

170

RECORDATION NO. 13062/A
Filed 1425

APR 22 1981 - 1 00 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 13062/B
Filed 1425

APR 22 1981 - 1 00 PM
INTERSTATE COMMERCE COMMISSION

AMERICAN LEASING INVESTORS II

AN AFFILIATE OF INTEGRATED RESOURCES, INC.
666 THIRD AVENUE • NEW YORK, N. Y. 10017

RECORDATION NO. 13062
Filed 1425

APR 22 1981 - 1 02 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 13062/C
Filed 1425

APR 22 1981 - 1 00 PM
INTERSTATE COMMERCE COMMISSION

ALI SECOND MANAGEMENT SERVICES CORP.
MANAGING GENERAL PARTNER
(212) 878-9200
TELECOPIER (212) 878-9259

April 20, 1981

RECORDATION NO. 13062/A
Filed 1425

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

No. _____
Date APR 22 1981
Fee \$ 170.00
ICC Washington, D. C.

Dear Madam:

INTERSTATE COMMERCE COMMISSION

Pursuant to 49 U.S.C. Section 11303(a), I enclose herewith for recordation copies of each of the following original executed duly acknowledged documents:

1. Lease Agreement, dated December ²³~~20~~, 1980, between Brae Corporation, as lessor, and the Pillsbury Company, as lessee.
- A 2. Assignment of Lease Agreement, dated as of March 4, 1981, between Brae Corporation, as assignor, and American Leasing Investors II, as assignee.
- B 3. Lease Agreement dated as of December 29, 1980, between Brae Corporation, as lessor, and Brae Railcar Management, Inc., as lessee.
- C 4. Assignment of Lease Agreement, dated as of March 4, 1981, between Brae Corporation, as assignor, and American Leasing Investors II, as assignee.
- D 5. Management Agreement, dated as of March 10, 1981, among American Leasing Investors II, as owner, Brae Corporation, as manager.

The equipment covered by the documents described above consists of 15 100 ton 4,750 cubic foot covered hopper cars bearing the road numbers 260391, 260393 - 260396, 260398 - ~~260401~~, 260403, - 260404, 260406, 260409. 260401

The addresses of the parties to the aforementioned agreements are:

American Leasing Investors II
666 Third Avenue
New York, NY 10017

Attention: Stephen Mintz

Handwritten signature: C. T. Kappler

RECEIVED
APR 22 3 53 PM '81
FEB 10 1981
FEDERAL DEPT. OF TRANSPORTATION

April 20, 1981
Mrs. Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Page Two

Brae Railcar Management, Inc.
Three Embarcadero Center
San Francisco, CA 94111

Brae Corporation
Three Embarcadero Center
San Francisco, CA 94111

The Pillsbury Company
608 Second Avenue South
Minneapolis, Minnesota 55402
Mail Station M325

Enclosed is our check for \$170.00 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements; stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to Ronald M. Feiman, Esq., Gordon Hurwitz Butowsky Baker Weitzen & Shalov, 299 Park Avenue, New York, NY 10171.

Very truly yours,

AMERICAN LEASING INVESTORS II

By: ALI SECOND MANAGEMENT SERVICES CORPORATION,
Managing General Partner

By:  v.p.

BRAE CORPORATION

FULL SERVICE

LEASE AGREEMENT

13062/B
RECORDATION NO. Filed 1426

APR 22 1981 - 4 00 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT dated as of December 29, 1980, between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and BRAE RAILCAR MANAGEMENT, INC., a California corporation ("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 schedule or schedules ("Schedules") executed by Lessor and Lessee concurrently herewith or hereafter, substantially in form attached hereto as Exhibits A and A-1. 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".

Lessee requires the use of the Cars during the separate periods which are set forth on the Schedule(s) on which such Cars are listed, and Lessor will make the Cars available to Lessee during such periods. At other times during the term of this Agreement, the Cars will be utilized by other lessees under lease agreements which are identical or similar to this Agreement (the "other leases"). Because the use of the Cars will rotate among the various lessees during the term hereof, Lessor and Lessee recognize and acknowledge that the performance of this Agreement and the other leases requires the good faith and cooperation of the Lessee with the lessee(s) who will use the railroad cars before and after Lessee's use thereof under this Agreement.

2. Term

The term of lease with respect to each Car shall commence upon the Effective Date (as defined in Section 3B) with respect to such Car and continue through the last Termination Date for such Car specified in Paragraph 1 of the Schedule on which such Car is listed.

Each year during the term, Lessor shall make the Cars available to Lessee as provided herein during the periods set forth in the attached Exhibit A or other Schedules on which the Cars are listed (such periods hereinafter called the "Period(s)").

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3. Delivery and Acceptance

A. Lessor shall deliver or cause each Car to be delivered to Lessee at the Delivery Point set forth in Paragraph 4 of the Schedule on which such Car is listed. Lessor's obligation as to such delivery shall be subject to all delays resulting from causes beyond its or any prior lessee's control. Lessee agrees to use the Cars exclusively in its own service, except as hereinafter provided, and none of the Cars shall be shipped beyond the boundaries of the United States or temporary use in Canada except with the prior written consent of Lessor. Lessee agrees that if any of the Cars are used outside of Continental United States, Lessee shall reimburse Lessor for any customs duties, taxes, investment tax credit reductions 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"), shall be suitable for the movement of grain and fertilizer, commonly hauled in unlined covered hopper cars equipped with gravity-type discharge gates, and shall otherwise comply with the description and specifications contained in the Schedule. The date on which Lessor inspects and approves each Car hereunder is referred to as the "Effective Date" with respect to such Car.

On delivery at the commencement of each successive Period hereunder, Lessee shall inspect each Car and shall accept such Car if such Car is not unfit for service and is not in need of repair. If such Car is unfit for service or is reported by Lessee to Lessor as in need of repair, the Monthly Fixed Rental with respect to such Car shall not commence until such Car is released from the repair shop or until another Car shall have been placed in the service of Lessee by Lessor in substitution for such Car. The date of loading of a Car by or on behalf of Lessee prior to an inspection shall be deemed to be the date of the acceptance of such Car by Lessee as set forth in this paragraph.

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. Other than as required by Section 4A, neither Lessee nor, in the event the Cars are subleased by Lessee, any sublessee, shall place, or permit to be placed, upon the Cars any lettering or marking of any kind without Lessor's prior written consent, except that, for the purpose of evidencing the operation of the Cars in Lessee's, or such sublessee's, service, Lessee, or such sublessee, may board, placard or stencil the Cars with the reporting marks and such other information as required by the rules of the AAR and with letters not to exceed the minimum height required by the AAR.

5. Fixed Rent; Freight

The monthly fixed rent with respect to each Car is specified in Paragraph 2 of the Schedule on which such Car is listed. Fixed rent shall commence to accrue for each Car on the date such Car arrives at the Delivery Points specified in Paragraph 4 of the Schedule on which such Car is listed ("Delivery Point Date") and shall continue to accrue during each Period of this Agreement, unless such Car is removed from service without replacement as provided in Section 9B or destroyed as described in Section 10. 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 Delivery Point Date occurs), prorating, however, any period which is less than a full month. Lessor shall pay all freight and other transportation expenses relating to the movement of Cars from the manufacturing plants to the Delivery Points.

6. Additional Rent

On or before three months after each Period, Lessor shall determine the total number of miles that each Car has traveled both loaded and empty during such Period.

For each Car traveling more miles (such number of miles to be calculated on an arithmetic average of the miles traveled by all Cars subject to this Lease) during any Period than the number of miles set forth in Paragraph 3 of the schedule on which such Car is listed, Lessee will pay to Lessor as additional rent the amount provided in such Paragraph 3. The determination of the total number of miles traveled by each Car during any Period shall be made by multiplying by two the total number of miles that such Car traveled while loaded, unless Lessor has in its possession information sufficient to ascertain more precisely the total mileage traveled by such Car.

7. Mileage Credit Allowances

A. Any mileage allowances or other compensation payable by railroads for use of the Cars ("Allowances") shall be collected by Lessor. Lessee shall report regularly to Lessor

movements of the Cars, giving the date, destination and routing of the Cars and loading and unloading information, together with all other relevant information which Lessee may receive from railroads or other sources.

B. Insofar as applicable laws and regulations permit, Lessee (unless an event of default specified in Section 20 shall have occurred and be continuing) shall be entitled to all Mileage Credit Allowances collected by Lessor from railroads, but in no event shall such credit exceed the total of fixed rent and additional rent payable by Lessee during the term of this Agreement. All mileage allowances received by the Lessor on or after the first day of a month up to and including the 15th day of such month shall be credited against the fixed rent due on the first day of the following month and Lessor shall promptly advise Lessee of the amount of such credit. All mileage allowances received by the Lessor after the 15th day of such month and on or prior to the last day of such month shall be paid to Lessee at the end of the month to the extent of fixed or additional rental theretofore paid or accrued. In the event mileage allowances received by Lessor during the last 15 days of a month are not paid to the Lessee within ten days after the end of the following month, a penalty of .05% will accrue for each day thereafter that mileage is not so paid. Any demurrage charges collected by railroads and paid by such railroads to Lessor shall be remitted to Lessee promptly upon receipt by Lessor.

8. Use of Cars

If Lessor is required to make any payments to a railroad resulting from the empty movement of any Cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments if such payments are in accordance with applicable tariff provisions. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein.

9. 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 9, 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 running repairs (as specified in the Interchange Rules) may be performed 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 AAR. If any Car becomes unfit for service, or is reported by Lessee to

Lessor as in need of repair, and shall be sent to a car shop approved by Lessor for repairs, the monthly fixed rental with respect to such Car shall abate from and after the date of arrival at such shop until such Car is released from the shop or until another Car shall have been placed in the service of Lessee by Lessor in substitution for such Car (such substituted Car shall be of approximately the same age and fair market value). At Lessor's option, this Agreement may be terminated as to any such Car 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 which are Lessee's responsibility.

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 \$1.45 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"). (The preceding sentence shall not apply to any non-governmental organization, except the AAR or one which Lessee's independent counsel is of the opinion has jurisdiction over the operation, safety or use of railroad equipment.) No rental abatement will be issued on the 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) 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; (ii) damage to any Car by any corrosive, contaminating or abrasive substance loaded therein or used in connection therewith; (iii) damage caused to any Car by open flames, vibrators, sledges or other similar devices during loading or unloading; (iv) excessive or unbalanced loading; and (v) failure or wear of special interior linings; damage to interior loading devices and removable parts; or missing removable parts.

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 9D, 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, Lessor shall perform the necessary repairs and 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.

10. Destruction of Cars

In the event any Car is totally damaged or destroyed, the rent with respect to such Car shall terminate on the date of such total damage or destruction of such Car. 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.

11. Indemnities

A. Except as otherwise provided in Section 10 or the last sentence of Section 11B, 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 by or through Lessee 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. Lessee shall not be responsible for any claim, loss, liability, damage or expense which accrues with respect to any of the Cars (i) while such car is in a repair shop undergoing repairs; (ii) which is attributable to the negligence or omission of Lessor, its agents or employees; (iii) for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages.

12. Disclaimer of Warranties by Lessor

EXCEPT AS SPECIFIED IN PARAGRAPH 3B HEREOF, 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 enforce against the manufacturer all matters pertaining to warranty rights which Lessor may possess with respect to the Cars.

13. Investment Tax Credit

Lessee recognizes that Lessor will utilize the investment credit afforded in respect of the Cars by Sections 38 and 46 through 50 of the Internal Revenue Code. Lessee agrees that it will not commit any act, or fail to take any act, as a result of which Lessor shall lose the benefit of all or any portion of such investment credit.

14. Taxes

A. Lessor 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. The foregoing notwithstanding, Lessee shall in no event be responsible for or be obligated to pay any applicable state sales, use or similar taxes resulting from any sale of the Cars.

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 or railroad in respect of any Car, except as provided in Section 14A. Lessee agrees to pay or reimburse Lessor promptly for any such tax, tariff, demurrage or other charges, so long as these charges are in accordance with the applicable tariff provision.

15. 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. Following written or written telegraphic notice, Lessee may assign this Agreement or any of its rights hereunder or sublease the Cars to any party, provided (i) that no sublease shall permit use of the Cars outside of the Continental United States of America except, subject to Section 3A, temporary use in Canada; (ii) that no sublessee shall be a tax-exempt organization or governmental unit; (iii) that all subleases shall be expressly subordinate to the terms of financing agreements or other security agreements covering the Cars; and (iv) Lessee will continue to be fully obligated under this Agreement.

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, except that all obligations and liabilities contained in the Agreement of even date herewith between Lessee and Lessor shall continue to be binding upon Brae Corporation. 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 lease.

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 acquisition of all or part of the Cars leased hereunder. Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars on any Schedule hereto. Those obligations shall remain enforceable by Lessee solely against Lessor or such Lease Assignee, as the case may be. No assignment of this lease shall affect the Lessee's right to the use of the Cars under the terms of this Agreement.

16. Compliance with Regulations

At the time of delivery of the Cars by Lessor to Lessee, the Cars will conform to the applicable specifications and governmental laws, regulations, requirements and rules, and to the standards recommended by the AAR for railroad equipment of the character of the Cars. Subject to Section 9C, 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 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 (including assistance in obtaining OT-5 approvals) in order to assist Lessee in obtaining such permissions, approvals or consents.

17. 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; provided, however, that such inspection and maintenance shall not interfere with Lessee's use of the Cars. Lessor shall use its best efforts to arrange that all regular maintenance and inspection of the Cars occurs either at the beginning or end of the Periods of the Lease.

18. Default

The happening of any of the following events shall be considered an "event of default" hereunder:

A. 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

B. Failure of the Lessee to comply with, or perform, any of the other terms and conditions of this Lease 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.

19. Delivery of Cars at End of Each Period

At the end of each Period, Lessee, at its expense, shall deliver each Car to Lessor, or to a successor lessee, at the "Successor Lessee Delivery Point(s)" as set forth in the Schedule on which such Car is listed or at a location or locations mutually agreed upon by Lessor and Lessee. Upon final termination of this Agreement with respect to a Car, Lessee agrees to return the Car to Lessor, at the final unloading point or at a location or locations mutually agreed upon by Lessor and Lessee. In every case, each Car will be delivered 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 delivered to Lessor or the successor lessee free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such. In the event that any Car is not redelivered to Lessor or the successor lessee on or before the date a Period 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 or the successor lessee.

In addition to any other indemnity provided herein, Lessee shall also indemnify and hold Lessor harmless from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, arising out of or as a result of such late delivery or a failure to deliver in the condition required, and Lessee agrees not to make any claim against Lessor as a result of such late delivery or a failure to deliver in the condition required. Lessee shall not be liable for incidental or consequential damages due to the late delivery of the Cars. Lessor shall enforce all rights it has against the Lessee who is obligated to deliver the Cars pursuant to the first paragraph of this Section.

EXHIBIT "A"

1. Lease Periods

	<u>LEASE PERIODS</u>	
	<u>Commencement Date</u>	<u>Termination Date</u>
Lessee	04/01/81	08/31/81
Brae Railcar Management, Inc.	04/01/82	08/31/82
	04/01/83	08/31/83
	04/01/84	08/31/84
	04/01/85	08/31/85
Successor Lessee(s)	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

No Cars shall be delivered before the end of Lease Period without the consent of the successor lessee.

2. Fixed Rent

The monthly fixed rent for each Car shall equal \$435.00.

3. Additional Rent

For each mile in excess of $(35,000 \times \text{days in service}) \div 365$ that the average Car subject to this Lease travels in a calendar year, there will be an additional rent charge of two cents (\$0.02). The additional rent for any Period shall be calculated on a pro rata basis. For example, for a Period of 182 days, the fraction to be used would be $((35,000 \times 182/365) \times \text{days in service}) \div 182$.

4. Delivery Point

Lessor shall deliver, or cause successor lessee(s) to deliver, the Cars to Lessee at the following location or locations:

Location mutually agreed to by
Lessor and Lessee.

5. Successor Lessee Delivery Points

Lessee shall deliver the Cars to successor lessee(s) at the following location or locations:

Cincinnati, Ohio, or other location
mutually agreed to by Lessor and Lessee

20. Governing Law

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

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

LESSOR:

BRAE CORPORATION

By



William J. Texido

Printed Name

Title

Vice President

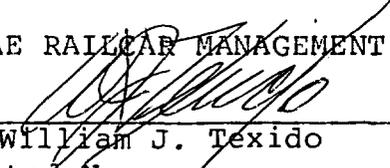
Date

December 30, 1980

LESSEE:

BRAE RAILCAR MANAGEMENT, INC.

By



William J. Texido

Printed Name

Title

President

Date

December 30, 1980

EXHIBIT "A"

EQUIPMENT SCHEDULE

BRAE CORPORATION, or its assignee ("Lessor"), hereby leases the following Cars to BRAE RAILCAR MANAGEMENT, INC. ("Lessee") on the terms and conditions contained in the Lease Agreement to which this Schedule is attached.

AAR Mech. Design	Description	Numbers	Length	Dimensions			Number of Cars	Projected Delivery Date
				Inside Width	Height	Width		
	Type: Covered Hopper	N/A	60'0"	10'1"	14'8"	10'5"	100	

Capacity: 100 ton

Volume: 4,750 Cu. Ft.

Loading Arrangement:
 Circular Hatches _____ " diameter
 Trough Type 24 " wide
 Unloading Outlets: 3
 Type _____
 Size 24" x 30"
 Minimum Slope: _____
 Degrees 45.
 Interior Finish: _____
 Type N/A

AAR Clearance Plate B

BRAE RAILCAR MANAGEMENT, INC.

By _____
 William J. Texido
 Vice President

Date December 30, 1980

Other Requirements: (If none, so state)

Color: N/A
 Federal Standard No. N/A
 Car Reporting Marks and Numbers:
N/A

BRAE CORPORATION

By _____
 William J. Texido
 President

Date December 30, 1980

EXHIBIT "B"

Exhibit B to lease dated _____, 19 ____ by and between
BRAE CORPORATION, as Lessor, and _____.

CERTIFICATE OF APPROVAL

_____, 19 ____

BRAE CORPORATION
Three Embarcadero Center, #1760
San Francisco, California 94111

Gentlemen:

The undersigned, being a duly authorized representative of
Lessee, hereby approves _____ (_____)
Cars bearing numbers as follows:

for the Lessee pursuant to the lease and certifies that each of
said Cars conforms to, and fully complies with, the terms of said
lease and is in condition satisfactory to Lessee. If Lessee is a
railroad, Lessee hereby certifies that it is an interstate
carrier by rail and that the Cars are intended for actual use and
movement in interstate commerce.

LESSEE

By _____

STATE OF California)
COUNTY OF San Francisco)

On this 30th day of December, 1980, before me personally appeared William J. Texido, to me personally known, who being by me duly sworn says that such person is Vice President of BRAE Railcar Management Inc., and that the foregoing Lease Agreement, Rider(s) No. _____ and Equipment Schedule(s) No. _____ 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.

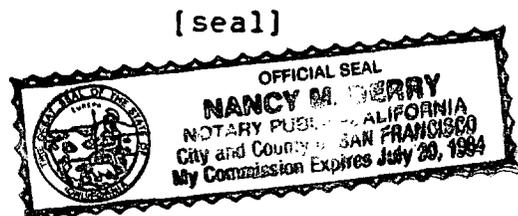
Nancy M. Derry
Notary Public



STATE OF CALIFORNIA)
CITY AND COUNTY OF SAN FRANCISCO)

On this 30th day of December, 1980, before me personally appeared William J. Texido, to me personally known, who being by me duly sworn says that such person is President of BRAE CORPORATION, and that the foregoing Lease Agreement, Rider(s) No. _____ and Equipment Schedule(s) No. _____ 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.

Nancy M. Derry
Notary Public



BRAE CORPORATION

FULL SERVICE

LEASE AGREEMENT

AMENDMENT NO. 1

LEASE AGREEMENT dated as of March 9, 1981, between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and BRAE RAILCAR MANAGEMENT, INC., a California corporation ("Lessee").

WHEREAS, Lessor and Lessee entered into a Full Service Lease Agreement dated as of December 29, 1980 (the "Lease")

WHEREAS, Lessor has assigned the Lease with respect to 15 cars to American Leasing Investors II ("ALI II")

WHEREAS, Lessor, Lessee and ALI II desire to amend the fixed rent with respect to certain cars

NOWHEREFORE, the parties hereto agree as follows:

1. Fixed Rent

The fixed rent with respect to the 15 cars with markings BRAX 260391, 260393-260396, 260398-260401, 260403-260404 and 260406-260409 (the "Cars") shall be revised as follows:

April 1, 1981 - August 31, 1981	\$435 per car per month
April 1, 1982 - August 31, 1982	\$460 per car per month
April 1, 1983 - August 31, 1983	\$485 per car per month
April 1, 1984 - August 31, 1984	\$510 per car per month
April 1, 1985 - August 31, 1985	\$535 per car per month

3. Replacement Lease

If Lessee locates a lease for the Cars which Lessee desires shall replace the Lease with respect to the Cars (the "Replacement Lease"), then Lessee shall submit the Replacement Lease to ALI II and Chemical Business Credit Corp. If such parties shall approve the Replacement Lease, then Lessee will be released from its obligations under the Lease and under the letter of credit supporting the Lease. If the Replacement Lease is at a rent greater than that set forth in paragraph 1 above, then Lessee and ALI II shall share any such excess equally.

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

BRAE CORPORATION

BY [Signature]
TITLE President
DATE March 11, 1981

BRAE RAILCAR MANAGEMENT, INC.

BY [Signature]
TITLE Vice President
DATE March 11, 1981

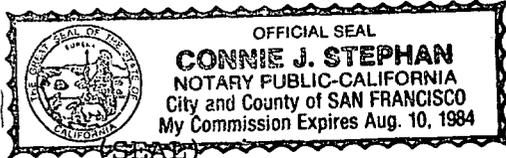
AMERICAN LEASING INVESTORS II,
a California limited partnership

By: ~~ALI Management Corporation~~
Managing General Partner
Second *Service*

BY [Signature]
TITLE V.P.
DATE _____

COUNTY OF San Francisco)
STATE OF California) ss:

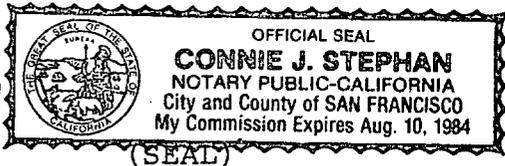
On this 11th day of March, 1981, before me personally appeared William J. Texido, to me personally known, who being by me duly sworn says that such person is President of BRAE CORPORATION, and that the foregoing Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.



Connie J. Stephan
NOTARY PUBLIC

COUNTY OF San Francisco)
STATE OF California) ss:

On this 11th day of March, 1981, before me personally appeared William J. Texido, to me personally known, who being by me duly sworn says that such person is Vice President of BRAE RAILCAR MANAGEMENT, INC., and that the foregoing Agreement was 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.



Connie J. Stephan
NOTARY PUBLIC

COUNTY OF)
STATE OF) ss:

On this 21st ^{SERVICES} day of April, 1981, before me personally appeared Stephen A. Murtz, to me personally known, who being by me duly sworn says that such person is Gen. V.P. of ALL MANAGEMENT CORP., which is the Managing General Partner of American Leasing Investors II, a California limited partnership, and that the foregoing Agreement was signed on behalf of said partnership by authority of its Managing General Partner, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such partnership.

SECOND

VALERIE A. MYERS
Notary Public, State of New York
No. 52-4688452
Qualified in Suffolk County
Commission Expires March 30, 19

(SEAL)

Valerie A. Myers
NOTARY PUBLIC