

BRAE CORPORATION

RECORDED & FILED

10844-9

Filed & Recorded

SEP 11 1985 10-05 AM

6-254A010

INTERSTATE COMMERCE COMMISSION

Acc

10844-2

VIA HAND DELIVERY

SEP 11 1986

RECORDATION NO. 10844-21

RECORDATION NO. 10844-21

September 9, 1986

SEP 11 1985 10-05 AM

SEP 11 1985 10-05 AM

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
12th & Constitution, Room 2215
Washington, D.C. 20423

RECORDATION NO. 10844-5

SEP 11 1985 10-05 AM

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303 are the following documents:

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the Security Agreement Chattel Mortgage and Lease Assignment dated as of September 20, 1979 between BRAE Transportation, Inc. (formerly BRAE Corporation) and Citicorp Capital Investors previously recorded and assigned recordation number 10844, we request that they be assigned the next available letter designations under that primary number.

1. One original and five copies of the LEASE AGREEMENT dated as of December 1, 1984 between BRAE TRANSPORTATION, INC. as Lessor and SEABOARD SYSTEM RAILROAD as Lessee. This document relates to 215 covered hoppers AAR Mechanical Designation LO, marked SBD 252807 - 253013. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SEABOARD SYSTEMS RAILROAD, 500 Water Street, Jacksonville, Florida 32202

2. One certified copy and five copies of the LEASE AGREEMENT dated as of June 15, 1985 between BRAE TRANSPORTATION, INC. as Lessor and DELTA TRANSPORTATION COMPANY as Lessee. This document relates to 13 covered hoppers AAR Mechanical Designation LO, marked CAGY 260426 - 260544. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and DELTA TRANSPORTATION COMPANY, P.O. Box 6000, Columbus, Mississippi 39701

May An Oltz
Chen

SEP 11 9 49 AM 1986
NOT RECORDED
ICC OFFICE OF THE SECRETARY

Ms. Agatha Mergenovich, Secretary
September 9, 1986
Page Two

3. Two originals and five copies of the EIGHTH AMENDMENT AGREEMENT dated as of April 9, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

4. Two originals and five copies of the NINTH AMENDMENT AGREEMENT dated as of April 29, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

5. Two originals and five copies of the TENTH AMENDMENT AGREEMENT dated as of April 29, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

6. Two originals and five copies of the PARTICIPATION AGREEMENT dated as of June 2, 1986 between BRAE RAILCAR MANAGEMENT, INC., BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE RAILCAR MANAGEMENT, INC. and BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

Ms. Agatha Mergenovich, Secretary
September 9, 1986
Page Three

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the EQUIPMENT TRUST AGREEMENT dated as of June 1, 1979 between BRAE TRANSPORTATION, INC. (formerly BRAE Corporation) and Morgan Guaranty Trust COMPANY of New York (as Trustee) previously recorded and assigned recordation number 11303, we request that they be assigned the next available letter designations under that primary number.

1. Two originals and five copies of the NINTH AMENDMENT dated as of May 5, 1986 between BRAE TRANSPORTATION, INC. and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and MORGAN GUARANTY TRUST COMPANY of New York, 30 West Broadway, New York, New York 10015

2. Two originals and five copies of the TENTH AMENDMENT dated as of May 8, 1986 between BRAE TRANSPORTATION, INC. and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and MORGAN GUARANTY TRUST COMPANY of New York, 30 West Broadway, New York, New York 10015

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the EQUIPMENT TRUST AGREEMENT dated as of January 1, 1980 between BRAE TRANSPORTATION, INC. (formerly BRAE Corporation) and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee) previously recorded and assigned recordation number 11498, we request that they be assigned the next available letter designations under that primary number.

1. Two originals and five copies of the EIGHTH AMENDMENT dated as of February 12, 1986 between BRAE TRANSPORTATION, INC. and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and he CONNECTICUT BANK AND TRUST COMPANY, One Constitution Plaza, Hartford, Connecticut 06115-1600

Ms. Agatha Mergenovich, Secretary
September 9, 1986
Page Four

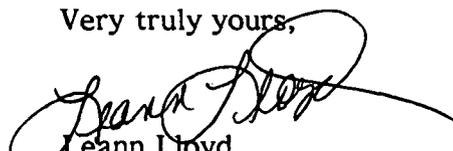
2. Two originals and five copies of the NINTH AMENDMENT dated as of April 11, 1986 between BRAE TRANSPORTATION, INC. and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and he CONNECTICUT BANK AND TRUST COMPANY, One Constitution Plaza, Hartford, Connecticut 06115-1600

I also enclose a check in the amount of \$100.00 for the required recordation fees.

Please return: (1) your letter acknowledging the filings, (2) a receipt for the \$100.00 filing fee paid by check drawn on this firm, (3) the enclosed copies of this letter and (4) the originals and four copies of each of the document (retaining one for your files) all stamped with your official recordation information.

Very truly yours,



Leann Lloyd
Corporate Secretary

Enclosures

cc: Feroze Waheed

Interstate Commerce Commission
Washington, D.C. 20423

9/11/86

OFFICE OF THE SECRETARY

Leann Lloyd
Corporate Secretary
Brae Corporation
four Embarcadero Center
San Francisco, Calif. 94111

Dear Ms. Lloyd

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/11/86 at 10:05am, and assigned re-
recording number(s). 10844-Q, 10844-R, 10844-S, 10844-T, 10844-U, 10844-V

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

BRAE CORPORATION

10844
RECORDATION NO. 10844 Filed & Recorded

SEP 11 1985 10-05 AM

INTERSTATE COMMERCE COMMISSION

VIA HAND DELIVERY

September 9, 1986

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
12th & Constitution, Room 2215
Washington, D.C. 20423

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303 are the following documents:

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the Security Agreement Chattel Mortgage and Lease Assignment dated as of September 20, 1979 between BRAE Transportation, Inc. (formerly BRAE Corporation) and Citicorp Capital Investors previously recorded and assigned recordation number 10844, we request that they be assigned the next available letter designations under that primary number.

1. One original and five copies of the LEASE AGREEMENT dated as of December 1, 1984 between BRAE TRANSPORTATION, INC. as Lessor and SEABOARD SYSTEM RAILROAD as Lessee. This document relates to 215 covered hoppers AAR Mechanical Designation LO, marked SBD 252807 - 253013. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and SEABOARD SYSTEMS RAILROAD, 500 Water Street, Jacksonville, Florida 32202

2. One certified copy and five copies of the LEASE AGREEMENT dated as of June 15, 1985 between BRAE TRANSPORTATION, INC. as Lessor and DELTA TRANSPORTATION COMPANY as Lessee. This document relates to 13 covered hoppers AAR Mechanical Designation LO, marked CAGY 260426 - 260544. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and DELTA TRANSPORTATION COMPANY, P.O. Box 6000, Columbus, Mississippi 39701

Ms. Agatha Mergenovich, Secretary
September 9, 1986
Page Two

3. Two originals and five copies of the EIGHTH AMENDMENT AGREEMENT dated as of April 9, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

4. Two originals and five copies of the NINTH AMENDMENT AGREEMENT dated as of April 29, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

5. Two originals and five copies of the TENTH AMENDMENT AGREEMENT dated as of April 29, 1986 between BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

6. Two originals and five copies of the PARTICIPATION AGREEMENT dated as of June 2, 1986 between BRAE RAILCAR MANAGEMENT, INC., BRAE TRANSPORTATION, INC. and CITICORP INDUSTRIAL CREDIT, INC. The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE RAILCAR MANAGEMENT, INC. and BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and CITICORP INDUSTRIAL CREDIT, INC., 450 Mamaroneck Avenue, 3rd Floor, Harrison, New York 10528

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the EQUIPMENT TRUST AGREEMENT dated as of June 1, 1979 between BRAE TRANSPORTATION, INC. (formerly BRAE Corporation) and Morgan Guaranty Trust COMPANY of New York (as Trustee) previously recorded and assigned recordation number 11303, we request that they be assigned the next available letter designations under that primary number.

1. Two originals and five copies of the NINTH AMENDMENT dated as of May 5, 1986 between BRAE TRANSPORTATION, INC. and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and MORGAN GUARANTY TRUST COMPANY of New York, 30 West Broadway, New York, New York 10015

2. Two originals and five copies of the TENTH AMENDMENT dated as of May 8, 1986 between BRAE TRANSPORTATION, INC. and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and MORGAN GUARANTY TRUST COMPANY of New York, 30 West Broadway, New York, New York 10015

It is requested that the following documents be filed and recorded under the names of the parties as set forth below. In view of the fact that they relate to the EQUIPMENT TRUST AGREEMENT dated as of January 1, 1980 between BRAE TRANSPORTATION, INC. (formerly BRAE Corporation) and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee) previously recorded and assigned recordation number 11498, we request that they be assigned the next available letter designations under that primary number.

1. Two originals and five copies of the EIGHTH AMENDMENT dated as of February 12, 1986 between BRAE TRANSPORTATION, INC. and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and the CONNECTICUT BANK AND TRUST COMPANY, One Constitution Plaza, Hartford, Connecticut 06115-1600

Ms. Agatha Mergenovich, Secretary
September 9, 1986
Page Four

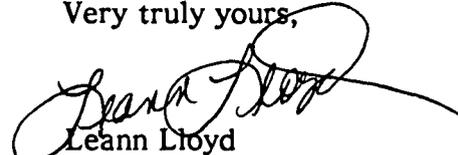
2. Two originals and five copies of the NINTH AMENDMENT dated as of April 11, 1986 between BRAE TRANSPORTATION, INC. and THE CONNECTICUT BANK AND TRUST COMPANY (as Trustee). The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, California 94111 and he CONNECTICUT BANK AND TRUST COMPANY, One Constitution Plaza, Hartford, Connecticut 06115-1600

I also enclose a check in the amount of \$100.00 for the required recordation fees.

Please return: (1) your letter acknowledging the filings, (2) a receipt for the \$100.00 filing fee paid by check drawn on this firm, (3) the enclosed copies of this letter and (4) the originals and four copies of each of the document (retaining one for your files) all stamped with your official recordation information.

Very truly yours,



Leann Lloyd
Corporate Secretary

Enclosures

cc: Feroze Waheed

ORIGINAL

RECORDATION NO. 10844 Q Filed & Recorded.

BRAE TRANSPORTATION, INC.

SEP 11 1985 10-05 AM

LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT dated as of December 1, 1984, between BRAE TRANSPORTATION, INC., Four Embarcadero Center, Suite 3100, San Francisco, CA 94111, ("Lessor"), and SEABOARD SYSTEM RAILROAD, 500 Water Street, Jacksonville, FL 32202 ("Lessee").

1. Scope.

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, railroad equipment of the types and description set forth in the equipment schedules ("Schedules") executed by Lessor and Lessee concurrently herewith. Upon execution each Schedule shall be incorporated herein and made a part of this Agreement. The items of equipment listed on any Schedule are hereinafter referred to as "Cars".

2. Term.

The term of lease with respect to each Car shall commence upon the Effective Date as set forth on the Equipment Schedule with respect to such Car and continue for a period of five (5) years.

3. Delivery and Acceptance.

A. Lessor shall deliver each Car at Lessor's cost to Lessee on Lessee's railroad tracks. Lessor's obligation as to such delivery shall be subject to all delays resulting from causes beyond its control. Lessee agrees to use the Cars exclusively in its own service, except as hereinafter provided. Lessee agrees that if any of the Cars are used outside of the continental United States, Lessee shall reimburse Lessor for any customs duties, taxes or other expenses resulting from such use.

B. All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic pursuant to the Office and Field Manuals of the Interchange Rules or any successor documents ("Interchange Rules") adopted by the Association of American Railroads ("AAR") and shall otherwise comply with the description and specifications contained in the Schedule on which such Cars are listed. Hereinafter, Interchange Rules shall mean all codes, rules, interpretations, laws or orders governing hire, service, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the AAR and any other organization, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders. Lessee shall be solely responsible for determining that the Cars are in proper condition for loading and shipment. The Cars presently are in assigned service on Lessee's railroad tracks, and Lessee hereby affirms that the Cars are in satisfactory interchange condition. As of the Effective Date set forth on the Equipment Schedule with respect to each Car, Lessee will be deemed to have accepted delivery of such Car in satisfactory condition.

C. Lessor reserves the right, upon 60 days prior written notice to Lessee, to replace any or all of the Cars with new, used, or rebuilt cars of the same general class and type.

4. Markings.

A. Lessor shall cause each Car to be marked clearly and conspicuously to show the interests of Lessor, any secured party or any assignee of either thereof in such Car. Any such secured party or assignee may from time to time, at its cost, require new or changed markings to be placed on the Cars disclosing its interest in the Cars. If any such marking shall be removed, defaced or destroyed, Lessee shall immediately cause it to be restored or replaced at Lessor's cost.

B. Lessee, at its sole expense, shall bear any and all costs incurred in connection with the remarking of the Car's with Lessee's reporting marks. Lessee, at its sole expense, shall bear any and all costs incurred in connection with the repainting and restencilling of the Cars and the placing thereon of the name or other insignia of Lessee, should such repainting and restencilling be deemed necessary by Lessee.

5. Rent; Allowances.

A. The monthly fixed rent with respect to each Car shall be the amount set forth on the Equipment Schedule with respect to such Car. Fixed rent shall commence to accrue for each Car on the Effective Date set forth on the Equipment Schedule with respect to such Car and shall continue to accrue throughout the term of this Agreement, unless such Car is removed from service without replacement as provided in Section 7B or destroyed as described in Section 8. Such rent shall be paid in advance on the first day of each month (except the first rent payment which shall be made on the first day of the month following the month in which the Effective Date occurs), prorating, however, any period which is less than a full month.

B. Any mileage allowances, hourly car hire payments or other compensation payable by railroads for use of the Cars ("Payments") shall be collected by Lessee. Unless an event of default specified in Section 15 shall have occurred and be continuing, Lessee shall be entitled to all Payments collected from other railroads.

6. Use of Cars.

7. Maintenance.

A. Lessee will use the Cars in a careful and prudent manner, will preserve the Cars in good condition, ordinary wear and tear excepted, and will not alter the physical structure of any Car without the prior written consent of Lessor.

B. Except as otherwise provided in this Section 7, Lessor agrees to pay for the maintenance and repair of the Cars. Lessee shall not repair, or authorize the repair of, any of the Cars without Lessor's prior written consent, except that Lessee may make running repairs (as specified in the Interchange Rules) and repair damage to the Cars at its own shops without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the basis, in effect at the time the repair is made, provided by the Interchange Rules. At Lessor's option, this Agreement may be terminated as to any Car which is unfit for service and, if so terminated, such Car need not be repaired or replaced. It is understood that rentals will not abate for Cars in a shop for repairs.

C. In the event the U.S. Department of Transportation, Federal Railway Administration, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add to, modify, or in any manner adjust the Cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per Car for each \$100 expended by Lessor on such Car, effective as of the date the Car is released from the shop after application of such additions, modifications or adjustments (hereinafter the "Modifications"). No rental abatement will be issued on Cars entering the shop for any Modification during the first thirty days in shop. In the event Lessor in its sole discretion determines prior to making any Modification that the cost thereof is not economic to expend in view of the estimated remaining useful life of such Car, and Lessor elects to permanently remove such Car from Lessee's service rather than have such Car taken to a car shop for such Modification, the rental with respect to such Car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modification is so required to be made.

D. Lessor's maintenance obligations shall not extend to repair or maintenance required as a result of, or attributable to: (i) defects in the manufacture or workmanship of any Car or any component thereof or any material incorporated therein by the manufacturer thereof or by any person other than the Lessor, its agents or representatives; (ii) damage caused by Lessee, its agents or representatives or any third party (other than a railroad), or while any Car is in Lessee's possession; (iii) damage to any Car by any corrosive and contaminating or abrasive substance, other than phosphate, loaded therein or used in connection therewith; and (iv) damage to any Car that is either Lessee's or a third party's responsibility as set forth in the Interchange Rules.

E. Lessor shall forward to Lessee any bills for repairs made to the Cars by railroads or car shops due to damage caused in any of the circumstances set forth in Section 7D (except 7D(i)), and Lessee shall promptly pay or reimburse Lessor for such bills. In the case of damage caused to the Cars which is the responsibility of a railroad

under the Interchange Rules, and when Lessor performs such necessary repairs, Lessor shall prepare and submit such documents and take such other actions as are necessary to recover the cost of such repairs in accordance with the Interchange Rules. Lessor shall be entitled to any costs so recovered. Lessee agrees to obtain, and promptly send to Lessor, the documentation prescribed by the Interchange Rules for damaged Cars accepted at interchange which Lessee does not repair in its own shops.

8. Destruction of Cars.

In the event any Car is totally damaged or destroyed, the rent with respect to such Car shall terminate upon receipt by Lessor of notification thereof. Responsibility for loss, destruction, or damage to the Cars (including parts and appurtenances) shall be fixed by the then prevailing Interchange Rules. The Interchange Rules shall, in respect of all matters to which the Interchange Rules relate, establish the rights, obligations and liabilities of Lessor, Lessee, and any railroad subscribing thereto and moving the Cars over its lines. In the event that any Car is lost, damaged, or destroyed while on the tracks of Lessee, any private track, or on the tracks of a railroad that does not subscribe to the Interchange Rules, or in the event that any Car is damaged by any commodity transported or stored in it, such repairs, renewals, or replacements as may be necessary to replace such Car or to place it in good order and repair shall be at the sole cost and expense of Lessee, provided, that in the event of destruction or irreparable damage to any Car, at Lessor's option, Lessee shall promptly pay to Lessor the value of such Car in accordance with the Interchange Rules. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested to establish proper claims against third parties responsible for loss, destruction or damage to the Cars.

9. Indemnities.

A. Except as otherwise provided in Section 8, Lessee agrees to indemnify and hold harmless Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (whether as a result of damage to the Cars or injury to third parties or their property), regardless of the cause thereof, and any expense in connection therewith (including legal fees), arising out of the use or operation of the Cars during the term of this Agreement.

B. Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Cars. Lessee agrees to assume responsibility for, to indemnify Lessor against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Car by such commodities.

10. Disclaimer of Warranties by Lessor; Warranty Rights.

LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE CARS. LESSOR SHALL IN NO EVENT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR ANY LOSS ARISING IN STRICT LIABILITY.

Lessor shall negotiate with the appropriate parties on all matters pertaining to warranty rights which Lessor may possess with respect to the Cars. For so long as this Lease is in effect and Lessee is not in default hereunder, Lessor agrees to cooperate and consult with Lessee in the enforcement of such rights; provided, however, that if Lessee wishes to enforce or further pursue a claim and Lessor does not, Lessee will reimburse Lessor for any out-of-pocket costs (including, but not limited to, travel and legal fees and expenses) reasonably incurred by Lessor in such cooperation.

11. Taxes.

A. Lessee shall be responsible for and shall pay all property taxes levied upon the Cars and file all property tax reports relating thereto. Lessee agrees to assume responsibility for and to pay any applicable state sales, use or similar taxes resulting from the lease or use of the Cars. Lessor shall reimburse (or partially reimburse, as the case may be) Lessee for the property taxes paid on the Cars by making an annual payment of \$75 per Car on each January 1 during the term of this Agreement, commencing on January 1, 1986.

B. Lessor shall not be responsible for the payment of any tax, tariff, duty, customs, switching, track storage, detention, demurrage or other charge made by any governmental agency, railroad or other person in respect of any Car, except as provided in Section 11A. Lessee agrees to pay or reimburse Lessor promptly for any such tax, tariff, demurrage or other charges.

12. Assignment; Subordination.

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 Lessor 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. Notwithstanding the foregoing, Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of Lessee herein and the surviving, resulting or transferee corporation, as the case may be, has a consolidated net worth of not less than that of Lessee prior to said merger, consolidation or transfer.

It is understood and agreed that Lessor may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which Lessor or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which Lessor or one of its wholly-owned subsidiaries is a stockholder or to any other owner of such Cars (each hereinafter a "Lease Assignee"), provided that Lessor or one of its wholly-owned subsidiaries enters into a management agreement with such Lease Assignee with respect to the Cars. Upon delivery of a notice of assignment to Lessee, the term "Lessor" as used herein shall mean such Lease Assignee, and Lessor shall be relieved

of all of its obligations and liabilities under this Agreement relating to such Cars. Lessee agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by Lessor. Lessor warrants that any Lease Assignee of the Cars will subject such Cars to all the terms and conditions of this Agreement.

Lessee's rights hereunder shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by Lessor in connection with the acquisition of some or all of the 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 paid directly to such party and/or that Cars be returned to such party. Lessee also agrees to acknowledge, upon receipt, any security assignment of this Agreement by Lessor, or by any Lease Assignee, to any owner or secured party under any financing agreement entered into by Lessor or such Lease Assignee in connection with the Cars leased hereunder. Lessee hereby agrees that any such security assignment may be with respect to all or part of the Cars on any Schedule hereto. Any such security assignment of this Agreement by Lessor or any Lease Assignee to any owner or secured party shall not subject that owner or secured party to any of Lessor's or such Lease Assignee's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against Lessor or such Lease Assignee, as the case may be.

13. Compliance with Regulations.

At the time of delivery of the Cars by Lessor to Lessee, the Cars will conform to the applicable specifications, and to the standards recommended by the Interchange Rules for railroad equipment of the character of the Cars. Subject to Section 7C, Lessee shall, at its own expense, comply with all governmental laws, regulations and requirements, with the Interchange Rules and with the rules and regulations of the Federal Railway Administration with respect to the use, maintenance, and operation of the Cars. Lessee shall be responsible for obtaining all necessary railroad permissions, approvals and consents for use of the Cars and shall bear all risk of failure to obtain such permission, approval and consent, or of cancellation thereof. Lessor shall take all actions reasonably requested by Lessee in order to assist Lessee in obtaining such permissions, approvals or consents.

14. Inspections.

Lessee will make the Cars available to Lessor or any secured party of Lessor at any reasonable time on request for maintenance inspection and for regular maintenance in accordance with Lessor's maintenance responsibility. Lessee will be responsible for all costs of transporting the Cars to maintenance facilities, except in instances where the handling railroad has such responsibility under the Interchange Rules.

15. Default. The happening of any of the following events shall be considered an event of default ("Event of Default") hereunder:

- (i) Nonpayment of any installment of rent hereunder within ten (10) days after the receipt of written or telegraphic notice of such nonpayment from Lessor; or

- (ii) Failure of the Lessee to comply with, or perform, any of the other terms and conditions of this Agreement within thirty (30) days after receipt of written notice from the Lessor demanding compliance therewith and performance thereof.

Upon the happening of an Event of Default, Lessor at its election may either (a) terminate this Agreement immediately and repossess the Cars, or (b) withdraw the Cars from the service of Lessee and deliver the same, or any thereof, to others upon such terms as Lessor may see fit. If Lessor shall elect to proceed in accordance with clause (b) above and if Lessor during the balance of the term of this Agreement shall fail to collect for the use of the Cars, a sum at least equal to all unpaid rentals hereunder to the stated date of termination hereof plus an amount equal to all expenses of withdrawing the Cars from the service of Lessee and collecting the earnings thereof, Lessee agrees to pay from time to time upon demand by Lessor the amount of any such deficiency. It is expressly understood that Lessor at its option may terminate this Agreement in the event that a petition in bankruptcy or a petition for a trustee or receiver be filed by or against Lessee or in the event that Lessee shall make an assignment for creditors. Lessee shall be liable 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 Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Car. The remedies provided in this Agreement in favor of Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies existing at law or in equity. To the extent permitted by applicable law, Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided.

16. Return of Cars.

Upon termination of this Agreement with respect to a Car, Lessee agrees to return the Car to Lessor at a location mutually agreed upon by Lessor and Lessee, in the same or as good condition as received, ordinary wear and tear excepted, free from all charges and liens except those which may result from an act or omission of Lessor, and free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any Car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such Car. In the event that any Car is not redelivered to Lessor on or before the date this Agreement expires with respect to such Car, all of the obligations of Lessee under this Agreement with respect to such Car shall remain in full force and effect until such Car is redelivered to Lessor; provided, however, that the fixed rent for such Car after the expiration date shall be \$525.00 per month.

17. Late Rent Payment.

Lessee will, on demand, pay to Lessor interest at the lower of 15% per annum or the maximum rate permitted by applicable law on any payment of rent not paid when due for any period during which the same shall be overdue.

18. Miscellaneous.

A. 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 (or a Lease Assignee) 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 18B hereof and in furtherance of this Agreement. Lessor is expressly authorized to insert the appropriate railcar reporting markings on the Schedules at such time as notice is delivered to Lessor by Lessee as to the correct reporting marks to be utilized.

B. 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. 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 Lessor 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 (except as provided in Section 18B 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 any Schedule hereto. Lessee will promptly, at its expense, take such action as may be necessary duly to discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

D. 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. Nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

E. 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.

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

G. All notices hereunder shall be in writing and shall be deemed given when delivered personally or three days after deposit in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth in the preamble to this Agreement.

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

BRAE TRANSPORTATION, INC.

By *Lawrence W. Briscoe*

Printed Name LAWRENCE W BRISCOE

Title PRESIDENT

SEABOARD SYSTEM RAILROAD, INC.

By *H. L. Snyder*

Printed Name H. L. Snyder

Title Vice President-Treasurer

EQUIPMENT SCHEDULE NO. 1

BRAE TRANSPORTATION, INC. ("Lessor"), hereby leases the following Cars to SEABOARD SYSTEM RAILROAD, INC. ("Lessee") on the terms and conditions contained in the Lease Agreement dated as of December 1, 1984.

<u>Number of Cars</u>	<u>AAR Mech. Design</u>	<u>Description</u>	<u>Numbers</u>
200	LO	4750 cubic capacity Covered hoppers	SBD - SBD [(to follow)]

Effective Date: January 19, 1985

Fixed monthly rent per car:	January 19, 1985-January 18, 1986	\$230
	January 19, 1986-January 18, 1987	\$260
	January 19, 1987-January 18, 1988	\$300
	January 19, 1988-January 19, 1990	\$350

Lessor and Lessee hereby incorporate by reference all of the terms, conditions and provisions of the Lease Agreement in this Schedule.

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

BRAE TRANSPORTATION, INC.

By *Lawrence W. Briscoe*

Printed Name LAWRENCE W BRISCOE

Title PRESIDENT

SEABOARD SYSTEM RAILROAD, INC.

By *H. L. Snyder*

Printed Name H. L. Snyder

Title Vice President-Treasurer

EQUIPMENT SCHEDULE NO. 2

BRAE TRANSPORTATION, INC. ("Lessor"), hereby leases the following Cars to SEABOARD SYSTEM RAILROAD, INC. ("Lessee") on the terms and conditions contained in the Lease Agreement dated as of December 1, 1984.

<u>Number of Cars</u>	<u>AAR Mech. Design</u>	<u>Description</u>	<u>Numbers</u>
99	LO	4750 cubic capacity Covered hoppers	SBD - SBD [(to follow)]

Effective Date: March 8, 1985

Fixed monthly rent per car:	March 8, 1985-March 7, 1986	\$230
	March 8, 1986-March 7, 1987	\$260
	March 8, 1987-March 7, 1988	\$300
	March 8, 1988-March 7, 1990	\$350

Lessor and Lessee hereby incorporate by reference all of the terms, conditions and provisions of the Lease Agreement in this Schedule.

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

BRAE TRANSPORTATION, INC.

By *Lawrence W. Briscoe*

Printed Name LAWRENCE W BRISCOE

Title PRESIDENT

SEABOARD SYSTEM RAILROAD, INC.

By *H. L. Snyder*

Printed Name H. L. Snyder

Title Vice President-Treasurer

EQUIPMENT SCHEDULE NO. 3

BRAE TRANSPORTATION, INC. ("Lessor"), hereby leases the following Cars to SEABOARD SYSTEM RAILROAD, INC. ("Lessee") on the terms and conditions contained in the Lease Agreement dated as of December 1, 1984.

<u>Number of Cars</u>	<u>AAR Mech. Design</u>	<u>Description</u>	<u>Numbers</u>
100	LO	4650 cubic capacity Covered hoppers	SBD - SBD [(to follow)]

Effective Date: September 29, 1985

Fixed monthly rent per car:	September 29, 1985-September 28, 1986	\$230
	September 29, 1986-September 28, 1987	\$260
	September 29, 1987-September 28, 1988	\$300
	September 29, 1988-September 28, 1990	\$350

Lessor and Lessee hereby incorporate by reference all of the terms, conditions and provisions of the Lease Agreement in this Schedule.

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

BRAE TRANSPORTATION, INC.

By *Lawrence W. Briscoe*

Printed Name LAWRENCE W BRISCOE

Title PRESIDENT

SEABOARD SYSTEM RAILROAD, INC.

By *H. L. Snyder*

Printed Name H. L. Snyder

Title Vice President-Treasurer

FORD

EQUIPMENT SCHEDULE NO. 4

BRAE TRANSPORTATION, INC. ("Lessor"), hereby leases the following Cars to SEABOARD SYSTEM RAILROAD, INC. ("Lessee") on the terms and conditions contained in the Lease Agreement dated as of December 1, 1984.

<u>Number of Cars</u>	<u>AAR Mech. Design</u>	<u>Description</u>	<u>Numbers</u>
296	LO	4650 cubic capacity Covered hoppers	SBD - SBD [(to follow)]

Effective Date: October 22, 1985

Fixed monthly rent per car:	October 22, 1985-October 21, 1986	\$230
	October 22, 1986-October 21, 1987	\$260
	October 22, 1987-October 21, 1988	\$300
	October 22, 1988-October 21, 1990	\$350

Lessor and Lessee hereby incorporate by reference all of the terms, conditions and provisions of the Lease Agreement in this Schedule.

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

BRAE TRANSPORTATION, INC.
 By *Lawrence W. Briscoe*
 Printed Name LAWRENCE W BRISCOE
 Title PRESIDENT

SEABOARD SYSTEM RAILROAD, INC.
 By *H. L. Snyder*
 Printed Name H. L. Snyder
 Title Vice President-Treasurer

STATE OF FLORIDA)
) SS
COUNTY OF DUVAL)

On this 14th day of December, 1984, before me personally appeared H. L. Snyder, to me personally known, who being by me duly sworn says that such person is Vice President-Treasurer of SEABOARD SYSTEM RAILROAD, INC., and that the foregoing Lease Agreement, and Equipment Schedules No. 1, 2, 3 and 4 were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Judith L. Hughes (seal)
Notary Public
Notary Public, State of Florida
My Commission Expires Aug. 5, 1988
NOTARY PUBLIC - STATE OF FLORIDA, INC.

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 2nd day of January, 1985, before me personally appeared LAWRENCE W BRISCOE, to me personally known, who being by me duly sworn says that such person is PRESIDENT of BRAE TRANSPORTATION, INC., and that the foregoing Lease Agreement, and Equipment Schedules No. 1, 2, 3 and 4 were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Leann Lloyd (seal)
Notary Public

