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December 22, 1978

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- NEIL J. KING
- ROBERT B. McCAW
- A. DOUGLAS MELAMED

EZEKIEL G. STODDARD  
WILLIAM C. GIFFORD  
COUNSEL

Dear Mr. Homme:

On behalf of Itel Corporation, Rail Division, I submit for filing and recording under 49 U.S.C. § 11303(a), one executed counterpart, two certified original counterparts, and three copies of Equipment Schedule No. 4 to Lease Agreement made as of March 15, 1978 and recorded with the Interstate Commerce Commission October 17, 1978 at 3:30 PM under Recordation No. 9778.

The parties to this transaction are:

Itel Corporation, Rail Division, as Lessor  
Two Embarcadero Center  
San Francisco, California 94111

The Texas-Mexican Railway Company, as Lessee  
1200 Washington Street  
Laredo, Texas 78040

The said Equipment Schedule No. 4 adds certain sections to the Lease applicable only to certain cars specified among the cars mentioned below and leased thereunder.

The equipment covered is as follows:

TM 400150-400299

Enclosed is a check for \$10.00 in payment of the recording fee.

8-356A065  
No. [unclear]  
Date... DEC 22 1978  
Fee \$10.00  
ICC Washington, D. C.

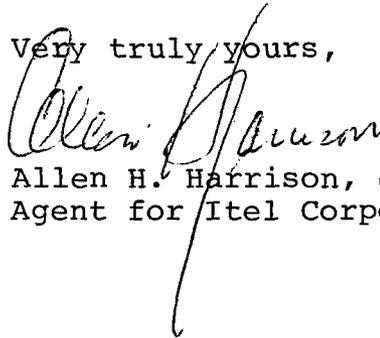
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FEE OPERATION BR  
I.C.C.

Counterpart - Thomas J. Hamel

- 2 -

Once the filing has been made, please return to bearer the stamped counterparts not required for filing purposes, together with the fee receipt and the letter from the Interstate Commerce Commission acknowledging the filing, and extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.  
Agent for ITEL Corporation

Hon. H. Gordon Homme, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Encs.

BY HAND

**EQUIPMENT SCHEDULE NO. 4**

**Itel Corporation, Rail Intermodal Division, hereby leases the following Cars to Texas Mexican Railway Company subject to the terms and conditions of that certain Lease Agreement dated as of March 15, 1978. ("The Lease Agreement".)**

A.A.R. Mech. Desig.	Description	Numbers	Dimensions			Doors Width	No. of Cars
			Length	Inside Width	Height		
FC	70-ton flush deck flatcars for trailer and container service	TM 400150-400299	Approx. 89'	N/A	N/A	N/A	150

With respect only to the Cars described in this Equipment Schedule No. 4:

1. A new Section 1C is added as follows:

"C. Itel Rail and Lessee agree that, as between themselves, Lessee shall be entitled to claim the benefits of any available Investment Tax Credit for Federal income tax purposes in connection with the acquisition of the Cars bearing the identifying numbers TM 400150 - TM 400224 set forth on Equipment Schedule No. 4 to the Agreement. Such Cars shall be new equipment when delivered to Lessee hereunder and Itel Rail agrees to execute such documents as may be required to permit Lessee to claim any Investment Tax Credits relating to such Cars."

2. Rental charges, as defined in Section 6, shall be handled separately and independently for the cars listed on this equipment schedule.

3. Section 6A(i) is hereby amended by deleting such section in its entirety and by substituting in lieu thereof, the following:

"(i) Itel Rail shall receive all payments made to Lessee by other railroad companies for their use or handling of the Cars, including but not limited to mileage charges, and car hire payments (both of which payments made to Lessee are hereinafter collectively referred to as "Payments") if the Utilization (as defined below) of all of the Cars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 94 percent and 250 miles per day. For the purpose of this Agreement, Utilization of the Cars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Cars, commencing from the Initial Loading, and the denominator of which is the aggregate number of days in each calendar year that the Cars are on lease to Lessee, commencing from the Initial Loading minus the number of days such equipment is undergoing servicing, repair or alteration as provided for in Section 5 unless the same was occasioned by the fault of Lessee. In addition, Itel Rail will receive, as additional rental, all monies earned by the Cars prior to their Initial Loading."

Equipment Schedule No. 4  
Page Two

4. Section 6A(ii) is hereby amended by deleting such section in its entirety and by substituting in lieu thereof, the following:

"(ii) The car hire revenues and mileage charges earned by the Cars ("Payments") shall be dealt with as follows:

(a) In the event that the Payments exceed the Payments the Cars would have earned had Utilization been 94 percent and the Average Mileage 250 or more, but less than Utilization of 96 percent and Average Mileage of 250, Lessee shall be entitled to such excess.

(b) In the event that Payments exceed the Payments the Cars would have earned had Utilization been 96 percent and Average Mileage 250, ITEL Rail shall receive as additional rent a sum equal to one-half of such excess and Lessee shall be entitled to the other half."

5. Section 6C is hereby amended by deleting in its entirety the existing section and replacing it with the following:

"C. If at any time during a calendar quarter, the number of days that the Cars have not earned Payments is such as to make it mathematically certain that Utilization and mileage in such calendar quarter cannot be equal to or greater than 90 percent and 200 miles per day respectively, ITEL Rail may, at its option and upon not less than 10 days prior written notice to Lessee, terminate this Agreement as to such Cars as ITEL Rail shall determine. Section 3B notwithstanding, Lessee is then at liberty to lease similar Cars from other parties."

ITEL CORPORATION, RAIL INTERMODAL  
DIVISION

BY: Bill S. Peters

TITLE: President, Rail Intermodal Div.

DATE: 12/18/78

TEXAS MEXICAN RAILWAY COMPANY

BY: [Signature]

TITLE: President

DATE: 12/20/78

STATE OF TEXAS  
COUNTY OF Webb

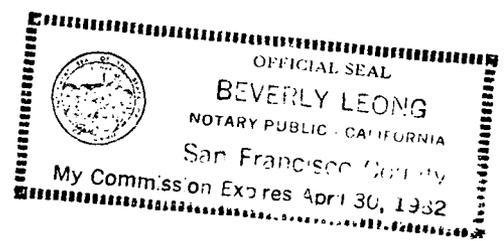
On this 20th day of December 1978, before me personally appeared A. R. Ramos, to me personally known, who being by me duly sworn says that such person is President of Tex. Mex. Luv. Co., that the foregoing Equipment Schedule No. .... was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sandra Sue Webber  
Notary Public

STATE OF California  
COUNTY OF San Francisco

On this 21st day of December, before me personally appeared Allen P. Peters to me personally known, who being by me duly sworn says that such person is President of Itel Corporation, Rail Division, that the foregoing Equipment Schedule No. 4 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Beverly Leong  
Notary Public



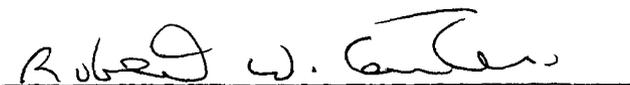
CERTIFICATION

DISTRICT OF COLUMBIA    )  
                                  )    SS.:  
                                  )

I, Allen H. Harrison, Jr., a member of the Bar of the District of Columbia, do hereby certify that I have compared this copy with the original document and that it is a true and correct copy in all respects.

  
Allen H. Harrison, Jr.

Subscribed and sworn to  
before me this 22<sup>nd</sup> day  
of December, 1978.

  
Notary Public, D.C.

My commission expires: May 31, 1979

