unless it receives written notice thereof from any party to the Participation Agreement unless brought to the actual attention of any responsible officer of the Trustee or the Owner-Trustee, respectively. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Trustee or the Owner-Trustee in this Agreement contained, any authorized officer of the Trustee or the Owner-Trustee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Agreement with respect thereto.

In the event of any such exclusion the Owner-Trustee and the Trustee shall execute an agreement supplemental hereto limiting this Agreement to the Trust Equipment not excluded from this Agreement and the Owner-Trustee and the Trustee shall execute for recordation in public offices an instrument or instruments in writing in order to make clear upon public records such exclusion.

In the event that on January 19, 1980, any Deposited Cash shall remain in the possession of the Trustee, the Trustee shall apply any such Deposited Cash to the prepayment of Trust Certificates on January 19, 1980, as provided in Article Four hereof.

SECTION 3.02. Payment of Deposited Cash. On each Closing Date, the Trustee shall (subject to the provisions of Sections 3.03 and 3.04 hereof) pay, upon Request of the Owner-Trustee, to the Manufacturer (or, in the case of the Ortner Equipment, if the Owner-Trustee shall then be the owner thereof, to the Owner-Trustee or as the Owner-Trustee may direct) out of Deposited Cash then held by the Trustee an amount specified in such Request not exceeding 75% of the aggregate Cost of the Equipment for which settlement is then being made, as such Cost is specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.04(a);

provided, however, that the Trustee shall not pay out any Deposited Cash unless and until the provisions of Paragraph 8 of the Participation Agreement have been satisfied and the Owner-Trustee makes the payment or furnishes the documents referred to in Section 3.03 hereof.

SECTION 3.03. Payment of Deficiency. The Owner-Trustee covenants and agrees (i) for the benefit of the Trustee and each Manufacturer as third party beneficiary, that, on each Closing Date, it will pay to the Trustee, for the account of such Manufacturer, that portion of the Cost of such Equipment not paid out of Deposited Cash as provided for in Section 3.02 hereof or (ii) that, in the case of the Ortner Equipment, if the Owner-Trustee shall then be the owner thereof, to deliver to the Trustee an original invoice and executed bill of sale from Ortner together with an Officer's Certificate certifying that such documents are true and correct and that Ortner has been paid in full; provided, however, that the Owner-Trustee shall not make such payment unless and until the provisions of Paragraph 9 of the Participation Agreement have been satisfied and the total Cost of all such Equipment settled for under this Agreement shall not exceed the Maximum Purchase Price. If on any Closing Date the aggregate Cost of Equipment for which settlement has theretofore been and is then to be made under this Agreement would, but for the provisions of this Section 3.03, exceed the Maximum Purchase Price, the parties hereto shall enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Owner-Trustee, as will, after giving effect to such exclusion, reduce such aggregate Cost to not more than the Maximum Purchase Price. The intention of this Section is that the Owner-Trustee shall ultimately pay or absorb not less than 25% of the aggregate Cost of all the Equipment accepted by the Trustee as Trust Equipment pursuant to this Article Three, and the Trustee shall at any time, if occasion arises, adjust its accounts and payments to the end that the Trustee shall pay with Deposited Cash not more than 75% of such aggregate Cost and the Owner-Trustee shall pay or absorb the remainder, to be not less than 25% of such Cost.

SECTION 3.04. Supporting Papers. The Trustee shall not pay out any Deposited Cash for the purchase of any unit of Equipment unless and until it shall have received:

(a) an Officer's Certificate of the Lessee, which shall state (i) that such unit of Equipment is Equipment

as herein defined, has been marked in accordance with Section 4.06 hereof and was not put into service prior to a date specified therein, (ii) that the Cost of such unit of Equipment is an amount therein specified or is not less than an amount therein specified and (iii) such unit of Equipment is subject to the Lease;

(b) an executed counterpart of the Sublease and of the Sublease Assignment covering each unit of Equipment to be settled for;

(c) an Opinion or Opinions of Counsel to the effect that (i) the Subleases and the Sublease Assignment referred to in subparagraph (b) above have been duly authorized, executed and delivered by the Lessee, Brae Corporation, the Sublessees and the Owner-Trustee, as the case may be, and constitute legal, valid and binding obligations subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect, (ii) the Trustee is vested with a valid first and prior perfected security interest in and to the Lessee's interest in each such Sublease and all rents, moneys and proceeds due or to become due thereunder and with a first and prior perfected security interest in each such unit of Trust Equipment, (iii) such Subleases and Sublease Assignment have been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and (iv) no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment, such Subleases, such Sublease Assignment or this Agreement in any state of the United States of America or the District of Columbia;

(d) the documents required by Paragraph 5 of the applicable Purchase Order Assignment or, in the case of the Ortner Equipment, documents, satisfactory in all respects to the Trustee and its counsel, with respect to the Ortner Equipment from Ortner (and also, if the Owner-Trustee shall then be the owner of the Ortner Equipment, from the Owner-Trustee) substantially equivalent to those required by Paragraph 5 of the Purchase Order Assignments; and

(e) an Officer's Certificate dated such Closing Date, (or, if dated prior thereto, undertaking to inform the Trustee in writing on or prior to such Closing Date if such Certificate is not true and correct on such Closing Date) of each such Sublessee that (i) on such Closing Date no Event of Default or event which with notice or lapse of time or both would constitute such an Event of Default has occurred or is continuing under the applicable Sublease and (ii) the representations and warranties of the Sublessee in such Sublease are true and correct on the Closing Date as if made on and as of the Closing Date.

Any Officer's Certificate delivered pursuant to this Section may state that the Cost of the Equipment therein referred to is tentatively determined, subject to final adjustment to be evidenced in a final Officer's Certificate to be delivered to the Trustee.

SECTION 3.05. Absence of Title Encumbrances. The Owner-Trustee hereby represents and warrants to the Trustee that upon delivery of each unit of Equipment and payment therefor as provided in this Article 3 such unit of Equipment shall then be free from all claims, liens, security interests and other encumbrances of any nature arising from or through the Owners or the Owner-Trustee except as created by this Agreement and except for the rights of the Lessee under the Lease and the rights of the Sublessee under the Sublease covering such unit of Equipment.

ARTICLE FOUR

Lease of Trust Equipment to the Owner-Trustee

SECTION 4.01. Lease of Trust Equipment. The Trustee does hereby let and lease all the Trust Equipment to the Owner-Trustee, for a period ending January 20, 1995.

SECTION 4.02. Equipment Automatically Subjected. As and when any Equipment shall from time to time be accepted hereunder by the Trustee or its agent or agents, the same shall, ipso facto and without further instrument of lease or transfer, become subject to all the terms and provisions hereof.

SECTION 4.03. Additional and Substituted Equipment Subject Hereto. In the event that the Owner-Trustee shall,

as provided in Section 3.01, elect to cause to be sold to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee and the Owner-Trustee and to be recorded with the Interstate Commerce Commission pursuant to the requirements of 49 U.S.C. § 11303. Such Equipment shall be subject to all the terms and conditions hereof in all respects as though it had originally been part of the Equipment herein specifically described.

SECTION 4.04. Rental Payments. The Owner-Trustee hereby accepts the lease of all the Trust Equipment; and the Owner-Trustee hereby covenants and agrees to pay to the Trustee at the Corporate Trust Office (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rental hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the acceptance of and lease to the Owner-Trustee of any unit of the Trust Equipment):

(A) (1) the expenses of the trust hereby created, including but not limited to compensation and expenses provided for herein, and (2) an amount equal to any expenses incurred or loss of principal (including interest accrued thereon at the time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments;

(B) any and all taxes, assessments and governmental charges upon or on account of the income or property of the trust, or upon or on account of this Agreement, which the Trustee as such may be required to pay (other than taxes on the income of the Trustee from fees payable to the Trustee hereunder);

(C) the amounts of the interest payable on the Trust Certificates, when and as the same shall become payable, and interest at the rate of 12-1/2% per annum from the due date, upon the amount of any installments of rental payable under this and the following subparagraph which shall not be paid when due, to the extent legally enforceable; and

(D) the installments of principal of all the Trust Certificates (except as such sum may be reduced due to prepayments made pursuant to the terms hereof), when and as the same shall become payable, whether upon the date of maturity thereof or by declaration or otherwise.

Nothing contained herein or in the Trust Certificates shall be deemed to impose on the Trustee or on the Owner-Trustee (except as provided in Section 4.04(B)) any obligation to pay to the registered holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America, or of any state, county, municipality or other taxing authority thereof, to be paid in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate.

The Owner-Trustee shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, provided that, in the judgment of the Trustee and as set forth in an Opinion of Counsel which shall have been furnished to the Trustee, the rights or interests of the Trustee or of the holders of the Trust Certificates may not be materially endangered thereby.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles Five and Six hereof, and without limiting the effect of Section 9.02 hereof, it is understood and agreed by the Trustee on behalf of itself and the holders of the Trust Certificates that the liability of the Owner-Trustee for all payments to be made by it under and pursuant to this Agreement and for all performance obligations (other than the payments called for by Sections 3.03 and 4.04(A)(2) and as provided in the proviso to the last paragraph of Section 6.01), shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Trust Equipment. As used herein the term "income and proceeds from the Trust Equipment" shall mean (i) if an Event of Default shall have occurred and while it shall be continuing so much of the following amounts as are indefeasibly received by the Owner-Trustee (or any assignee of the Owner-Trustee) at any time after such Event of Default and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences paid for or with respect to such Trust Equipment pursuant to the Lease and (b) any and all other payments or

proceeds received pursuant to the Lease (except sums which by the express terms of the Lease are payable directly to any Owner or the Owner-Trustee pursuant to § 6 and § 9 of the Lease) or pursuant to any Sublease or other sublease covering units of Trust Equipment, or for or with respect to such Trust Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner-Trustee pursuant to the Lease as are indefeasibly received by the Owner-Trustee or any assignee of the Owner-Trustee and as shall equal the rental payments specified in the first paragraph of this Section 4.04 due and payable by the Owner-Trustee on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences) then due and payable under this Agreement; it being understood that "income and proceeds from the Trust Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner-Trustee or any assignee of the Owner-Trustee prior to the existence of such an Event of Default which exceeded the amounts required to make the rental payments specified in the first paragraph of this Section 4.04 due and payable by the Owner-Trustee on the date on which amounts with respect thereto received by the Owner-Trustee or any assignee of the Owner-Trustee were required to be paid pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. The Trustee agrees that if it obtains a judgment against the Owner-Trustee for an amount in excess of the amounts payable by the Owner-Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount and it will not bring suit against the Owner-Trustee for any sums in addition to the amounts payable by the Owner-Trustee pursuant to said limitations (or obtain a judgment, order or decree against the Owner-Trustee for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce its security interest in the Trust Equipment, or its rights and interests under the Lease, any Subleases or any other sublease covering units of Trust Equipment (rather than against the Owner-Trustee personally), by appropriate proceedings against the Owner-Trustee at law or in equity or otherwise, the obligation to make the payments to be made pursuant thereto in order for

the Trustee to receive payment and performance of all obligations due to the Trustee under this Agreement. Nothing contained herein limiting the liability of the Owner-Trustee shall derogate from the right of the Trustee to proceed against the Trust Equipment or to enforce any security interest it may have in any payments made to the Owners or the Owner-Trustee by or on behalf of the Lessee, as provided for herein or in the Lease, the Lease Assignment or the Consent.

SECTION 4.05. Termination of Trust and Lease. The transfer of the Trust Equipment to the Trustee by the Owner-Trustee pursuant to Section 3.01 hereof and the lease of such units to the Owner-Trustee by the Trustee pursuant to this Agreement are intended solely to create a security interest in such units in order to secure the performance by the Owner-Trustee of its obligations under this Agreement and the payment of all sums payable pursuant to this Agreement (without regard to the provisions of the last paragraph of Section 4.04 hereof or Section 9.06 hereof) and, subject thereto, beneficial ownership of such units of Trust Equipment shall be and remain in the Owner-Trustee. After all payments due or to become due from the Owner-Trustee hereunder shall have been completed and fully made to the Trustee (1) such payments shall be deemed to represent the discharge in full of the Trustee's security interest in the Trust Equipment, (2) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee, including its reasonable compensation, shall be paid to the Owner-Trustee, and (3) the Trustee shall execute for record in public offices, at the expense of the Owner-Trustee, such instrument or instruments in writing as reasonably shall be requested by the Owner-Trustee in order to discharge of record the security interest of the Trustee in, and to make clear upon public records the Owner-Trustee's full title to, all the Trust Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Trust Equipment shall be and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by the Owner-Trustee pursuant to the terms of this Agreement.

SECTION 4.06. Marking of Trust Equipment. The Owner-Trustee agrees that it will cause each unit of Trust Equipment before delivery of each such Unit hereunder to be marked plainly, distinctly, permanently and conspicuously

on each side of each unit of the Trust Equipment, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY UNDER
A SECURITY AGREEMENT FILED WITH THE
INTERSTATE COMMERCE COMMISSION"

or such other words as shall be approved by the Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Owner-Trustee shall cause the same to be restored or replaced. The Owner-Trustee shall not change, or permit to be changed, the numbers of any of the Trust Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and which shall be filed and recorded in like manner as this Agreement.

The Trust Equipment may be lettered in an appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered in the case of any of the Subleases covering the Trust Equipment in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Owner-Trustee, during the continuance of any lease provided for herein, will not allow the name of any person, firm, association or corporation to be placed on any of the Trust Equipment as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Trust Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, any Sublessee or its Affiliates or any Substituted Sublessee.

The obligations of the Owner-Trustee under this Section 4.06 are subject to the limitations contained in Section 9.06 hereof.

SECTION 4.07. Maintenance of Trust Equipment; Casualty Occurrences; Insurance. The Owner-Trustee agrees that it will maintain or cause to be maintained and keep all the Trust Equipment (including any parts installed on or replacements made to any Trust Equipment and considered an accession thereto) in good order and proper repair, reasonable wear and tear excepted, at no cost or expense to the Trustee. The Owner-Trustee shall maintain or cause the

Lessee to maintain a Maintenance Fund with the Trustee as provided in § 9 of the Lease, and the Trustee agrees to administer such Fund as provided in such § 9. The Owner-Trustee shall maintain or cause to be maintained insurance with respect to the Trust Equipment as provided in § 7 of the Lease.

Whenever any unit of the Trust Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Agreement, or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date of this Agreement, or by any other governmental entity resulting in loss of possession for a period of 90 consecutive days or until the end of the term of this Agreement (such occurrences being hereinafter called Casualty Occurrences), the Owner-Trustee shall, promptly after it shall have been informed of such Casualty Occurrence, deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the value thereof as of the date such Trust Equipment suffered such Casualty Occurrence. On the 20th of the month next succeeding the delivery of such Officer's Certificate, the Owner-Trustee shall pay to the Trustee an amount equal to the value of such unit as of the date of such payment and, upon receipt, Trustee shall release such unit from the terms of this Agreement. The rights and remedies of the Trustee to enforce or to recover any of the rental payments to which the Trustee is otherwise entitled hereunder shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, the value of any unit of Trust Equipment shall be deemed to be that amount which bears the same ratio to that portion of the original Cost thereof paid by the Trustee pursuant to Section 3.02 as the aggregate unpaid principal amount of the Trust Certificates (without giving effect to any prepayments then or theretofore made pursuant to this Agreement), as of the date payment is made with respect to such Casualty Occurrence, bears to the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01.

Cash deposited with the Trustee pursuant to this Section shall be applied (after the payment of the interest and principal due on such date) to prepay without premium the principal of the Trust Certificates as hereinafter provided. Such prepayment shall be made on the date on which such deposit was made and shall be allocated by the Trustee

to each outstanding Trust Certificate, as near as may be, in the same proportion as the unpaid principal amount thereof bears to the aggregate unpaid principal amount of all the Trust Certificates and shall be credited pro rata against each installment of principal due thereon, in proportion to the principal amount represented by each such installment. Upon any such prepayment, the Trustee shall deliver to the holder of Trust Certificates a certificate showing the revised principal and interest payments to be made thereon.

The Owner-Trustee agrees to furnish or cause to be furnished to the Trustee, on or before April 1 in each year commencing with 1980, an Officer's Certificate (1) setting forth as at the preceding December 31 (or as of the date of this Agreement in the case of the first such Officer's Certificate) the amount, description and numbers of all Trust Equipment then covered by this Agreement, the amount, description and numbers of all Trust Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or, to the knowledge of the Owner-Trustee, are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Trust Equipment as the Trustee may reasonably request and (2) stating that, in the case of all Trust Equipment repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 4.06 hereof have been preserved or replaced and (3) identifying the units of Trust Equipment then being subleased by a sublessee as permitted hereunder (including the name of each sublessee and the term of each sublease) and specifying which units, if any, of Trust Equipment are not then being subleased by a sublessee. The Trustee, by its agents, shall have the right to inspect, at the expense of the Owner-Trustee, the Trust Equipment and the Owner-Trustee's records with respect thereto at such reasonable times as the Trustee may request during the continuance of this Agreement, and the Owner-Trustee covenants in that event to furnish to the Trustee all reasonable facilities for the making of such inspection.

The obligations of the Owner-Trustee under this Section are subject to the limitations set out in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

SECTION 4.08. Possession of Trust Equipment. Except as provided in this Section and in Article VII of the Owner Trust Agreement, the Owner-Trustee will not assign or transfer its rights hereunder, or transfer or lease the Trust Equipment or any part thereof, without the written consent of the Trustee first had and obtained; and the Owner-Trustee shall not, without such written consent, except as herein permitted, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment.

So long as no Event of Default shall have occurred and be continuing, the Owner-Trustee shall be entitled to the possession and use of the Trust Equipment, and shall be entitled to permit the use and the subleasing of the Trust Equipment as provided in the Lease, subject to the Lessee's rights of possession, use and assignment set out in § 12 of the Lease.

SECTION 4.09. Indemnity. Subject to the provisions of Section 9.02 hereof, the Owner-Trustee covenants and agrees to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants, and the holders of the Trust Certificates (hereinafter called Indemnified Persons) from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Agreement or the Trust Equipment, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Trust Equipment or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Owner-Trustee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Trust Equipment or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of

the Trust Equipment or of any other equipment in connection with the Trust Equipment (whether owned or under the control of the Owner-Trustee, the Lessee, the Trustee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Agreement or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Trust Equipment or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignments or the Participation Agreement; or (viii) any claim arising out of the Trustee's holding a security interest under this Agreement or the Lease Assignment. All payments hereunder shall be made directly to the Indemnified Person and the Owner-Trustee shall be obligated under this Section, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Owner-Trustee under this Section without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Owner-Trustee may and, upon such Indemnified Person's request, will at the Owner-Trustee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Owner-Trustee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Owner-Trustee to do so, the Owner-Trustee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Owner-Trustee is required to make any payment under this Section, the Owner-Trustee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined by the Indemnified Person), shall be

equal to the amount of such payment. Upon the payment in full of any indemnities as contained in this Section by the Owner-Trustee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Owner-Trustee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Owner-Trustee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Owner-Trustee pursuant to this Section shall be paid over to the Owner-Trustee to the extent necessary to reimburse the Owner-Trustee for indemnification payments previously made in respect of such matter.

The indemnities contained in this Section shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Section shall be deemed to create any rights of subrogation in any insurer or third party against the Owner-Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Owner-Trustee will bear the responsibility for, and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the loss or destruction of any unit of or all the Trust Equipment.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

SECTION 4.10. Compliance with Laws and Rules. During the term of this Agreement, the Owner-Trustee will comply, and will cause every lessee or user of the Trust Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Trust Equipment) with all laws of the jurisdictions in which its or such lessees' or users' operations involving the Trust Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful

rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Trust Equipment, to the extent that such laws and rules affect the title, operation or use of the Trust Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Trust Equipment, the Owner-Trustee will, or will cause the Lessee to, conform therewith at no expense to the Trustee; provided, however, that the Owner-Trustee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Trustee, adversely affect the property or rights of the Trustee under this Agreement.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in Section 9.06 hereof.

SECTION 4.11. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Owner-Trustee agrees to pay, and to indemnify and hold the Trustee and the holders of the Trust Certificates harmless from, all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, any Owner, the Trustee, the holders of the Trust Certificates, the Lessee, any Lessee-Beneficiary, any Sublessee, any Substituted Sublessee, the Trust Estate created by the Trust Agreement, any Manufacturer (except for those taxes which are the responsibility of a Manufacturer pursuant to the applicable Purchase Order Assignment) or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any unit of the Trust Equipment or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; or this Agreement, the Lease, the Lease Assignment, the Participation Agreement, the Owner Trust Agreement, the Lease Trust Agreement, the Manufacturing Agreements, the Purchase Order Assignments, the Subleases, the Sublease

Assignment, the Trust Certificates or the issuance thereof hereunder, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Trust Equipment (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the holders of Trust Certificates or the Trustee, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Agreement shall be excluded whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed on or measured by any fees or compensation received by the Trustee; (iii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition or any transfer or disposition of any Trust Certificate resulting from bankruptcy or other proceedings for the relief of creditors whether voluntary or involuntary; and (iv) Taxes which are imposed on or measured solely by the net income of the Trustee or the holders of the Trust Certificates if and to the extent that such Taxes are in substitution for or reduce the Taxes payable by any other person which the Owner-Trustee has not agreed to pay or indemnify against pursuant to this Section 4.11; provided, however, that the Owner-Trustee shall not be required to pay any Taxes during the period it or the Lessee may be contesting the same in the manner provided in the next succeeding paragraph or the Lease, as the case may be.

If claim is made against the Trustee or any holder of the Trust Certificates, for any Taxes indemnified against under this Section 4.11, the Trustee or the holders of the Trust Certificates shall promptly notify the Owner-Trustee. If reasonably requested by the Owner-Trustee in writing, the Trustee or the holders of the Trust Certificates, as the case may be, shall, upon receipt of any indemnity satisfactory to it or them, as the case may be, for all costs,

expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Owner-Trustee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Owner-Trustee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Trustee or the holders of the Trust Certificates as the case may be; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Trustee or the holders of the Trust Certificates as the case may be, in any such proceeding or action) without the prior written consent of the Trustee. If the Trustee or the holders of the Trust Certificates, as the case may be, shall obtain a refund of all or any part of such Taxes previously reimbursed by the Owner-Trustee in connection with any such contest or an amount representing interest thereon, the Trustee or the holders of the Trust Certificates as the case may be, shall pay the Owner-Trustee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Owner-Trustee under this Section 4.11 or arising out of this Section 4.11, the Owner-Trustee shall either make such report or return in such manner as will show the interest of the Trustee in the Trust Equipment or shall promptly notify the Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Trustee. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Owner-Trustee.

All of the obligations of the Owner-Trustee under this Section 4.11 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement.

The obligations of the Owner-Trustee under this Section 4.11 are subject to the limitations contained in the last paragraph of Section 4.04 hereof and in Section 9.06 hereof.

ARTICLE FIVE

Events of Default and Remedies

SECTION 5.01. Events of Default. The Owner-Trustee covenants and agrees that in case:

(a) the Owner-Trustee shall default in the payment of any part of the rental payable hereunder or payment in respect of a Casualty Occurrence under Section 4.07 hereof for more than 10 days after the same shall have become due and payable, without regard to any limitation of liability contained in Section 4.04 or Section 9.06 hereof; or

(b) the Owner-Trustee, except as herein authorized or contemplated, shall suffer or make any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the Fair Value, as of the date of such unauthorized action, of such Trust Equipment (any sum so deposited to be returned to the Owner-Trustee upon the cancelation of such assignment, transfer or lease and the recovery of possession by the Owner-Trustee of such Trust Equipment); or

(c) the Owner-Trustee shall, without regard to any limitation of liability contained in Section 4.04 or 9.06 hereof, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof or of the Lease Assignment or the

Participation Agreement on its part to be kept and performed (except as provided in clause (b) of this Section 5.01), or to make provision satisfactory to the Trustee for such compliance; or

(d) subject to assumption and substitution pursuant to the last paragraph of this Section 5.01, a petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against any Sublessee or Substituted Sublessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of such Sublessee or Substitutued Sublessee under the applicable Sublease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed or otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

(e) subject to assumption and substitution pursuant to the last paragraph of this Section 5.01, any proceeding other than one referred to in (d) above shall be commenced by or against the Lessee, any Lessee-Beneficiary, any Owner, any Sublessee or any Substituted Sublessee for any relief which includes, or might result in, any modification of the obligations of the Owner-Trustee hereunder, of the Lessee under the Lease, or of any Sublessee or any Substituted Sublessee under the applicable Sublease under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Owner-Trustee under this Agreement, of the Lessee under the Lease or of such Sublessee or Substituted Sublessee under the applicable Sublease, as the case may be, shall not

have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner-Trustee, the Lessee, any Sublessee or any Substituted Sublessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(f) subject to the assumption and substitution pursuant to the last paragraph of this Section 5.01, an Event of Default (as therein defined) shall occur and be continuing under the Lease; provided, however, that any Event of Default under clause (A) of § 10 of the Lease shall not be deemed an event of default hereunder if (i) within the 10-day period provided by subparagraph (a) of this Article Five, the Owner-Trustee shall make payment of all amounts in default under said subparagraph (a), and (ii) not more than 24 such Events of Default shall have occurred and not more than 12 such Events of Default shall have occurred on consecutive dates;

then, in any such case (herein sometimes called an "Event of Default"), the Trustee in its discretion may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Owner-Trustee, declare to be due and payable forthwith the entire amount of the rentals (but not including rentals required for the payment of interest accruing after the date of such declaration) payable by the Owner-Trustee, as set forth in Section 4.04 hereof for the entire remaining term of the lease evidenced hereby and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of 12-1/2% per annum, to the extent legally enforceable, on any portion thereof overdue.

In case any one or more Events of Default shall happen, the Trustee in its discretion also may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the

Owner-Trustee, declare the unpaid principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case the Owner-Trustee shall fail to pay any installment of rental payable pursuant to Section 4.04(C) or 4.04(D) hereof when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of 10 days, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the rentals so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Owner-Trustee and collect in the manner provided by law out of the property of the Owner-Trustee (including the Trust Equipment) wherever situated the moneys adjudged or decreed to be payable (subject to the provisions of the last paragraph of Section 4.04 hereof and of the last paragraph of Section 9.02 hereof).

All rights of action and to assert claims under this Agreement, under the Lease or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as Trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provisions of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

Notwithstanding the foregoing provisions of this Section 5.01, in the case of an Event of Default hereunder not due to an event of default or other breach by a Sublessee of its obligations under its Sublease, prior to taking possession of all or any part of the Trust Equipment, the Trustee shall give prompt written notice thereof to Weyerhaeuser Company ("Weyerhaeuser") at Tacoma, Washington, 98477, Attention of Manager, Corporate Transportation Department. If, within 30 days after written notice of such an Event of Default, Weyerhaeuser (i) enters into documentation in form and sub-

stance acceptable to the Trustee and the Owner-Trustee pursuant to which Weyerhaeuser unconditionally assumes the obligations of the Owner-Trustee, and pursuant to which the Owner-Trustee is released of its obligations, hereunder (without regard to any limitation on liability contained in Sections 4.04, 9.02 or 9.06 hereof) with respect to all the Trust Equipment, (ii) pays to the Trustee a sum sufficient to cure in full any such Event of Default which may be cured by the payment of money and otherwise cures or causes the cure of any other Event of Default, (iii) pays to the Owner-Trustee an amount equal to the sum of (x) all amounts advanced by the Owner-Trustee for the payment of the Purchase Price of the Units plus (y) the amount of all principal payments made by the Owner Trustee with respect to such Units, (iv) enters into documentation in form and substance satisfactory to the Owner-Trustee and the Lessee indemnifying and holding the Lessee harmless with respect to any obligations of the Lessee under the Lease and indemnifying and holding the Owner-Trustee harmless with respect to its obligations hereunder, (v) acquires title to the Trust Equipment, then the Trustee shall waive all Events of Default so cured with respect to the Trust Equipment and Weyerhaeuser shall be substituted in lieu of the Owner-Trustee hereunder. The Owner-Trustee, upon the fulfillment of the provisions of this paragraph, shall convey to Weyerhaeuser a bill of sale with respect to the Trust Equipment and such other documents as may be required to transfer title thereto to Weyerhaeuser in such form as may reasonably be requested by Weyerhaeuser and the Trustee. Effective upon such assumption and substitution, the Lease and the Subleases shall terminate, as provided therein, the assignment of the Lease and of the Subleases to the Trustee pursuant to the Lease Assignment shall be canceled and, so long as no other Event of Default has occurred hereunder, this Agreement shall remain in full force and effect.

SECTION 5.02. Remedies. In case of the happening of any Event of Default, the Trustee may by its agents enter upon the premises of the Lessee or of any Sublessee of the Trust Equipment (or other person having acquired the use of the Trust Equipment) where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, incentive per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equip-

ment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by the Owner-Trustee and the unpaid principal of all the then outstanding Trust Certificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of the Owner-Trustee at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that the Owner-Trustee or the Lessee may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal, lease or sale of the Trust Equipment, the Owner-Trustee shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Owner-Trustee and no payments theretofore made by the Owner-Trustee for the rent or use of the Trust Equipment or any of it shall give to the Owner-Trustee any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking of possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Owner-Trustee of rentals then or thereafter due and payable, or of principal and interest in respect of the Trust Certificates, and the Owner-Trustee (subject to the provisions of the last paragraph of Section 4.04 hereof) shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the obligations of the Owner-Trustee under this Agreement.

SECTION 5.03. Application of Proceeds. If the Trustee shall exercise any of the powers conferred upon it by Sections 5.01 and 5.02, all payments made by the Owner-

Trustee to the Trustee, and the proceeds of any judgment collected from the Owner-Trustee by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee to the payment in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of 12-1/2% per annum, to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the rate of 12-1/2% per annum, to the extent legally enforceable, from the last preceding interest payment date, whether or not such Trust Certificates shall have been matured by their terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest.

After all such payments shall have been made in full, the security interest of the Trustee in and to any of the Trust Equipment remaining unsold shall be released by the Trustee so that the title therein of the Owner-Trustee shall be free from any further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, the Owner-Trustee, subject to the provisions of the last paragraph of Section 4.04 hereof and Section 9.06 hereof, agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Owner-Trustee.

SECTION 5.04. Waivers of Default. Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of not less than 66-2/3% in aggregate unpaid principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive by an instrument in writing delivered to the Trustee any past default and its consequences, except a default in the payment of any installment

of rental payable pursuant to Section 4.04(C) or 4.04(D), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before January 20, 1995, all arrears of rent (with interest at the rate of 12-1/2% per annum upon any overdue installments, to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by the Owner-Trustee's default, and all other sums which shall have become due and payable by the Owner-Trustee hereunder shall be paid by the Owner-Trustee (irrespective of the provisions of the last paragraph of Section 4.04 hereof) before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested in writing by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, shall by written notice to the Owner-Trustee waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. Obligations of the Owner-Trustee Not Affected by Remedies. No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Owner-Trustee or in respect of the Trust Equipment on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Owner-Trustee by the Trustee or by any such holder, shall affect the obligations of the Owner-Trustee hereunder.

The Owner-Trustee hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. The Owner-Trustee To Deliver Trust Equipment to Trustee. In case the Trustee shall demand possession of any of the Trust Equipment, the Owner-Trustee will (subject to the provisions of Section 9.06 hereof, the last paragraph of Section 5.01 hereof and the Lease), as soon as possible, cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, without expense to the Trustee, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement and upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Owner-Trustee, requiring the specific performance thereof.

SECTION 5.07. Trustee To Give Notice of Default. The Trustee shall give to the registered holders of the Trust Certificates notice of each Event of Default hereunder actually known to the Trustee at its Corporate Trust Office, within 30 days after it so learns of the same, unless remedied or cured before the giving of such notice.

SECTION 5.08. Control by Holders of Trust Certificates. The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction (i) if the Trustee shall be advised by counsel that the action so directed may not lawfully be taken or (ii) if the Trustee shall be advised by counsel that the action so directed may involve it in personal liability as to which the holders have not agreed fully to indemnify the Trustee. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction given hereunder.

SECTION 5.09. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed

exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Owner-Trustee.

ARTICLE SIX

Additional Covenants and Agreements by the Owner-Trustee

SECTION 6.01. Discharge of Liens. The Owner-Trustee covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien, charge, security interest or other encumbrance upon or against any of the Trust Equipment, or the "income and proceeds from the Trust Equipment" (as defined in Section but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided that such contest will not materially endanger the rights or interest of the Trustee or of the holders of the Trust Certificates and the Owner-Trustee shall have furnished the Trustee with an Opinion of Counsel to such effect. If the Owner-Trustee does not forthwith pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section, the Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Agreement until reimbursed by the Owner-Trustee.

The obligations of the Owner-Trustee under this Section are subject to the limitations contained in Section 9.06 hereof; provided, however, that the Owner-Trustee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Owner-Trustee or any Owner or the successors or assigns of either of them, not arising out of the transactions contemplated hereby (but including any tax liens arising out of the receipt of rentals and other payments under the Lease, the Indemnity Agreement or the Participation Agreement), but

shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Trustee in the Trust Equipment, its interest in said income and proceeds from the Trust Equipment, or otherwise under this Agreement.

SECTION 6.02. Recording. Subject to the provisions of Section 9.06 hereof and the proviso contained in § 15 of the Lease, the Owner-Trustee will, promptly after the execution and delivery of this Agreement, the Lease, the Lease Assignment, each Sublease and the Sublease Assignments and each supplement or amendment hereto or thereto, respectively, cause the same to be duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. Subject as aforesaid, the Owner-Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments required by law or reasonably requested by the Trustee for the purposes of proper protection of the security interest of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof.

Promptly after the execution and delivery of this Agreement and of each supplement or amendment hereto or thereto, the Owner-Trustee will furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, such document has been properly deposited, filed, registered and recorded and redeposited, refiled, reregistered and rerecorded, if necessary, so as effectively to protect the security interest of the Trustee to the Trust Equipment and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.03. Further Assurances. The Owner-Trustee covenants and agrees that from time to time it will do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

ARTICLE SEVEN

Concerning the Holders of Trust Certificates

SECTION 7.01. Evidence of Action Taken by Holders of Trust Certificates. Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate unpaid principal amount of the Trust Certificates may take action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 7.02. Proof of Execution of Instruments and of Holding of Trust Certificates. Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within the United States of America authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the person executing the same.

The ownership of Trust Certificates may be proved by the register of such Trust Certificates or by a certificate of the registrar thereof.

SECTION 7.03. Trust Certificates Owned by Any Owner, the Owner-Trustee, the Lessee or Any Lessee-Beneficiary. In determining whether the holders of the requisite unpaid principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by any Owner, the Owner-Trustee,

the Lessee or any Lessee-Beneficiary or by any other obligor on the Trust Certificates or by an Affiliate of any Owner, the Owner-Trustee, the Lessee or any Lessee-Beneficiary or any such other obligor shall be disregarded, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which are actually known to the Trustee at its Corporate Trust Office to be so owned, shall be disregarded.

SECTION 7.04. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.01, of the taking of any action by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided in Section 7.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action shall be conclusive and binding upon the Owner-Trustee, the Trustee and the holders of all the Trust Certificates, subject to the provisions of Section 5.08.

ARTICLE EIGHT

The Trustee

SECTION 8.01. Acceptance of Trust. The Trustee hereby accepts the trust imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed.

SECTION 8.02. Duties and Responsibilities of the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the

rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any default or Event of Default under this Agreement prior to the time it shall have obtained actual knowledge thereof at its Corporate Trust Office.

No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its wilful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(b) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; provided, however, that the foregoing provisions of this subparagraph (b) shall not excuse the trustee from liability for its action or inaction which was contrary to the express provisions of this Agreement;

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(d) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Trust Certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(f) the Trustee shall be under no obligation to exercise any of its rights or powers vested in it by this Agreement, at the request, order or direction of any of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

(g) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement. None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability

of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.03. Application of Rentals. The Trustee covenants and agrees to apply the rentals received by it under Section 4.04 when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04.

The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment until fully indemnified by the Owner-Trustee or by one or more holders of the Trust Certificates against all liability and expenses; and the Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Agreement or of any supplement hereto or statement of new numbers or any assignments or any other statement or document that may be permitted or required to be filed, recorded, refiled or rerecorded in any jurisdiction to protect or perfect any of the security interests contemplated hereby.

SECTION 8.04. Funds May Be Held by Trustee; Investments. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on noninterest bearing deposit with itself.

At any time and from time to time, if at the time no Event of Default shall have occurred and be continuing, the Trustee, on Request of both the Owner-Trustee and the Lessee, shall invest and reinvest Deposited Cash held by it in Investments, at such prices, including any premium and accrued interest, as are set forth in such Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

The Trustee shall, on Request of both the Owner-Trustee and the Lessee, or the Trustee may, in the event funds are required for payment against acceptance of Trust Equipment, sell such Investments, or any portion thereof, and restore to Deposited Cash the proceeds of any such sale up to the amount paid for such Investments, including accrued interest.

The Trustee shall, to the extent received, restore to Deposited Cash out of rent received by it for that purpose under the provisions of Section 4.04(A), an amount equal to

any expenses incurred in connection with any purchase or sale of Investments and also an amount equal to any loss of principal incident to the sale or redemption of any Investments for a sum less the amount paid therefor, including accrued interest.

Until such time as, to the actual knowledge of the Trustee (obtained at its Corporate Trust Office), the Owner-Trustee shall be in default under the terms hereof, the Lessee shall be entitled to receive any interest (in excess of accrued interest paid from Deposited Cash at the time of purchase) or other profit which may be realized from any sale or redemption of Investments.

SECTION 8.05. Trustee Not Liable for Delivery Delays or Defects in Equipment or Title. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of any Manufacturer or of the Owner-Trustee, or for any defect in any of the Trust Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto or the security afforded thereby or otherwise.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents as it shall appoint, and shall be answerable only for its own negligent acts, negligent failures to act and wilful misconduct and not for the default or misconduct of any attorney or agent appointed by it with reasonable care. The Trustee shall not be responsible in any way for, and makes no representation with respect to, the recitals herein contained or for the execution or validity or enforceability of this Agreement or of the Trust Certificates (except for its own execution thereof) or for the Participation Agreement or any of the Operative Agreements (as defined therein).

The Trustee shall be entitled to receive payment of all of its expenses and disbursements hereunder, including reasonable counsel fees and expenses, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by the Owner-Trustee.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates.

Any moneys at any time held by the Trustee or any paying agent hereunder shall, until paid out or invested by the Trustee or any paying agent as herein provided, be held by it in trust as herein provided for the benefit of the holders of the Trust Certificates.

SECTION 8.06. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may resign and be discharged of the trust created by this Agreement by giving at least 30 days' written notice to the Owner-Trustee. Such resignation shall take effect upon receipt by the Trustee of an instrument of acceptance executed by a successor trustee as herein provided in this Section.

(b) The Trustee may be removed at any time by an instrument in writing signed by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, delivered to the Trustee and to the Owner-Trustee.

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Owner-Trustee and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, the Owner-Trustee by an instrument in writing executed by order of its board of directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by the Owner-Trustee shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above if such appointment is made within one year after completion of the notice, in the manner provided in the next succeeding paragraph, of the appointment of a successor trustee by the Owner-Trustee. Every successor trustee appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, or the State of Utah, having its principal office in the City of New York or the City of S lt Lake City, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) The Owner-Trustee shall give notice to the holders of all outstanding Trust Certificates of each resignation or removal of the then Trustee and of each appointment by the Owner-Trustee of a successor trustee pursuant to this Section by mailing written notice of such event by first class mail, postage prepaid.

SECTION 8.07. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 8.06 shall execute, acknowledge and deliver to the Owner-Trustee and to its predecessor trustee an instrument accepting such appointment hereunder and, subject to the provisions of Section 8.06(a), thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the request of the Owner-Trustee or written request of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon written request of any such successor trustee, the Owner-Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.05.

SECTION 8.08. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 8.06, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE NINE

Miscellaneous

SECTION 9.01. Rights Confined to Parties and Holders. Nothing expressed or implied herein is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates and the third-party beneficiaries specified herein, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefits of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 9.02. No Recourse. No recourse under any obligation, covenant or agreement of this Agreement, shall be had against any incorporator, stockholder, officer or director, past, present or future, of any Owner or the Owner-Trustee, as such, solely by reason of the fact that such person is an incorporator, stockholder, officer or director, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, officers or directors being forever released as a condition of and as consideration for the execution of this Agreement.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each of and all the representations, covenants, undertakings and agreements herein made on the part of the Owner-Trustee, are made and intended not as personal representations, covenants, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding such corporation personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Owner Trust Agreement, and this Agreement is executed and delivered by The Connecticut Bank and Trust Company not in its own right but solely in the exercise of the powers expressly conferred on it as Owner-Trustee under the Owner Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against The Connecticut Bank and Trust Company

(except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) on account of any representation, covenant, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) whether expressed or implied, all such personal liability, if any, being expressly released by the Trustee and by all persons claiming by, through or under the Trustee; provided, however, that the Trustee or any person claiming by, through or under the Trustee making a claim hereunder, may look to said Trust Estate for satisfaction of the same. The term "Owner-Trustee", as used herein, shall refer to any successor trustee appointed pursuant to the Owner Trust Agreement.

SECTION 9.03. Amendment or Waiver. Any provision of this Agreement may be amended or waived with the written consent of the holders of not less than 66-2/3% of the aggregate unpaid principal amount of the Trust Certificates then outstanding; provided, however, that without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of installments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holders of each Trust Certificate so affected, (2) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust otherwise than as expressly permitted by the present terms of this Agreement, or (3) reduce the percent of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver; and, provided further, however, that no such amendment or waiver shall modify the rights, duties, or immunities of the Trustee without the prior written consent of the Trustee.

Any amendment or waiver in respect of the Lease may be consented to by the Trustee without the consent of the holders of the Trust Certificates; provided, however, that, if such amendment or waiver would reduce the amount of or extend the time for payment of any rentals or other obligations under the Lease in a manner so as to affect the due and punctual payment of the principal of and interest on the Trust Certificates and the other obligations of the Owner-Trustee hereunder or otherwise adversely affect the interests

of the holders of the Trust Certificates, the Trustee shall not consent thereto without the prior written approval of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding.

SECTION 9.04. Binding upon Assigns. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 9.05. Notice. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) the Owner-Trustee at the address set forth for the Owner-Trustee in the Lease or such other address as may hereafter be furnished to the Trustee in writing by the Owner-Trustee; and (b) to the Trustee at First Security Bank of Utah, N. A., 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department, or such other address as may hereafter be furnished in writing by the Trustee; and (c) in the case of any holder of the Trust Certificates, at such address as is provided in the Participation Agreement or as otherwise furnished in writing to the Trustee. An affidavit by any person representing or acting on behalf of the Trustee, the Owner-Trustee or the holders of the Trust Certificates as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 9.06. Satisfaction of Obligations. The obligations of the Owner-Trustee under Sections 4.06, 4.07 (other than the second paragraph thereof), 4.09, 4.10, 4.11, 5.06, 6.01 (other than the proviso to the last paragraph thereof) and 6.02, but excluding any provisions requiring the execution of any instrument by the Owner-Trustee, shall be deemed in all respects satisfied by the execution and delivery of the Lease; the Trustee agrees to look solely to the Lessee for the performance of such obligations under such Sections regardless of whether the Lease provides for the discharge of such obligations or is in effect and the Owner-Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; provided, however, that such covenants and obligations shall be deemed covenants of the Owner-Trustee within the meaning of subparagraph (c) of the first paragraph of Section 5.01 hereof (it being the intention of the parties hereto that neither the Owner-Trustee nor any of its properties shall be subject to any liability for any breach or alleged breach by it of any such covenant or obligation [or any breach or alleged breach

under the second paragraph of Section 4.08 hereof] except out of the "income and proceeds from the Trust Equipment", but that any such breach may be made the basis of an Event of Default under said Section 5.01). No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Trustee.

SECTION 9.07. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 9.08. Date Executed. This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 9.09. Law Governing. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the Trustee and the Owner-Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH, N. A., not in its individual capacity but solely as Trustee,

[Seal]

by

Attest:

Authorized Officer

Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by

[Seal]

Authorized Officer

Attest:

Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[Notarial Seal]

My Commission expires:

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 27th day of Nov. 1979, before me personally appeared DONALD E. SMITH, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Barbara S. Kacich
Notary Public

My Commission expires:

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

[Notarial Seal]

SCHEDULE A
(to Equipment
Trust Agreement)

Lessee	Units of Trust Equipment	Road Numbers (inclusive)	Trust Equipment Description
Columbia & Cowlitz Railway Company	100	CLC 4001 through CLC 4100	70-ton, 52' 6" Boxcars with steel load dividers, offset 16' plug doors, plate C, AAR Mechanical Designation: XL
Columbia & Cowlitz Railway Company	50	CLC 3351 through CLC 3400	70-ton, 52' 6" Boxcars with offset 16' plug doors, plate C, AAR Mechanical Designation: XM
Mississippi & Skuna Valley Railroad Company	35	MSV 400 through MSV 434	100-ton, 62' 6" Bulkhead Flat Cars, AAR Mechanical Designation: FB
Mississippi & Skuna Valley Railroad Company	27	MSV 1440 through MSV 1466	100-ton, 7000 cubic foot Chip Cars with bottom dump, AAR Mechanical Designation: HTS

SCHEDULE B
(to Equipment
Trust Agreement)

[Form of Trust Certificates]

NOTE: This Trust Certificate has not been registered under the Securities Act of 1933 and must be held indefinitely unless a subsequent disposition hereof is exempt from the registration requirements of said Act.

$ No.

11-1/2% Equipment Trust Certificates,

Due January 20, 1995

Total Authorized Issue: $8,200,000

FIRST SECURITY BANK OF UTAH, N.A.,
Trustee

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee (the "Trustee"), under an Equipment Trust Agreement (the "Agreement") dated as of October 15, 1979, between the Trustee and THE CONNECTICUT BANK AND TRUST COMPANY (the "Owner-Trustee"), acting as Owner-Trustee under the Series 1 Trust established under a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of October 15, 1979, with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners"), and others hereby certifies that

or registered assigns is entitled to an interest of

Dollars in the "EQUIPMENT TRUST, 11-1/2% Equipment Trust Certificates, Due January 20, 1995", due and payable on or before January 20, 1995, in installments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Trust Certificate at (1) the Prime Rate (as defined in the Agreement) plus 1/2 of 1% to and including January 20, 1980, and (2) thereafter at the rate of 11-1/2% per annum. Interest on this Trust Certificate shall be calculated on the basis of a 360-day year of 12 30-day months.

This Trust Certificate shall be payable as follows: interest only shall be payable on the principal amount of this Trust Certificate on January 20, 1980; thereafter, principal and interest payments shall be made in 180 consecutive monthly installments on the 20th day of each month commencing February 20, 1980, calculated so that the amount of principal and interest payable on each such date shall be substantially in proportion to the amount of principal and interest set forth in respect of such date in Schedule C to the Agreement and such installments of principal shall completely amortize the principal amount of this Trust Certificate.

Interest on any overdue principal and interest, to the extent legally enforceable, shall be payable at the rate of 12-1/2% per annum. Payments of principal and interest shall be made by the Trustee to the registered holder hereof at the Corporate Trust Office of the Trustee at 79 South Main Street, Salt Lake City, Utah 84111 (the "Corporate Trust Office"), in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement. Except as provided in Sections 3.01 and 4.07 of the Agreement, prepayments of installments of the principal amount of this Trust Certificate may not be made.

This Trust Certificate is one of an authorized issue of Trust Certificates, in an aggregate principal amount not exceeding $8,200,000 and issued or to be issued under the Agreement. Reference is made to the Agreement (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, including the rights, obligations and limitations of liabilities of the parties thereto, to all of which the registered holder hereof, by accepting this Trust Certificate, assents.

Neither the Owners nor the Owner-Trustee have any personal liability to the holder of this Trust Certificate and the obligations of the Owner-Trustee under the Agreement are limited as provided therein. As more fully set forth in Section 4.04 of the Agreement, the liability of the Owner-Trustee under the Agreement may not exceed an amount equal to, and such amount is payable only out of, the "income and proceeds from the Trust Equipment", as defined in the Agreement.

The transfer of this Trust Certificate is registerable in whole or in part by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at the Corporate Trust Office of this Trust Certificate accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, and thereupon a new Trust Certificate or Certificates for the then unpaid aggregate principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee may deem and treat the person in whose name this Trust Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all installments of principal (and interest accrued thereon) represented by this Trust Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

The provisions of this Certificate and all the rights and obligations arising hereunder shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Authorized Officers, by his signature or a facsimile thereof, and its seal or a facsimile thereof to be hereunto affixed or hereon imprinted and to be attested by one of its Authorized Officers by his signature.

Dated as of

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Trustee,

[Seal]

by

_____
Authorized Officer

Attest:

_____
Authorized Officer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security
or other identifying number
of Assignee

_____ .....

_____

.....

the within Equipment Trust Certificate and does hereby irrevocably constitute and appoint

.....

attorney to transfer the said Certificate on the books of the within named Trustee, with full power of substitution in the premises.

Dated..... .....

SCHEDULE C

Payments Required Per $1,000,000 Aggregate Principal Amount

Date	Principal	Interest	Principal Recovery	Payment
1/20/80	$1,000,000.00	$ *	$ .00	$ *
2/20/80	997,276.66	9,583.33	2,723.34	12,306.67
3/20/80	994,527.22	9,557.23	2,749.44	12,306.67
4/20/80	991,751.43	9,530.88	2,775.79	12,306.67
5/20/80	988,949.04	9,504.28	2,802.39	12,306.67
6/20/80	986,119.80	9,477.43	2,829.24	12,306.67
7/20/80	983,263.44	9,450.31	2,856.36	12,306.67
8/20/80	980,379.71	9,422.94	2,883.73	12,306.67
9/20/80	977,468.34	9,395.30	2,911.37	12,306.67
10/20/80	974,529.07	9,367.40	2,939.27	12,306.67
11/20/80	971,561.64	9,339.24	2,967.43	12,306.67
12/20/80	968,565.77	9,310.80	2,995.87	12,306.67
1/20/81	965,541.19	9,282.09	3,024.58	12,306.67
2/20/81	962,487.62	9,253.10	3,053.57	12,306.67
3/20/81	959,404.79	9,223.84	3,082.83	12,306.67
4/20/81	956,292.41	9,194.29	3,112.38	12,306.67
5/20/81	953,150.21	9,164.47	3,142.20	12,306.67
6/20/81	949,977.89	9,134.35	3,172.32	12,306.67
7/20/81	946,775.17	9,103.95	3,202.72	12,306.67
8/20/81	943,541.76	9,073.26	3,233.41	12,306.67
9/20/81	940,277.36	9,042.27	3,264.40	12,306.67
10/20/81	936,981.68	9,010.99	3,295.68	12,306.67
11/20/81	933,654.42	8,979.41	3,327.26	12,306.67
12/20/81	930,295.27	8,947.52	3,359.15	12,306.67
1/20/82	926,903.93	8,915.33	3,391.34	12,306.67
2/20/82	923,480.09	8,882.83	3,423.84	12,306.67
3/20/82	920,023.44	8,850.02	3,456.65	12,306.67
4/20/82	916,533.66	8,816.89	3,489.78	12,306.67
5/20/82	913,010.44	8,783.45	3,523.22	12,306.67
6/20/82	909,453.45	8,749.68	3,556.99	12,306.67
7/20/82	905,862.37	8,715.59	3,591.08	12,306.67
8/20/82	902,236.88	8,681.18	3,625.49	12,306.67
9/20/82	898,576.65	8,646.44	3,660.23	12,306.67
10/20/82	894,881.34	8,611.36	3,695.31	12,306.67
11/20/82	891,150.61	8,575.94	3,730.73	12,306.67
12/20/82	887,384.13	8,540.19	3,766.48	12,306.67

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* The interest payment due on January 20, 1980, shall be calculated as provided in Section 2.02 of the Equipment Trust Agreement.

Date	Principal	Interest	Principal Recovery	Payment
1/20/83	$ 883,581.56	$ 8,504.10	$ 3,802.57	$ 12,306.67
2/20/83	879,742.55	8,467.66	3,839.01	12,306.67
3/20/83	875,866.74	8,430.86	3,875.81	12,306.67
4/20/83	871,953.79	8,393.72	3,912.95	12,306.67
5/20/83	868,003.34	8,356.22	3,950.45	12,306.67
6/20/83	864,015.03	8,318.36	3,988.31	12,306.67
7/20/83	859,988.50	8,280.14	4,026.53	12,306.67
8/20/83	855,923.39	8,241.56	4,065.11	12,306.67
9/20/83	851,819.32	8,202.60	4,104.07	12,306.67
10/20/83	847,675.92	8,163.27	4,143.40	12,306.67
11/20/83	843,492.81	8,123.56	4,183.11	12,306.67
12/20/83	839,269.61	8,083.47	4,223.20	12,306.67
1/20/84	835,005.94	8,043.00	4,263.67	12,306.67
2/20/84	830,701.41	8,002.14	4,304.53	12,306.67
3/20/84	826,355.63	7,960.89	4,345.78	12,306.67
4/20/84	821,968.20	7,919.24	4,387.43	12,306.67
5/20/84	817,538.72	7,877.19	4,429.48	12,306.67
6/20/84	813,066.79	7,834.74	4,471.93	12,306.67
7/20/84	808,552.01	7,791.89	4,514.78	12,306.67
8/20/84	803,993.96	7,748.62	4,558.05	12,306.67
9/20/84	799,392.23	7,704.94	4,601.73	12,306.67
10/20/84	794,746.40	7,660.84	4,645.83	12,306.67
11/20/84	790,056.05	7,616.32	4,690.35	12,306.67
12/20/84	785,320.75	7,571.37	4,735.30	12,306.67
1/20/85	780,540.07	7,525.99	4,780.68	12,306.67
2/20/85	775,860.24	7,480.17	4,679.83	12,160.00
3/20/85	771,135.57	7,435.33	4,724.67	12,160.00
4/20/85	766,365.62	7,390.05	4,769.95	12,160.00
5/20/85	761,549.96	7,344.34	4,815.66	12,160.00
6/20/85	756,688.15	7,298.19	4,861.81	12,160.00
7/20/85	751,779.74	7,251.59	4,908.41	12,160.00
8/20/85	746,824.29	7,204.55	4,955.45	12,160.00
9/20/85	741,821.35	7,157.06	5,002.94	12,160.00
10/20/85	736,770.47	7,109.12	5,050.88	12,160.00
11/20/85	731,671.19	7,060.72	5,099.28	12,160.00
12/20/85	726,523.04	7,011.85	5,148.15	12,160.00

Date	Principal	Interest	Principal Recovery	Payment
1/20/86	$ 721,325.55	$ 6,962.51	$ 5,197.49	$ 12,160.00
2/20/86	716,078.25	6,912.70	5,247.30	12,160.00
3/20/86	710,780.67	6,862.42	5,297.58	12,160.00
4/20/86	705,432.32	6,811.65	5,348.35	12,160.00
5/20/86	700,032.71	6,760.39	5,399.61	12,160.00
6/20/86	694,581.36	6,708.65	5,451.35	12,160.00
7/20/86	689,077.76	6,656.40	5,503.60	12,160.00
8/20/86	683,521.42	6,603.66	5,556.34	12,160.00
9/20/86	677,911.83	6,550.41	5,609.59	12,160.00
10/20/86	672,248.48	6,496.65	5,663.35	12,160.00
11/20/86	666,530.86	6,442.38	5,717.62	12,160.00
12/20/86	660,758.45	6,387.59	5,772.41	12,160.00
1/20/87	654,930.72	6,332.27	5,827.73	12,160.00
2/20/87	649,047.14	6,276.42	5,883.58	12,160.00
3/20/87	643,107.17	6,220.03	5,939.97	12,160.00
4/20/87	637,110.28	6,163.11	5,996.89	12,160.00
5/20/87	631,055.92	6,105.64	6,054.36	12,160.00
6/20/87	624,943.54	6,047.62	6,112.38	12,160.00
7/20/87	618,772.58	5,989.04	6,170.96	12,160.00
8/20/87	612,542.48	5,929.90	6,230.10	12,160.00
9/20/87	606,252.68	5,870.20	6,289.80	12,160.00
10/20/87	599,902.60	5,809.92	6,350.08	12,160.00
11/20/87	593,491.67	5,749.07	6,410.93	12,160.00
12/20/87	587,019.30	5,687.63	6,472.37	12,160.00
1/20/88	580,484.90	5,625.60	6,534.40	12,160.00
2/20/88	573,887.88	5,562.98	6,597.02	12,160.00
3/20/88	567,227.64	5,499.76	6,660.24	12,160.00
4/20/88	560,503.57	5,435.93	6,724.07	12,160.00
5/20/88	553,715.06	5,371.49	6,788.51	12,160.00
6/20/88	546,861.50	5,306.44	6,853.56	12,160.00
7/20/88	539,942.26	5,240.76	6,919.24	12,160.00
8/20/88	532,956.71	5,174.45	6,985.55	12,160.00
9/20/88	525,904.21	5,107.50	7,052.50	12,160.00
10/20/88	518,784.12	5,039.91	7,120.09	12,160.00
11/20/88	511,595.80	4,971.68	7,188.32	12,160.00
12/20/88	504,338.59	4,902.79	7,257.21	12,160.00

Date	Principal	Interest	Principal Recovery	Payment
1/20/89	$ 497,011.83	$ 4,833.24	$ 7,326.76	$ 12,160.00
2/20/89	489,614.86	4,763.03	7,396.97	12,160.00
3/20/89	482,147.00	4,692.14	7,467.86	12,160.00
4/20/89	474,607.57	4,620.57	7,539.43	12,160.00
5/20/89	466,995.89	4,548.32	7,611.68	12,160.00
6/20/89	459,311.27	4,475.38	7,684.62	12,160.00
7/20/89	451,553.00	4,401.73	7,758.27	12,160.00
8/20/89	443,720.38	4,327.38	7,832.62	12,160.00
9/20/89	435,812.70	4,252.32	7,907.68	12,160.00
10/20/89	427,829.24	4,176.54	7,983.46	12,160.00
11/20/89	419,769.27	4,100.03	8,059.97	12,160.00
12/20/89	411,632.06	4,022.79	8,137.21	12,160.00
1/20/90	403,416.87	3,944.81	8,215.19	12,160.00
2/20/90	398,382.95	3,866.08	5,033.92	8,900.00
3/20/90	393,300.79	3,817.84	5,082.16	8,900.00
4/20/90	388,169.92	3,769.13	5,130.87	8,900.00
5/20/90	382,989.88	3,719.96	5,180.04	8,900.00
6/20/90	377,760.20	3,670.32	5,229.68	8,900.00
7/20/90	372,480.40	3,620.20	5,279.80	8,900.00
8/20/90	367,150.00	3,569.60	5,330.40	8,900.00
9/20/90	361,768.52	3,518.52	5,381.48	8,900.00
10/20/90	356,335.47	3,466.95	5,433.05	8,900.00
11/20/90	350,850.35	3,414.88	5,485.12	8,900.00
12/20/90	345,312.67	3,362.32	5,537.68	8,900.00
1/20/91	339,721.92	3,309.25	5,590.75	8,900.00
2/20/91	334,077.59	3,255.67	5,644.33	8,900.00
3/20/91	328,379.17	3,201.58	5,698.42	8,900.00
4/20/91	322,626.14	3,146.97	5,753.03	8,900.00
5/20/91	316,817.97	3,091.83	5,808.17	8,900.00
6/20/91	310,954.14	3,036.17	5,863.83	8,900.00
7/20/91	305,034.12	2,979.98	5,920.02	8,900.00
8/20/91	299,057.36	2,923.24	5,976.76	8,900.00
9/20/91	293,023.33	2,865.97	6,034.03	8,900.00
10/20/91	286,931.47	2,808.14	6,091.86	8,900.00
11/20/91	280,781.23	2,749.76	6,150.24	8,900.00
12/20/91	274,572.05	2,690.82	6,209.18	8,900.00

Date	Principal	Interest	Principal Recovery	Payment
1/20/92	$ 268,303.37	$ 2,631.32	$ 6,268.68	$ 8,900.00
2/20/92	261,974.61	2,571.24	6,328.76	8,900.00
3/20/92	255,585.20	2,510.59	6,389.41	8,900.00
4/20/92	249,134.56	2,449.36	6,450.64	8,900.00
5/20/92	242,622.10	2,387.54	6,512.46	8,900.00
6/20/92	236,047.23	2,325.13	6,574.87	8,900.00
7/20/92	229,409.35	2,262.12	6,637.88	8,900.00
8/20/92	222,707.86	2,198.51	6,701.49	8,900.00
9/20/92	215,942.14	2,134.28	6,765.72	8,900.00
10/20/92	209,111.59	2,069.45	6,830.55	8,900.00
11/20/92	202,215.58	2,003.99	6,896.01	8,900.00
12/20/92	195,253.48	1,937.90	6,962.10	8,900.00
1/20/93	188,224.66	1,871.18	7,028.82	8,900.00
2/20/93	181,128.48	1,803.82	7,096.18	8,900.00
3/20/93	173,964.29	1,735.81	7,164.19	8,900.00
4/20/93	166,731.45	1,667.16	7,232.84	8,900.00
5/20/93	159,429.29	1,597.84	7,302.16	8,900.00
6/20/93	152,057.15	1,527.86	7,372.14	8,900.00
7/20/93	144,614.36	1,457.21	7,442.79	8,900.00
8/20/93	137,100.25	1,385.89	7,514.11	8,900.00
9/20/93	129,514.13	1,313.88	7,586.12	8,900.00
10/20/93	121,855.31	1,241.18	7,658.82	8,900.00
11/20/93	114,123.09	1,167.78	7,732.22	8,900.00
12/20/93	106,316.77	1,093.68	7,806.32	8,900.00
1/20/94	98,435.64	1,018.87	7,881.13	8,900.00
2/20/94	90,478.98	943.34	7,956.66	8,900.00
3/20/94	82,446.07	867.09	8,032.91	8,900.00
4/20/94	74,336.18	790.11	8,109.89	8,900.00
5/20/94	66,148.57	712.39	8,187.61	8,900.00
6/20/94	57,882.49	633.92	8,266.08	8,900.00
7/20/94	49,537.20	554.71	8,345.29	8,900.00
8/20/94	41,111.93	474.73	8,425.27	8,900.00
9/20/94	32,605.92	393.99	8,506.01	8,900.00
10/20/94	24,018.39	312.47	8,587.53	8,900.00
11/20/94	15,348.57	230.18	8,669.82	8,900.00
12/20/94	6,595.66	147.09	8,752.91	8,900.00
1/20/95	.00	63.21	6,595.66	6,658.87
TOTAL	$ .00	$999,759.07	$1,000,000.00	$1,999,759.07

ANNEX I
to the
EQUIPMENT TRUST AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of October 15, 1979,

between

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee.

LEASE OF RAILROAD EQUIPMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, acting not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, acting not in its individual capacity but solely as Owner-Trustee (hereinafter, together with its successors and assigns, called the "Owner-Trustee") under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof (the "Owner Trust Agreement"), with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners") and others.

WHEREAS the Lessee, the Lessee-Beneficiaries, the Owners, the Owner-Trustee and the Purchasers named in Exhibits A-1 and A-2 thereto (the "Purchasers") are entering into a Participation Agreement (the "Participation Agreement") dated as of the date hereof;

WHEREAS, pursuant to an interim lease agreement (the "Interim Lease"), the Owner-Trustee leased to the Lessee certain units of railroad equipment (the "Ortner Units") described in Schedule A hereto as manufactured by Ortner Freight Car Company ("Ortner");

WHEREAS the Owner-Trustee and the Lessee intend that this Agreement shall supersede and replace the Interim Lease;

WHEREAS Brae Corporation ("Brae") is assigning to the Owner-Trustee pursuant to Purchase Order Assignments (hereinafter called collectively the "Purchase Order Assignments" and individually a "Purchase Order Assignment"), substantially in the form attached to the Participation Agreement as Exhibits B-1 and B-2, Brae's rights under

certain purchase orders (the "Manufacturing Agreements") with each of PACCAR Inc and Bethlehem Steel Corporation (hereinafter called, together with Ortner, collectively the "Builders" and individually a "Builder") to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units, together with the Ortner Units, being hereinafter called the "Equipment");

WHEREAS the Lessee agrees to lease from the Owner-Trustee all the units of the Equipment, or the Ortner Units and such lesser number of units as are delivered and accepted under the Purchase Order Assignments, at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called a "Unit");

WHEREAS, without in any way diminishing the liability and obligations of the Lessee-Beneficiary under this Lease, the Lessee proposes to enter into a Management Agreement (the "Management Agreement") between the Lessee and Brae Railcar Management Inc. (the "Manager") in order to discharge certain of its obligations under this Agreement;

WHEREAS Brae has entered into Lease Agreements dated July 12, 1979, and July 13, 1979, as amended, respectively (hereinafter called, as further amended as set forth in the next succeeding paragraph, collectively the "Subleases" and individually a "Sublease"), in the respective forms attached to Schedules D-1 and D-2 hereto as Annex B thereto, with Mississippi & Skuna Valley Railroad Company and Columbia & Cowlitz Railway Company, respectively (hereinafter called collectively the "Sublessees" and individually a "Sublessee");

WHEREAS, pursuant to Sublease Assignment, Assumption and Supplement Agreements dated as of October 15, 1979 (the "Sublease Assumption and Supplement Agreements"), (i) Brae is assigning to the Lessee all its right, title and interest as lessor under the Subleases to the extent such Subleases relate to Units, (ii) the Lessee is assuming certain of the obligations of Brae under the Subleases to the extent such Subleases relate to Units and (iii) the Sublessees are releasing Brae of such obligations under the Subleases to the extent such Subleases relate to Units and consenting to the Sublease Assignment (as hereinafter defined) and the Lease Assignment (as hereinafter defined);

WHEREAS the Lessee intends to assign the Subleases to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement (the "Sublease Assignment"), substantially in the form of Schedule E hereto;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement (the "Security Document") with First Security Bank of Utah, N.A. (herein, together with its successors and assigns as trustee under the Security Document, called the "Trustee"), pursuant to which equipment trust certificates (the "Trust Certificates") will be issued and sold to finance a portion of the purchase price of the Equipment, and the Owner-Trustee will be obligated to make payments equal to the principal of and interest on the Trust Certificates out of the rentals received hereunder and security title and interest in the Units will be conveyed to the Trustee until the Owner-Trustee fulfills all its obligations under the Security Document;

WHEREAS, in order to induce the Purchasers to enter into the Participation Agreement and purchase the Trust Certificates and the Owners to enter into the Owner Trust Agreement and to cause the Owner-Trustee to enter into the Equipment Trust Agreement and the Lease, Brae and Comdisco, Inc. ("Comdisco"), are entering into Letter Agreements (the "Letter Agreements") substantially in the respective forms attached hereto as Exhibits G-1 and G-2 with the Trustee, the Owner-Trustee and the Lessee;

WHEREAS the Lessee is entering into an Indemnity Agreement (the "Indemnity Agreement") with the Owner-Trustee, substantially in the form attached hereto as Schedule C, pursuant to which the Lessee agrees to indemnify the Owners under certain circumstances against the loss of certain tax benefits contemplated to accrue to the Owners under this Lease; and

WHEREAS the Owner-Trustee will assign this Lease and its rights under the Subleases and the Sublease Assignment to the Trustee for security purposes pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement (the "Lease Assignment"), substantially in the form attached to the Security Document as Annex II, until the Owner-Trustee fulfills all its obligations under the Security Document, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent");

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or any Owner under this Lease or under the Security Document, including the Lessee's rights by subrogation thereunder against any Builder or the Trustee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee or a Lessee-Beneficiary, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee, any Owner, any holder of the Trust Certificates or the Trustee for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Order Assignments; provided, however, that such acceptance shall be in accordance with the provisions of Section 3.01 of the Security Document. Each delivery of a Unit to the Owner-Trustee under the Purchase Order Assignments shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Purchase Order Assignments. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Purchase Order Assignments, on behalf of the Trustee under the Security Document and on behalf of itself hereunder, and execute and deliver to the Owner-Trustee and the Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of the Purchase Order Assignments, stating that such Unit has been inspected and accepted on behalf of the Lessee, the Owner-Trustee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee, the Owner-Trustee and the Trustee, and shall be subject thereafter to all the terms and conditions of this Lease and the Security Document. The Ortner Equipment, which previously has been accepted by the Owner-Trustee in accordance with the provisions of the Interim Lease, shall be deemed to have been accepted by the Owner-Trustee and the Lessee upon execution and delivery of this Lease by the Owner-Trustee and Lessee. The Lessee hereby represents and warrants to the Owner-Trustee that other than the Ortner Equipment no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder.

§ 3. Rentals. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 181 consecutive monthly payments payable commencing on January 20, 1980, and on the 20th day of each month thereafter to and including January 20, 1995. The first rental payment shall be in an amount equal to the interest payment due on the Trust Certificates on January 20, 1980. The next 60 monthly rental payments commencing February 20, 1980, to and including January 20, 1985, shall each be in an amount equal to 1.09102% of the Purchase Price (as defined in the

Security Document) of each Unit subject to this Lease on the date of such payment; followed by 60 monthly rental payments commencing February 20, 1985, to and including January 20, 1990, in an amount equal to .94758% of the Purchase Price of each such Unit; followed by 60 monthly rental payments commencing on February 20, 1990, to and including January 20, 1995, in an amount equal to .81426% of the Purchase Price of each such Unit.

If any of the rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document), the rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable on such rental payment for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

For so long as the Security Document shall remain in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease to the Trustee, for the account of the Owner-Trustee, in care of the Trustee, with instructions to the Trustee (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the Security Document known to the Trustee to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no Event of Default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or as the Owner-Trustee shall direct in immediately available funds at such place as the Owner-Trustee shall specify in writing.

The Lessee agrees to make each payment provided for herein as contemplated by this § 3 in immediately available or Federal funds at or prior to 11:00 a.m. Salt Lake City time at the Corporate Trust Office (as defined in the Security Document) on the date due, or if the Security Document shall no longer be in effect, at the office of the Owner-Trustee.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder or, in the case of the Ortner Equipment, on the date of execution and delivery of this Agreement and, subject to the provisions set forth in the next succeeding paragraph and of §§ 7, 10 and 13 hereof, shall terminate on January 20, 1995. Except for obligations

of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Trustee under the Security Document. If an Event of Default should occur under the Security Document, the Trustee may terminate this Lease (or rescind its termination), all as provided therein and, if the assumption and substitution set forth in the last paragraph of Section 5.01 of the Security Document shall occur, this Agreement shall automatically terminate without further action of the parties hereto.

§ 5. Identification Marks. The Lessee agrees that it will cause each Unit to be marked plainly, distinctly, permanently and conspicuously on each side of each Unit, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION"

or such other words as shall be approved by the Owner-Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Lessee shall cause the same to be restored or replaced. The Lessee shall not change, or permit to be changed, the numbers of any of the Units (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Owner-Trustee and which shall be filed and recorded in like manner as this Lease.

The Units may be lettered in an appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered in the case of any of the sublessees under subleases permitted in § 12 hereof in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Lessee will not allow the name of any person, firm, associa-

tion or corporation to be placed on any of the Units as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or by the sublessees under subleases permitted in § 12 hereof.

§ 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the Trustee, the holders of Trust Certificates and the respective estates held in trust by the Owner-Trustee under the Owner Trust Agreement and by the Trustee under the Security Document harmless from all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, any Owner, the Trustee, the holders of Trust Certificates, the Lessee, any Lessee-Beneficiary, Brae, Comdisco, the trust estates created by the Owner Trust Agreement or the Lease Trust Agreement, any Builder (except for those taxes which are the responsibility of a Builder pursuant to the applicable Purchase Order Assignment) or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; this Lease, the Lease Trust Agreement, the Lease Assignment, the Consent, the Owner Trust Agreement, the Participation Agreement, the Letter Agreements, the Management Agreement, the Security Document, the Manufacturing Agreements, the Purchase Order Assignments, the Subleases and any other subleases and the assignments thereof covering any of the Units, the Sublease Assignment, the Trust Certificates or the issuance thereof under the Security Document, the Indemnity Agreement, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Owner Trust Agreement or by the Trustee under the Security Document (all such taxes, assessments, fees, charges, penalties, fines,

additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee (in its individual capacity), any Owner, the holders of Trust Certificates or the Trustee (in its individual capacity), other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or the Indemnity Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded whether or not the indemnified party is currently allowed a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by any Owner or any transfer or disposition by any Owner resulting from bankruptcy or other proceedings for the relief of creditors in which such Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease without the consent of the Lessee, unless, in each case, such transfer or disposition is required or contemplated by this Lease or an Event of Default shall have occurred and be continuing; and (iii) any Taxes imposed on or measured by any trustee fees received by the Owner-Trustee or the Trustee; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the fourth paragraph of this § 6. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee (or the affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same.

If any person indemnified hereunder shall be allowed a credit for any foreign Taxes for which the Lessee shall have reimbursed such indemnified party, such indemnified party shall pay to the Lessee the amount of such credit, plus an amount equal to any tax benefits realized by such indemnified party as a result of any payment to the Lessee pursuant to this sentence. For purposes of this paragraph, in determining the order in which the indemnified party utilizes withholdings or other foreign taxes as a credit against such indemnified party's United States income taxes, such indemnified party shall be deemed to utilize (i) first, all foreign taxes other than those described in (ii) below, and (ii) then, all foreign Taxes for which the Lessee shall have reimbursed such indemnified party pursuant to this § 6. Each indemnified party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to claim a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party and otherwise to minimize any Taxes for which the Lessee is responsible under this § 6.

The amount which the Lessee shall be required to pay with respect to any Taxes indemnified against pursuant to this § 6 shall be an amount sufficient to restore the indemnified party to the same position such indemnified party would have been in had such Taxes not been imposed.

If claim is made against any indemnified party for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided, however, that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior

written consent of such indemnified party, which consent may not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such indemnified party shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, except obligations resulting from the second sentence of the first paragraph of this § 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee in the Units, or shall promptly notify the Owner-Trustee, each Owner and the Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner-Trustee, the Trustee and each Owner. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to facts and circumstances occurring during periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Lease. All amounts payable by the Lessee pursuant to this § 6 shall be payable directly to the indemnified party entitled to indemnification, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the Trust Certificates.

The Lessee shall furnish promptly, upon request, such information and data as is normally available to the Lessee and which the Owner-Trustee, the Trustee or the Owners reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently

rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date of this Lease, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, or until such Unit shall have been returned in the manner provided in §§ 11 or 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee and the Trustee with respect thereto. On the rental payment date next succeeding the delivery of such notice, the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit which suffered a Casualty Occurrence as of the date of such payment in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a Casualty Occurrence before the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder and no event then exists which after notice or lapse of time or both would become a default hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the date on which payment therefor is made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease and before such

Unit shall have been returned in the manner provided in § 14 hereof, and whenever any Unit shall suffer a Casualty Occurrence while being stored as provided in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay to the Owner-Trustee an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Owner-Trustee shall be entitled to recover possession of such Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit.

The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease, maintain or cause to be maintained, at its own expense, public liability, property and casualty insurance in respect of the Units at the time subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it, and in no event shall such insurance be less than (i) combined single limit public liability insurance insuring the Owner-Trustee, the Trustee, the Lessee and the Lessee-Beneficiaries in the amount of $1,000,000 for liability arising out of bodily injury and property damage as a result of the ownership and operation of the Units and (ii) casualty insurance against damages to each Unit in the amount of the Purchase Price thereof, with a $500 deductible applicable on a per Unit basis. The proceeds of such insurance shall be payable to the Trustee, the Owner-Trustee and the Lessee as their respective interests may appear and the Lessee shall furnish to the Owner-Trustee and the Trustee on or before April 1 of each year certificates of insurance confirming that such coverage is in effect and that the Owner-Trustee and the Trustee are named as additional insureds.

The Lessee shall obtain from each insurer under the immediately preceding paragraph an agreement, by endorsement or separate instrument, that such insurer will give the Owner-Trustee and the Trustee 30 days' written notice before

such insurer's policy shall be materially altered or canceled or not renewed. On or prior to the delivery and acceptance of any Unit hereunder, and in January of each year, the Lessee shall, to the extent applicable under the immediately preceding paragraph, deliver to the Owner-Trustee a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

Any certificate of insurance carried in accordance with this § 7 shall be substantially in conformity with the form of certificate of insurance referred to in the certificate delivered pursuant to Paragraph 8(f)(iv) of the Participation Agreement.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1980, the Lessee will furnish to the Owner-Trustee, each Owner and the Trustee an Officer's Certificate (as defined in the Security Document) (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Trustee may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the Security Document have been preserved or replaced, (c) identifying the Units then being subleased by the Lessee as permitted hereunder (including the name of each sublessee and the term of each sublease covering the Units) and specifying which Units, if any, are not then being subleased by the Lessee and (d) certifying that each Unit which is subject to this Lease is in good order and proper repair, reasonable wear and tear excepted, in accordance with § 9 hereof (or specifying in detail the extent to which each such Unit is not in the condition required by § 9 hereof and stating the action the Lessee is taking to correct the same); setting forth in detail projected maintenance expenditures with respect to the Units for each of the next three calendar years; and computing the amount (the "Maintenance Shortfall"),

if any, by which projected maintenance expenditures for the then current calendar year exceed the sum of the funds then on deposit in the Maintenance Fund (as hereinafter defined) and required additions to such Fund pursuant to clause (i) of the fourth paragraph of § 9 hereof during such year. The Owner-Trustee shall have the right, at its own expense and risk, by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against any Builder, including, but not limited to, any claims and rights arising under the provisions of the Manufacturing Agreements. The Owner-Trustee and the Owners shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation,

servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee (but not as between the Lessee and the Builder thereof) that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Owner-Trustee, the Owners and the Trustee, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Trustee, adversely affect the property or rights of the Owner-Trustee or the Trustee under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good order and proper repair, reasonable wear and tear excepted.

In furtherance of its obligations hereunder to maintain the Units, the Lessee agrees to establish a fund with the Trustee (the "Maintenance Fund") in which it will deposit (i) in equal monthly installments $500 per Unit per calendar year commencing January 1, 1981, and (ii) on April 1 of each year, commencing April 1, 1981, an amount equal to the Maintenance Shortfall shown in the report due on such date pursuant to § 8 hereof. The Lessee agrees that it will withdraw funds from the Maintenance Fund only for the

purpose of paying for maintenance of the Units as required by this Agreement and that within 15 days after the end of each calendar quarter it will provide a report to the Trustee and the Owner-Trustee demonstrating that all funds theretofore withdrawn from the Maintenance Fund have been applied in accordance with this Agreement. At any time, if no Event of Default shall have occurred and be continuing under this Agreement, the Trustee may, at the direction and solely at the risk of the Lessee, invest any funds on deposit in the Maintenance Fund, in Institutional Liquid Assets, a Massachusetts business trust, in an interest-bearing account with the Trustee or in such other similar investment vehicle as the Trustee and the Owner-Trustee shall approve. The Lessee shall promptly restore to the Maintenance Fund any loss of principal incident to the sale or redemption of any such investment.

The Lessee and its affiliates, at their own cost and expense, may from time to time make or permit to be made such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively, "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or the original conventional purpose of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee in the following cases: (i) such Part is in replacement of or in substitution for,

and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9, or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term "Part" for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the holders of Trust Certificates and the Trustee, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death

of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; provided, however, that the Lessee shall not be obligated to protect, indemnify or hold harmless any Indemnified Person under this clause (v), except in the case of any negligence or intentional act of the Lessee or of its employees or agents and except to the extent otherwise provided by law, in respect of any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted in § 8, § 11 or § 14 hereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignment, the Security Document or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Owner-Trustee; or (viii) any claim arising out of the Trustee's holding a security interest under the Security Document or the Lease Assignment. All payments hereunder shall be made directly to the Indemnified Person. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in

connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined by the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the Owner-Trustee (in both its individual and fiduciary capacities) and the holders of Trust Certificates, the Trustee and the Owners, as third-party beneficiaries hereof, from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the holders of Trust Certificates, the Trustee, the Owners and the Owner-Trustee because of the use in or about the construction or operation of any unit of the Equipment of any article or material specified by the Lessee and not manufactured or ordered by a Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Trustee of the Units or the leasing thereof to the Lessee.

The indemnities arising under this § 9 shall not be deemed to operate as a guarantee of the residual value of the Units or as a guarantee of the payment of the principal of or interest on the Trust Certificates.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for 10 days after such payment is due; or

B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement, the Indemnity Agreement, the Consent, the Sublease Assignment, any Sublease or any Sublease Assumption and Supplement Agreement, or on the part of either Lessee-Beneficiary contained in the Participation Agreement, and such default shall continue, or provision satisfactory to the Owner-Trustee and the Trustee for compliance with such covenant, condition or agreement as to which the Lessee or such Lessee-Beneficiary shall be in default shall not be made, for

30 days after written notice from the Owner-Trustee or the Trustee to the Lessee or such Lessee-Beneficiary specifying the default and demanding that the same be remedied; or

C. a petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against any Sublessee or Substituted Sublessee (as hereinafter defined) and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of such Sublessee or Substituted Sublessee under the applicable Sublease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed or otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

D. any proceeding other than one referred to in (C) above shall be commenced by or against the Lessee, any Lessee-Beneficiary, any Sublessee or any Substituted Sublessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, of any Lessee-Beneficiary under the Lease Trust Agreement or the Participation Agreement or of any Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease (as hereinafter defined) under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Agreement, of such Lessee-Beneficiary under the Lease Trust Agreement and the Participation Agreement or of such Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease, as the case

may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee, such Lessee-Beneficiary or such Sublessee or Substituted Sublessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

E. an Event of Default set forth in Article Five of the Security Document shall have occurred and be continuing; or

F. any material representation or warranty made by the Lessee or any Lessee-Beneficiary herein or in the Participation Agreement, the Indemnity Agreement or in any document or certificate furnished the Owner-Trustee, the Owners, the Trustee or the holder of any Trust Certificate by the Lessee or any Lessee-Beneficiary in connection herewith or therewith or pursuant hereto or thereto shall be incorrect as of the date as of which made in any material respect; or

G. an event of default (as defined in any Sublease or Substituted Sublease) shall have occurred and be continuing under any Sublease for 60 or more days or under any Substituted Sublease;

then, in any such case, upon notice by the Owner-Trustee to the Lessee, and without any other action or consents (i) the participation of the Lessee as sublessor under any Sublease, Substituted Sublease or any other sublease shall be terminated and (ii) the Owner-Trustee shall be substituted for the Lessee, for all purposes, as the sublessor under any such Sublease, Substituted Sublease or such other sublease. In addition, whether or not such notice is given, the Owner-Trustee, at its option, may, in any such case:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of the Units and subleases covering the Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee or any sublessees of the Units, or their respective successors or assigns (the rights and interests of all sublessees of the Units being subordinate and junior to the rights of the Owner-Trustee and its successors or assigns), to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 10.0% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the

breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount with respect to each Unit equal to the excess, if any, of the Casualty Value thereof as of the rental payment date on or next preceding the date of termination over the amount the Owners reasonably estimate to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) or (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Owners' or the Owner-Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Owners and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

The failure of the Owner-Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion

and shall not be effective unless in writing signed by the Owner-Trustee.

The Lessee also agrees to furnish the Owner-Trustee, the Owners and the Trustee, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under the Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the applicable standards then in effect with respect to such Units under the Interchange Rules of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled;

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee; and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-

Trustee upon any sale, lease or other disposal of all or any of the Units.

The performance of the foregoing covenant is of the essence of this Lease and upon application to any court having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee, requiring the specific performance thereof. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be promptly turned over to the Owner-Trustee.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee other than the Trustee except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owners and the Owners' and the Owner-Trustee's assigns.

So long as no Event of Default, or an event which with notice or lapse of time or both could constitute an Event of Default, exists hereunder or under the Security Document, the Lessee shall be entitled to the use and possession of the Units in accordance with the terms of this Lease. The Lessee agrees that the Units will be used exclusively within the continental United States, the State of Alaska and the Dominion of Canada; provided, however, that if the Lessee permits the use of any Unit in the Dominion of Canada (or any Province or Territory thereof) by any Sublessee or Substituted Sublessee or otherwise, the Lessee shall, except as otherwise provided in § 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Owner-Trustee and the Trustee in the Units to be so used and (b) furnished the Owner-Trustee and the Trustee with an opinion of Canadian counsel satisfactory to the Owner-Trustee and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Owner-Trustee and the Trustee in such Units. The Lessee shall at all times remain in compliance with the terms and provisions of this Lease in respect of each of the Units wherever located. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Unit; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Unit in accordance with the provisions set forth in the next succeeding paragraph of this § 12. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to sublease the Units pursuant to the Subleases or a Substituted Sublease (as hereinafter defined). If, pursuant to the provisions of either Sublease, the Lessee has the right to terminate such Sublease upon the occurrence of an event of default by the Sublessee thereunder or has the right to terminate such Sublease with respect to any Units pursuant to Section 6D thereof, upon the occurrence and continuance of any such event of default or right to terminate, the Lessee may, upon 10 days prior written notice to the Owner-Trustee and the Trustee, terminate such Sublease with respect to all or any portion of the Units leased thereunder; provided, however, that effective upon any such termination (i) all the Units pre-

viously leased under such Sublease shall have been duly leased by the Lessee to another sublessee (a "Substituted Sublessee") under a sublease (a "Substituted Sublease") meeting the requirements set forth below, (ii) such Substituted Sublease (insofar as it pertains to the Units) shall have been duly assigned by the Lessee to the Owner-Trustee and by the Owner-Trustee to the Trustee pursuant to a sublease assignment and lease assignment substantially in the form of the Sublease Assignment and the Lease Assignment and all recordations, filings and other action necessary to establish, perfect, protect and preserve the rights of the Owner-Trustee and the Trustee in and to such Substituted Sublease shall have been duly made or taken, and the Lessee shall have delivered to the Owner-Trustee and the Trustee such instruments and documents as they may reasonably request in order to evidence the foregoing, and (iii) the Lessee shall have delivered to the Owner-Trustee and the Trustee an opinion of counsel for the Lessee with respect to the Substituted Sublease and the assignments thereof to the effect set forth in Section 3.04(c) of the Security Document; provided further, however, that with respect to any termination, within any 180-day period, pursuant to Section 6D of either Sublease, of less than 20% of the Units initially subleased thereunder, the conditions set forth in clauses (i) through (iii) above need not have occurred at the time of termination but must have occurred within 180 days after termination. Each Substituted Sublease of Units (i) shall have a noncancelable lease term which expires not earlier than the lease term of the Sublease to which such Units were originally subject, (ii) shall be and state that it is subject and subordinate to this Lease and the rights, interests and remedies of the Owner-Trustee under this Lease and of the Trustee under the Security Document and their respective successors and assigns hereunder or thereunder, (iii) shall be with a Substituted Sublessee which is a railroad company duly incorporated under the laws of the United States or any state thereof, (iv) shall be with a Substituted Sublessee which (a) is (and remains) a wholly owned subsidiary of Weyerhaeuser Company or (b) has, or is (and remains) a wholly owned subsidiary of a corporation having, a credit rating of "A" or better by Moody's Investor Service, Inc. (or its successor), or "A" or better by Standard & Poor's Corporation (or its successor) on all its outstanding senior debt, (c) has as the principal shipper on

its lines of railroad a corporation having such a credit rating and 90% of its annual business is with such corporation and other shippers having such a credit rating or (d) is consented to by the Trustee (which consent shall not be unreasonably withheld), and (v) shall have substantially the same other terms and be in substantially the same form as the Sublease to which such Units were originally subject, or, if the Lessee is in good faith unable to enter into a sublease having such other terms and in such form, shall have such other commercially reasonable terms and be in such form as shall be agreeable to the Lessee provided that the rent payable thereunder with respect to such Units subleased thereunder during each calendar year shall be in an amount at least equal to the rentals due under this Lease with respect to such Units during such calendar year period.

So long as no Event of Default shall have occurred and be continuing, each Unit may, under the terms of this Lease and pursuant to any Sublease or Substituted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any Sublease or Substituted Sublease and other than an encumbrance resulting from claims against the Owner-Trustee or the Trustee not related to the ownership or leasing of, or the security interest of the Trustee in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner-Trustee, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner-Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 12.

§ 13. Renewal Options and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term or any extended term, as the case may be, of this Lease, elect to extend the

term of this Lease in respect of Units then covered by this Lease, for five additional one-year periods followed by two additional five-year periods commencing on the scheduled expiration of the original term or any extended term, as the case may be, of this Lease, at a "Fair Market Rental" payable in monthly payments; provided, however, that no such extended term shall extend beyond January 20, 2010.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his appointment. If the parties shall have appointed a single appraiser the determination of Fair Market Rental of the single appraiser appointed shall be final. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

In the event that the Lessee shall in its reasonable judgment determine that it is not economically feasible for the Lessee to comply with the provisions of the second paragraph of § 9 hereof or clause (iii) of the first paragraph of § 14 hereof during any extended term of this Lease as extended pursuant to the provisions of the first paragraph of this § 13, with respect to any Unit, the Lessee shall have the right at its option, on at least 30 days' prior written notice to the Owner-Trustee to terminate this Lease as to such Unit (subject to the provisions for the survival of indemnification obligations contained in § 9 hereof) as of the next scheduled rental payment date during such extended term upon payment to the Owner-Trustee of the present value as of such date of termination of the remaining rental for such Unit during such extended term with the monthly rentals discounted monthly at an annual rate of 10%.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Owner-Trustee elects to sell any Units to third parties at the expiration of the original or any extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of the term of this Lease. In the event that the Owner-Trustee shall receive, prior to the end of the then term of this Lease, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer at the expiration of the term of this Lease, the Owner-Trustee shall give written notice to the Lessee of such offer. Such notice shall be given to the Lessee on or prior to the end of the then term of this Lease, and shall include the price offered by the other party in writing to the Owner-Trustee. The Lessee shall have the sole right and option, for a period of 10 business days from the date of receipt of such notice, to elect to purchase the Units for cash at the price at which the Units are proposed to be sold. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Owner-Trustee or (ii) the end of the then term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Owner-Trustee until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the original term or any extended term, as the case may be, of this Lease or as soon as practicable on or after the termination of the original term or any extended term, as the case may be, of this Lease and in any event not later than 60 days after the termination of the original term or any extended term, as the case may be, of this Lease with respect to Units not purchased by the Lessee, the Lessee will, at its own cost and expense, cause each such Unit to be transported to the lines of railroad or premises of the sublessee under the sublease permitted in § 12 hereof then covering such Unit or which covered such Unit at the expiration of the term of this Lease as to such Unit, provided that such lines of railroad or premises are located within the continental United States, or to such other point or points as shall be reasonably designated by the Lessee with the approval of the Owner-Trustee, and will arrange for the Owner-Trustee to store such Unit at such point for a period not exceeding 60 days from the date at which each such Unit is first placed in storage pursuant to this § 14, the delivery, storage and transporting of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at the Lessee's expense any Part

title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the applicable standards then in effect for such Unit under the Interchange Rules of the Association of American Railroads.

In connection with the Owner-Trustee's sale of the Units so returned, the Owner-Trustee may warrant to a purchaser of such Units that such Units are owned by the Owner-Trustee free and clear of all liens, encumbrances and rights of others, and the Lessee shall hold the Owner-Trustee harmless from and against any liability arising by virtue of said warranty other than for liability arising by virtue of liens against the Owner-Trustee, any Owner or the Trustee not related to the ownership of the Units.

If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of this Lease as to such Unit, belong to and be the property of the Owner-Trustee. In the event that by the 90th day after the termination of this Lease with respect to any Units the Lessee has not, at the request of the Owner-Trustee, caused at least 90% of such Units to be transported to such point or points as provided in this § 14, the Lessee shall pay to the Owner-Trustee the per diem interchange multiplied by the number of Units equal to the difference between 90% of such Units and the number of Units previously delivered pursuant to this § 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of the Units have been so transported. If, after the termination of the 60-day storage period provided in this § 14, any Units have not been so transported, the Lessee shall pay to the Owner-Trustee the per diem interchange for each Unit not so transported for each day after the end of such storage period until each Unit has been so transported.

Commencing with the expiration of the original term or any extended term, as the case may be, of this Lease with respect to any Units, the Lessee will deliver to the Owner-Trustee Officer's Certificates (as that term is defined in the Security Document) in the manner described in the next succeeding sentence and to the effect that (a) no Event of Default or any event which with lapse of time or notice or

both would constitute an Event of Default had occurred or was continuing as of such date; (b) no liens, charges, security interests or other encumbrances (except for any encumbrances resulting from any claims against the Owner-Trustee or any Owner) were, as of such date, imposed on or with respect to any such Unit, any accession thereto, or the interest of any Owner-Trustee or any Owner therein; and (c) such Units have been returned to the Owner-Trustee pursuant to this § 14 in the same operating order, repair and condition required by the first paragraph of this § 14. The Officer's Certificate described in clause (a) in the preceding sentence shall be furnished on the expiration of the original term and any extended term of this Lease, and the Officer's Certificates described in clauses (b) and (c) in the preceding sentence shall be furnished on a monthly basis, beginning 30 calendar days after the expiration of the original term and any extended term of this Lease, and such Officer's Certificate shall cover each Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this § 14.

§ 15. Recording. The Lessee, at its sole cost and expense, will cause this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, the Lease Assignment and any assignment hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit and recording required of the Owner-Trustee under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Trustee for the purpose of proper protection, to their satisfaction, of the Owner-Trustee's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, and any assignment hereof or thereof; provided, however, that the Lessee shall not be required to take any such action in respect of the Dominion of Canada (or any Province thereof) if (i) the Lessee deems such action to be unduly burdensome, (ii) after giving effect to the failure to take such action,

the Lessee has taken all action required by law to protect the title of the Owner-Trustee to and the security interest of the Trustee in Units having a Fair Value (as defined in the Security Document) of not less than 90% of the aggregate Fair Value of all the Units then subject to this Lease, and (iii) any Unit at any time located in the Dominion of Canada (or any Province thereof) shall have been marked with the markings specified in § 5 hereof.

The Lessee will promptly furnish to the Trustee and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Owner-Trustee.

§ 16. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that there are any expenses incurred or loss of principal (including interest accrued thereon at time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments made pursuant to Section 8.04 of the Security Document, the rentals thereafter payable by the Lessee in respect of Units settled for after such expenses or loss arose shall be increased by such amount as shall, in the reasonable opinion of the Owners, cause the Owners' net return (computed on the same assumptions as were utilized by the Owners in originally evaluating this transaction) to equal the net return that would have been realized by the Owners if such expenses or loss had not arisen.

In the event that the Owner-Trustee shall become obligated to make any payment (other than payments in settlement for Equipment pursuant to the Security Document or the Purchase Order Assignments or payments or rentals required to be made in respect of the principal of or interest on the Trust Certificates) or to perform any obligations pursuant to the Security Document not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

§ 17. Owner-Trustee's Right To Perform for the Lessee; Manager. If the Lessee fails to perform or comply with any of its agreements contained herein, any Owner or the Owner-Trustee may upon notice to the Lessee itself perform or

comply with such agreement, and the amount of the reasonable cost and expenses of the Owner-Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate of 12-1/2% per annum or such lesser amount as shall be legally enforceable, shall be payable by the Lessee upon demand. Entry into the Management Agreement by the Lessee shall not in any way reduce or limit the liabilities, obligations and responsibilities of the Lessee and the Lessee-Beneficiaries hereunder or under the Lease Trust Agreement or otherwise.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 12-1/2% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the United States mails, first-class postage prepaid, addressed as follows:

> if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department;
>
> if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, with a copy to the Lessee-Beneficiaries, in care of BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Trustee or the holders of the Trust Certificates regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 20. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred

to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Lessee, the Lessee-Beneficiaries, or the Owners, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding such corporation personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Owner Trust Agreement) and this Lease is executed and delivered by The Connecticut Bank and Trust Company not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner-Trustee under the Owner Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against The Connecticut Bank and Trust Company (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder, may look to said Trust Estate for satisfaction of the same.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with

the intention of binding the First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Lease is executed and delivered by the Lessee not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

§ 21. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes the Interim Lease and all other agreements, oral or written, with respect thereto, except the Participation Agreement and the Indemnity Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner-Trustee and the Lessee and, as provided in Section 9.06 of the Security Document, joined by the Trustee.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. It shall not be necessary that any counterpart

be signed by both the parties hereto so long as each party hereto shall have executed and delivered one counterpart hereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee for the Lessee-Beneficiaries,

[SEAL]

by _____

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by _____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

[Notarial Seal] _____
Notary Public

My Commission Expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

[Notarial Seal] _____
Notary Public

My Commission Expires

Schedule A to the Lease

Type	Quantity	Road Numbers (inclusive)	Sublessee
70-ton, 52' 6" Boxcars with steel load dividers, offset 16' plug doors, plate C, AAR Mechanical Designation: XL, Manufacturer: PACCAR Inc	100	CLC 4001 through CLC 4100	Columbia & Cowlitz Railroad Company
70-ton, 52' 6" Boxcars with offset 16' plug doors, plate C, AAR Mechanical Designation: XM, Manufacturer: PACCAR Inc	50	CLC 3351 through CLC 3400	Columbia & Cowlitz Railroad Company
100-ton, 62' 6" Bulkhead Flat Cars, AAR Mechanical Designation: FB, Manufacturer: Bethlehem Steel Corporation	35	MSV 400 through MSV 434	Mississippi & Skuna Valley Railroad Company
100-ton, 7000 cubic feet Chip Cars with bottom dump, AAR Mechanical Designation: HTS, Manufacturer: Ortner Freight Car Company	27	MSV 1440 through MSV 1466	Mississippi & Skuna Valley Railroad Company

Schedule B to the Lease

Casualty Values

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1980	101.9538	July 20, 1983	93.7819
February 20, 1980	101.9735	August 20, 1983	93.4137
March 20, 1980	101.9919	September 20, 1983	93.0410
April 20, 1980	101.9808	October 20, 1983	92.6520
May 20, 1980	101.9541	November 20, 1983	92.2584
June 20, 1980	101.9258	December 20, 1983	91.8600
July 20, 1980	101.8535	January 20, 1984	91.4452
August 20, 1980	101.7791	February 20, 1984	91.0254
September 20, 1980	101.7027	March 20, 1984	90.6007
October 20, 1980	101.6101	April 20, 1984	90.1765
November 20, 1980	101.5153	May 20, 1984	89.7385
December 20, 1980	101.4183	June 20, 1984	89.2953
January 20, 1981	101.3048	July 20, 1984	88.8437
February 20, 1981	101.1890	August 20, 1984	88.3868
March 20, 1981	101.0708	September 20, 1984	87.9247
April 20, 1981	100.9405	October 20, 1984	87.4483
May 20, 1981	100.7889	November 20, 1984	86.9665
June 20, 1981	100.6345	December 20, 1984	86.4792
July 20, 1981	100.4490	January 20, 1985	85.9775
August 20, 1981	100.2605	February 20, 1985	85.6135
September 20, 1981	100.0689	March 20, 1985	85.2459
October 20, 1981	99.8555	April 20, 1985	84.8802
November 20, 1981	99.6388	May 20, 1985	84.5049
December 20, 1981	99.4189	June 20, 1985	84.1257
January 20, 1982	99.1768	July 20, 1985	83.7426
February 20, 1982	98.9312	August 20, 1985	83.3555
March 20, 1982	98.6822	September 20, 1985	82.9646
April 20, 1982	98.4387	October 20, 1985	82.5638
May 20, 1982	98.1774	November 20, 1985	82.1589
June 20, 1982	97.9125	December 20, 1985	81.7499
July 20, 1982	97.6388	January 20, 1986	81.3309
August 20, 1982	97.3613	February 20, 1986	80.9077
September 20, 1982	97.0800	March 20, 1986	80.4803
October 20, 1982	96.7806	April 20, 1986	80.0492
November 20, 1982	96.4773	May 20, 1986	79.6084
December 20, 1982	96.1699	June 20, 1986	79.1636
January 20, 1983	95.8443	July 20, 1986	78.7128
February 20, 1983	95.5144	August 20, 1986	78.2578
March 20, 1983	95.1803	September 20, 1986	77.7987
April 20, 1983	94.8474	October 20, 1986	77.3332
May 20, 1983	94.4987	November 20, 1986	76.8635
June 20, 1983	94.1456	December 20, 1986	76.3895

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1987	75.9090	July 20, 1990	52.3449
February 20, 1987	75.4241	August 20, 1990	51.8116
March 20, 1987	74.9348	September 20, 1990	51.2724
April 20, 1987	74.4431	October 20, 1990	50.7342
May 20, 1987	73.9457	November 20, 1990	50.1900
June 20, 1987	73.4439	December 20, 1990	49.6399
July 20, 1987	72.9384	January 20, 1991	49.0907
August 20, 1987	72.4283	February 20, 1991	48.5355
September 20, 1987	71.9134	March 20, 1991	47.9742
October 20, 1987	71.3928	April 20, 1991	47.4085
November 20, 1987	70.8675	May 20, 1991	46.8443
December 20, 1987	70.3373	June 20, 1991	46.2740
January 20, 1988	69.8011	July 20, 1991	45.7070
February 20, 1988	69.2601	August 20, 1991	45.1338
March 20, 1988	68.7141	September 20, 1991	44.5543
April 20, 1988	68.1654	October 20, 1991	43.9762
May 20, 1988	67.6117	November 20, 1991	43.3919
June 20, 1988	67.0530	December 20, 1991	42.8012
July 20, 1988	66.4915	January 20, 1992	42.2118
August 20, 1988	65.9249	February 20, 1992	41.6160
September 20, 1988	65.3530	March 20, 1992	40.0137
October 20, 1988	64.7760	April 20, 1992	40.4106
November 20, 1988	64.1936	May 20, 1992	39.8116
December 20, 1988	63.6058	June 20, 1992	39.2061
January 20, 1989	63.0127	July 20, 1992	38.6104
February 20, 1989	62.4142	August 20, 1992	38.0082
March 20, 1989	61.8101	September 20, 1992	37.3993
April 20, 1989	61.2028	October 20, 1992	36.7946
May 20, 1989	60.5912	November 20, 1992	36.1832
June 20, 1989	59.9739	December 20, 1992	35.5651
July 20, 1989	59.3546	January 20, 1993	34.9509
August 20, 1989	58.7296	February 20, 1993	34.3300
September 20, 1989	58.0987	March 20, 1993	33.7023
October 20, 1989	57.4632	April 20, 1993	33.0721
November 20, 1989	56.8218	May 20, 1993	32.4478
December 20, 1989	56.1744	June 20, 1993	31.8167
January 20, 1990	55.5223	July 20, 1993	31.1958
February 20, 1990	54.9974	August 20, 1993	30.5681
March 20, 1990	54.4681	September 20, 1993	29.9334
April 20, 1990	53.9374	October 20, 1993	29.3047
May 20, 1990	53.4079	November 20, 1993	28.6690
June 20, 1990	52.8725	December 20, 1993	28.0264

Rental Payment Date	Percentage
January 20, 1994	27.3895
February 20, 1994	26.7457
March 20, 1994	26.0947
April 20, 1994	25.4390
May 20, 1994	24.7902
June 20, 1994	24.1343
July 20, 1994	23.4876
August 20, 1994	22.8338
September 20, 1994	22.1727
October 20, 1994	21.5184
November 20, 1994	20.8569
December 20, 1994	20.1881
January 20, 1995	20.0000

SCHEDULE C
to the
Lease

INDEMNITY AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY
not in its individual capacity but solely
as Owner-Trustee

Dated as of October 15, 1979

INDEMNITY AGREEMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee for the Lessee-Beneficiaries (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (hereinafter called collectively the "Owners" and individually an "Owner") and others have created a Series 1 Trust (the "Trust") established pursuant to Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as the date hereof (the "Owner Trust Agreement"), with the Owner-Trustee, as trustee, and pursuant to the Owner Trust Agreement have authorized and directed the Owner-Trustee, solely on behalf of the Trust, to enter into an Equipment Trust Agreement dated as of the date hereof, (the "Security Document"), between the Owner-Trustee and First Security Bank of Utah, N. A., as Trustee (the "Trustee"), providing for the leasing by the Owner-Trustee of certain units of railroad equipment (the "Cars") therein described, and for the leasing by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease") between the Owner-Trustee and the Lessee of the Cars.

WHEREAS Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), have created a trust under a Lease Trust Agreement dated as of the date hereof with the Lessee, as trustee, and pursuant thereto have authorized the Lessee to lease the Cars pursuant to the Lease and to enter into this Agreement on their behalf;

WHEREAS, as an inducement to the Owners to direct the Owner-Trustee to enter into the Lease and to lease the Cars to the Lessee and as an inducement to each Owner to provide funds to the Owner-Trustee for a portion of the purchase price of the Cars, the Lessee agrees to indemnify the Owners against the loss of certain benefits under the Lease; and

WHEREAS pursuant to the Owner Trust Agreement the Owners have authorized the Owner-Trustee to enter into this Agreement on their behalf and for their benefit;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the parties hereto hereby agree as follows:

1. The Lease has been entered into on the basis that each Owner shall be entitled to such deductions, credits and other benefits as are provided to an owner of the Cars under the Internal Revenue Code of 1954, as amended (the "Code"), including, without limitation:

(a) the deduction for accelerated depreciation (the "Depreciation Deduction") on the Cars under Section 167 of the Code based upon the aggregate Purchase Price (as defined in the Security Document) of the Cars utilizing the Asset Depreciation Range lower limit of 12 years as provided in Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method when most beneficial to each Owner and taking into account an estimated gross salvage value of 20% of the Purchase Price of the Cars which will be reduced by 10% of the Purchase Price as provided in Section 167(f) of the Code; and

(b) the deduction under Section 163 of the Code (the "Interest Deduction") in the full amount of any interest paid or accrued by each Owner in accordance with such Owner's method of accounting for tax purposes with respect to the indebtedness incurred by such Owner in financing its purchase of the Cars.

The parties also intend that the Owners be entitled to the above deductions and benefits to the extent allowable for state and local tax purposes and acknowledge that the investment tax credit shall be passed through to the users of the Cars.

2. If, as a result of an act or omission of the Lessee or any Lessee-Beneficiary, any Owner shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to any Owner, all or any portion of the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to the Cars (a "Loss"), then, subject to the terms of Section 4 hereof, the Lessee after written request of such Owner shall pay to such Owner additional rent in an amount which, in the

reasonable opinion of such Owner as agreed to by the Lessee or, failing such agreement, as determined by an independent accounting firm acceptable to such Owner and the Lessee, will cause such Owner's net return over the term of the Lease in respect of such Cars to equal the net return that would have been available if such Owner had been entitled to the utilization of all of the Interest Deduction and the Depreciation Deduction with respect to such Cars, and the Lessee shall forthwith pay to such Owner the amount of any interest which may be assessed by the United States or any state against such Owner attributable to the Loss. Such additional rent shall be paid commencing with the first periodic rental payment due after such Owner notifies the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 2, the Casualty Values set forth in the Lease shall be revised as necessary to preserve the net after-tax return on such Owner's investment in the Cars as provided hereinabove.

3. For purposes of this Agreement, a Loss shall occur upon the earliest of (a) the payment by an Owner to the Internal Revenue Service of the tax increase resulting from such Loss, or (b) the final adjustment of the tax return of an Owner to reflect such Loss. Each Owner shall be responsible for, and shall not be entitled to a payment under this Agreement on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to the sale or other disposition (whether voluntary or involuntary) of the Cars, including the lease thereof by such Owner, prior to any default by the Lessee, or (ii) a failure of such Owner to timely or properly claim the Interest Deduction or Depreciation Deduction for such Cars in the tax return of such Owner, or (iii) a disqualifying change in the nature of such Owner's business or the liquidation thereof, or (iv) a foreclosure by any person holding through such Owner or the Owner-Trustee a lien on such Cars, which foreclosure results solely from an act of such Owner or the Owner-Trustee, or (v) any event which by the terms of the Lease requires payment by the Lessee of the Casualty Value of such Cars, or (vi) the failure of such Owner to have sufficient taxable income against which to apply such Depreciation Deduction or Interest Deduction, or (vii) the failure of such Owner properly to contest any such Loss pursuant to the terms of Section 4 hereof, or (viii) any other act solely of such Owner or the Owner-Trustee which directly causes the Loss of all or part of the Interest Deduction (including loss of

any Interest Deduction due to prepayment pursuant to the Security Document) or the Depreciation Deduction; provided, however, that the execution and delivery of the Lease and other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of the Lease and such other documents shall not be deemed to have caused the Loss of such Interest Deduction or the Depreciation Deduction under this Section 3.

4. In the event a claim shall be made by the Internal Revenue Service that the Depreciation Deduction or Interest Deduction of any Owner should be denied or disallowed, or recaptured, such Owners shall, except as hereinafter provided, (i) promptly notify the Lessee in writing of such Loss, (ii) not make payment of the tax claimed for at least 30 days after the giving of such notice, and (iii) give the Lessee any relevant information relating to such Loss which may be particularly within the knowledge of such Owner; and such Owner shall take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time, including administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and proceedings in the appropriate United States District Court, United States Court of Claims or the United States Tax Court or equivalent state or local courts and agencies, including such appeals as are allowable from each such proceeding; provided that:

(a) within 30 days after notice by such Owner to the Lessee of such claim, the Lessee shall make a request that such claim be contested;

(b) such Owner, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims as such Owner may elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith, any request made by the Lessee concerning the manner of contesting the claim;

(c) prior to such Owner taking such action the Lessee shall have furnished such Owner with an opinion of its tax counsel to the effect that a meritorious ground exists for resisting such claim and describing such ground; and

(d) the Lessee shall have indemnified such Owner in a manner satisfactory to such Owner for any liability or loss with regard to such claim which such Owner may incur as the result of contesting such claim, and shall have agreed to pay such Owner on demand all costs and expenses which such Owner may incur in connection with contesting such claim including, without limitation, (i) reasonable attorneys' fees and accountants' fees and disbursements, (ii) the amount of any interest and penalties which may ultimately be payable to the United States Government as the result of contesting such claim, and (iii) in the event such Owner shall, in connection with any such claim, pay the tax claimed and then seek a refund, reimburse such Owner, on demand, an amount equal to the tax paid plus interest and penalties paid by such Owner, if any.

If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested such Owner to contest such claim as above provided and shall have duly complied with all of the terms of this Section 4, the Lessee's liability under this Section 4, with respect to such Loss, shall become fixed upon final determination of such Owner's liability for such Loss. In the event the Lessee does not request such Owner to contest such claim as provided in this Section 4, the liability of the Lessee shall become fixed to such Owner at the time such Owner makes payment of the tax attributable to such Loss. In the event any such claim is contested, such Owner shall prosecute such contest diligently and in good faith and shall keep the Lessee informed of the status thereof. Notwithstanding any provision to the contrary in this Section 4, such Owner may elect not to contest any such claim, or to discontinue any proceedings previously commenced, and thereupon the Lessee shall be relieved of all liability to indemnify such Owner with respect to the Loss involved in respect of such claim, and such Owner shall reimburse the Lessee for all amounts paid by the Lessee under this Section 4.

In the event that such Owner pays the tax claimed and received reimbursement therefor from the Lessee and obtained a refund thereof from the government, such refund together with any interest paid by the government shall be paid to the Lessee promptly after receipt thereof by such Owner.

It is understood and agreed that nothing in this Section 4 shall be deemed to impose upon the Lessee any liability arising out of any claims other than those for which the Lessee has indemnified such Owner pursuant to Section 2 hereof.

5. All of the Owners' rights and privileges arising from the indemnities contained in this Agreement shall survive the expiration or other termination of the Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Owner-Trustee on behalf of the Owners or directly by any Owner, its successors and assigns.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

6. All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail prepaid, addressed (a) if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, (b) if to any Owner, at its address set forth in the Owner Trust Agreement and (c) if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Department, with a copy to the Lessee-Beneficiaries in care of Brae Railcar Management, Inc., at Three Embarcadero Center, San Francisco, California 94111.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

8. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. It shall not be necessary that any counterpart hereof be signed by all the parties hereto so long as each party has executed and delivered a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed by their respective officers thereunto duly authorized.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Owner-
Trustee,

by

_____
Authorized Officer

SCHEDULE D-1
to the
Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS the parties hereto have heretofore entered into an interim Sublease Assignment, Assumption and Supplement Agreement dated as of October 15, 1979 (the "Original Agreement"), and other interim documents (the "Interim Documents");

WHEREAS the Original Agreement contemplated that an amended and restated Sublease Assignment, Assumption and Supplement Agreement would be entered into by the parties thereto when long-term financing for the Equipment (as hereinafter defined) had been arranged;

WHEREAS such financing has been arranged and, therefore, the parties hereto hereby amend and restate the Original Agreement with this Agreement;

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and Bethlehem Steel Corporation ("Bethlehem") providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase certain units of railroad equipment described in Equipment Schedule No. Three included in Annex A hereto from Bethlehem;

WHEREAS the Lessee will lease from the Owner-Trustee (i) those units of equipment purchased by the Owner-Trustee under the Interim Documents from Ortner Freight Car Company ("Ortner") and described in Equipment Schedule No. Five included in Annex A hereto and (ii) all the units of such equipment so purchased from Bethlehem (the units purchased from Bethlehem and Ortner being called collectively the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, to the extent it relates to the Equipment, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment

to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree that the Original Agreement is amended and restated by this Agreement and hereby further agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that other than the Original Agreement and this Agreement the Assignor has not entered into any assignment of its interests in the Sublease, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediately available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff

against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the

Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any respresentation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all persons claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal]

by _____

Attest:

_____

MISSISSIPPI & SKUNA VALLEY
RAILROAD COMPANY,

[Corporate Seal]

by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF)
) ss.:
COUNTY OF)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission expires:

[Notarial Seal]

Annex A

RECORDATION NO. 9875-J Filed 1425

AUG 14 1979 -2 50 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this 12th day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO. (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Ca to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter,or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____

Title _____

Date _____

MISSISSIPPI & SKUNA VALLEY RR CO.

By _____

Title President

Date July 12, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 12 day of July, 1979, before me personally appeared [illegible], to me personally known, who, being by me duly sworn says that he is Vice President of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

M. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF MISSISSIPPI)
) ss.
County of LOWNDES)

On this 12th day of July, 1979, before me personally appeared J. C. Jessup, Jr., to me personally known, who, being by me duly sworn says that he is President of MISSISSIPPI & SKUNA VALLEY RR CO. and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Castellea Brown
Notary Public

My Commission Expires: April 14, 1982

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Mississippi & Skuna Valley RR Co. pursuant to that certain Lease Agreement dated as of ....., 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2'offset	25
XP	Gen'l purpose Boxcar, 70 Ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	30
FB	Bulkhead Flat 100 Ton		62'6"	9'4"	11'		85
FB	Bulkhead Flat 100 Ton		60'6"	9'4"	11'		15
HTS	Chip Car					Bottom Dump	40

BRAE CORPORATION

BY: [signature]

TITLE: Vice President - Marketing

DATE: 7/19/79

MISSISSIPPI & SKUNA VALLEY RR CO

BY: [signature]

TITLE: President

DATE: July 12, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of _____, 19___, between BRAE and MISSISSIPPI & SKUNA VALLEY RR CO.

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Gallin
Title Vice President-Marketing
Date 7/18/79

MISSISSIPPI & SKUNA VALLEY RR CO.

By A C Jennings Jr
Title President
Date July 12, 1979

FRANCES T. HENSHAW
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Feb. 1, 1980

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

I, Frances T. Henshaw, a Notary Public, State of California, duly commissioned and sworn, do certify that on this 13th day of August, 1979, I carefully compared the annexed copy of LEASE AGREEMENT dated July 12, 1979, between BRAE CORPORATION, as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO., as Lessee; with the original thereof, now in the possession of Heller, Ehrman, White & McAuliffe, of 44 Montgomery St., S.F., State of California, and that the same is a full, true, and exact copy of said original.

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

Frances T. Henshaw
Frances T. Henshaw
Notary Public, State of California.

My Commission Expires FEBRUARY 1, 1980

Cowdery's Form No. 26—Certificate of Notary to Copy of Document

10954-B
RECORDATION NO. ..... Filed 1425
OCT 29 1979 -3 40 PM
INTERSTATE COMMERCE COMMISSION

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as Lease-Trustee (the "Lessee"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS certain banks (collectively the "Owners" and individually an "Owner"), as beneficiaries of the Series 1 Trust established pursuant to the Master Trust Agreement dated as of February 2, 1976, as supplemented with THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") propose to authorize and direct the Owner-Trustee to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and providing for the assignment to the Owner-Trustee of the rights to purchase certain units of railroad equipment (the "Equipment") described in Annex A hereto from ORTNER FREIGHT CAR COMPANY (the "Builder");

WHEREAS the Lessee will lease on an interim basis from the Owner-Trustee all the Equipment pursuant to a Lease Agreement (the "Interim Lease") dated as of the date hereof;

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979 (such Lease Agreement, as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, providing for the lease by Assignor to the Sublessee and the term Sublease as used hereinafter shall mean the Sublease as it relates to the Equipment of certain units of railroad equipment;

WHEREAS the parties hereto shall herein supplement the Sublease to specify the Equipment as included thereunder;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Lessee proposes to assign the Sublease, for security purposes, to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement, dated as of the date hereof (the "Interim Sublease Assignment"), until the Lessee fulfills its obligations under the Interim Lease;

WHEREAS the Owner-Trustee may finance a portion of the purchase price of the Equipment on an interim basis by borrowing from one or more lenders (the "Interim Lender") and may secure such borrowing by granting the Interim Lender a security interest in the Equipment, by assigning to the Interim Lender certain rights under the Interim Lease and by reassigning to the Interim Lender pursuant to a Reassignment of Sublease and Agreement (the "Interim Sublease Reassignment") certain rights under the Sublease and the Interim Sublease Assignment;

WHEREAS the Owner-Trustee proposes to replace the interim financing arrangements with long-term financing arrangements; and

WHEREAS the Sublessee shall herein consent to the Interim Sublease Assignment and the Interim Sublease Reassignment and agree to enter into an amendment and restatement of this Agreement in connection with the long-term financing of the Equipment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, powers, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublessee.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublease is hereby supplemented by substituting Schedule Nos. TWO, THREE, FOUR AND FIVE in place of the Equipment Schedule dated July 12, 1979, attached thereto.

6. The Sublessee upon receipt of a copy of the Interim Sublease Assignment, consents to all the terms and conditions of the Interim Sublease Assignment and any Interim Sublease Reassignment and agrees that:

(i) it will pay all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Owner-Trustee, at the address specified by Owner-Trustee, by bank wire transfer of immediate available funds; provided, that if an Interim Sublease Reassignment shall have been made, upon receipt of a copy thereof, all such Payments shall be made to the Interim Lender;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee, the Builder, the Owner-Trustee, the Interim Lender or otherwise;

(iii) the Owner-Trustee and any Interim Lender shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease to the extent that it relates to the Equipment as though the Owner-Trustee and any Interim Lender were named therein as the Lessee;

(iv) neither the Owner-Trustee nor any Interim Lender shall, by virtue of the Interim Sublease Assignment or the Interim Sublease Reassignment, be or become subject to any liability or obligation under the Subleae or otherwise; and

(v) the Sublease to the extent that it relates to the Equipment shall not, without the prior written consent of the Owner-Trustee and any Interim Lender, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Interim Sublease Assignment, any Interim Sublease Reassignment if any or this Agreement or of any of the rights created by any there of.

(vi) all other terms and conditions of the Interim Sublease Assignment and Interim Sublease Reassignment shall not be deemed to modify or amend the terms and conditions of the Sublease.

7. The parties hereto acknowledge that the Owner-Trustee contemplates arranging for long-term financing of the Equipment and, in furtherance of such arrangements, among other matters, expects there will be executed and delivered an amended and restated Lease, Assignment of Sublease and Reassignment of Sublease in replacement of the Interim Lease, Interim Sublease Assignment and Interim Sublease Reassignment, and that the parties hereto will enter into an amended and restated Sublease Assignment, Assumption and Supplement Agreement in replacement of this Agreement, and the parties hereto hereby agree to enter into such amended and restated Agreement.

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any Interim Lender under any agreement between an Interim Lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interim Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July 1979, between Assignor and Weyerhaeuser Company.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
Lease-Trustee

By: _____

(CORPORATE SEAL)
ATTEST:

_____

BRAE CORPORATION

By: _____

(CORPORATE SEAL)
ATTEST:

_____

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any lender under any agreement between a lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interm Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July, 1979 between BRAE CORPORATION and WEYERHAEUSER COMPANY.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK, not in its individual capacity but solely as Lease-Trustee

By _____

(CORPORATE SEAL)

ATTEST:

_____

BRAE CORPORATION

By _____

(CORPORATE SEAL)

ATTEST:

_____

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By: _____
SECRETARY

(CORPORATE SEAL)

ATTEST:

_____

STATE OF UTAH)
):ss:
COUNTY OF SALT LAKE)

On this 26th day of October, 1979, before me personally appeared JOHN A. SAGER, to me personally known, who being by me duly sworn, says that he is a Trust Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: 9-7-82

STATE OF CALIFORNIA)
):ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this 29th day of October, 1979, before me personally appeared Jerry Roessler, to me personally known, who being by me duly sworn, says that he is a Vice President of BRAE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

OFFICIAL SEAL
SUSAN M. CODEGLIA
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
SAN FRANCISCO COUNTY
My Commission Expires Nov. 8, 1980

Susan M. Codeglia
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Nov. 8, 1980

STATE OF WASHINGTON)
):ss:
COUNTY OF King)

On this 25th day of October, 1979, before me personally appeared Alan P. Vandewert, to me personally known, who being by me duly sworn, says that he is a Secretary of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Beverly E. Knight
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Feb. 1, 1981

EXHIBIT "A"

EQUIPMENT SCHEDULE No.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee ("Lessor") hereby leases the following Cars to FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee ("Lessee") on the terms and conditions contained in the Lease Agreement to which this Schedule is attached.

A.A.R. Mech. Design	Description	Numbers	Dimensions Length	Inside Width	Height	Doors Width	No. of Cars
	7,000 cubic foot Chip Cars	MSV 1440-66					27

FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee.

BY: _____

TITLE: _____

DATE: _____

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee

BY: _____

TITLE: _____

DATE: _____

ANNEX A

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. 2,3,4 and 5 (the "Substituted Schedules), as attached hereto, for the original Equipment Schedule attached to the Lease Agreement dated July 12, 1979 ("Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern that the railcars described in the Substituted Schedules to the same extend and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules shall have equal loading priority as such term is defined Section 3B of the Lease.

BRAE CORPORATION

By _____

Title President

Date October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By _____

Title SECRETARY

Date Oct. 25, 1979

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO. pursuant to that certain Lease Agreement dated as of July 12, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2' offset	25
XP	General Purpose Boxcar 70 ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	30
FB	Bulkhead Flat 100 ton		60'6"	9'4"	11"		15
HTS	Chip Car					Bottom Dump	13

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct 25, 1979

This Equipment Schedule No. Two, together with Equipment Schedules Three and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 TON	MSV 400 through MSV 434	62'6"	9'4"	11'		35

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROA

BY: _____
SECRETARY

TITLE: _____

DATE: Oct. 25, 1979

This Equipment Schedule No. Three, together with Equipment Schedules Two and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FOUR

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD pursuant to that certain Lease Agreement dated as of ....July 12,.., 1979..

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 ton		62'6"	9'4"	11"		50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct 25, 1979

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FIVE

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
HTS	Chip Car	MSV 1440 through MSV--1466				Bottom Dump	27

BRAE CORPORATION

BY: [signature]

TITLE: President

DATE: October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROA

BY: [signature]

TITLE: SECRETARY

DATE: Oct. 25, 1979

This Equipment Schedule No. Five, together with Equipment Scheudles Two and Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

SCHEDULE D-2
to the Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

COLUMBIA & COWLITZ RAILWAY COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and COLUMBIA & COWLITZ RAILWAY COMPANY (the "Sublessee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and PACCAR Inc (the "Builder"), providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase the units of railroad equipment described in Equipment Schedule No. Two included in Annex A hereto from the Builder;

WHEREAS the Lessee will lease from the Owner-Trustee all the units of such equipment so purchased (the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 13, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called

the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge

of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediate available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee,

be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by the First Security

State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all personal claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal] by

_____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Authorized Officer

COLUMBIA & COWLITZ RAILWAY COMPANY,

[Corporate Seal]

by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N. A., not in its individual capacity but solely as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of COLUMBIA & COWLITZ RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

My Commission expires:

[Notarial Seal]

Annex A

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this thirteenth day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and COLUMBIA & COWLITZ RAILWAY COMPANY (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Ca to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter,or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____

Title Vice President-Marketing

Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By _____

Title President

Date July 13, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 18th day of July, 1979, before me personally appeared Jim Battle, to me personally known, who, being by me duly sworn says that he is Vice President of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

J. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF Washington)
) ss.
County of Cowlitz)

On this 13th day of July, 1979, before me personally appeared John H. Wilkinson, to me personally known, who, being by me duly sworn says that he is President of COLUMBIA & COWLITZ RAILWAY COMPANY and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Barbara J. Oxford
Notary Public

My Commission Expires: 10-1-81

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Columbia & Cowltiz Railway Co. pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 Ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	200
XL	Gen'l purpose Boxcar 70 Ton truck w/load dividers & E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	100
FB	Bulkhead Flat Car 100 Ton		60'6"	9'4"	11'		200
HTS	Chip Car 7,000 Cubic Feet					End Dump	50

BRAE CORPORATION

BY: [signature]

TITLE: Vice President - Marketing

DATE: 7/18/79

COLUMBIA & COWLITZ RAILWAY CO.

BY: [signature]

TITLE: President

DATE: July 13, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of July 13, 1979, between BRAE and COLUMBIA & COWLITZ RAILWAY COMPANY

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Cook
Title Vice President-Marketing
Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By John Wilkinson
Title President
Date July 13, 1979

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and COLUMBIA & COWLITZ RAILWAY COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. Two and No. Three (the "Substituted Schedules"), as attached hereto, in place of Equipment Schedule dated July 13, 1979, attached to the Lease Agreement dated as of July 13, 1979 (the "Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern the railcars described in the Substituted Schedules to the same extent and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules have equal loading priority as such term is defined in Section 3B of the Lease.

BRAE CORPORATION	COLUMBIA & COWLITZ RAILWAY COMPANY
By_____	By_____
Title_____	Title_____
Date_____	Date_____

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, ..., 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.	CLC 3351 through CLC 3400	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	50
XL	General Purpose Boxcars 70 ton truck w/load dividers & E.O.C.	CLC 4001 through CLC 4100	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Two, together with Equipment Schedules Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, , 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Three, together with Equipment Schedules Two and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Four

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2" offset	50
FB	Bulkhead Flat Car, 100 ton		6'6"	9'4"	11'		200
HTS	Chip Car, 7000 cubic feet					End Dump	50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

Schedule E
to the Lease

ASSIGNMENT OF SUBLEASES AND AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee

Dated as of October 15, 1979

ASSIGNMENT OF SUBLEASES AND AGREEMENT dated as of October 15, 1979, by and between FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as trustee (the "Lessee"), under a Lease Trust Agreement dated as of the date hereof with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee"), under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners"), and others.

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Security Document") with First Security Bank of Utah, N.A., not in its individual capacity but solely as trustee (the "Trustee");

WHEREAS the Owner-Trustee and the Lessee have entered into a lease of railroad equipment dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Lease") providing for the leasing by the Owner-Trustee to the Lessee of certain Units (as defined in the Lease);

WHEREAS the Lessee and Mississippi & Skuna Valley Railroad Company ("Mississippi") have entered into a Lease Agreement dated as of July 12, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof, and the Lessee and Columbia & Cowlitz Railway Company (such company, together with Mississippi, being hereinafter called collectively the "Sublessees" and individually a "Sublessee") have entered into a Lease Agreement dated as of July 13, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof (such Lease Agreements, as so amended,

and as hereafter amended, being hereinafter called collectively the "Subleases" and individually a "Sublease") providing for the leasing by the Lessee to each Sublessee of certain Units;

WHEREAS in order to provide security for the obligations of the Lessee under the Lease, as an inducement for the Owners to pay a portion of the Purchase Price (as defined in the Security Document) and as an inducement for the Purchasers (as defined in the Security Document) to invest in the Equipment Trust Certificates (as defined in the Security Document), the Lessee agrees to assign for security purposes all its rights in, to and under the Subleases to the Owner-Trustee as and only to the extent that the Subleases relate to Units;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 11 hereof, the Lessee hereby assigns, transfers and sets over unto the Owner-Trustee, as collateral security for the payment and performance of the Lessee's obligations under the Lease, all the Lessee's right, title and interest, powers, privileges, and other benefits under the Subleases, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessee from the Sublessees under or pursuant to the provisions of the Subleases whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in any Sublease, and to do any and all other things whatsoever which the Lessee is or may become entitled to do under the Subleases. In furtherance of the foregoing assignment, the Lessee hereby irrevocably authorizes and empowers the Owner-Trustee in its own name, or in the name of its nominee, or in the name of the Lessee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessee is or may become entitled under the Subleases, and to enforce compliance by the Sublessees with all the terms and provisions thereof.

The parties hereto acknowledge that certain rights under this Assignment are to be reassigned by the Owner-Trustee to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment") and that pursuant to the Lease and the Subleases all moneys payable thereunder and so assigned are to be paid at the principal office of the Trustee for application by the Trustee pursuant to the Lease Assignment. In the event that the Owner-Trustee receives any amounts of money under the terms of the Lease or the Subleases which have been so assigned, the Owner-Trustee shall forthwith forward such amounts to the Trustee for its application as aforesaid.

2. This Assignment is executed only as security of the obligations of the Lessee under the Lease and, therefore, the execution and delivery of this Assignment shall not subject the Owner-Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Lessee under the Subleases, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessee to the Sublessees shall be and remain enforceable by the Sublessees, their respective successors and assigns, against, and only against, the Lessee or persons other than the Owner-Trustee and the Trustee.

3. To protect the security afforded by this Assignment, but subject to the provisions of Paragraph 11 hereof, the Lessee agrees as follows:

(a) The Lessee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Subleases provide are to be performed by the Lessee; without the written consent of the Trustee, the Lessee will not anticipate the rents under any Sublease or waive, excuse, condone, forgive or in any manner release or discharge any Sublessee of or from the obligations, covenants, conditions and agreements to be performed by such Sublessee which are intended to satisfy the obligations of the Lessee under the Lease, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating a Sublease and the Lessee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Lessee fail to make any payment or

to do any act which this Assignment requires the Lessee to make or do, then the Owner-Trustee or the Trustee, but without obligation so to do, after first making written demand upon the Lessee and affording the Lessee a reasonable period of time within which to make such payment or do such act, but without releasing the Lessee from any obligation hereunder, may make or do the same in such manner and to such extent as the Owner-Trustee or the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Owner-Trustee and the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessee contained in the Subleases; and in exercising any such powers, the Owner-Trustee and the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessee will reimburse the Owner-Trustee and the Trustee for such costs, expenses and fees.

4. Subject to the provisions of Paragraph 11 hereof, the Lessee does hereby constitute the Owner-Trustee the Lessee's true and lawful attorney, irrevocably, with full power (in the name of the Lessee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Subleases to which the Lessee is or may become entitled, to enforce compliance by the Sublessees with all the terms and provisions of the Subleases, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Owner-Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessee's obligations under the Lease, this Assignment and all rights herein assigned to the Owner-Trustee shall terminate, and all estate, right, title and interest of the Owner-Trustee and the Trustee in and to the Subleases shall revert to the Lessee, but the Owner-Trustee shall execute and deliver such documents as the Lessee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Lessee will pay and discharge any and all

claims, liens, charges or security interests (other than created by the Security Document) on the Subleases or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessee or the Lessee-Beneficiaries, or their successors and assigns (other than the Trustee), not arising out of the transactions contemplated by the Security Document or the Subleases or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) unless such claims, liens, charges or security interests would rank subordinate to the interests of the Trustee in and to the Subleases and the Lease or such rentals or other payments, or unless the Lessee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect such interests of the Trustee.

7. The Lessee will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Owner-Trustee in order to confirm or further assure the interest of the Owner-Trustee hereunder.

8. The Owner-Trustee may assign all or any of the rights assigned to it hereby or arising under the Subleases, including, without limitation, the right to receive any Payments due or to become due and the power to act as each Sublessee's true and lawful attorney, and the parties hereto acknowledge that this Assignment is to be reassigned to the Trustee as aforesaid. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Owner-Trustee hereunder. The Owner-Trustee will give written notice to the Lessee and each Sublessee of any such assignment other than the assignment to the Trustee.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessee shall cause copies of all notices received in connection with the Subleases and all Payments to be promptly delivered or made to the Trustee at its address set forth in Section 9.05 of the Security Document or at such other address as the Trustee shall designate.

11. The Owner-Trustee hereby agrees with the Lessee that, so long as no Event of Default, or any event which with

lapse of time or notice or both would constitute such an Event of Default, under the Lease has occurred and is then continuing, the Owner-Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessee to the Owner-Trustee by this Assignment, except the right to receive, forward and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Subleases, the Lease and the Security Document, the Lessee may, so long as no Event of Default or event which with notice or lapse of time or both would constitute such an Event of Default under the Lease has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of Section 8(B)(i) of a Sublease; provided, however, the Lessee shall not, without the prior written consent of the Owner-Trustee (except as permitted by the third paragraph of § 12 of the Lease), terminate any Sublease in full or with respect to any Units or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of Section 8(B)(ii) of a Sublease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires

ANNEX II
to the
Equipment Trust Agreement

ASSIGNMENT OF LEASE, REASSIGNMENT OF SUBLEASES AND AGREEMENT

Between

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Owner-Trustee

and

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Trustee

Dated as of October 15, 1979

ASSIGNMENT OF LEASE, REASSIGNMENT OF SUB-LEASES AND AGREEMENT dated as of October 15, 1979, by and between THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as trustee (hereinafter, together with its successors and assigns, called the "Owner-Trustee") under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners"), and others, and FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as trustee (hereinafter, together with its successors and assigns, called the "Trustee").

WHEREAS the Owner-Trustee and the Trustee have entered into an Equipment Trust Agreement dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Security Document");

WHEREAS the Owner-Trustee and First Security State Bank, not in its individual capacity but solely as trustee ("FSSB") under a Lease Trust Agreement dated as of the date hereof with Rail Finance Corporation and CFS Railcar, Inc., have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, called the "FSSB Lease"), providing for the leasing by the Owner-Trustee to FSSB of certain units of railroad equipment (the "Units"); and

WHEREAS FSSB and Mississippi & Skuna Valley Railroad Company ("Mississippi") have entered into a Lease Agreement dated July 12, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof, and FSSB and Columbia & Cowlitz Railway Company (such company being hereinafter called, together with Mississippi, collectively the "Sublessees" and individually a "Sublessee") have entered into a Lease Agreement dated July 13, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof (such Lease Agreements, each as so amended, being hereinafter called collectively

the "Subleases"; and the Sublessees as sublessees under the Subleases and FSSB as lessee under the FSSB Lease being hereinafter sometimes called collectively the "Lessees" and individually a "Lessee"), providing for the subleasing by FSSB to each Sublessee of certain of the Units;

WHEREAS FSSB has assigned all its rights in, to and under the Subleases to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement dated as of the date hereof (such assignment, together with the Subleases and the FSSB Lease being hereinafter called collectively the "Leases" and individually a "Lease");

WHEREAS, in order to provide security for the obligations of the Owner-Trustee under the Security Document and as an inducement to the Purchasers referred to in the Security Document (the "Purchasers") to purchase the Equipment Trust Certificates to be issued pursuant to the Security Document (the "Equipment Trust Certificates"), the Owner-Trustee agrees to assign for security purposes its rights in, to and under the Leases to the Trustee;

NOW, THEREFORE, in consideration of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 10 hereof, the Owner-Trustee hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Owner-Trustee's obligations under the Security Document, all the Owner-Trustee's right, title and interest, powers, privileges, and other benefits under the Leases, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner-Trustee from the Lessees under or pursuant to the provisions of the Leases, whether as rent, casualty payment, indemnity (except sums which by the terms of the FSSB Lease are payable directly to the Owners or the Owner-Trustee pursuant to § 6 and § 9 of the FSSB Lease), liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in any Lease, and to do any and all other things whatsoever which the Owner-Trustee is or may become entitled to do under any Lease. In furtherance of the foregoing assignment, the Owner-Trustee hereby irrevocably authorizes and empowers the Trustee in its own

name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled under the Leases and to enforce compliance by the Lessees with all the terms and provisions thereof.

The Trustee agrees to accept for the account of the Owner-Trustee any Payments made by the Lessees pursuant to the Leases. To the extent received, the Trustee will apply such Payments to satisfy the obligations of the Owner-Trustee under the Security Document due and payable on the date such Payments were due and payable under the Leases, and any balance held by the Trustee hereunder for the account of the Owner-Trustee shall be deemed to be held in trust for the Owner-Trustee and shall be paid immediately to and retained by the Owner-Trustee or as the Owner-Trustee may direct. The Owner-Trustee hereby initially directs that to the extent that Payments received under the Subleases exceed the amount necessary to satisfy the obligations of the Lessee under the Lease due and payable on the date such Payments were due and payable under the Subleases, such excess shall be paid directly to FSSB. If the Trustee shall not receive any rental payment under the first paragraph of § 3 of the FSSB Lease or any payment of Casualty Values under § 7 of the FSSB Lease when due, the Trustee shall promptly notify the Owner-Trustee and FSSB by telephonic communication confirmed in writing at the address set forth in the FSSB Lease. Failure to so notify the Owner-Trustee and FSSB shall not affect the rights and remedies of the Trustee hereunder or under the Security Document.

2. This Assignment is executed only as security for the obligations of the Owner-Trustee under the Security Document and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Owner-Trustee under the FSSB Lease or of FSSB under the Subleases, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Owner-Trustee to FSSB under the FSSB Lease and of FSSB to the Sublessees under the Subleases shall be and remain enforceable by FSSB and the Sublessees, their successors and assigns, against, and only against, the Owner-Trustee, in the case of the FSSB Lease, and FSSB, in the case of the Subleases, or persons other than the Trustee.

3. To protect the security afforded by this

Assignment, the Owner-Trustee agrees as follows:

(a) The Owner-Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which each Lease provides is to be performed by the Owner-Trustee; without the written consent of the Trustee, the Owner-Trustee will not anticipate the rents under any Lease or waive, excuse, condone, forgive or in any manner release or discharge any Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by any such Lessee which are intended to satisfy the obligations of the Owner-Trustee under the Security Document, including, without limitation, the obligation to make the payments in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating any Lease, and the Owner-Trustee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Owner-Trustee fail to make any payment or to do any act which this Assignment requires the Owner-Trustee to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Owner-Trustee and affording the Owner-Trustee a reasonable period of time within which to make such payment or do such act, but without releasing the Owner-Trustee from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Owner-Trustee contained in any Lease; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Owner-Trustee will reimburse the Trustee for such costs, expenses and fees; provided, however, that the obligations of the Owner-Trustee to make reimbursements under this Paragraph 3 are subject to the last paragraph of Section 4.04 of the Security Document.

4. Subject to the provisions of Paragraph 10

hereof, the Owner-Trustee does hereby constitute the Trustee the Owner-Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Owner-Trustee, or otherwise), to demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Leases, to which the Owner-Trustee is or may become entitled, to enforce compliance by the Lessees with all the terms and provisions of the Leases, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Owner-Trustee's obligations under the Security Document, this Assignment and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Leases shall revert to the Owner-Trustee without further act or deed, but the Trustee shall execute and deliver such documents as the Owner-Trustee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Owner-Trustee will, from time to time, do and perform any other act and will execute, acknowledge, and deliver any and all further instruments reasonably requested by the Trustee in order to confirm or further assure the interests of the Trustee hereunder.

7. The Trustee may assign all or any of the rights assigned to it hereby or arising under the Leases, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder. The Trustee will give written notice to the Owner-Trustee and the Lessees of any such assignment.

8. This Assignment shall be governed by the laws of the State of Utah, but the parties hereto shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Owner-Trustee shall cause copies of all notices received in connection with the Leases and all Payments to be promptly delivered or made to the Trustee at its address set forth in Section 9.05 of the Security Document, or at such other address as the Trustee shall designate.

10. The Trustee hereby agrees with the Owner-Trustee that, so long as no Event of Default, or any event which with lapse of time or notice or both would constitute such an Event of Default, under the Security Document has occurred and is then continuing, the Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Owner-Trustee to the Trustee by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Leases and the Security Document, the Owner-Trustee may, so long as no Event of Default, or event which with lapse of time or notice or both would constitute such an Event of Default, under the Security Document has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the FSSB Lease or Sections 8(B)(i) of the Subleases; provided, however, the Owner-Trustee shall not, without the prior written consent of the Trustee, terminate any Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of § 10 or the third paragraph of § 12 of the Lease or of Sections 8(B)(ii) of the Subleases.

11. No recourse shall be had in respect of any obligation due under this Assignment, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Trustee, any holder of the Equipment Trust Certificates or the Owners, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, or beneficiaries being forever released as a condition of and as consideration for the execution of this Assignment.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by officers thereunto duly authorized, and their respective

seals to be hereunder affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

[SEAL]

by

_____
Authorized Officer

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N. A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

LESSEE'S CONSENT AND AGREEMENT

First Security State Bank, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof with Rail Finance Corporation and CFS Railcar, Inc. (the "Lessee-Beneficiaries") hereby (a) acknowledges receipt of a copy of the foregoing Assignment of Lease, Reassignment of Subleases and Agreement (the "Assignment") and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and subsequent holders of equipment trust certificates (the "Trust Certificates") to be issued pursuant to the Equipment Trust Agreement, dated as of the date hereof (the "Security Document") between The Connecticut Bank and Trust Company, as trustee (the "Owner-Trustee"), and First Security Bank of Utah, N.A., as trustee (the "Trustee") (a copy of which Security Document has been delivered to the undersigned), pursuant to which the Owner-Trustee is partially financing the purchase of the units of railroad equipment (the "Units") being leased by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment, dated as of the date hereof (the "Lease") between the Lessee and the Owner-Trustee, and subleased by the Lessee to Sublessees (as defined in the Assignment) pursuant to Subleases (as defined in the Assignment) and in consideration of other good and valuable consideration, the Lessee hereby agrees:

(1) subject to the terms and conditions of the Assignment, to pay all rentals, casualty payments, liquidated damages, indemnities (except sums which by the terms of the Lease are payable directly to the Owners (as defined in the Assignment) and the Owner-Trustee pursuant to § 6 and § 9 of the Lease) and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due to the Owner-Trustee under the Lease in respect of the Units leased under the Lease, directly to the Trustee to be applied as provided in the Security Document, to its address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Department, Corporate Trust Division (or to such other address as may be furnished in writing to the undersigned by the Trustee);

(2) subject to the terms and conditions of the Assignment, that the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the Lessee under

the Lease and the Subleases as though the Trustee were named therein as the Owner-Trustee and the Lessor, respectively;

(3) that the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease, the Subleases or otherwise; and

(4) that neither the Lease nor the Subleases (except as permitted in the third paragraph of § 12 of the Lease) shall, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the Lessee, the taking or omission of which might result in any alteration or impairment of the obligations of the Lessee under the Lease or the Subleases which are intended to satisfy the obligations of the Owner-Trustee under the Security Document, the obligations of the Owner-Trustee under the Assignment or the obligations of the Lessee under this Consent and Agreement or of any of the rights created by any thereof.

The Lessee further agrees (i) to execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Security Document and (ii) to do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Utah and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of October 15, 1979

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal] by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH,
N.A., not in its individual
capacity but solely as Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission Expires

LEASE OF RAILROAD EQUIPMENT

Dated as of October 15, 1979,

between

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee.

LEASE OF RAILROAD EQUIPMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, acting not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, acting not in its individual capacity but solely as Owner-Trustee (hereinafter, together with its successors and assigns, called the "Owner-Trustee") under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof (the "Owner Trust Agreement"), with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners") and others.

WHEREAS the Lessee, the Lessee-Beneficiaries, the Owners, the Owner-Trustee and the Purchasers named in Exhibits A-1 and A-2 thereto (the "Purchasers") are entering into a Participation Agreement (the "Participation Agreement") dated as of the date hereof;

WHEREAS, pursuant to an interim lease agreement (the "Interim Lease"), the Owner-Trustee leased to the Lessee certain units of railroad equipment (the "Ortner Units") described in Schedule A hereto as manufactured by Ortner Freight Car Company ("Ortner");

WHEREAS the Owner-Trustee and the Lessee intend that this Agreement shall supersede and replace the Interim Lease;

WHEREAS Brae Corporation ("Brae") is assigning to the Owner-Trustee pursuant to Purchase Order Assignments (hereinafter called collectively the "Purchase Order Assignments" and individually a "Purchase Order Assignment"), substantially in the form attached to the Participation Agreement as Exhibits B-1 and B-2, Brae's rights under

certain purchase orders (the "Manufacturing Agreements") with each of PACCAR Inc and Bethlehem Steel Corporation (hereinafter called, together with Ortner, collectively the "Builders" and individually a "Builder") to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units, together with the Ortner Units, being hereinafter called the "Equipment");

WHEREAS the Lessee agrees to lease from the Owner-Trustee all the units of the Equipment, or the Ortner Units and such lesser number of units as are delivered and accepted under the Purchase Order Assignments, at the rentals and for the term and upon the conditions hereinafter provided (each such unit being hereinafter called a "Unit");

WHEREAS, without in any way diminishing the liability and obligations of the Lessee-Beneficiary under this Lease, the Lessee proposes to enter into a Management Agreement (the "Management Agreement") between the Lessee and Brae Railcar Management Inc. (the "Manager") in order to discharge certain of its obligations under this Agreement;

WHEREAS Brae has entered into Lease Agreements dated July 12, 1979, and July 13, 1979, as amended, respectively (hereinafter called, as further amended as set forth in the next succeeding paragraph, collectively the "Subleases" and individually a "Sublease"), in the respective forms attached to Schedules D-1 and D-2 hereto as Annex B thereto, with Mississippi & Skuna Valley Railroad Company and Columbia & Cowlitz Railway Company, respectively (hereinafter called collectively the "Sublessees" and individually a "Sublessee");

WHEREAS, pursuant to Sublease Assignment, Assumption and Supplement Agreements dated as of October 15, 1979 (the "Sublease Assumption and Supplement Agreements"), (i) Brae is assigning to the Lessee all its right, title and interest as lessor under the Subleases to the extent such Subleases relate to Units, (ii) the Lessee is assuming certain of the obligations of Brae under the Subleases to the extent such Subleases relate to Units and (iii) the Sublessees are releasing Brae of such obligations under the Subleases to the extent such Subleases relate to Units and consenting to the Sublease Assignment (as hereinafter defined) and the Lease Assignment (as hereinafter defined);

WHEREAS the Lessee intends to assign the Subleases to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement (the "Sublease Assignment"), substantially in the form of Schedule E hereto;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement (the "Security Document") with First Security Bank of Utah, N.A. (herein, together with its successors and assigns as trustee under the Security Document, called the "Trustee"), pursuant to which equipment trust certificates (the "Trust Certificates") will be issued and sold to finance a portion of the purchase price of the Equipment, and the Owner-Trustee will be obligated to make payments equal to the principal of and interest on the Trust Certificates out of the rentals received hereunder and security title and interest in the Units will be conveyed to the Trustee until the Owner-Trustee fulfills all its obligations under the Security Document;

WHEREAS, in order to induce the Purchasers to enter into the Participation Agreement and purchase the Trust Certificates and the Owners to enter into the Owner Trust Agreement and to cause the Owner-Trustee to enter into the Equipment Trust Agreement and the Lease, Brae and Comdisco, Inc. ("Comdisco"), are entering into Letter Agreements (the "Letter Agreements") substantially in the respective forms attached hereto as Exhibits G-1 and G-2 with the Trustee, the Owner-Trustee and the Lessee;

WHEREAS the Lessee is entering into an Indemnity Agreement (the "Indemnity Agreement") with the Owner-Trustee, substantially in the form attached hereto as Schedule C, pursuant to which the Lessee agrees to indemnify the Owners under certain circumstances against the loss of certain tax benefits contemplated to accrue to the Owners under this Lease; and

WHEREAS the Owner-Trustee will assign this Lease and its rights under the Subleases and the Sublease Assignment to the Trustee for security purposes pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement (the "Lease Assignment"), substantially in the form attached to the Security Document as Annex II, until the Owner-Trustee fulfills all its obligations under the Security Document, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent");

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or any Owner under this Lease or under the Security Document, including the Lessee's rights by subrogation thereunder against any Builder or the Trustee or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee or a Lessee-Beneficiary, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee, any Owner, any holder of the Trust Certificates or the Trustee for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Purchase Order Assignments; provided, however, that such acceptance shall be in accordance with the provisions of Section 3.01 of the Security Document. Each delivery of a Unit to the Owner-Trustee under the Purchase Order Assignments shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Purchase Order Assignments. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Purchase Order Assignments, on behalf of the Trustee under the Security Document and on behalf of itself hereunder, and execute and deliver to the Owner-Trustee and the Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of the Purchase Order Assignments, stating that such Unit has been inspected and accepted on behalf of the Lessee, the Owner-Trustee and the Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee, the Owner-Trustee and the Trustee, and shall be subject thereafter to all the terms and conditions of this Lease and the Security Document. The Ortner Equipment, which previously has been accepted by the Owner-Trustee in accordance with the provisions of the Interim Lease, shall be deemed to have been accepted by the Owner-Trustee and the Lessee upon execution and delivery of this Lease by the Owner-Trustee and Lessee. The Lessee hereby represents and warrants to the Owner-Trustee that other than the Ortner Equipment no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder.

§ 3. Rentals. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 181 consecutive monthly payments payable commencing on January 20, 1980, and on the 20th day of each month thereafter to and including January 20, 1995. The first rental payment shall be in an amount equal to the interest payment due on the Trust Certificates on January 20, 1980. The next 60 monthly rental payments commencing February 20, 1980, to and including January 20, 1985, shall each be in an amount equal to 1.09102% of the Purchase Price (as defined in the

Security Document) of each Unit subject to this Lease on the date of such payment; followed by 60 monthly rental payments commencing February 20, 1985, to and including January 20, 1990, in an amount equal to .94758% of the Purchase Price of each such Unit; followed by 60 monthly rental payments commencing on February 20, 1990, to and including January 20, 1995, in an amount equal to .81426% of the Purchase Price of each such Unit.

If any of the rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document), the rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable on such rental payment for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

For so long as the Security Document shall remain in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease to the Trustee, for the account of the Owner-Trustee, in care of the Trustee, with instructions to the Trustee (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the Security Document known to the Trustee to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no Event of Default under the Security Document shall have occurred and be continuing, to pay any balance promptly to the Owner-Trustee or as the Owner-Trustee shall direct in immediately available funds at such place as the Owner-Trustee shall specify in writing.

The Lessee agrees to make each payment provided for herein as contemplated by this § 3 in immediately available or Federal funds at or prior to 11:00 a.m. Salt Lake City time at the Corporate Trust Office (as defined in the Security Document) on the date due, or if the Security Document shall no longer be in effect, at the office of the Owner-Trustee.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder or, in the case of the Ortner Equipment, on the date of execution and delivery of this Agreement and, subject to the provisions set forth in the next succeeding paragraph and of §§ 7, 10 and 13 hereof, shall terminate on January 20, 1995. Except for obligations

of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Trustee under the Security Document. If an Event of Default should occur under the Security Document, the Trustee may terminate this Lease (or rescind its termination), all as provided therein and, if the assumption and substitution set forth in the last paragraph of Section 5.01 of the Security Document shall occur, this Agreement shall automatically terminate without further action of the parties hereto.

§ 5. Identification Marks. The Lessee agrees that it will cause each Unit to be marked plainly, distinctly, permanently and conspicuously on each side of each Unit, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION"

or such other words as shall be approved by the Owner-Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, the Lessee shall cause the same to be restored or replaced. The Lessee shall not change, or permit to be changed, the numbers of any of the Units (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Owner-Trustee and which shall be filed and recorded in like manner as this Lease.

The Units may be lettered in an appropriate manner for convenience of identification of the leasehold interest of the Lessee therein, and may also be lettered in the case of any of the sublessees under subleases permitted in § 12 hereof in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but the Lessee will not allow the name of any person, firm, associa-

tion or corporation to be placed on any of the Units as a designation which might reasonably be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or by the sublessees under subleases permitted in § 12 hereof.

§ 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the Trustee, the holders of Trust Certificates and the respective estates held in trust by the Owner-Trustee under the Owner Trust Agreement and by the Trustee under the Security Document harmless from all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, any Owner, the Trustee, the holders of Trust Certificates, the Lessee, any Lessee-Beneficiary, Brae, Comdisco, the trust estates created by the Owner Trust Agreement or the Lease Trust Agreement, any Builder (except for those taxes which are the responsibility of a Builder pursuant to the applicable Purchase Order Assignment) or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; this Lease, the Lease Trust Agreement, the Lease Assignment, the Consent, the Owner Trust Agreement, the Participation Agreement, the Letter Agreements, the Management Agreement, the Security Document, the Manufacturing Agreements, the Purchase Order Assignments, the Subleases and any other subleases and the assignments thereof covering any of the Units, the Sublease Assignment, the Trust Certificates or the issuance thereof under the Security Document, the Indemnity Agreement, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Owner Trust Agreement or by the Trustee under the Security Document (all such taxes, assessments, fees, charges, penalties, fines,

additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee (in its individual capacity), any Owner, the holders of Trust Certificates or the Trustee (in its individual capacity), other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or the Indemnity Agreement, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded whether or not the indemnified party is currently allowed a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by any Owner or any transfer or disposition by any Owner resulting from bankruptcy or other proceedings for the relief of creditors in which such Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease without the consent of the Lessee, unless, in each case, such transfer or disposition is required or contemplated by this Lease or an Event of Default shall have occurred and be continuing; and (iii) any Taxes imposed on or measured by any trustee fees received by the Owner-Trustee or the Trustee; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the fourth paragraph of this § 6. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee (or the affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same.

If any person indemnified hereunder shall be allowed a credit for any foreign Taxes for which the Lessee shall have reimbursed such indemnified party, such indemnified party shall pay to the Lessee the amount of such credit, plus an amount equal to any tax benefits realized by such indemnified party as a result of any payment to the Lessee pursuant to this sentence. For purposes of this paragraph, in determining the order in which the indemnified party utilizes withholdings or other foreign taxes as a credit against such indemnified party's United States income taxes, such indemnified party shall be deemed to utilize (i) first, all foreign taxes other than those described in (ii) below, and (ii) then, all foreign Taxes for which the Lessee shall have reimbursed such indemnified party pursuant to this § 6. Each indemnified party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to claim a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party and otherwise to minimize any Taxes for which the Lessee is responsible under this § 6.

The amount which the Lessee shall be required to pay with respect to any Taxes indemnified against pursuant to this § 6 shall be an amount sufficient to restore the indemnified party to the same position such indemnified party would have been in had such Taxes not been imposed.

If claim is made against any indemnified party for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided, however, that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior

written consent of such indemnified party, which consent may not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such indemnified party shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, except obligations resulting from the second sentence of the first paragraph of this § 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee in the Units, or shall promptly notify the Owner-Trustee, each Owner and the Trustee of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner-Trustee, the Trustee and each Owner. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to facts and circumstances occurring during periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Lease. All amounts payable by the Lessee pursuant to this § 6 shall be payable directly to the indemnified party entitled to indemnification, except to the extent paid to a governmental agency or taxing authority. The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of the payment of any installments of principal or interest payable under the Trust Certificates.

The Lessee shall furnish promptly, upon request, such information and data as is normally available to the Lessee and which the Owner-Trustee, the Trustee or the Owners reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently

rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only if such requisition for an indefinite period shall be in effect on the expiration date of this Lease, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, or until such Unit shall have been returned in the manner provided in §§ 11 or 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee and the Trustee with respect thereto. On the rental payment date next succeeding the delivery of such notice, the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit which suffered a Casualty Occurrence as of the date of such payment in accordance with Schedule B hereto. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a Casualty Occurrence before the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder and no event then exists which after notice or lapse of time or both would become a default hereunder, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the date on which payment therefor is made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease and before such

Unit shall have been returned in the manner provided in § 14 hereof, and whenever any Unit shall suffer a Casualty Occurrence while being stored as provided in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay to the Owner-Trustee an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Owner-Trustee shall be entitled to recover possession of such Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit.

The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease, maintain or cause to be maintained, at its own expense, public liability, property and casualty insurance in respect of the Units at the time subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it, and in no event shall such insurance be less than (i) combined single limit public liability insurance insuring the Owner-Trustee, the Trustee, the Lessee and the Lessee-Beneficiaries in the amount of $1,000,000 for liability arising out of bodily injury and property damage as a result of the ownership and operation of the Units and (ii) casualty insurance against damages to each Unit in the amount of the Purchase Price thereof, with a $500 deductible applicable on a per Unit basis. The proceeds of such insurance shall be payable to the Trustee, the Owner-Trustee and the Lessee as their respective interests may appear and the Lessee shall furnish to the Owner-Trustee and the Trustee on or before April 1 of each year certificates of insurance confirming that such coverage is in effect and that the Owner-Trustee and the Trustee are named as additional insureds.

The Lessee shall obtain from each insurer under the immediately preceding paragraph an agreement, by endorsement or separate instrument, that such insurer will give the Owner-Trustee and the Trustee 30 days' written notice before

such insurer's policy shall be materially altered or canceled or not renewed. On or prior to the delivery and acceptance of any Unit hereunder, and in January of each year, the Lessee shall, to the extent applicable under the immediately preceding paragraph, deliver to the Owner-Trustee a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

Any certificate of insurance carried in accordance with this § 7 shall be substantially in conformity with the form of certificate of insurance referred to in the certificate delivered pursuant to Paragraph 8(f)(iv) of the Participation Agreement.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1980, the Lessee will furnish to the Owner-Trustee, each Owner and the Trustee an Officer's Certificate (as defined in the Security Document) (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such Officer's Certificate) (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Trustee may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the Security Document have been preserved or replaced, (c) identifying the Units then being subleased by the Lessee as permitted hereunder (including the name of each sublessee and the term of each sublease covering the Units) and specifying which Units, if any, are not then being subleased by the Lessee and (d) certifying that each Unit which is subject to this Lease is in good order and proper repair, reasonable wear and tear excepted, in accordance with § 9 hereof (or specifying in detail the extent to which each such Unit is not in the condition required by § 9 hereof and stating the action the Lessee is taking to correct the same); setting forth in detail projected maintenance expenditures with respect to the Units for each of the next three calendar years; and computing the amount (the "Maintenance Shortfall"),

if any, by which projected maintenance expenditures for the then current calendar year exceed the sum of the funds then on deposit in the Maintenance Fund (as hereinafter defined) and required additions to such Fund pursuant to clause (i) of the fourth paragraph of § 9 hereof during such year. The Owner-Trustee shall have the right, at its own expense and risk, by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR ANY OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against any Builder, including, but not limited to, any claims and rights arising under the provisions of the Manufacturing Agreements. The Owner-Trustee and the Owners shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation,

servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee (but not as between the Lessee and the Builder thereof) that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Owner-Trustee, the Owners and the Trustee, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Trustee, adversely affect the property or rights of the Owner-Trustee or the Trustee under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good order and proper repair, reasonable wear and tear excepted.

In furtherance of its obligations hereunder to maintain the Units, the Lessee agrees to establish a fund with the Trustee (the "Maintenance Fund") in which it will deposit (i) in equal monthly installments $500 per Unit per calendar year commencing January 1, 1981, and (ii) on April 1 of each year, commencing April 1, 1981, an amount equal to the Maintenance Shortfall shown in the report due on such date pursuant to § 8 hereof. The Lessee agrees that it will withdraw funds from the Maintenance Fund only for the

purpose of paying for maintenance of the Units as required by this Agreement and that within 15 days after the end of each calendar quarter it will provide a report to the Trustee and the Owner-Trustee demonstrating that all funds theretofore withdrawn from the Maintenance Fund have been applied in accordance with this Agreement. At any time, if no Event of Default shall have occurred and be continuing under this Agreement, the Trustee may, at the direction and solely at the risk of the Lessee, invest any funds on deposit in the Maintenance Fund, in Institutional Liquid Assets, a Massachusetts business trust, in an interest-bearing account with the Trustee or in such other similar investment vehicle as the Trustee and the Owner-Trustee shall approve. The Lessee shall promptly restore to the Maintenance Fund any loss of principal incident to the sale or redemption of any such investment.

The Lessee and its affiliates, at their own cost and expense, may from time to time make or permit to be made such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively, "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units or the original conventional purpose of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee in the following cases: (i) such Part is in replacement of or in substitution for,

and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9, or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term "Part" for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), each Owner, the holders of Trust Certificates and the Trustee, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death

of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; provided, however, that the Lessee shall not be obligated to protect, indemnify or hold harmless any Indemnified Person under this clause (v), except in the case of any negligence or intentional act of the Lessee or of its employees or agents and except to the extent otherwise provided by law, in respect of any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted in § 8, § 11 or § 14 hereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Sublease Assignment, the Security Document or the Participation Agreement, except to the extent such claim arises from the gross negligence or wilful misconduct of the Owner-Trustee; or (viii) any claim arising out of the Trustee's holding a security interest under the Security Document or the Lease Assignment. All payments hereunder shall be made directly to the Indemnified Person. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in

connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined by the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the Owner-Trustee (in both its individual and fiduciary capacities) and the holders of Trust Certificates, the Trustee and the Owners, as third-party beneficiaries hereof, from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the holders of Trust Certificates, the Trustee, the Owners and the Owner-Trustee because of the use in or about the construction or operation of any unit of the Equipment of any article or material specified by the Lessee and not manufactured or ordered by a Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to such Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Trustee of the Units or the leasing thereof to the Lessee.

The indemnities arising under this § 9 shall not be deemed to operate as a guarantee of the residual value of the Units or as a guarantee of the payment of the principal of or interest on the Trust Certificates.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for 10 days after such payment is due; or

B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement, the Indemnity Agreement, the Consent, the Sublease Assignment, any Sublease or any Sublease Assumption and Supplement Agreement, or on the part of either Lessee-Beneficiary contained in the Participation Agreement, and such default shall continue, or provision satisfactory to the Owner-Trustee and the Trustee for compliance with such covenant, condition or agreement as to which the Lessee or such Lessee-Beneficiary shall be in default shall not be made, for

30 days after written notice from the Owner-Trustee or the Trustee to the Lessee or such Lessee-Beneficiary specifying the default and demanding that the same be remedied; or

C. a petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against any Sublessee or Substituted Sublessee (as hereinafter defined) and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of such Sublessee or Substituted Sublessee under the applicable Sublease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed or otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

D. any proceeding other than one referred to in (C) above shall be commenced by or against the Lessee, any Lessee-Beneficiary, any Sublessee or any Substituted Sublessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, of any Lessee-Beneficiary under the Lease Trust Agreement or the Participation Agreement or of any Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease (as hereinafter defined) under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Agreement, of such Lessee-Beneficiary under the Lease Trust Agreement and the Participation Agreement or of such Sublessee or Substituted Sublessee under the applicable Sublease or Substituted Sublease, as the case

may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee, such Lessee-Beneficiary or such Sublessee or Substituted Sublessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

E. an Event of Default set forth in Article Five of the Security Document shall have occurred and be continuing; or

F. any material representation or warranty made by the Lessee or any Lessee-Beneficiary herein or in the Participation Agreement, the Indemnity Agreement or in any document or certificate furnished the Owner-Trustee, the Owners, the Trustee or the holder of any Trust Certificate by the Lessee or any Lessee-Beneficiary in connection herewith or therewith or pursuant hereto or thereto shall be incorrect as of the date as of which made in any material respect; or

G. an event of default (as defined in any Sublease or Substituted Sublease) shall have occurred and be continuing under any Sublease for 60 or more days or under any Substituted Sublease;

then, in any such case, upon notice by the Owner-Trustee to the Lessee, and without any other action or consents (i) the participation of the Lessee as sublessor under any Sublease, Substituted Sublease or any other sublease shall be terminated and (ii) the Owner-Trustee shall be substituted for the Lessee, for all purposes, as the sublessor under any such Sublease, Substituted Sublease or such other sublease. In addition, whether or not such notice is given, the Owner-Trustee, at its option, may, in any such case:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of the Units and subleases covering the Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee or any sublessees of the Units, or their respective successors or assigns (the rights and interests of all sublessees of the Units being subordinate and junior to the rights of the Owner-Trustee and its successors or assigns), to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 10.0% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the

breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount with respect to each Unit equal to the excess, if any, of the Casualty Value thereof as of the rental payment date on or next preceding the date of termination over the amount the Owners reasonably estimate to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) or (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Owners' or the Owner-Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Owners and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

The failure of the Owner-Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion

and shall not be effective unless in writing signed by the Owner-Trustee.

The Lessee also agrees to furnish the Owner-Trustee, the Owners and the Trustee, promptly upon any responsible officer becoming aware of any condition which constitutes an Event of Default under the Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the applicable standards then in effect with respect to such Units under the Interchange Rules of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled;

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee; and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-

Trustee upon any sale, lease or other disposal of all or any of the Units.

The performance of the foregoing covenant is of the essence of this Lease and upon application to any court having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee, requiring the specific performance thereof. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be promptly turned over to the Owner-Trustee.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Owner-Trustee other than the Trustee except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owners and the Owners' and the Owner-Trustee's assigns.

So long as no Event of Default, or an event which with notice or lapse of time or both could constitute an Event of Default, exists hereunder or under the Security Document, the Lessee shall be entitled to the use and possession of the Units in accordance with the terms of this Lease. The Lessee agrees that the Units will be used exclusively within the continental United States, the State of Alaska and the Dominion of Canada; provided, however, that if the Lessee permits the use of any Unit in the Dominion of Canada (or any Province or Territory thereof) by any Sublessee or Substituted Sublessee or otherwise, the Lessee shall, except as otherwise provided in § 15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Owner-Trustee and the Trustee in the Units to be so used and (b) furnished the Owner-Trustee and the Trustee with an opinion of Canadian counsel satisfactory to the Owner-Trustee and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Owner-Trustee and the Trustee in such Units. The Lessee shall at all times remain in compliance with the terms and provisions of this Lease in respect of each of the Units wherever located. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Unit; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Unit in accordance with the provisions set forth in the next succeeding paragraph of this § 12. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as no Event of Default exists hereunder, the Lessee shall be entitled to sublease the Units pursuant to the Subleases or a Substituted Sublease (as hereinafter defined). If, pursuant to the provisions of either Sublease, the Lessee has the right to terminate such Sublease upon the occurrence of an event of default by the Sublessee thereunder or has the right to terminate such Sublease with respect to any Units pursuant to Section 6D thereof, upon the occurrence and continuance of any such event of default or right to terminate, the Lessee may, upon 10 days prior written notice to the Owner-Trustee and the Trustee, terminate such Sublease with respect to all or any portion of the Units leased thereunder; provided, however, that effective upon any such termination (i) all the Units pre-

viously leased under such Sublease shall have been duly leased by the Lessee to another sublessee (a "Substituted Sublessee") under a sublease (a "Substituted Sublease") meeting the requirements set forth below, (ii) such Substituted Sublease (insofar as it pertains to the Units) shall have been duly assigned by the Lessee to the Owner-Trustee and by the Owner-Trustee to the Trustee pursuant to a sublease assignment and lease assignment substantially in the form of the Sublease Assignment and the Lease Assignment and all recordations, filings and other action necessary to establish, perfect, protect and preserve the rights of the Owner-Trustee and the Trustee in and to such Substituted Sublease shall have been duly made or taken, and the Lessee shall have delivered to the Owner-Trustee and the Trustee such instruments and documents as they may reasonably request in order to evidence the foregoing, and (iii) the Lessee shall have delivered to the Owner-Trustee and the Trustee an opinion of counsel for the Lessee with respect to the Substituted Sublease and the assignments thereof to the effect set forth in Section 3.04(c) of the Security Document; provided further, however, that with respect to any termination, within any 180-day period, pursuant to Section 6D of either Sublease, of less than 20% of the Units initially subleased thereunder, the conditions set forth in clauses (i) through (iii) above need not have occurred at the time of termination but must have occurred within 180 days after termination. Each Substituted Sublease of Units (i) shall have a noncancelable lease term which expires not earlier than the lease term of the Sublease to which such Units were originally subject, (ii) shall be and state that it is subject and subordinate to this Lease and the rights, interests and remedies of the Owner-Trustee under this Lease and of the Trustee under the Security Document and their respective successors and assigns hereunder or thereunder, (iii) shall be with a Substituted Sublessee which is a railroad company duly incorporated under the laws of the United States or any state thereof, (iv) shall be with a Substituted Sublessee which (a) is (and remains) a wholly owned subsidiary of Weyerhaeuser Company or (b) has, or is (and remains) a wholly owned subsidiary of a corporation having, a credit rating of "A" or better by Moody's Investor Service, Inc. (or its successor), or "A" or better by Standard & Poor's Corporation (or its successor) on all its outstanding senior debt, (c) has as the principal shipper on

its lines of railroad a corporation having such a credit rating and 90% of its annual business is with such corporation and other shippers having such a credit rating or (d) is consented to by the Trustee (which consent shall not be unreasonably withheld), and (v) shall have substantially the same other terms and be in substantially the same form as the Sublease to which such Units were originally subject, or, if the Lessee is in good faith unable to enter into a sublease having such other terms and in such form, shall have such other commercially reasonable terms and be in such form as shall be agreeable to the Lessee provided that the rent payable thereunder with respect to such Units subleased thereunder during each calendar year shall be in an amount at least equal to the rentals due under this Lease with respect to such Units during such calendar year period.

So long as no Event of Default shall have occurred and be continuing, each Unit may, under the terms of this Lease and pursuant to any Sublease or Substituted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any Sublease or Substituted Sublease and other than an encumbrance resulting from claims against the Owner-Trustee or the Trustee not related to the ownership or leasing of, or the security interest of the Trustee in, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner-Trustee, the Trustee or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner-Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this § 12.

§ 13. Renewal Options and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than six months prior to the end of the original term or any extended term, as the case may be, of this Lease, elect to extend the

term of this Lease in respect of Units then covered by this Lease, for five additional one-year periods followed by two additional five-year periods commencing on the scheduled expiration of the original term or any extended term, as the case may be, of this Lease, at a "Fair Market Rental" payable in monthly payments; provided, however, that no such extended term shall extend beyond January 20, 2010.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Owner-Trustee and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his appointment. If the parties shall have appointed a single appraiser the determination of Fair Market Rental of the single appraiser appointed shall be final. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

In the event that the Lessee shall in its reasonable judgment determine that it is not economically feasible for the Lessee to comply with the provisions of the second paragraph of § 9 hereof or clause (iii) of the first paragraph of § 14 hereof during any extended term of this Lease as extended pursuant to the provisions of the first paragraph of this § 13, with respect to any Unit, the Lessee shall have the right at its option, on at least 30 days' prior written notice to the Owner-Trustee to terminate this Lease as to such Unit (subject to the provisions for the survival of indemnification obligations contained in § 9 hereof) as of the next scheduled rental payment date during such extended term upon payment to the Owner-Trustee of the present value as of such date of termination of the remaining rental for such Unit during such extended term with the monthly rentals discounted monthly at an annual rate of 10%.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Owner-Trustee elects to sell any Units to third parties at the expiration of the original or any extended term of this Lease, the Lessee shall be given written notice of such intention prior to the expiration of the term of this Lease. In the event that the Owner-Trustee shall receive, prior to the end of the then term of this Lease, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer at the expiration of the term of this Lease, the Owner-Trustee shall give written notice to the Lessee of such offer. Such notice shall be given to the Lessee on or prior to the end of the then term of this Lease, and shall include the price offered by the other party in writing to the Owner-Trustee. The Lessee shall have the sole right and option, for a period of 10 business days from the date of receipt of such notice, to elect to purchase the Units for cash at the price at which the Units are proposed to be sold. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Owner-Trustee or (ii) the end of the then term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Owner-Trustee until the date of such purchase.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the original term or any extended term, as the case may be, of this Lease or as soon as practicable on or after the termination of the original term or any extended term, as the case may be, of this Lease and in any event not later than 60 days after the termination of the original term or any extended term, as the case may be, of this Lease with respect to Units not purchased by the Lessee, the Lessee will, at its own cost and expense, cause each such Unit to be transported to the lines of railroad or premises of the sublessee under the sublease permitted in § 12 hereof then covering such Unit or which covered such Unit at the expiration of the term of this Lease as to such Unit, provided that such lines of railroad or premises are located within the continental United States, or to such other point or points as shall be reasonably designated by the Lessee with the approval of the Owner-Trustee, and will arrange for the Owner-Trustee to store such Unit at such point for a period not exceeding 60 days from the date at which each such Unit is first placed in storage pursuant to this § 14, the delivery, storage and transporting of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of any negligence or intentional act of the Lessee or of its employees and agents, and except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at the Lessee's expense any Part

title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the applicable standards then in effect for such Unit under the Interchange Rules of the Association of American Railroads.

In connection with the Owner-Trustee's sale of the Units so returned, the Owner-Trustee may warrant to a purchaser of such Units that such Units are owned by the Owner-Trustee free and clear of all liens, encumbrances and rights of others, and the Lessee shall hold the Owner-Trustee harmless from and against any liability arising by virtue of said warranty other than for liability arising by virtue of liens against the Owner-Trustee, any Owner or the Trustee not related to the ownership of the Units.

If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 14, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of this Lease as to such Unit, belong to and be the property of the Owner-Trustee. In the event that by the 90th day after the termination of this Lease with respect to any Units the Lessee has not, at the request of the Owner-Trustee, caused at least 90% of such Units to be transported to such point or points as provided in this § 14, the Lessee shall pay to the Owner-Trustee the per diem interchange multiplied by the number of Units equal to the difference between 90% of such Units and the number of Units previously delivered pursuant to this § 14 (such number to be determined on each day) for each day from such 90th day to the date on which at least 90% of the Units have been so transported. If, after the termination of the 60-day storage period provided in this § 14, any Units have not been so transported, the Lessee shall pay to the Owner-Trustee the per diem interchange for each Unit not so transported for each day after the end of such storage period until each Unit has been so transported.

Commencing with the expiration of the original term or any extended term, as the case may be, of this Lease with respect to any Units, the Lessee will deliver to the Owner-Trustee Officer's Certificates (as that term is defined in the Security Document) in the manner described in the next succeeding sentence and to the effect that (a) no Event of Default or any event which with lapse of time or notice or

both would constitute an Event of Default had occurred or was continuing as of such date; (b) no liens, charges, security interests or other encumbrances (except for any encumbrances resulting from any claims against the Owner-Trustee or any Owner) were, as of such date, imposed on or with respect to any such Unit, any accession thereto, or the interest of any Owner-Trustee or any Owner therein; and (c) such Units have been returned to the Owner-Trustee pursuant to this § 14 in the same operating order, repair and condition required by the first paragraph of this § 14. The Officer's Certificate described in clause (a) in the preceding sentence shall be furnished on the expiration of the original term and any extended term of this Lease, and the Officer's Certificates described in clauses (b) and (c) in the preceding sentence shall be furnished on a monthly basis, beginning 30 calendar days after the expiration of the original term and any extended term of this Lease, and such Officer's Certificate shall cover each Unit returned during the preceding 30 calendar days and shall apply to each such Unit as of the date such Unit was returned pursuant to the provisions of the first paragraph of this § 14.

§ 15. Recording. The Lessee, at its sole cost and expense, will cause this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, the Lease Assignment and any assignment hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit and recording required of the Owner-Trustee under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Trustee for the purpose of proper protection, to their satisfaction, of the Owner-Trustee's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Document, the Lease Assignment, each Sublease and Substituted Sublease, the Sublease Assignment, and any assignment hereof or thereof; provided, however, that the Lessee shall not be required to take any such action in respect of the Dominion of Canada (or any Province thereof) if (i) the Lessee deems such action to be unduly burdensome, (ii) after giving effect to the failure to take such action,

the Lessee has taken all action required by law to protect the title of the Owner-Trustee to and the security interest of the Trustee in Units having a Fair Value (as defined in the Security Document) of not less than 90% of the aggregate Fair Value of all the Units then subject to this Lease, and (iii) any Unit at any time located in the Dominion of Canada (or any Province thereof) shall have been marked with the markings specified in § 5 hereof.

The Lessee will promptly furnish to the Trustee and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Owner-Trustee.

§ 16. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that there are any expenses incurred or loss of principal (including interest accrued thereon at time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments made pursuant to Section 8.04 of the Security Document, the rentals thereafter payable by the Lessee in respect of Units settled for after such expenses or loss arose shall be increased by such amount as shall, in the reasonable opinion of the Owners, cause the Owners' net return (computed on the same assumptions as were utilized by the Owners in originally evaluating this transaction) to equal the net return that would have been realized by the Owners if such expenses or loss had not arisen.

In the event that the Owner-Trustee shall become obligated to make any payment (other than payments in settlement for Equipment pursuant to the Security Document or the Purchase Order Assignments or payments or rentals required to be made in respect of the principal of or interest on the Trust Certificates) or to perform any obligations pursuant to the Security Document not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

§ 17. Owner-Trustee's Right To Perform for the Lessee; Manager. If the Lessee fails to perform or comply with any of its agreements contained herein, any Owner or the Owner-Trustee may upon notice to the Lessee itself perform or

comply with such agreement, and the amount of the reasonable cost and expenses of the Owner-Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate of 12-1/2% per annum or such lesser amount as shall be legally enforceable, shall be payable by the Lessee upon demand. Entry into the Management Agreement by the Lessee shall not in any way reduce or limit the liabilities, obligations and responsibilities of the Lessee and the Lessee-Beneficiaries hereunder or under the Lease Trust Agreement or otherwise.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 12-1/2% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the United States mails, first-class postage prepaid, addressed as follows:

> if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department;
>
> if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, with a copy to the Lessee-Beneficiaries, in care of BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Trustee or the holders of the Trust Certificates regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 20. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred

to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee, the Lessee, the Lessee-Beneficiaries, or the Owners, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding such corporation personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Owner Trust Agreement) and this Lease is executed and delivered by The Connecticut Bank and Trust Company not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner-Trustee under the Owner Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against The Connecticut Bank and Trust Company (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Owner Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder, may look to said Trust Estate for satisfaction of the same.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with

the intention of binding the First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Lease is executed and delivered by the Lessee not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Owner-Trustee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

§ 21. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes the Interim Lease and all other agreements, oral or written, with respect thereto, except the Participation Agreement and the Indemnity Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner-Trustee and the Lessee and, as provided in Section 9.06 of the Security Document, joined by the Trustee.

§ 22. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. It shall not be necessary that any counterpart

be signed by both the parties hereto so long as each party hereto shall have executed and delivered one counterpart hereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[SEAL]

by _____

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by _____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

[Notarial Seal] Notary Public

My Commission Expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the 27th day of November 1979, before me personally appeared DONALD E. SMITH, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Barbara S. Kacich
Notary Public

[Notarial Seal]

My Commission Expires

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

Schedule A to the Lease

Type	Quantity	Road Numbers (inclusive)	Sublessee
70-ton, 52' 6" Boxcars with steel load dividers, offset 16' plug doors, plate C, AAR Mechanical Designation: XL, Manufacturer: PACCAR Inc	100	CLC 4001 through CLC 4100	Columbia & Cowlitz Railroad Company
70-ton, 52' 6" Boxcars with offset 16' plug doors, plate C, AAR Mechanical Designation: XM, Manufacturer: PACCAR Inc	50	CLC 3351 through CLC 3400	Columbia & Cowlitz Railroad Company
100-ton, 62' 6" Bulkhead Flat Cars, AAR Mechanical Designation: FB, Manufacturer: Bethlehem Steel Corporation	35	MSV 400 through MSV 434	Mississippi & Skuna Valley Railroad Company
100-ton, 7000 cubic feet Chip Cars with bottom dump, AAR Mechanical Designation: HTS, Manufacturer: Ortner Freight Car Company	27	MSV 1440 through MSV 1466	Mississippi & Skuna Valley Railroad Company

Schedule B to the Lease

Casualty Values

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1980	101.9538	July 20, 1983	93.7819
February 20, 1980	101.9735	August 20, 1983	93.4137
March 20, 1980	101.9919	September 20, 1983	93.0410
April 20, 1980	101.9808	October 20, 1983	92.6520
May 20, 1980	101.9541	November 20, 1983	92.2584
June 20, 1980	101.9258	December 20, 1983	91.8600
July 20, 1980	101.8535	January 20, 1984	91.4452
August 20, 1980	101.7791	February 20, 1984	91.0254
September 20, 1980	101.7027	March 20, 1984	90.6007
October 20, 1980	101.6101	April 20, 1984	90.1765
November 20, 1980	101.5153	May 20, 1984	89.7385
December 20, 1980	101.4183	June 20, 1984	89.2953
January 20, 1981	101.3048	July 20, 1984	88.8437
February 20, 1981	101.1890	August 20, 1984	88.3868
March 20, 1981	101.0708	September 20, 1984	87.9247
April 20, 1981	100.9405	October 20, 1984	87.4483
May 20, 1981	100.7889	November 20, 1984	86.9665
June 20, 1981	100.6345	December 20, 1984	86.4792
July 20, 1981	100.4490	January 20, 1985	85.9775
August 20, 1981	100.2605	February 20, 1985	85.6135
September 20, 1981	100.0689	March 20, 1985	85.2459
October 20, 1981	99.8555	April 20, 1985	84.8802
November 20, 1981	99.6388	May 20, 1985	84.5049
December 20, 1981	99.4189	June 20, 1985	84.1257
January 20, 1982	99.1768	July 20, 1985	83.7426
February 20, 1982	98.9312	August 20, 1985	83.3555
March 20, 1982	98.6822	September 20, 1985	82.9646
April 20, 1982	98.4387	October 20, 1985	82.5638
May 20, 1982	98.1774	November 20, 1985	82.1589
June 20, 1982	97.9125	December 20, 1985	81.7499
July 20, 1982	97.6388	January 20, 1986	81.3309
August 20, 1982	97.3613	February 20, 1986	80.9077
September 20, 1982	97.0800	March 20, 1986	80.4803
October 20, 1982	96.7806	April 20, 1986	80.0492
November 20, 1982	96.4773	May 20, 1986	79.6084
December 20, 1982	96.1699	June 20, 1986	79.1636
January 20, 1983	95.8443	July 20, 1986	78.7128
February 20, 1983	95.5144	August 20, 1986	78.2578
March 20, 1983	95.1803	September 20, 1986	77.7987
April 20, 1983	94.8474	October 20, 1986	77.3332
May 20, 1983	94.4987	November 20, 1986	76.8635
June 20, 1983	94.1456	December 20, 1986	76.3895

Rental Payment Date	Percentage	Rental Payment Date	Percentage
January 20, 1987	75.9090	July 20, 1990	52.3449
February 20, 1987	75.4241	August 20, 1990	51.8116
March 20, 1987	74.9348	September 20, 1990	51.2724
April 20, 1987	74.4431	October 20, 1990	50.7342
May 20, 1987	73.9457	November 20, 1990	50.1900
June 20, 1987	73.4439	December 20, 1990	49.6399
July 20, 1987	72.9384	January 20, 1991	49.0907
August 20, 1987	72.4283	February 20, 1991	48.5355
September 20, 1987	71.9134	March 20, 1991	47.9742
October 20, 1987	71.3928	April 20, 1991	47.4085
November 20, 1987	70.8675	May 20, 1991	46.8443
December 20, 1987	70.3373	June 20, 1991	46.2740
January 20, 1988	69.8011	July 20, 1991	45.7070
February 20, 1988	69.2601	August 20, 1991	45.1338
March 20, 1988	68.7141	September 20, 1991	44.5543
April 20, 1988	68.1654	October 20, 1991	43.9762
May 20, 1988	67.6117	November 20, 1991	43.3919
June 20, 1988	67.0530	December 20, 1991	42.8012
July 20, 1988	66.4915	January 20, 1992	42.2118
August 20, 1988	65.9249	February 20, 1992	41.6160
September 20, 1988	65.3530	March 20, 1992	40.0137
October 20, 1988	64.7760	April 20, 1992	40.4106
November 20, 1988	64.1936	May 20, 1992	39.8116
December 20, 1988	63.6058	June 20, 1992	39.2061
January 20, 1989	63.0127	July 20, 1992	38.6104
February 20, 1989	62.4142	August 20, 1992	38.0082
March 20, 1989	61.8101	September 20, 1992	37.3993
April 20, 1989	61.2028	October 20, 1992	36.7946
May 20, 1989	60.5912	November 20, 1992	36.1832
June 20, 1989	59.9739	December 20, 1992	35.5651
July 20, 1989	59.3546	January 20, 1993	34.9509
August 20, 1989	58.7296	February 20, 1993	34.3300
September 20, 1989	58.0987	March 20, 1993	33.7023
October 20, 1989	57.4632	April 20, 1993	33.0721
November 20, 1989	56.8218	May 20, 1993	32.4478
December 20, 1989	56.1744	June 20, 1993	31.8167
January 20, 1990	55.5223	July 20, 1993	31.1958
February 20, 1990	54.9974	August 20, 1993	30.5681
March 20, 1990	54.4681	September 20, 1993	29.9334
April 20, 1990	53.9374	October 20, 1993	29.3047
May 20, 1990	53.4079	November 20, 1993	28.6690
June 20, 1990	52.8725	December 20, 1993	28.0264

Rental Payment Date	Percentage
January 20, 1994	27.3895
February 20, 1994	26.7457
March 20, 1994	26.0947
April 20, 1994	25.4390
May 20, 1994	24.7902
June 20, 1994	24.1343
July 20, 1994	23.4876
August 20, 1994	22.8338
September 20, 1994	22.1727
October 20, 1994	21.5184
November 20, 1994	20.8569
December 20, 1994	20.1881
January 20, 1995	20.0000

SCHEDULE C
to the
Lease

INDEMNITY AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY
not in its individual capacity but solely
as Owner-Trustee

Dated as of October 15, 1979

INDEMNITY AGREEMENT dated as of October 15, 1979, between FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee for the Lessee-Beneficiaries (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (hereinafter called collectively the "Owners" and individually an "Owner") and others have created a Series 1 Trust (the "Trust") established pursuant to Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as the date hereof (the "Owner Trust Agreement"), with the Owner-Trustee, as trustee, and pursuant to the Owner Trust Agreement have authorized and directed the Owner-Trustee, solely on behalf of the Trust, to enter into an Equipment Trust Agreement dated as of the date hereof, (the "Security Document"), between the Owner-Trustee and First Security Bank of Utah, N. A., as Trustee (the "Trustee"), providing for the leasing by the Owner-Trustee of certain units of railroad equipment (the "Cars") therein described, and for the leasing by the Owner-Trustee to the Lessee pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease") between the Owner-Trustee and the Lessee of the Cars.

WHEREAS Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), have created a trust under a Lease Trust Agreement dated as of the date hereof with the Lessee, as trustee, and pursuant thereto have authorized the Lessee to lease the Cars pursuant to the Lease and to enter into this Agreement on their behalf;

WHEREAS, as an inducement to the Owners to direct the Owner-Trustee to enter into the Lease and to lease the Cars to the Lessee and as an inducement to each Owner to provide funds to the Owner-Trustee for a portion of the purchase price of the Cars, the Lessee agrees to indemnify the Owners against the loss of certain benefits under the Lease; and

WHEREAS pursuant to the Owner Trust Agreement the Owners have authorized the Owner-Trustee to enter into this Agreement on their behalf and for their benefit;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the parties hereto hereby agree as follows:

1. The Lease has been entered into on the basis that each Owner shall be entitled to such deductions, credits and other benefits as are provided to an owner of the Cars under the Internal Revenue Code of 1954, as amended (the "Code"), including, without limitation:

(a) the deduction for accelerated depreciation (the "Depreciation Deduction") on the Cars under Section 167 of the Code based upon the aggregate Purchase Price (as defined in the Security Document) of the Cars utilizing the Asset Depreciation Range lower limit of 12 years as provided in Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method when most beneficial to each Owner and taking into account an estimated gross salvage value of 20% of the Purchase Price of the Cars which will be reduced by 10% of the Purchase Price as provided in Section 167(f) of the Code; and

(b) the deduction under Section 163 of the Code (the "Interest Deduction") in the full amount of any interest paid or accrued by each Owner in accordance with such Owner's method of accounting for tax purposes with respect to the indebtedness incurred by such Owner in financing its purchase of the Cars.

The parties also intend that the Owners be entitled to the above deductions and benefits to the extent allowable for state and local tax purposes and acknowledge that the investment tax credit shall be passed through to the users of the Cars.

2. If, as a result of an act or omission of the Lessee or any Lessee-Beneficiary, any Owner shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to any Owner, all or any portion of the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to the Cars (a "Loss"), then, subject to the terms of Section 4 hereof, the Lessee after written request of such Owner shall pay to such Owner additional rent in an amount which, in the

reasonable opinion of such Owner as agreed to by the Lessee or, failing such agreement, as determined by an independent accounting firm acceptable to such Owner and the Lessee, will cause such Owner's net return over the term of the Lease in respect of such Cars to equal the net return that would have been available if such Owner had been entitled to the utilization of all of the Interest Deduction and the Depreciation Deduction with respect to such Cars, and the Lessee shall forthwith pay to such Owner the amount of any interest which may be assessed by the United States or any state against such Owner attributable to the Loss. Such additional rent shall be paid commencing with the first periodic rental payment due after such Owner notifies the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 2, the Casualty Values set forth in the Lease shall be revised as necessary to preserve the net after-tax return on such Owner's investment in the Cars as provided hereinabove.

3. For purposes of this Agreement, a Loss shall occur upon the earliest of (a) the payment by an Owner to the Internal Revenue Service of the tax increase resulting from such Loss, or (b) the final adjustment of the tax return of an Owner to reflect such Loss. Each Owner shall be responsible for, and shall not be entitled to a payment under this Agreement on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to the sale or other disposition (whether voluntary or involuntary) of the Cars, including the lease thereof by such Owner, prior to any default by the Lessee, or (ii) a failure of such Owner to timely or properly claim the Interest Deduction or Depreciation Deduction for such Cars in the tax return of such Owner, or (iii) a disqualifying change in the nature of such Owner's business or the liquidation thereof, or (iv) a foreclosure by any person holding through such Owner or the Owner-Trustee a lien on such Cars, which foreclosure results solely from an act of such Owner or the Owner-Trustee, or (v) any event which by the terms of the Lease requires payment by the Lessee of the Casualty Value of such Cars, or (vi) the failure of such Owner to have sufficient taxable income against which to apply such Depreciation Deduction or Interest Deduction, or (vii) the failure of such Owner properly to contest any such Loss pursuant to the terms of Section 4 hereof, or (viii) any other act solely of such Owner or the Owner-Trustee which directly causes the Loss of all or part of the Interest Deduction (including loss of

any Interest Deduction due to prepayment pursuant to the Security Document) or the Depreciation Deduction; provided, however, that the execution and delivery of the Lease and other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of the Lease and such other documents shall not be deemed to have caused the Loss of such Interest Deduction or the Depreciation Deduction under this Section 3.

4. In the event a claim shall be made by the Internal Revenue Service that the Depreciation Deduction or Interest Deduction of any Owner should be denied or disallowed, or recaptured, such Owners shall, except as hereinafter provided, (i) promptly notify the Lessee in writing of such Loss, (ii) not make payment of the tax claimed for at least 30 days after the giving of such notice, and (iii) give the Lessee any relevant information relating to such Loss which may be particularly within the knowledge of such Owner; and such Owner shall take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time, including administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and proceedings in the appropriate United States District Court, United States Court of Claims or the United States Tax Court or equivalent state or local courts and agencies, including such appeals as are allowable from each such proceeding; provided that:

(a) within 30 days after notice by such Owner to the Lessee of such claim, the Lessee shall make a request that such claim be contested;

(b) such Owner, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims as such Owner may elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith, any request made by the Lessee concerning the manner of contesting the claim;

(c) prior to such Owner taking such action the Lessee shall have furnished such Owner with an opinion of its tax counsel to the effect that a meritorious ground exists for resisting such claim and describing such ground; and

(d) the Lessee shall have indemnified such Owner in a manner satisfactory to such Owner for any liability or loss with regard to such claim which such Owner may incur as the result of contesting such claim, and shall have agreed to pay such Owner on demand all costs and expenses which such Owner may incur in connection with contesting such claim including, without limitation, (i) reasonable attorneys' fees and accountants' fees and disbursements, (ii) the amount of any interest and penalties which may ultimately be payable to the United States Government as the result of contesting such claim, and (iii) in the event such Owner shall, in connection with any such claim, pay the tax claimed and then seek a refund, reimburse such Owner, on demand, an amount equal to the tax paid plus interest and penalties paid by such Owner, if any.

If any such claim referred to above shall be made by the Internal Revenue Service and the Lessee shall reasonably have requested such Owner to contest such claim as above provided and shall have duly complied with all of the terms of this Section 4, the Lessee's liability under this Section 4, with respect to such Loss, shall become fixed upon final determination of such Owner's liability for such Loss. In the event the Lessee does not request such Owner to contest such claim as provided in this Section 4, the liability of the Lessee shall become fixed to such Owner at the time such Owner makes payment of the tax attributable to such Loss. In the event any such claim is contested, such Owner shall prosecute such contest diligently and in good faith and shall keep the Lessee informed of the status thereof. Notwithstanding any provision to the contrary in this Section 4, such Owner may elect not to contest any such claim, or to discontinue any proceedings previously commenced, and thereupon the Lessee shall be relieved of all liability to indemnify such Owner with respect to the Loss involved in respect of such claim, and such Owner shall reimburse the Lessee for all amounts paid by the Lessee under this Section 4.

In the event that such Owner pays the tax claimed and received reimbursement therefor from the Lessee and obtained a refund thereof from the government, such refund together with any interest paid by the government shall be paid to the Lessee promptly after receipt thereof by such Owner.

It is understood and agreed that nothing in this Section 4 shall be deemed to impose upon the Lessee any liability arising out of any claims other than those for which the Lessee has indemnified such Owner pursuant to Section 2 hereof.

5. All of the Owners' rights and privileges arising from the indemnities contained in this Agreement shall survive the expiration or other termination of the Lease and such indemnities are expressly made for the benefit of and shall be enforceable by the Owner-Trustee on behalf of the Owners or directly by any Owner, its successors and assigns.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the Owner-Trustee and by all persons claiming by, through or under the Owner-Trustee; provided, however, that the Owner-Trustee or any person claiming by, through or under the Owner-Trustee making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

6. All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail prepaid, addressed (a) if to the Owner-Trustee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, (b) if to any Owner, at its address set forth in the Owner Trust Agreement and (c) if to the Lessee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Department, with a copy to the Lessee-Beneficiaries in care of Brae Railcar Management, Inc., at Three Embarcadero Center, San Francisco, California 94111.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

8. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. It shall not be necessary that any counterpart hereof be signed by all the parties hereto so long as each party has executed and delivered a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed by their respective officers thereunto duly authorized.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Owner-
Trustee,

by

_____
Authorized Officer

SCHEDULE D-1
to the
Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS the parties hereto have heretofore entered into an interim Sublease Assignment, Assumption and Supplement Agreement dated as of October 15, 1979 (the "Original Agreement"), and other interim documents (the "Interim Documents");

WHEREAS the Original Agreement contemplated that an amended and restated Sublease Assignment, Assumption and Supplement Agreement would be entered into by the parties thereto when long-term financing for the Equipment (as hereinafter defined) had been arranged;

WHEREAS such financing has been arranged and, therefore, the parties hereto hereby amend and restate the Original Agreement with this Agreement;

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and Bethlehem Steel Corporation ("Bethlehem") providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase certain units of railroad equipment described in Equipment Schedule No. Three included in Annex A hereto from Bethlehem;

WHEREAS the Lessee will lease from the Owner-Trustee (i) those units of equipment purchased by the Owner-Trustee under the Interim Documents from Ortner Freight Car Company ("Ortner") and described in Equipment Schedule No. Five included in Annex A hereto and (ii) all the units of such equipment so purchased from Bethlehem (the units purchased from Bethlehem and Ortner being called collectively the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, to the extent it relates to the Equipment, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment

to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree that the Original Agreement is amended and restated by this Agreement and hereby further agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that other than the Original Agreement and this Agreement the Assignor has not entered into any assignment of its interests in the Sublease, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediately available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff

against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the

Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by First Security State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any respresentation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all persons claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal] by _____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal] by _____

Attest:

_____

MISSISSIPPI & SKUNA VALLEY
RAILROAD COMPANY,

[Corporate Seal] by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF)
) ss.:
COUNTY OF)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires:

[Notarial Seal]

Annex A

RECORDATION NO. 9875-9 Filed 1425

AUG 14 1979 -2 30 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this 12th day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO. (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Ca to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____

Title _____

Date _____

MISSISSIPPI & SKUNA VALLEY RR CO.

By _____

Title President

Date July 12, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 11 day of July, 1979, before me personally appeared [illegible], to me personally known, who, being by me duly sworn says that he is Vice President of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

M. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF MISSISSIPPI)
) ss.
County of LOWNDES)

On this 12th day of July, 1979, before me personally appeared J. C. Jessup, Jr., to me personally known, who, being by me duly sworn says that he is President of MISSISSIPPI & SKUNA VALLEY RR CO. and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Castella Brown
Notary Public

My Commission Expires: April 14, 1982

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Mississippi & Skuna Valley RR Co. pursuant to that certain Lease Agreement dated as of ....., 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2'offset	25
XP	Gen'l purpose Boxcar, 70 Ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	30
FB	Bulkhead Flat 100 Ton		62'6"	9'4"	11'		85
FB	Bulkhead Flat 100 Ton		60'6"	9'4"	11'		15
HTS	Chip Car					Bottom Dump	40

BRAE CORPORATION

BY: [signature]

TITLE: Vice President - Marketing

DATE: 7/19/79

MISSISSIPPI & SKUNA VALLEY RR CO

BY: [signature]

TITLE: President

DATE: July 12, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of _____, 19__, between BRAE and MISSISSIPPI & SKUNA VALLEY RR CO.

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Cobb

Title Vice President-Marketing

Date 7/18/79

MISSISSIPPI & SKUNA VALLEY RR CO.

By A. C. Jensen Jr.

Title President

Date July 12, 1979

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

I, Frances T. Henshaw a Notary Public, State of California, duly commissioned and sworn, do certify that on this 13th day of August 1979, I carefully compared the annexed copy of LEASE AGREEMENT dated July 12, 1979, between BRAE CORPORATION, as Lessor, and MISSISSIPPI & SKUNA VALLEY RR CO., as Lessee; with the original thereof, now in the possession of Heller, Ehrman, White & McAuliffe, of 44 Montgomery St., S.F., State of California, and that the same is a full, true, and exact copy of said original.

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

Frances T. Henshaw

Frances T. Henshaw
Notary Public, State of California.

My Commission Expires FEBRUARY 1, 1980

FRANCES T. HENSHAW
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Feb. 1, 1980

Cowdery's Form No. 26—Certificate of Notary to Copy of Document

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INTERSTATE COMMERCE COMMISSION

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as Lease-Trustee (the "Lessee"), and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY (the "Sublessee").

WHEREAS certain banks (collectively the "Owners" and individually an "Owner"), as beneficiaries of the Series 1 Trust established pursuant to the Master Trust Agreement dated as of February 2, 1976, as supplemented with THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") propose to authorize and direct the Owner-Trustee to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and providing for the assignment to the Owner-Trustee of the rights to purchase certain units of railroad equipment (the "Equipment") described in Annex A hereto from ORTNER FREIGHT CAR COMPANY (the "Builder");

WHEREAS the Lessee will lease on an interim basis from the Owner-Trustee all the Equipment pursuant to a Lease Agreement (the "Interim Lease") dated as of the date hereof;

WHEREAS the Assignor has entered into a Lease Agreement dated July 12, 1979 (such Lease Agreement, as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, providing for the lease by Assignor to the Sublessee and the term Sublease as used hereinafter shall mean the Sublease as it relates to the Equipment of certain units of railroad equipment;

WHEREAS the parties hereto shall herein supplement the Sublease to specify the Equipment as included thereunder;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Lessee proposes to assign the Sublease, for security purposes, to the Owner-Trustee pursuant to an Assignment of Sublease and Agreement, dated as of the date hereof (the "Interim Sublease Assignment"), until the Lessee fulfills its obligations under the Interim Lease;

WHEREAS the Owner-Trustee may finance a portion of the purchase price of the Equipment on an interim basis by borrowing from one or more lenders (the "Interim Lender") and may secure such borrowing by granting the Interim Lender a security interest in the Equipment, by assigning to the Interim Lender certain rights under the Interim Lease and by reassigning to the Interim Lender pursuant to a Reassignment of Sublease and Agreement (the "Interim Sublease Reassignment") certain rights under the Sublease and the Interim Sublease Assignment;

WHEREAS the Owner-Trustee proposes to replace the interim financing arrangements with long-term financing arrangements; and

WHEREAS the Sublessee shall herein consent to the Interim Sublease Assignment and the Interim Sublease Reassignment and agree to enter into an amendment and restatement of this Agreement in connection with the long-term financing of the Equipment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, powers, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublessee.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublease is hereby supplemented by substituting Schedule Nos. TWO, THREE, FOUR AND FIVE in place of the Equipment Schedule dated July 12, 1979, attached thereto.

6. The Sublessee upon receipt of a copy of the Interim Sublease Assignment, consents to all the terms and conditions of the Interim Sublease Assignment and any Interim Sublease Reassignment and agrees that:

(i) it will pay all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Owner-Trustee, at the address specified by Owner-Trustee, by bank wire transfer of immediate available funds; provided, that if an Interim Sublease Reassignment shall have been made, upon receipt of a copy thereof, all such Payments shall be made to the Interim Lender;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee, the Builder, the Owner-Trustee, the Interim Lender or otherwise;

(iii) the Owner-Trustee and any Interim Lender shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease to the extent that it relates to the Equipment as though the Owner-Trustee and any Interim Lender were named therein as the Lessee;

(iv) neither the Owner-Trustee nor any Interim Lender shall, by virtue of the Interim Sublease Assignment or the Interim Sublease Reassignment, be or become subject to any liability or obligation under the Subleae or otherwise; and

(v) the Sublease to the extent that it relates to the Equipment shall not, without the prior written consent of the Owner-Trustee and any Interim Lender, be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Interim Sublease Assignment, any Interim Sublease Reassignment if any or this Agreement or of any of the rights created by any there of.

(vi) all other terms and conditions of the Interim Sublease Assignment and Interim Sublease Reassignment shall not be deemed to modify or amend the terms and conditions of the Sublease.

7. The parties hereto acknowledge that the Owner-Trustee contemplates arranging for long-term financing of the Equipment and, in furtherance of such arrangements, among other matters, expects there will be executed and delivered an amended and restated Lease, Assignment of Sublease and Reassignment of Sublease in replacement of the Interim Lease, Interim Sublease Assignment and Interim Sublease Reassignment, and that the parties hereto will enter into an amended and restated Sublease Assignment, Assumption and Supplement Agreement in replacement of this Agreement, and the parties hereto hereby agree to enter into such amended and restated Agreement.

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any Interim Lender under any agreement between an Interim Lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interim Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July 1979, between Assignor and Weyerhaeuser Company.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
Lease-Trustee

By: _____

(CORPORATE SEAL)
ATTEST:

_____

BRAE CORPORATION

By: _____

(CORPORATE SEAL)
ATTEST:

_____

8. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee and the Owner-Trustee.

9. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and any lender under any agreement between a lender and the Owner-Trustee relating to the Equipment. If an Event of Default should occur under the Lease or any such agreement, the Owner-Trustee or the Interm Lender may terminate the Sublease (or rescind its termination), all as provided therein. The foregoing shall be subject to the Agreement dated as of July, 1979 between BRAE CORPORATION and WEYERHAEUSER COMPANY.

10. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

11. This Agreement shall be governed by the laws of the State of New York but the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

12. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Owner-Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK, not in its individual capacity but solely as Lease-Trustee

By _____

(CORPORATE SEAL)

ATTEST:

_____

BRAE CORPORATION

By _____

(CORPORATE SEAL)

ATTEST:

_____

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By: _____
SECRETARY

(CORPORATE SEAL)

ATTEST:

_____

STATE OF UTAH)
):ss:
COUNTY OF SALT LAKE)

On this 26th day of October, 1979, before me personally appeared JOHN A. SAGER, to me personally known, who being by me duly sworn, says that he is a Trust Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: 9-7-82

STATE OF CALIFORNIA)
):ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this 29th day of October, 1979, before me personally appeared Jerry Rieveer, to me personally known, who being by me duly sworn, says that he is a Vice President of BRAE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

OFFICIAL SEAL
SUSAN M. CODEGLIA
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
SAN FRANCISCO COUNTY
My Commission Expires Nov. 8, 1980

Susan M. Codeglia
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Nov. 8, 1980

STATE OF WASHINGTON)
):ss:
COUNTY OF King)

On this 25th day of October, 1979, before me personally appeared Glenn P. VanBuskirk, to me personally known, who being by me duly sworn, says that he is a Secretary of MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Beverly E. Knight
NOTARY PUBLIC

(NOTARIAL SEAL)

My Commission Expires: Feb 1, 1981

EXHIBIT A

EQUIPMENT SCHEDULE No.

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee ("Lessor") hereby leases the following Cars to FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee ("Lessee") on the terms and conditions contained in the Lease Agreement to which this Schedule is attached.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
	7,000 cubic foot Chip Cars	MSV 1440-66					27

FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Lease-Trustee.

BY: _____

TITLE: _____

DATE: _____

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trust

BY: _____

TITLE: _____

DATE: _____

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. 2,3,4 and 5 (the "Substituted Schedules), as attached hereto, for the original Equipment Schedule attached to the Lease Agreement dated July 12, 1979 ("Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern that the railcars described in the Substituted Schedules to the same extend and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules shall have equal loading priority as such term is defined Section 3B of the Lease.

BRAE CORPORATION

By _____

Title President

Date October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROAD COMPANY

By _____

Title SECRETARY

Date Oct. 25, 1979

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO. pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' 2' offset	25
XP	General Purpose Boxcar 70 ton truck, w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	30
FB	Bulkhead Flat 100 ton		60'6"	9'4"	11"		15
HTS	Chip Car					Bottom Dump	13

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct. 25, 1979

This Equipment Schedule No. Two, together with Equipment Schedules Three and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 TON	MSV 400 through MSV 434	62'6"	9'4"	11'		35

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROA

BY: _____

SECRETARY

TITLE: _____

DATE: Oct. 25, 1979

This Equipment Schedule No. Three, together with Equipment Schedules Two and Four and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FOUR

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
FB	BULKHEAD FLAT 100 ton		62'6"	9'4"	11"		50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

MISSISSIPPI & SKUNA VALLEY RAILROAD

BY: _____

TITLE: SECRETARY

DATE: Oct 25, 1979

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three and Five are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. FIVE

BRAE CORPORATION hereby leases the following Cars to MISSISSIPPI & SKUNA VALLEY RAILROAD CO pursuant to that certain Lease Agreement dated as of July 12, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
HTS	Chip Car	MSV 1440 through MSV-1466				Bottom Dump	27

BRAE CORPORATION

BY: _____

TITLE: President

DATE: October 29, 1979

MISSISSIPPI & SKUNA VALLEY RAILROA

BY: _____

TITLE: SECRETARY

DATE: Oct. 25, 1979

This Equipment Schedule No. Five, together with Equipment Scheudles Two and Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

SCHEDULE D-2
to the Lease

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT

among

BRAE CORPORATION,

FIRST SECURITY STATE BANK,
not in its individual capacity but
solely as trustee for the Lessee-Beneficiaries,

and

COLUMBIA & COWLITZ RAILWAY COMPANY

Dated as of October 15, 1979

SUBLEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT dated as of October 15, 1979, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), FIRST SECURITY STATE BANK, not in its individual capacity but solely as trustee (the "Lessee") under a Lease Trust Agreement dated as of the date hereof (the "Lease Trust Agreement") with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and COLUMBIA & COWLITZ RAILWAY COMPANY (the "Sublessee").

WHEREAS The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively the "Owners" and individually an "Owner") propose to authorize and direct The Connecticut Bank and Trust Company, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee") under a Series 1 Trust established pursuant to a Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with the Owners and others, to enter into a Purchase Order Assignment dated as of the date hereof with the Assignor and PACCAR Inc (the "Builder"), providing for the assignment by the Assignor to the Owner-Trustee of the rights of the Assignor to purchase the units of railroad equipment described in Equipment Schedule No. Two included in Annex A hereto from the Builder;

WHEREAS the Lessee will lease from the Owner-Trustee all the units of such equipment so purchased (the "Equipment") pursuant to a Lease of Railroad Equipment dated as of the date hereof (the "Lease");

WHEREAS the Assignor has entered into a Lease Agreement dated July 13, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and as supplemented hereby, being hereinafter called the "Sublease"), with the Sublessee, a complete copy of which is attached as Annex A hereto, providing for the lease by Assignor to the Sublessee of certain units of railroad equipment, including the Equipment;

WHEREAS the Assignor shall herein assign to the Lessee all its right, title and interest as lessor under the Sublease to the extent that the Sublease relates to the Equipment;

WHEREAS the Lessee shall herein assume the obligations and duties of the Assignor under the Sublease (other than under Sections 4B, 4C and 4D thereof) to the extent that the Sublease relates to the Equipment and the Sublessee shall release the Assignor from such obligations and duties to the extent so assumed;

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (the "Security Document") with First Security Bank of Utah, N.A. (hereinafter called, together with its successors and assigns, the "Trustee"), pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS the Lessee intends to secure its obligations to the Owner-Trustee under the Lease by assigning certain of its rights under the Sublease to the Owner-Trustee pursuant to an Assignment of Subleases and Agreement dated as of the date hereof (the "Sublease Assignment") and the Owner-Trustee intends to secure its obligations to the Trustee under the Security Document by reassigning certain of its rights under the Sublease and the Sublease Assignment to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment"); and

WHEREAS the Sublessee shall herein consent to the Sublease Assignment and the Lease Assignment;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessee outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Sublease as and only to the extent that the Sublease relates to the Equipment including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable from the Sublessee by the Assignor under or pursuant to the provisions of the Sublease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called

the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Sublease, to amend and supplement the Sublease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Sublease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessee in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof. The Assignor represents and warrants to the Lessee and the Owner-Trustee that the Assignor has not entered into any assignment of its interests in the Sublease other than this Agreement, has not entered into any amendment or modification of the Sublease and has not created or incurred or suffered to exist with respect to the Sublease or with respect to any of its interests therein any claim, lien or charge arising by, through or under the Sublease.

2. Except as provided in Section 3 hereof, the Lessee hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor arising under the Sublease as and only to the extent that the Sublease relates to the Equipment.

3. The Assignor hereby agrees, as agent for the Sublessee, to continue to perform and discharge (or to cause the performance and discharge of) its obligations under Sections 4B, 4C and 4D of the Sublease as and only to the extent that such obligations relate to the Equipment, including performance and discharge of its obligation to collect, as agent for the Sublessee, rents and other payments earned with respect to the Equipment. The Sublessee hereby instructs the Assignor to immediately transmit any Payments collected by the Assignor to the Trustee as provided in Section 5(i) hereof, and the Assignor hereby agrees to so transmit such Payments. The Assignor hereby acknowledges that any Payments received by it, until transmitted to the Trustee, are held in trust by it for the benefit of the Trustee and that it has no interest whatsoever in such Payments.

4. The Sublessee hereby releases and discharges the Assignor from the payment, performance and discharge

of the obligations and liabilities of the Assignor under the Sublease which are assumed by the Lessee pursuant to Section 2 hereof.

5. The Sublessee hereby acknowledges receipt of a copy of the Sublease Assignment and the Lease Assignment, consents to all the terms and conditions of the Sublease Assignment and the Lease Assignment and agrees that:

(i) it will pay or cause to be paid all Payments due and to become due under the Sublease or otherwise in respect of the Equipment directly to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department, or at such other address as is specified by Trustee, by bank wire transfer of immediate available funds; provided, that if the Trustee shall have notified the Sublessee that the Lease Assignment is no longer in effect, then such Payments shall be made to the Owner-Trustee at the address specified by the Owner-Trustee;

(ii) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment by reason of any past, present or future claims or counterclaims of the Sublessee against the Lessee under the Sublease or against the Assignor, the Builder, the Lessee, the Lessee-Beneficiaries and their respective parent companies, the Owner-Trustee or the Trustee or otherwise;

(iii) the Owner-Trustee and the Trustee shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Sublessee under the Sublease, to the extent the Sublease relates to the Equipment, as though the Owner-Trustee and the Trustee were named therein as the Lessee;

(iv) neither the Owner-Trustee nor the Trustee shall, by virtue of the Sublease Assignment or the Lease Assignment, be or become subject to any liability or obligation under the Sublease or otherwise; and

(v) the Sublease, to the extent the Sublease relates to the Equipment, shall not, without the prior written consent of the Owner-Trustee and the Trustee,

be terminated, amended or modified, nor shall any waiver or release be given or accepted with respect thereto nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease, the Sublease Assignment, the Lease Assignment or this Agreement or of any of the rights created by any thereof.

6. The Sublessee hereby makes the representations and warranties set forth in Section 11 of the Sublease on and as of the date of execution hereof and on and as of each Closing Date (as defined in the Security Document) as if each reference therein to the Sublease included a reference to this Agreement and each reference therein to the Assignor included a reference to the Lessee, the Owner-Trustee and the Trustee. For purposes of Section 2A of the Sublease, the date of delivery of the last "Car" included within the Equipment shall be deemed to be January 20, 1980.

7. The Sublessee confirms, as provided in Section 7A of the Sublease, that notwithstanding anything to the contrary contained in the Sublease, all rights and obligations of the Sublessee under the Sublease and in and to the Equipment are subject and subordinate to the rights of the Owner-Trustee under the Lease and the Trustee under the Security Document. If an Event of Default should occur under the Lease or the Security Document, the Owner-Trustee or Trustee may terminate the Sublease (or rescind its termination), all as provided therein, and, if an assumption and substitution shall occur pursuant to the last paragraph of Section 5.01 of the Security Document, the Sublease shall automatically terminate.

8. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessee in order to confirm the interest of the Lessee hereunder.

9. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, or for the purpose or with the intention of binding First Security State Bank personally but are made and intended for the purpose of binding only the Trust Estate (as defined in the Lease Trust Agreement) and this Agreement is executed and delivered by the First Security

State Bank not in its own right but solely in the exercise of the powers expressly conferred upon it as Lessee under the Lease Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the First Security State Bank (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) or on account of any representation, undertaking or agreement of the Lessee (except as provided in Sections 3.04 and 4.01 of the Lease Trust Agreement) either expressed or implied, all such personal liability, if any, being expressly waived and released by the other parties hereto and by all personal claiming by, through or under such parties; provided, however, that such parties or any person claiming by, through or under such parties making claim hereunder, may look to said Trust Estate and the Lessee-Beneficiaries for satisfaction of the same.

10. This Agreement shall be governed by the laws of the State of California but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Trustee shall be deemed to be the original and all others shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

[Corporate Seal]

by

_____
Authorized Officer

Attest:

_____
Authorized Officer

BRAE CORPORATION,

[Corporate Seal]

by _____

Attest:

_____
Authorized Officer

COLUMBIA & COWLITZ RAILWAY COMPANY,

[Corporate Seal]

by _____

Attest:

_____

Accepted:

FIRST SECURITY BANK OF UTAH, N. A., not in its individual capacity but solely as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee,

[Corporate Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of BRAE CORPORATION, that the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My Commission expires:

[Notarial Seal]

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of COLUMBIA & COWLITZ RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

My Commission expires:

[Notarial Seal]

Annex A

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this thirteenth day of July, 1979, between BRAE Corporation, Three Embarcadero Center, San Francisco, California 94111, a Delaware Corportation (Lessor), as Lessor, and COLUMBIA & COWLITZ RAILWAY COMPANY (Lessee), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that BRAE shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

C. BRAE and Lessee agree that as first users of the Cars, Lessee shall be entitled as between BRAE and Lessee to claim the investment tax credit for Federal Income Tax purposes. BRAE represents and warrants that the Cars are "New section 38 property," within the meaning of Internal Revenue Code; that BRAE has, or will, take all steps as requested by Lessee including the making of any election which may be required by the Internal Revenue Code or regulation thereunder that may be required to evidence assignment of the Investment Tax Credit to Lessee; and that BRAE has not taken, and will not take, any actions which will make the Cars ineligible for the Investment Tax Credit, other than the exercise of any right or remedy which BRAE may take in the event of a default by Lessee hereunder.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease shall commence on the date hereof and unless sooner terminated as provided herein shall continue with respect to all

of the Cars described in each Schedule until 15 years after the date on which the last Car on such Schedule has been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that BRAE or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications order by BRAE and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, BRAE will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, the lease hereunder with respect thereto shall commence upon acceptance by BRAE from the manufacturer, and Lessee agrees to pay to BRAE the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. If during any one calendar month the average utilization of all Cars falls below 78.3%, then BRAE may by written notice to Lessee of such an event require Lessee to load the Cars leased from BRAE hereunder prior to loading substantially similar cars leased from other parties, or purchased by Lessee or interchanged with railroads, in each case subsequent to the date of this Agreement; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and

facilities upon reasonable request therefor to shippers on its railroad tracks. Any priority loading required under this paragraph shall be commenced as soon as practicable after receipt of BRAE's notice by Lessee (but not to exceed two days) and shall continue until such time as the average utilization of all Cars shall equal or exceed 78.3% for one calendar month.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules including Scheduling for additional Cars, the delivery of any Cars to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to BRAE and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 78.3% in any calendar quarter. In the event Brae fails to obtain satisfactory financing on any cars, Lessee shall have the option to assume BRAE's delivery position and its contracts with the manufacturers for any or all of the Cars for which BRAE is unable to arrange financing; provided, however, Lessee may not utilize such delivery position or contract to enter into a non-equity lease for such cars. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad marking of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars and such other items of freight equipment used in interchange service as Lessee may operate and control as of the date of this Agreement ("Other Equipment"). Such documents shall include but are not limited to the following: (i) appropriate AAR documents; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. BRAE shall, on behalf of Lessee, perform all record keeping functions related to the use by Lessee of the Cars and Other Equipment and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars and Other Equipment shall be addressed to Lessee at such address as BRAE shall select.

D. All record keeping performed by BRAE hereunder and all record of payments, charges and correspondence related to the Cars

and Other Equipment shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during regular BRAE business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided above, BRAE shall make or cause to be made such inspection of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee at BRAE's expense, may make running repairs at the AAR billing rate to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with BRAE.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement: Code of Car Service Rules - Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance or maintaining a self-insurance program satisfactory to BRAE. In the event Lessee elects to carry insurance, Lessee shall furnish BRAE concurrently with the execution hereof with certificates of insurance evidencing bodily injury and property

damage liability insurance signed by an independent insurance broker with 30 day written notice of cancellation to BRAE. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on car hire revenues which are retained by Lessee. BRAE shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. BRAE and Lessee shall each pay the sales or use taxes imposed on the car hire revenues earned by them respectively under the terms of this Agreement. Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns. Notwithstanding the above, Lessee at its sole expense agrees to pay and bear all property and/or ad valorem taxes due or payable with respect to the Cars during the term of the lease.

6. Lease Rental

A. (i) Lessee agrees to pay BRAE annual rent for the use of the Cars pursuant to this Agreement computed as follows:

(a) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is greater than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year multiplied by a fraction the numerator of which is 78.3% and the denominator of which is the utilization for the Cars for such calendar year, as defined in Article 6A(ii) (hereinafter called the "Base Rental"); plus

(2) All mileage payments earned by all Cars.

(b) In the event that utilization, as defined in Article 6A(ii), for all Cars on an aggregate basis for the applicable calendar year is equal to or less than 78.3%, an amount equal to:

(1) All straight (non-incentive) car hire payments earned by the Cars during the calendar year; plus

(2) All mileage payments earned by the Cars; plus

(3) All demurrage earned by the Cars from persons other than Weyerhaeuser Company and its affiliates, but only to the extent necessary to cause the aggregate rental paid by Lessee under this Agreement for such calendar year to equal the Base Rental.

(c) All revenue earned by each of the Cars prior to its Initial Loading shall be paid to BRAE; provided, however, if Initial Loading has not occurred within 45 days after delivery of a Car by the manufacturer, BRAE and Lessee shall share revenues from such Cars as if Initial Loading had occurred on the 46th day after delivery from the manufacturer in accordance with Article 6A(i)(a) and (b) above.

(ii) "Utilization" of Cars for any period shall mean a fraction the numerator of which is (X) the aggregate number of Car Hours in such period that car hire payments are earned by Cars and the denominator of which is (Y) the aggregate number of Car Hours during such period. "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing upon the Initial Loading of such Car.

(iii) The rent payable by Lessee to BRAE under this Section 6A shall be derived from the revenues earned by the Cars in the following order: (1) incentive Car hire payments, (2) straight car hire payments, (3) mileage charges, (4) demurrage, and (5) other. In no event shall Lessee be required to pay rent to BRAE under this Agreement in an amount in excess of the total revenues earned by the Cars.

B. In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by BRAE, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

C. The calculations required above shall be made within five months after the end of each calendar year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

D. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 78.3%, BRAE may, at its option and upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine, provided, however, that prior to such termination Lessee may have the option of paying BRAE an amount equal to the difference between the amount BRAE actually received during said calendar quarter and the amount BRAE would have received had a utilization rate for the Cars of 78.3% been achieved.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. BRAE will exercise this option only if it believes that utilization of the Cars will be less than 78.3%, for the following 90 days.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party.

B. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

C. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule

hereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within 10 days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 10 days after written notice.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter,or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such actions, in the opinion of BRAE, are likely to decrease utilization below 78.3%.

B. Upon the occurrence of any event of default, BRAE may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay any and all rent or other sums that may then be due or accrued to such date to BRAE or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear BRAE's costs and expenses, including reasonable attorneys' fees) in securing such enforcement, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon BRAE may enter upon any premises where the Cars may be located and take

possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

9. Termination

Upon termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to BRAE by delivering the same to BRAE. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6D or 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to repaint the Cars and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by BRAE or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

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

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall promptly notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE upon request, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto

and their respective successors and assigns, except that Lessee may not without the prior written consent of BRAE assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void; provided, however, that Lessee shall not be prohibited from placing Cars in assigned service at another majority-owned common carrier railroad subsidiary of Weyerhaeuser Company. "Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars to be leased hereunder and may relate to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE to an owner or secured party shall not subject that owner or secured party to any of BRAE's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE."

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By Jim Gall

Title Vice President-Marketing

Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By John A Wilkinson

Title President

Date July 13, 1979

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 18th day of July, 1979, before me personally appeared Jim Battle, to me personally known, who, being by me duly sworn says that he is Vice President of Brae Corporation and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

OFFICIAL SEAL
M. BATTLE
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My comm. expires DEC 17, 1982

J. Battle
Notary Public

My Commission Expires: 12/17/82

(Notarial Seal)

STATE OF Washington)
) ss.
County of Cowlitz)

On this 13th day of July, 1979, before me personally appeared John H. Wilkinson, to me personally known, who, being by me duly sworn says that he is President of COLUMBIA & COWLITZ RAILWAY COMPANY and that the foregoing Lease Agreement was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of such instrument was the free act of such corporation.

Barbara J. Oxford
Notary Public

My Commission Expires: 10-1-81

(Notarial Seal)

EQUIPMENT SCHEDULE No.

BRAE CORPORATION hereby leases the following Cars to Columbia & Cowltiz Railway Co. pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	Gen'l purpose Boxcar 70 Ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	200
XL	Gen'l purpose Boxcar 70 Ton truck w/load dividers & E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2'offset	100
FB	Bulkhead Flat Car 100 Ton		60'6"	9'4"	11'		200
HTS	Chip Car 7,000 Cubic Feet					End Dump	50

BRAE CORPORATION

BY: Jim Goff

TITLE: Vice President - Marketing

DATE: 7/18/79

COLUMBIA & COWLITZ RAILWAY CO.

BY: John Wilkinson

TITLE: President

DATE: July 13, 1979

BC-6/78

Rider No. 1 to the Lease Agreement made as of July 13, 19 79, between BRAE and COLUMBIA & COWLITZ RAILWAY COMPANY

If Ex Parte 334 as issued by the ICC on April 22, 1979 is modified such that the hourly per diem is less than that published in April 22, 1979 then the following formula shall be in effect to revise the revenue sharing and recall utilization rates (78.3%) in each place as shown in the above lease. However, such increase shall not exceed 100% of the revenues available.

$$\frac{\text{Hourly per diem as of April 22, 1979}}{\text{Revised per diem if less than numerator}} \times 78.3\%$$

BRAE CORPORATION

By Jim Cook
Title Vice President - Marketing
Date 7/18/79

COLUMBIA & COWLITZ RAILWAY COMPANY

By John Wilkinson
Title President
Date July 13, 1979

SUBSTITUTION AGREEMENT

BRAE CORPORATION ("Lessor") and COLUMBIA & COWLITZ RAILWAY COMPANY ("Lessee") hereby agree to substitute Equipment Schedules No. Two and No. Three (the "Substituted Schedules"), as attached hereto, in place of Equipment Schedule dated July 13, 1979, attached to the Lease Agreement dated as of July 13, 1979 (the "Lease") between Lessor and Lessee. All of the terms and conditions set forth in the Lease shall apply to and govern the railcars described in the Substituted Schedules to the same extent and in the same manner as such terms and conditions were applied to the original Schedule. Lessor and Lessee understand and agree that the railcars described in the Substituted Schedules have equal loading priority as such term is defined in Section 3B of the Lease.

BRAE CORPORATION	COLUMBIA & COWLITZ RAILWAY COMPANY
By_____	By_____
Title_____	Title_____
Date_____	Date_____

EQUIPMENT SCHEDULE No. Two

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, ..., 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.	CLC 3351 through CLC 3400	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	50
XL	General Purpose Boxcars 70 ton truck w/load dividers & E.O.C.	CLC 4001 through CLC 4100	52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Two, together with Equipment Schedules Three and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Three

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, 19 79.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2' offset	100

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment No. Three, together with Equipment Schedules Two and Four are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

EQUIPMENT SCHEDULE No. Four

BRAE CORPORATION hereby leases the following Cars to COLUMBIA & COWLITZ RAILWAY COMPANY pursuant to that certain Lease Agreement dated as of July 13, 1979.

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	General Purpose Boxcar, 70 ton truck w/E.O.C.		52'6"	9'6"	11'3"	DBL 8' Plug 2" offset	50
FB	Bulkhead Flat Car, 100 ton		6'6"	9'4"	11'		200
HTS	Chip Car, 7000 cubic feet					End Dump	50

BRAE CORPORATION

BY: _____

TITLE: _____

DATE: _____

COLUMBIA & COWLITZ RAILWAY COMPANY

BY: _____

TITLE: _____

DATE: _____

This Equipment Schedule No. Four, together with Equipment Schedules Two and Three are substituted in place of the original Equipment Schedule attached to the above-mentioned Lease.

Schedule E
to the Lease

ASSIGNMENT OF SUBLEASES AND AGREEMENT

between

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
trustee for the Lessee-Beneficiaries,

and

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity
but solely as Owner-Trustee

Dated as of October 15, 1979

ASSIGNMENT OF SUBLEASES AND AGREEMENT dated as of October 15, 1979, by and between FIRST SECURITY STATE BANK, a Utah corporation, not in its individual capacity but solely as trustee (the "Lessee"), under a Lease Trust Agreement dated as of the date hereof with Rail Finance Corporation and CFS Railcar, Inc. (collectively, the "Lessee-Beneficiaries"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee"), under the Series 1 Trust created under the Master Trust Agreement dated as of February 2, 1976, as supplemented, including a supplement dated as of the date hereof with The First National Bank & Trust Co. of Hamilton, The Wayne County National Bank of Wooster, The First-Knox National Bank of Mount Vernon and The Old Phoenix National Bank of Medina (collectively, the "Owners"), and others.

WHEREAS the Owner-Trustee is entering into an Equipment Trust Agreement dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Security Document") with First Security Bank of Utah, N.A., not in its individual capacity but solely as trustee (the "Trustee");

WHEREAS the Owner-Trustee and the Lessee have entered into a lease of railroad equipment dated as of the date hereof (hereinafter, together with any amendments and supplements thereto, being called the "Lease") providing for the leasing by the Owner-Trustee to the Lessee of certain Units (as defined in the Lease);

WHEREAS the Lessee and Mississippi & Skuna Valley Railroad Company ("Mississippi") have entered into a Lease Agreement dated as of July 12, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof, and the Lessee and Columbia & Cowlitz Railway Company (such company, together with Mississippi, being hereinafter called collectively the "Sublessees" and individually a "Sublessee") have entered into a Lease Agreement dated as of July 13, 1979, as amended, including by an Assignment, Assumption and Supplement Agreement dated as of the date hereof (such Lease Agreements, as so amended,

and as hereafter amended, being hereinafter called collectively the "Subleases" and individually a "Sublease") providing for the leasing by the Lessee to each Sublessee of certain Units;

WHEREAS in order to provide security for the obligations of the Lessee under the Lease, as an inducement for the Owners to pay a portion of the Purchase Price (as defined in the Security Document) and as an inducement for the Purchasers (as defined in the Security Document) to invest in the Equipment Trust Certificates (as defined in the Security Document), the Lessee agrees to assign for security purposes all its rights in, to and under the Subleases to the Owner-Trustee as and only to the extent that the Subleases relate to Units;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 11 hereof, the Lessee hereby assigns, transfers and sets over unto the Owner-Trustee, as collateral security for the payment and performance of the Lessee's obligations under the Lease, all the Lessee's right, title and interest, powers, privileges, and other benefits under the Subleases, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessee from the Sublessees under or pursuant to the provisions of the Subleases whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in any Sublease, and to do any and all other things whatsoever which the Lessee is or may become entitled to do under the Subleases. In furtherance of the foregoing assignment, the Lessee hereby irrevocably authorizes and empowers the Owner-Trustee in its own name, or in the name of its nominee, or in the name of the Lessee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessee is or may become entitled under the Subleases, and to enforce compliance by the Sublessees with all the terms and provisions thereof.

The parties hereto acknowledge that certain rights under this Assignment are to be reassigned by the Owner-Trustee to the Trustee pursuant to an Assignment of Lease, Reassignment of Subleases and Agreement dated as of the date hereof (the "Lease Assignment") and that pursuant to the Lease and the Subleases all moneys payable thereunder and so assigned are to be paid at the principal office of the Trustee for application by the Trustee pursuant to the Lease Assignment. In the event that the Owner-Trustee receives any amounts of money under the terms of the Lease or the Subleases which have been so assigned, the Owner-Trustee shall forthwith forward such amounts to the Trustee for its application as aforesaid.

2. This Assignment is executed only as security of the obligations of the Lessee under the Lease and, therefore, the execution and delivery of this Assignment shall not subject the Owner-Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Lessee under the Subleases, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessee to the Sublessees shall be and remain enforceable by the Sublessees, their respective successors and assigns, against, and only against, the Lessee or persons other than the Owner-Trustee and the Trustee.

3. To protect the security afforded by this Assignment, but subject to the provisions of Paragraph 11 hereof, the Lessee agrees as follows:

(a) The Lessee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Subleases provide are to be performed by the Lessee; without the written consent of the Trustee, the Lessee will not anticipate the rents under any Sublease or waive, excuse, condone, forgive or in any manner release or discharge any Sublessee of or from the obligations, covenants, conditions and agreements to be performed by such Sublessee which are intended to satisfy the obligations of the Lessee under the Lease, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement so amending, modifying or terminating a Sublease and the Lessee agrees that any such amendment, modification or termination thereof without such consent shall be void.

(b) Should the Lessee fail to make any payment or

to do any act which this Assignment requires the Lessee to make or do, then the Owner-Trustee or the Trustee, but without obligation so to do, after first making written demand upon the Lessee and affording the Lessee a reasonable period of time within which to make such payment or do such act, but without releasing the Lessee from any obligation hereunder, may make or do the same in such manner and to such extent as the Owner-Trustee or the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Owner-Trustee and the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessee contained in the Subleases; and in exercising any such powers, the Owner-Trustee and the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessee will reimburse the Owner-Trustee and the Trustee for such costs, expenses and fees.

4. Subject to the provisions of Paragraph 11 hereof, the Lessee does hereby constitute the Owner-Trustee the Lessee's true and lawful attorney, irrevocably, with full power (in the name of the Lessee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Subleases to which the Lessee is or may become entitled, to enforce compliance by the Sublessees with all the terms and provisions of the Subleases, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Owner-Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessee's obligations under the Lease, this Assignment and all rights herein assigned to the Owner-Trustee shall terminate, and all estate, right, title and interest of the Owner-Trustee and the Trustee in and to the Subleases shall revert to the Lessee, but the Owner-Trustee shall execute and deliver such documents as the Lessee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. The Lessee will pay and discharge any and all

claims, liens, charges or security interests (other than created by the Security Document) on the Subleases or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessee or the Lessee-Beneficiaries, or their successors and assigns (other than the Trustee), not arising out of the transactions contemplated by the Security Document or the Subleases or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) unless such claims, liens, charges or security interests would rank subordinate to the interests of the Trustee in and to the Subleases and the Lease or such rentals or other payments, or unless the Lessee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect such interests of the Trustee.

7. The Lessee will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Owner-Trustee in order to confirm or further assure the interest of the Owner-Trustee hereunder.

8. The Owner-Trustee may assign all or any of the rights assigned to it hereby or arising under the Subleases, including, without limitation, the right to receive any Payments due or to become due and the power to act as each Sublessee's true and lawful attorney, and the parties hereto acknowledge that this Assignment is to be reassigned to the Trustee as aforesaid. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Owner-Trustee hereunder. The Owner-Trustee will give written notice to the Lessee and each Sublessee of any such assignment other than the assignment to the Trustee.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

10. The Lessee shall cause copies of all notices received in connection with the Subleases and all Payments to be promptly delivered or made to the Trustee at its address set forth in Section 9.05 of the Security Document or at such other address as the Trustee shall designate.

11. The Owner-Trustee hereby agrees with the Lessee that, so long as no Event of Default, or any event which with

lapse of time or notice or both would constitute such an Event of Default, under the Lease has occurred and is then continuing, the Owner-Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessee to the Owner-Trustee by this Assignment, except the right to receive, forward and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Subleases, the Lease and the Security Document, the Lessee may, so long as no Event of Default or event which with notice or lapse of time or both would constitute such an Event of Default under the Lease has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of Section 8(B)(i) of a Sublease; provided, however, the Lessee shall not, without the prior written consent of the Owner-Trustee (except as permitted by the third paragraph of § 12 of the Lease), terminate any Sublease in full or with respect to any Units or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of Section 8(B)(ii) of a Sublease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

FIRST SECURITY STATE BANK,
not in its individual capacity
but solely as trustee for the
Lessee-Beneficiaries,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee,

by

_____
Authorized Officer

[Corporate Seal]

Attest:

_____
Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Bank, that said instrument was signed and sealed on behalf of said Bank by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On the day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Bank and that said instrument was signed and sealed on behalf of said Bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Bank.

Notary Public

[Notarial Seal]

My Commission Expires