STEPTOE & JOHNSON
1250 CONNECTICUT AVENUE
WASHINGTON, D.C. 20036

JEANNE DAVIDSON
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RECORDATION NO. 11965-N Filed 1425

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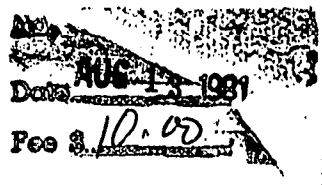
INTERSTATE COMMERCE COMMISSION

August 13, 1981



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RECEIVED

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

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. § 11301 are several copies of the following document:

AMENDED AND RESTATED CREDIT, PLEDGE AND SECURITY AGREEMENT among BRAE CORPORATION and MANUFACTURERS HANOVER TRUST COMPANY, THE FIRST NATIONAL BANK OF BOSTON, BERLINER HANDELS-UND FRANKFURTER BANK, CROCKER NATIONAL BANK, THE BANK OF CALIFORNIA, N.A. and MANUFACTURERS HANOVER TRUST COMPANY, as Agent.

It relates to the same railroad equipment as that identified in supplements and amendments to the Credit and Security Agreement dated as of October 1, 1979.

The names and addresses of the parties to the transaction evidenced by the document described above are as follows:

Debtor: Brae Corporation
Suite 1760
Three Embarcadero Center
San Francisco, CA 94111

Lenders: Manufacturers Hanover Trust Company
741 Fifth Avenue
New York, NY 10022

Crocker National Bank
One Montgomery Street
San Francisco, CA 94104

Bank of California, N.A.
400 California Street
San Francisco, CA 94104

First National Bank of Boston
100 Federal Street
Boston, MA 02110

BHF Bank
450 Park Avenue
New York, NY 10022

Lender/Agent: Manufacturers Hanover Trust Company
741 Fifth Avenue
New York, NY 10022

It is requested that this document be filed and recorded under the names of the parties as set forth above. In view of the fact that it relates to the Credit and Security Agreement dated as of October 1, 1979, previously assigned recordation number 11965, it is additionally requested that it be assigned the next available letter designation (which is believed to be "L") under that primary number.

Please return to the person representing this letter: (1) your letter acknowledging the filing, (2) a receipt for the $10.00 filing fee paid by check drawn on this firm, and (3) the enclosed copies of this letter -- all stamped to indicate appropriate filing information.

Very truly yours,

Jeanne Davidson

Jeanne Davidson

JD/dlh

Interstate Commerce Commission
Washington, D.C. 20423

8/13/81

OFFICE OF THE SECRETARY

Jeanne Davidson,Atty.
Steptoe & Johnson
1250 Conn. Avenue,N.W.
Washington, D.C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 8/13/81 at 3:30pm , and assigned re-recordation number(s). 11965-N

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

Do not separate

MHT + Berliner

RECORDATION NO. 11965-N Filed 1425

AUG 13 1981 -3 30 PM

INTERSTATE COMMERCE COMMISSION

3 Signature Constitute 1 Document

AMENDED AND RESTATED CREDIT, PLEDGE AND SECURITY AGREEMENT

among

BRAE CORPORATION

and

MANUFACTURERS HANOVER TRUST COMPANY

THE FIRST NATIONAL BANK OF BOSTON

BERLINER HANDELS-UND FRANKFURTER BANK

CROCKER NATIONAL BANK

THE BANK OF CALIFORNIA, N.A.

and

MANUFACTURERS HANOVER TRUST COMPANY, as Agent

Dated as of July 24, 1981

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EXHIBITS

Exhibit A Form of Revolving Credit Note
Exhibit B Form of Term Note
Exhibit C Form of Legal Opinion of Counsel to the Company
Exhibit D Form of Legal Opinion of Special Counsel to the Company
Exhibit E-1 Notice to Lessee of Rail-cars
Exhibit E-2 Notice to Lessee of Trailers
Exhibit F-1 Form of Rail-car Lease Schedule
Exhibit F-2 Form of Trailer Lease Schedule
Exhibit G Form of Legal Opinion of Counsel to the Company (with respect to Term Loan)
Exhibit H Form of Legal Opinion of Special Counsel to the Company (with respect to Term Loan
Exhibit H-1 Form of Legal Opinion of Special Maine Counsel to the Company (with respect to Term Loan)
Exhibit I Form of Rail-Car Supplement
Exhibit I-1 Form of Trailer Supplement
Exhibit J Bill of Sale

EXHIBITS (Continued)

Exhibit K	Form of Legal Opinion of Counsel to the Company (with respect to Leases)
Exhibit L	Form of Legal Opinion of Special Counsel to the Company (with respect to Leases)
Exhibit M	Form of Rail-Car Lease
Exhibit M-1	Form of Trailer Lease
Exhibit N	Form of Rail-Car Lease
Exhibit N-1	Form of Trailer Lease
Exhibit O	Form of Rail-Car Lease
Exhibit P	Form of Rail-Car Lease
Exhibit Q	Form of Shipping Agreement

AMENDED AND RESTATED CREDIT, PLEDGE AND SECURITY AGREEMENT, dated as of July 24, 1981, among BRAE CORPORATION, a Delaware corporation (the "Company"), the several banks parties hereto (collectively, the "Banks" and individually, a "Bank") and MANUFACTURERS HANOVER TRUST COMPANY, a New York corporation, as agent for the Banks hereunder (such agent and any successor agent hereunder are herein in such capacity called the "Agent").

W I T N E S S E T H:

WHEREAS, the Company, the Banks and the Agent are parties to the Credit and Security Agreement, dated as of October 1, 1979, as heretofore amended (the "Existing Credit Agreement"), pursuant to which the Banks have made loans to the Company from time to time to finance a portion of the purchase price of certain railroad rolling stock, which loans are (a) currently outstanding in the aggregate principal amount of approximately $5,410,016, (b) evidenced by promissory notes of the Company issued pursuant to the Existing Credit Agreement (the "Existing Notes") and (c) secured by a first lien on and first security interest in such rolling stock and the rights of the Company under the leases of such rolling stock; and

WHEREAS, the Company has requested that the Banks (a) continue to make such loans from time to time, (b) make loans to the Company from time to time to finance a portion of the purchase price of intermodal trailers and equity securities, all of which loans and all other loans made pursuant to this Agreement, together with the Company's other obligations under this Agreement, are to be secured by a pledge of and/or a first lien on and first security interest in the Collateral (as defined in subsection 1.1 below) and (c) modify certain other terms of the Existing Credit Agreement; and

WHEREAS, the Banks are willing to make such loans to the Company on the terms and conditions of this Agreement and to modify such other terms of the Existing Credit Agreement, but only upon the condition that the Company amend the Existing Credit Agreement in the manner

provided for herein and restate it, as amended, in its entirety;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree that, from and after the Effective Date (as defined in subsection 1.1 below), the Existing Credit Agreement (including all Exhibits and Schedules thereto) be, and the same hereby is, amended and restated in its entirety to read as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agreement" shall mean this Amended and Restated Credit, Pledge and Security Agreement, including all Schedules and Exhibits and all Supplements hereto, as the same from time to time may be amended, supplemented or otherwise modified.

"Affiliate" shall have the meaning assigned to such term in the definition of Lease herein.

"Assigned Lease" shall mean:

(a) in the case of a Rail-car Lease, a Lease, a copy of which shall have theretofore been delivered to each of the Banks, which Lease has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303, the rental payments under which are not more than 30 days overdue, and with respect to which the Agent shall have received the following:

(i) A duly executed and completed Supplement describing such Lease and subjecting such Lease to the lien and security interest created by this Agreement, which Supplement shall have been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303;

(ii) An executed legal opinion of Alfred C. Dossa, Esq., Vice President, Secretary and General Counsel of the Company, with a counterpart for each Bank, substantially in the form of Exhibit K hereto;

(iii) An executed legal opinion of Messrs. Steptoe & Johnson, special counsel to the Company, with a counterpart for each Bank, substantially in the form of Exhibit L hereto;

(iv) A certificate, signed by the President or any Vice President of the Company, to the effect that the Rail-cars specified in such Lease have been duly leased to the lessee under such Lease and specifying such Rail-cars; and

(v) A duly executed lease directive, substantially in the form of Exhibit E-1 hereto (a "Lease Directive"), to the lessee under such Lease.

(b) in the case of a Trailer Lease, a duly executed Lease, a copy of which has been delivered to each of the Banks, with respect to which Lease an appropriate financing statement has been duly filed with the Secretary of State of California and with any other public office necessary or advisable to perfect such lien and security interest, the rental payments under which are not more than 30 days overdue, and with respect to which the Agent shall have received the following:

(i) A duly executed and completed Supplement describing such Lease and subjecting such Lease to the lien and security interest created by this Agreement, together with satisfactory evidence that an appropriate financing statement has been duly filed with respect thereto with the Secretary of State of California and with any other public office necessary or desirable to perfect such lien and security interest;

(ii) An executed legal opinion of Alfred C. Dossa, Esq., Vice President, Secretary and General

Counsel of the Company, with a counterpart for each Bank, substantially in the form of Exhibit K hereto;

(iii) A certificate, signed by the President or any Vice President of the Company, to the effect that the Trailers specified in such Lease have been duly leased to the lessee under such Lease and specifying such Trailers; and

(iv) A duly executed lease directive, substantially in the form of Exhibit E-2 hereto (a "Trailer Lease Directive"), to the lessee under such Lease.

(c) in the case of any Lease executed prior to the date hereof, a Lease constituting an Assigned Lease (as defined in the Existing Credit Agreement).

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday under the laws of New York or California.

"Capitalized Lease" shall mean any lease of real or personal property under which the Company or any Restricted Subsidiary is the lessee which has a term (including renewals at the option of the lessor) of more than three years (excluding leases between the Company and any Restricted Subsidiary or between Restricted Subsidiaries, and leases of office space, automobiles or data processing and office equipment).

"Capitalized Lease Rentals" shall mean the aggregate amount of fixed rentals payable or to become payable by the Company and its Restricted Subsidiaries with respect to all Capitalized Leases, discounted to present value on the basis of an interest factor equal to the weighted average lease cost of all such Capitalized Leases. The "lease cost" of a Capitalized Lease shall mean (i) with respect to a lease of new personal property, that interest factor which, when applied to the aggregate amount of all fixed rentals payable during the original term of such lease, will result in a present value equal to the original invoiced cost of such property to the lessor, including any sales taxes, delivery costs and inspection fees;

(ii) with respect to a lease of used personal property, that interest factor which, when applied as in the foregoing clause (i), will result in a present value equal to the fair market value of such property at the time it is leased under such lease; and (iii) with respect to a lease of real property, the effective interest rate at which obligations of the United States Government of equal or near equal maturity to that of such lease are trading at the time such property is leased under such lease.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become worn out, stolen, destroyed or irreparably damaged from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, such Unit by any governmental authority or any Person acting under color of governmental authority; or

(iii) such Unit shall become an Unprotected A Unit; or

(iv) such Unit shall become an Unprotected B Unit, and either (X) the Unit Cost thereof together with the Unit Costs of all other Unprotected B Units shall exceed an amount equal to 15% of the aggregate Unit Costs of all Units then subject to the lien and security interest of this Agreement or (Y) the Unit Cost thereof together with the Unit Cost of all Unprotected B Units then located in Mexico shall exceed an amount equal to 10% of the aggregate Unit Costs of all Units then subject to the lien and security interest of this Agreement; or

(v) for a period of 45 consecutive days, such Unit, if a Rail-Car, shall not be subject to an Assigned Lease or shall be lost from revenue producing service for any other reason (except if such loss is fully covered by business interruption insurance); or

(vi) such Unit, if a Trailer, shall not be subject to an Assigned Lease or shall be lost from revenue producing service for any other reason (except if such loss is fully covered by business interruption insurance), provided, however, that Trailers with an aggregate Unit Cost of up to $6,000,000 that are not subject to an Assigned Lease shall not be deemed to have suffered a Casualty Occurrence so long as (A) such Trailers are subject to lease between the Company and a Subsidiary of the Company or a partnership of Subsidiaries of the Company substantially in the form of Exhibit M-1 hereto that has been assigned to the Banks in the same fashion as an Assigned Lease, and (B) if any of such Trailers become subject to any agreement with any corporation not affiliated with the Company or any of its Subsidiaries, such agreement either shall be a Shipping Agreement or shall contain subordination provisions substantially as set forth in a Shipping Agreement;

provided, however, that if a Casualty Occurrence of the type described in clauses (i), (ii), (iii) or (iv) above shall occur with respect to any Unit, such occurrence shall not be deemed to be a Casualty Occurrence hereunder if the Company (A) replaces such Unit with a rail-car or trailer, as the case may be, of the same type which has a value and utility at least equal to, and which is in as good condition as, such Unit immediately prior to the Casualty Occurrence (assuming that such Unit was then in the condition required to be maintained by subsection 6.8 hereof) and which is free and clear of all Liens other than Permitted Liens, (B) takes all steps necessary to subject such replacement rail-car or trailer, as the case may be (the "Replacement Unit"), to the lien and security interest of this Agreement (such lien and security interest to be prior to all Liens other than Permitted Liens) and to lease such Replacement Unit under the applicable Assigned Lease, and (C) delivers to the Agent for the account of the Banks such documents evidencing the foregoing as the Agent may reasonably request, including (without limitation) a duly executed Supplement describing the Replacement Unit and such other documents and opinions of counsel

with respect thereto which would have been required were such Replacement Unit to originally have been financed by the proceeds of a loan hereunder and been made subject to an Assigned Lease; and provided, further, that if a Casualty Occurrence of the type described in clause (v) above shall occur with respect to any Unit by reason of such Unit not being subject to an Assigned Lease, such occurrence shall not be deemed to be a Casualty Occurrence hereunder at such time as the Company subjects such Unit to an Assigned Lease. The Agent will, if the Company has complied with all the terms and provisions of this Agreement, execute and deliver to the Company such instruments as shall be necessary to release from the lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Agent) the Unit suffering such a Casualty Occurrence, the Proceeds thereof and the applicable Lease to the extent that it relates to such Unit.

"Certificate of Title" shall mean the certificate of title, certificate of ownership, or other document evidencing title to and/or ownership of a Trailer issued by the Secretary of State or similar authority of the State of Maine or other jurisdiction in which such Trailer has been initially registered by the Company.

"Collateral" shall mean the Rail-cars, the Trailers, the Stock, the Leases, and all other property, interests and rights described or referred to in subsections 5.1, 5.2 or 5.3 hereof or in any Supplement, or otherwise subjected to the lien and security interest created by this Agreement or intended so to be.

"Consolidated Capital Funds" shall mean the sum of (a) Consolidated Shareholders' Equity and (b) Subordinated Funded Debt.

"Consolidated Current Debt" shall mean the aggregate of Current Debt of the Company and its Restricted Subsidiaries, determined on a consolidated basis after eliminating all inter-company items and all other items which should be eliminated in accordance with Generally Accepted Accounting Principles.

"Consolidated Earnings Available for Interest Coverage" shall mean, as of the time of any determination thereof, the sum of (a) Consolidated Net Earnings, (b) all taxes included as expenses in computing Consolidated Net Earnings, and (c) Consolidated Interest Expense, in each case for the 12 months' period next preceding the termination of the most recent fiscal quarter of the Company prior to the date of determination.

"Consolidated Funded Debt" shall mean the aggregate of Funded Debt of the Company and its Restricted Subsidiaries, determined on a consolidated basis after eliminating all inter-company items and all other items which should be eliminated in accordance with Generally Accepted Accounting Principles.

"Consolidated Interest Expense" shall mean, as of the time of any determination thereof, the sum of (a) the aggregate interest charges (including amortization of Debt discount) paid or accrued on all Consolidated Funded Debt (except the portion of rental payments representing interest charges on Capitalized Leases) and (b) one-third of the aggregate rentals paid or accrued by the Company and its Restricted Subsidiaries with respect to all leases of real or personal property, in each case for the 12 months' period next preceding the termination of the most recent fiscal quarter of the Company prior to the date of determination.

"Consolidated Net Earnings" shall mean consolidated gross revenues of the Company and its Restricted Subsidiaries less all operating and non-operating expenses of the Company and its Restricted Subsidiaries including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion or other disposition of capital assets (i.e., assets other than current assets), any gains resulting from the write-up of assets, any equity of the Company or any Restricted Subsidiary in the

unremitted earnings of any corporation which is not a Restricted Subsidiary, any earnings of any Person acquired by the Company or any Restricted Subsidiary through purchase, merger or consolidation or otherwise for any year prior to the year of acquisition, or any deferred credit representing the excess of equity in any Restricted Subsidiary at the date of acquisition over the cost of the investment in such Restricted Subsidiary; all determined in accordance with Generally Accepted Accounting Principles.

"Consolidated Net Earnings Available for Restricted Payments" shall mean an amount equal to (1) the sum of $4,000,000 plus 50% (or minus 100% in case of a deficit) of Consolidated Net Earnings for the period (taken as one accounting period) commencing on March 31, 1979 and terminating at the end of the last fiscal quarter preceding the date of any proposed Restricted Payment, less (2) the sum of (a) the aggregate amount of all dividends and other distributions paid or declared by the Company on any class of its stock after March 31, 1979, (b) the aggregate amount of all expenditures made pursuant to clause (d) of subsection 7.10 hereof after March 31, 1979 and (c) the excess of the aggregate amount expended, directly or indirectly, after March 31, 1979, for the redemption, purchase or other acquisition of any shares of its stock and for the optional payment of principal of, and the optional retirement, redemption, purchase or other acquisition of, Subordinated Funded Debt, over the aggregate amount received as (x) the net cash proceeds of the sale of any shares of its stock after March 31, 1979 and/or (y) the net cash proceeds received after March 31, 1979 upon the sale of any Debt security which has been converted into shares of its stock. There shall not be included in Restricted Payments or in any computation of Consolidated Net Earnings Available for Restricted Payments: (x) dividends paid, or distributions made, in stock of the Company; or (y) exchanges of stock of one or more classes of the Company, except to the extent that cash or other value (other than value represented by stock) is involved in such exchange. The term "stock" as used in paragraph (b) of this definition shall include warrants or options to purchase stock.

"Consolidated Net Tangible Assets" shall mean the gross book value of the assets of the Company and its Restricted Subsidiaries (including leased property to which Capitalized Lease Rentals are applicable, but excluding intangible assets, unamortized Debt discount and expense, goodwill, patents, trademarks, trade names, organization expense, treasury stock, and other like intangibles), minus (a) all reserves and deductions, including those for depreciation, depletion, amortization, bad debt losses, deferred taxes, and minority interests (other than Investments) and (b) all liabilities, all determined on a consolidated basis in accordance with Generally Accepted Accounting Principles (except that Capitalized Lease Rentals shall be determined in accordance with the definition thereof herein).

"Consolidated Senior Funded Debt" shall mean the aggregate of Senior Funded Debt of the Company and its Restricted Subsidiaries, determined on a consolidated basis after eliminating all inter-company items and all other items which should be eliminated in accordance with Generally Accepted Accounting Principles.

"Consolidated Shareholders' Equity shall mean the sum of (i) the par value (or value stated on the books of the Company) of the issued capital stock of all classes of the Company, plus (or minus in the case of a deficit in capital or earned surplus) (ii) the amount of the consolidated surplus, whether capital or earned, of the Company and its Restricted Subsidiaries, less the aggregate amount of any investments (other than Investments) in, or loans or advances to, any Subsidiary which is not a Restricted Subsidiary or any Person in which the Company or its Restricted Subsidiaries do not have a majority ownership interest or of which the Company or a Restricted Subsidiary is not the sole general partner.

"Consolidated Tangible Net Worth" shall mean, at a particular date, all amounts which would, in conformity with generally accepted accounting principles, be included under shareholders' equity (including both common stock equity and preferred stock equity) on a consolidated balance sheet of the Company and its Restricted Subsidiaries at such date; provided,

however, such amounts are to be net of amounts carried on the books of the Company and its Restricted Subsidiaries for (a) any write-up in the book value of any assets of the Company or any of its Restricted Subsidiaries resulting from a revaluation thereof subsequent to March 31, 1981 (b) treasury stock, (c) unamortized debt discount and expense, (d) any cost of investments in excess of net assets acquired at any time of acquisition by the Company or any of its Restricted Subsidiaries and (e) patents, patent applications, copyrights, trademarks, trade names, good will, experimental or organizational expenses and other like intangibles.

"Consolidated Working Capital" shall mean the excess of consolidated current assets over consolidated current liabilities of the Company and its Restricted Subsidiaries, both determined in accordance with Generally Accepted Accounting Principles, provided that there shall not be included in current assets (i) any loans (other than Investments) or advances made by the Company or any Restricted Subsidiary except travel and other like advances to officers and employees in the ordinary course of business, nor (ii) any assets located outside (including any amounts payable by Persons located outside) the United States of America (except that amounts payable by Persons located in Canada and Mexico may be included in current assets in an aggregate amount not to exceed an amount equal to 15% of total current assets so long as, at any time, amounts payable by Persons located in or organized under the law of Mexico shall only be included in current assets in an aggregate amount not to exceed an amount equal to 10% of total current assets at such time).

"Current Debt" shall mean any obligation for borrowed money (and any notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money) payable on demand or within a period of one year from the date of the creation thereof; provided that any obligation shall be treated as Funded Debt, regardless of its term, if such obligation is renewable pursuant to the terms thereof or if a revolving credit or similar agreement effective for more than one year

after the date of the creation of such obligation, or may be payable out of the proceeds of a similar obligation pursuant to the terms of such original obligation or any agreement related to such original obligation and provided, further, that the entire amount of any obligation for borrowed money which is incurred solely for the purpose of financing railroad equipment or intermodal trailers, which is secured by a Lien thereon and which is payable in substantially equal installments over the entire term of such obligation shall be deemed to be Funded Debt notwithstanding the fact that a portion of such obligation may be payable within a period of one year from the date of the creation thereof. Any obligation secured by a Lien on, or payable out of the proceeds of production from, property of the Company or any Restricted Subsidiary shall be deemed to be Funded or Current Debt, as the case may be, of the Company or such Restricted Subsidiary even though such obligation shall not be assumed by the Company or such Restricted Subsidiary, but in the event that such obligation of the Company or any Restricted Subsidiary is incurred in connection with an equity investment made by the Company or any Restricted Subsidiary as an integral part of a leveraged lease financing of transportation equipment and such Lien shall not encumber any property of the Company or any Restricted Subsidiary other than such transportation equipment, the amount of Debt attributable to the Company or such Restricted Subsidiary, as the case may be, by reason of such obligation shall be determined in accordance with Generally Accepted Accounting Principles.

"Debt" shall mean Funded Debt or Current Debt, as the case may be.

"Default" shall mean any of the events specified in Section 9 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Effective Date" shall have the meaning ascribed to such term in subsection 4.1 hereof.

"Eligible Stock Collateral" and "Eligible Unit Collateral" shall mean each share of Stock and each

Unit (including any Lease relating thereto), as the case may be, which (i) is subject to the lien and security interest of this Agreement which lien and security interest is prior to all other Liens of third parties except Permitted Liens, (ii) is free and clear of all Liens other than Permitted Liens and the Lien of this Agreement and (iii) in the case of a Unit, has not suffered a Casualty Occurrence.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented.

"Event of Default" shall mean any of the events specified in Section 9 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or both.

"Funded Debt" shall mean any obligation payable more than one year from the date of the creation thereof which under Generally Accepted Accounting Principles is shown on the balance sheet as a liability (excluding reserves for deferred income taxes and other reserves to the extent that such reserves do not constitute an obligation), plus (without duplication) (a) all guarantees or endorsements, direct or indirect, of any Debt or obligations of others (except endorsements of negotiable instruments for collection in the ordinary course of business and indemnities not substantially equivalent to a guarantee of borrowed money which are given in the ordinary course of business), and (b) Capitalized Lease Rentals.

"Generally Accepted Accounting Principles" shall mean generally accepted accounting principles in effect at the time of any computation hereunder where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made, except that any Investments of the Company described in clause (v) or (vi) of the definition of Investments in this subsection 1.1 shall be accounted for by the Company on the equity method of accounting for all purposes of this Agreement, whether or not such Investments are accounted for by the

Company on the equity method of accounting for financial reporting purposes generally.

"Investments" shall mean (i) certificates of deposit of commercial banks or trust companies incorporated under the laws of the United States of America or any state thereof having capital and surplus aggregating not less than $50,000,000, (ii) open market commercial paper rated "Prime-1" or better by Moody's Investors Service, Inc., or rated "A-1" or better by Standard & Poor's Corporation (or a comparable rating by any successor to either of their businesses), (iii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States of America are pledged to provide for the payment of the interest and principal, in each case maturing within one year after the date of investment therein, (iv) purchases from any commercial bank or trust company referred to in clause (i) above of direct obligations of the United States of America or obligations for which the full faith and credit of the United States of America are pledged to provide for the payment of the interest and principal, of any maturity, pursuant to repurchase agreements obligating such bank or trust company to repurchase only such obligations not later than 90 days after the purchase of any such obligations, (v) any investments in any form (including, without limitation, purchases of voting stock, non-voting stock, shares of beneficial interest in a trust, loans, guarantees of indebtedness, capital contributions or contributions to a trust estate) whether made directly or through a Subsidiary (a) in an aggregate amount not exceeding $13,125,000 at any time in the "Leasing Company" organized pursuant to the Project Agreement dated February 12, 1980 between PACCAR Inc., a Delaware corporation ("PACCAR"), and Brae Rail Venture Corporation, a California corporation, which is a wholly-owned subsidiary of the Company, which Leasing Company is owned 90% by PACCAR and 10% by the Company and will carry on no business other than owning and leasing up to 10,000 railcars and activities related thereto; and (b) in an aggregate amount not exceeding $2,820,000 at any time in a trust in which the Company or a Subsidiary has a 15% beneficial interest and Ford Motor Credit Company has an 85% beneficial interest and which trust will carry

on no business other than owning and leasing approximately 1,000 railcars with an aggregate original cost of approximately $47,000,000 and activities related thereto; provided, however, that in all cases the Company shall, at the time such investment is made, have undertaken the actual management of the railcars owned by the corporation or trust in which the Company has made such investment, whether by management contract, informal arrangement or otherwise; and (vi) any investments in the form of voting stock, non-voting stock, preferred stock, options, warrants, or debt instruments convertible into any of the foregoing, of any corporation engaged primarily in the transportation business; provided that any investments pursuant to this clause (vi) shall not exceed $40,000,000 in the aggregate at any time, and shall be expected by the Company at the commencement of purchases to result in the acquisition of not less than a 15% equity interest in such corporation.

"Lease" shall mean the following:

(a) in the case of Rail-cars, (i) a duly executed lease of Rail-cars with the Company, as lessor, and a corporation not affiliated with the Company (a "Non-affiliate"), as lessee, substantially in the form of Exhibit M, N, O or P hereto or such other form as may be approved in writing by the Required Banks and shall include any duly executed lease schedule substantially in the form of Exhibit F-1 hereto subjecting Rail-cars to such Lease and (ii) leases executed prior to the date hereof that constituted Leases (as defined in the Existing Credit Agreement);

(b) in the case of Trailers, either (i) a duly executed lease of Trailers with the Company, as lessor, and a Non-affiliate, as lessee, substantially in the form of Exhibit M-1 hereto or such other form as may be approved in writing by the Required Banks and shall include any duly executed lease schedule substantially in the form of Exhibit F-2 hereto subjecting Trailers to such Lease or (ii) both (A) a duly executed lease of Trailers with the Company, as lessor, and a Subsidiary or a partnership of Subsidiaries (an

"Affiliate"), as lessee, substantially in the form of Exhibit N-1 hereto or such other form as may be approved in writing by the Required Banks together with any duly executed lease schedule substantially in the form of Exhibit F-2 hereto subjecting Trailers to such lease and (B) a duly executed lease of Trailers with an Affiliate, as lessor, and a Non-affiliate, as lessee, substantially in the form of Exhibit M-1 hereto or such other form as may be approved in writing by the Required Banks together with any duly executed lease schedule substantially in the form of Exhibit F-2 hereto subjecting Trailers to such lease;

provided, however, that if a lease described in clause (a) or (b) above relates to units of equipment other than Units, the term "Lease" shall mean such lease only to the extent that it relates to Units; and provided further that in the event that a lease schedule shall list the units subject to a lease, the original of the "Lease" shall mean the duly executed original of such schedule and a copy or duplicate original of such lease.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien or encumbrance, priority or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"MHTC Rate" shall mean the rate publicly announced from time to time by the Agent as its prime rate.

"Margin Stock Loan" shall mean any loan made under this Agreement for the purpose of financing, or reimbursing the Company for, a portion of the purchase price of margin stock as such term is defined in Section 221.3(v) of Regulation U.

"Net Depreciated Value", as of the date of any determination thereof, shall mean (a), as to any Rail-car, the Unit Cost thereof minus, commencing twelve months after the date of acquisition of such Unit, depreciation computed on the basis of a 14-year straight line depreciation and (b) as to any Trailer, the Unit Cost thereof minus, commencing twelve months after the date of acquisition of such Unit, depreciation computed on the basis of a 7-year straight line depreciation.

"Non-Removable Improvement" shall mean any additon or improvement incorporated in or installed on or attached to any Unit which is not readily removable without causing material damage to such Unit or without diminishing or impairing the utility or condition which such Unit would have had at the time of removal had such addition or improvement not been made.

"Notes" shall mean, collectively, the Revolving Credit Notes and the Term Notes.

"Obligations" shall have the meaning set forth in Section 5 hereof.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the lessee under the Lease of such Unit, (ii) Liens for taxes which are not yet due or the payment of which is not at the time required to be made in accordance with the provisions of subsection 6.2(a) hereof, and (iii) materialmen's, mechanics', repairmen's and other like Liens arising in the ordinary course of business securing obligations which are not more than 30 days overdue or the payment of which is not at the time required to be made in accordance with the provisions of subsection 6.2(a) hereof.

"Person" shall mean an individual, a partnership, a corporation, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Plan" shall mean any plan defined in Section 4021(a) of ERISA in respect of which the Company or

any Subsidiary of the Company is an "employer" or a "substantial employer" as defined in Sections 3(5) and 4001(a)(2) of ERISA, respectively.

"Pledged Stock" shall have the meaning ascribed to such term in subsection 5.3 hereof.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of New York and, in any event, shall include, but not be limited to, the following at any time whatsoever arising or receivable: (i) whatever is received upon the collection, exchange, sale or other disposition of the Collateral, and any property into which any of the Collateral is converted, whether cash or non-cash proceeds, (ii) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to the Company from time to time with respect to any of the Collateral, (iii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Purchase Money Debt" shall mean any Debt of any Restricted Subsidiary secured by any Lien permitted by clause (e), (f) or (g) of subsection 7.2 hereof to be created, assumed or suffered to exist by such Restricted Subsidiary.

"Rail-cars" shall mean at any time box-cars, covered hopper cars, flat cars, chip cars, gondola cars and any other railroad rolling stock which are described in the Supplements outstanding at such time, together with (i) any and all parts, mechanisms, devices and replacements referred to in subsection 6.8 hereof from time to time incorporated in or installed on or attached to any of such rail-cars, (ii) any and all additions and improvements from time to time incorporated in or installed on or attached to any of such rail-cars pursuant to any requirement of law or any governmental regulation and (iii) any and all Non-Removable Improvements.

"Rail-car Lease" shall mean a Lease described in clause (a) of the definition of Lease herein.

"Regulation U" and "Regulation X" shall mean Regulation U or Regulation X (as now and from time to time hereafter in effect), as the case may be, issued by the Board of Governors of the Federal Reserve System.

"Reportable Event" shall mean any of the events set forth in Section 4043(b) of ERISA.

"Required Banks" shall mean, as of a particular date, the holders of at least 75% of the aggregate unpaid principal amount of the Notes on such date or, if no amounts are outstanding under the Notes, Banks having at least 75% of the Commitments hereunder on such date.

"Restricted Subsidiary" shall mean any Subsidiary 80% of the stock of every class of which, except directors' qualifying shares, shall be owned by the Company either directly or through other Restricted Subsidiaries, and which has been designated by the Board of Directors of the Company or an Executive Committee of the Board of Directors of the Company as a Restricted Subsidiary, including without limitation the Subsidiaries specified on Schedule II hereto. The Company may, at any time, by written notice to the Banks, withdraw the designation of a Restricted Subsidiary if, after giving effect thereto, (i) such Subsidiary shall not own any capital stock or Debt of any other Restricted Subsidiary, (ii) there shall exist no Event of Default or Default, (iii) the net tangible assets of such Subsidiary (computed in the same manner as Consolidated Net Tangible Assets) shall not constitute 10% or more of Consolidated Net Tangible Assets and such Subsidiary shall not have contributed 10% or more of Consolidated Net Earnings in any of the last three fiscal years prior to such designation and (iv) the Company and its Restricted Subsidiaries shall be able to incur at least $1 of additional Consolidated Senior Funded Debt in compliance with the provisions of subsection 7.1 hereof. Upon such withdrawal such Subsidiary shall cease to be a Restricted Subsidiary and it may not at

any time within 36 months after such withdrawal, directly or indirectly, be redesignated as a Restricted Subsidiary.

"Revolving Credit Notes" shall have the meaning assigned to such term in subsection 2.3 hereof.

"Senior Funded Debt" shall mean all Funded Debt of the Company or any Restricted Subsidiary except Funded Debt which is Subordinated Funded Debt.

"Shipping Agreement" shall mean a Shipping Agreement, substantially in the form of Exhibit Q hereto, pursuant to which a Subsidiary of the Company and/or a partnership of Subsidiaries of the Company furnishes Trailers to shippers.

"Stock", at any time, shall mean stock, as such term is defined in Section 221.3(1) of Regulation U, which is described in the Supplements outstanding at such time.

"Stock Borrowing Base", as of the date of any determination thereof, shall mean the sum of (i) 70% of the Stock Value of Eligible Stock Collateral registered on the New York Stock Exchange or the American Stock Exchange (which Stock is not subject to any limitation on the distribution thereof) and (ii) 50% of the Stock Value of all other Eligible Stock Collateral.

"Stock Cost" shall mean, for each share of Stock, the Company's purchase price therefor.

"Stock Loan" shall mean any loan made under this Agreement for the purpose of financing, or reimbursing the Company for, a portion of the Stock Cost of Stock.

"Stock Value", as of the date of any determination thereof, shall mean, for each share of Stock, the market value of such Stock determined as follows: (i) in the case of Stock registered on the New York Stock Exchange or the American Stock Exchange, the last closing sale price on such exchange, or (ii) in the case of Stock not registered on either of such stock exchanges, the average of the closing bid

quotations during the last 5 days as reflected in the National Association of Securities Dealers Advisory Quotation ("NASDAQ") System or, in the absence of NASDAQ quotations, in any other recognized inter-dealer quotation service or (iii) if such Stock is not publicly traded, the lower of the Stock Cost and the book value (as reflected on audited financial statements as at a date not to exceed one year from any date of determination of such book value) of such Stock.

"Subordinated Funded Debt" shall mean Funded Debt of the Company and its Restricted Subsidiaries described on Schedule III hereto and such other Funded Debt of the Company and its Restricted Subsidiaries containing the subordination provisions specified on Schedule III hereto.

"Subsidiary" shall mean any corporation more than 50% of the issued and outstanding shares of Voting Stock of which at the time is owned or controlled, directly or indirectly, by the Company or by one or more other Subsidiaries.

"Supplement" shall mean (i) any Supplement (as defined in the Existing Credit Agreement) executed prior to the date hereof and (ii) any supplement substantially in the form of Exhibit I or Exhibit I-1 hereto which is executed and delivered by the Company to the Agent pursuant to this Agreement.

"Termination Date" shall mean the later of (i) September 30, 1983 or such earlier Business Day as the Company shall designate by at least four Business Days' prior written notice (effective upon receipt) to the Banks and the Agent and (ii) such other Termination Date as may be agreed to pursuant to subsection 2.6 hereof.

"Term Notes" shall have the meaning assigned to such term in subsection 2.7 hereof.

"Trailers" shall mean at any time intermodal trailers for trailer-on-flat car service which are described in the Supplements outstanding at such time, together with (i) any and all parts, mechanisms,

devices and replacements referred to in subsection 6.8 hereof from time to time incorporated in or installed on or attached to any of such trailers, (ii) any and all additions and improvements from time to time incorporated in or installed on or attached to any of such trailers pursuant to any requirement of law or any governmental regulation and (iii) any and all Non-Removable Improvements.

"Trailer Lease" shall mean a Lease described in clause (b) of the definition of Lease herein.

"Unit" shall mean one of the Rail-cars or one of the Trailers, as the case may be.

"Unit Borrowing Base", as of the date of any determination thereof, shall mean 80% of the Net Depreciated Value on such date of the Eligible Unit Collateral.

"Unit Cost" shall mean, for each Unit, the invoice purchase price thereof to the Company and/or the capitalized cost incurred by the Company in rebuilding such Unit, including all delivery charges, inspection fees and duties (if the purchase of such Unit is from a foreign source) and all applicable local or state sales taxes, if any, as set forth in the manufacturer's invoice with respect to such Unit; provided, however, that delivery charges and inspection fees with respect to such Unit in excess of 5% of the actual cost of such Unit shall be excluded from the Unit Cost of such Unit.

"Unit Loan" shall mean any loan made under this Agreement for the purposes of financing, or reimbursing the Company for, a portion of the Unit Cost of a Unit.

"Unprotected A Unit" shall mean, at any time, any Unit which is then located in the United States of America and as to which the lien and security interest created by this Agreement is not prior to all other Liens of third parties except Permitted Liens, and in any event shall include without limitation any Trailer as to which (i) a Certificate of Title containing the requisite notation of the lien and security interest

of this Agreement and (ii) an appropriate updating opinion of special counsel to the Company satisfactory to the Agent to the effect as set forth in subsection 4.2(c)(vi)(B) hereof shall not have been received by the Agent within 60 days after the making of a loan hereunder to finance a portion of the cost of such Trailer.

"Unprotected B Unit" shall mean, at any time, any Unit which is then located in a jurisdiction other than the United States of America and as to which the lien and security interest created by this Agreement is not prior to all other Liens of third parties except Permitted Liens and, in any event, shall include without limitation any Unit located in Mexico or Canada at such time.

"Voting Stock" of a corporation shall mean stock having ordinary voting power for the election of a majority of the board of directors, managers or trustees of such corporation, other than stock having such power only by reason of the happening of a contingency.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in any Note, certificate, report or other document made or delivered pursuant hereto. All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles.

1.3 Other Definitional Provisions. (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOANS

2.1 The Revolving Credit Commitment. Subject to the terms and conditions of this Agreement, each Bank

severally agrees to make loans to the Company from time to time from the Effective Date to and including the Termination Date in an aggregate principal amount not to exceed the amount set opposite such Bank's name below (such amount, as the same may be reduced as provided herein, being called the "Commitment" of such Bank and the aggregate amount for all the Banks being called the "Commitments"):

Bank	Commitment	% of Total Commitments
Manufacturers Hanover Trust Company	$ 4,000,000	33-1/3%
The First National Bank of Boston	4,000,000	33-1/3%
Berliner Handels-und Frankfurter Bank	2,000,000	16-2/3%
Crocker National Bank	1,000,000	8-1/3%
The Bank of California, N.A.	1,000,000	8-1/3%
	$12,000,000	100.00%

provided that no Bank shall be required to make any Stock Loan or Unit Loan under this Agreement if, after giving effect thereto, the aggregate outstanding principal amount of all Stock Loans or all Unit Loans shall exceed the Stock Borrowing Base or the Unit Borrowing Base, as the case may be, and provided further that no Bank shall be required to make any Margin Stock Loan under this Agreement if such Bank determines that such Margin Stock Loan would be in contravention of Regulation U or X.

During such period the Company may use the Commitments by borrowing, prepaying the Revolving Credit Notes and reborrowing, all in accordance with the terms and conditions hereof.

2.2 Use of Proceeds. The Company will use the proceeds of the loans made hereunder solely for Unit Loans and Stock Loans, and the proceeds of such loans shall be applied in the following manner:

(a) In the case of any Unit Loan, the Company will use the proceeds of such loan solely to pay, or to reimburse the Company for payments made by it with respect to, not more than 80% of the aggregate Unit Cost of the Units described in the Supplement executed and delivered by the Company in connection with such loan.

(b) In the case of any Stock Loan, the Company will use the proceeds of such loan solely to pay, or to reimburse the Company for payments made by it with respect to, not more than 70% (subject to the "provided" and "provided further" clauses of subsection 2.1 hereof) of the aggregate Stock Cost of the Stock described in the Supplement executed and delivered by the Company in connection with such loan.

2.3 The Revolving Credit Notes. On the Effective Date the Company will issue to each Bank, and each Bank will accept, in substitution and exchange for (but not in payment of) the Existing Note of such Bank a promissory note of the Company payable to such Bank in substantially the form of Exhibit A hereto (collectively, the "Revolving Credit Notes") and upon such substitution and exchange such Existing Note shall be deemed superseded and cancelled. The loans made by such Bank pursuant to its Commitment (including, without limitation, such loans outstanding on the Effective Date) shall be evidenced thereafter by the Revolving Credit Note representing the obligation of the Company to pay the amount of the Commitment of such Bank or, if less, the aggregate unpaid principal amount of all revolving credit loans made by such Bank, with interest thereon as prescribed in this subsection 2.3. Each Revolving Credit Note shall (a) be dated the Effective Date, (b) be stated to mature on the Termination Date, (c) bear interest from the date thereof on the unpaid principal amount thereof until such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise) at a fluctuating rate per annum equal to 107% of the MHTC Rate, and after such amount shall have become due and payable at a rate per annum equal to 115% of the MHTC Rate until such amount shall be paid in full (as well after as before judgment) and (d) have recorded in the schedule annexed thereto (under the caption "Unpaid Principal Balance-Unit Loans") the principal amount of any loans made by such Bank outstanding on the Effective Date. The date

and amount of each loan (and the characterization of such loan as a Unit Loan or a Stock Loan (including a Margin Stock Loan) made by such Bank under its Commitment, and the date and amount of each payment of principal of such loans, shall be recorded by such Bank at the time of such loan or payment on the schedule annexed to the Revolving Credit Note issued to such Bank. Interest on the Revolving Credit Notes shall be payable on the last day of each January, April, July and October, commencing on the first such date to occur after the date of the Revolving Credit Notes, and upon payment (including prepayment) in full thereof. Interest on the Existing Notes which is accrued and unpaid on the Effective Date shall be paid on the first date interest is paid under the Revolving Credit Notes.

2.4 Procedure for Revolving Credit Borrowings. The Company shall give the Banks and the Agent at least four Business Days' prior written notice (effective upon receipt) of its intention to borrow pursuant to the Commitments, specifying (a) the date and amount of the borrowing, (b) the use of the proceeds thereof and (c) in reasonable detail the calculations used to determine that, after giving effect to such borrowing, the Unit Loans shall not exceed the Unit Borrowing Base and the Stock Loans shall not exceed the Stock Borrowing Base. Not later than 12:00 P.M., New York City time, on the date specified in such notice, subject to paragraphs (b) and (c) of subsection 2.10 hereof, each Bank shall make available to the Agent at its office specified in subsection 12.2 hereof, in immediately available funds, the amount to be advanced by such Bank. Loan proceeds received by the Agent hereunder shall be deposited in the Company's account with the Agent on the date specified in such notice. Each borrowing pursuant to the Commitments shall not exceed the amounts permitted to be used by the Company in accordance with subsection 2.2 hereof.

2.5 Commitment Fee. The Company agrees to pay to the Agent for the account of each Bank a commitment fee for the period from and including the date of the Existing Credit Agreement to the Termination Date, computed at the rate of ½% per annum on the average daily unused portion of such Bank's Commitment in effect during the period for which payment is made, payable quarterly on the last day of each January, April, July and October, commencing on the first such date to occur after the date of the Existing

Credit Agreement and on the Termination Date or such earlier date upon which its Commitments shall terminate pursuant to the terms hereof. Commitment fee which is accrued and unpaid on the Effective Date shall be paid on the first such quarterly date to occur after the Existing Date.

2.6 Termination or Reduction of Commitments; Extension of Commitments. (a) The Company shall have the right, upon not less than four Business Days' prior written notice to the Banks and the Agent to terminate or, from time to time, permanently reduce the Commitments, provided that (i) any such reduction of the Commitments shall be accompanied by the ratable prepayment of the Revolving Credit Notes, together with accrued interest on the amount so prepaid to the date of such prepayment, to the extent, if any, that the aggregate unpaid principal amount thereof then outstanding exceeds the Commitments as then reduced and (ii) any such termination of the Commitments shall be accompanied by prepayment in full of the unpaid principal amount of the Revolving Credit Notes then outstanding, together with accrued interest thereon to the date of such prepayment, and the payment of any commitment fee then accrued hereunder. Any such partial reduction shall be in an aggregate amount of $100,000 or any whole multiple thereof and shall ratably reduce permanently the Commitments then in effect hereunder. Termination of the Commitments shall also terminate in full the obligation of the Banks to make the term loans referred to in subsection 2.7 hereof.

(b) If, no more than 130 days nor less than 110 days prior to any Termination Date, the Company shall have requested each Bank to extend such Termination Date, such Termination Date shall be extended for a period of one year from the then effective Termination Date without any agreement or further election on the part of any party hereto, provided, however, that each Bank shall have the right (in its sole discretion) to terminate its Commitment on the then effective Termination Date by delivering to the Company and the Agent no less than 90 days prior to the then effective Termination Date a notice of such termination (a "Termination Notice") and provided, further, that if any Bank shall elect to so terminate its Commitment, the Company shall, by telephone, telex, telegraph or bank wire, promptly, and in any event within 5

days after receipt of such Termination Notice, notify the Agent and each Bank which did not elect to terminate its Commitment of such election, and any such Bank may also so elect to terminate its Commitment by delivering to the Agent and the Company a Termination Notice no less than 60 days prior to the then effective Termination Date. If Banks holding at least 35% of the aggregate unpaid principal amount of the Notes (or, if no loans are then outstanding, Banks whose Commitments aggregate at least 35% of the Commitments) shall have delivered a Termination Notice, the then effective Termination Date shall not be extended. In the event that one or more Banks shall elect to terminate their Commitments, but the Termination Date shall be extended as provided in this paragraph (b), then at the request of the Company one or more additional commercial banking institutions may become parties to this Agreement by executing, within 5 business days prior to the then effective Termination Date, a conformed copy of this Agreement with the Company and the Agent (notice of which having been provided by the Company to each Bank), whereupon (i) such banking institution (each a "New Bank" and collectively the "New Banks") shall on the then effective Termination Date become a Bank for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, (ii) this Agreement shall be amended to add the name, address and Commitment of such New Bank, (iii) such amendment shall be registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303 and (iv) each Bank, including each New Bank, shall have received a legal opinion in form and substance satisfactory to it in respect of such registration and recordation; provided, however, that (x) the aggregate Commitments of the New Banks may aggregate less (but shall be no more) than the aggregate Commitments of the Banks electing to terminate their Commitments as provided in this subsection, and (y) the Company may not request that any New Banks become parties to this Agreement unless the Company shall first have requested the Banks which have not terminated their Commitments to increase their Commitments on a pro rata basis and such Banks shall not have agreed to so increase their Commitments within 10 Business Days following such request by the Company. No usage of the Commitments of any New Bank may be made prior to the then effective Termination Date, and, on such date, the Company shall issue to such New Bank a Revolving Credit

Note in substitution of and replacement for the Revolving Credit Note of any terminating Bank which Note shall be dated the date of such Termination Date and shall otherwise comply with the provisions of subsection 2.3 hereof. The New Bank(s) or the Bank(s) which have so increased their Commitments shall on the Termination Date make loans to the Company in a principal amount equal to the outstanding principal amount of the Revolving Credit Note held by such terminating Bank(s), provided, however, that if the combined Commitments of such New Bank(s) or the amount of the increase in the Commitments of the Bank(s) which have increased their Commitments shall aggregate less than the Commitments of the terminating Bank(s), then (i) such loans made by such New Bank(s) or Bank(s) which have so increased their Commitments shall not exceed the percentage of utilization of the Commitments of the Banks on such Termination Date and (ii) such loans made by such New Bank(s) or the Banks which have so increased their Commitments shall be applied to each outstanding Revolving Credit Note held by such terminating Bank(s) on a pro rata basis, and if after giving effect to the foregoing all or any portion of the Revolving Credit Notes of a terminating Bank shall remain outstanding and unpaid, then the Company shall issue in favor of such terminating Bank a Term Note in substitution for and replacement of the outstanding Revolving Credit Note of such Bank and in a principal amount equal to the unpaid principal amount of the then outstanding Revolving Credit Note held by such Bank and simultaneously therewith the Company shall pay the accrued interest on such Revolving Credit Note.

(c) In the event that any Bank shall have terminated its Commitment as provided in paragraph (b) of this subsection 2.6 and (i) no New Bank(s) shall have been substituted for such Bank and (ii) the Banks electing not to terminate their respective Commitments shall not replace the Commitment of such terminating Bank, or the then effective Termination Date shall not have been extended as provided in such paragraph (b), the Company shall on the then effective Termination Date issue to any Bank terminating its Commitment, or to each of the Banks if the Termination Date shall not be extended, a Term Note in accordance with subsection 2.7 of this Agreement in substitution for and replacement of the outstanding Revolving Credit Note of such Bank, which Term Note shall be in a principal amount equal to the principal amount

outstanding under the Revolving Credit Note of such Bank and simultaneously therewith the Company shall pay the accrued interest on such Revolving Credit Note.

2.7 Term Loans and Term Notes. (a) Subject to the terms and conditions hereof (including without limitation the terms and provisions of paragraph (b) of subsection 2.8 hereof), on the later of (i) September 30, 1983 and (ii) the date on which the Commitment of any Bank shall terminate pursuant to a Termination Notice or otherwise in accordance with subsection 2.6(b) of this Agreement, the Company shall substitute for and replace the outstanding Revolving Credit Note of such Bank with a promissory note of the Company in the principal amount of the Revolving Credit Note (after giving effect to any payment on account thereof on such Termination Date) of such Bank, substantially in the form annexed hereto as Exhibit B (the "Term Note"), with appropriate insertions therein as to date, payee and principal amount, payable to the order of such Bank. Each Term Note shall (i) be dated the appropriate Termination Date, (ii) be stated to mature in twenty consecutive equal quarterly installments on the last day of each January, April, July and October, commencing on the first such date to occur after the date of the Term Note and (iii) bear interest from the date thereof on the unpaid principal amount thereof until such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise) at a fluctuating rate per annum equal to 110% of the MHTC Rate, and thereafter at a rate per annum equal to 120% of the MHTC Rate until such amount is paid in full (as well after as before judgment). Interest on the Term Notes shall be payable quarterly on the last day of each January, April, July and October, commencing on the first such date to occur after the date of the Term Notes, and upon payment in full of the unpaid principal amount thereof. Each Term Note shall have a schedule annexed thereto on which shall be evidenced the amount of the loan evidenced thereby which represents a Unit Loan and the amount of the loan evidenced thereby which represents a Stock Loan and each payment made in respect of the Term Note shall reduce Stock Loans and Unit Loans evidenced thereby on a pro rata basis unless otherwise requested by the Company and consented to by the Required Banks.

(b) Not later than 12:00 noon New York City time on the date a Bank's Commitment terminates, such Bank shall make available to the Agent at its office specified in subsection 12.2 hereof such Bank's Revolving Credit Note duly cancelled. If the principal amount of the Term Note of such Bank is to be less than the aggregate unpaid principal amount of such Bank's Revolving Credit Note, the Company shall pay the difference to the Agent for the account of such Bank. The Revolving Credit Note shall be delivered to the Company against delivery by the Company to the Agent for the account of such Bank of a Term Note conforming to the requirements of subsection 2.7(a) hereof together with accrued interest on the Revolving Credit Note payable to such Bank and accrued and unpaid commitment fee hereunder.

2.8 Prepayments. (a) Voluntary. The Company may, at its option, at any one time or from time to time, prepay the Notes, in whole or in part, without premium or penalty, upon at least four Business Days' prior notice to the Agent and the Banks, specifying the date and amount of prepayment, and if such notice is given the Company shall be obligated to make such prepayment, together with accrued interest on the amount prepaid to the date of such prepayment. The Company shall also specify in such notice whether such prepayment is being made in respect of a Unit Loan, a Margin Stock Loan (specifying the date such Margin Stock Loan was originally made) or a Stock Loan which is not a Margin Stock Loan. Partial prepayments of the Term Notes shall be applied to proportionately reduce each of the installments of principal thereof. Prepayments on account of the Term Notes may not be reborrowed. Partial prepayments of the Notes shall be in an aggregate principal amount of at least $100,000. Prepayment of the Term Notes may only be made with the consent of the holders of 66 2/3% of the outstanding amount of any Revolving Credit Notes. If the Company elects to prepay any Unit Loans, it shall first prepay the Revolving Credit Notes evidencing Unit Loans on a pro rata basis and then prepay the Term Notes evidencing Unit Loans on a pro rata basis. If the Company elects to prepay Stock Loans, it shall first prepay the Revolving Credit Notes evidencing Stock Loans on a pro rata basis and then prepay the Term Notes evidencing Stock Loans on a pro rata basis.

(b) Mandatory. (i) If at any time the aggregate outstanding principal amount of the Unit Loans shall exceed the Unit Borrowing Base, the Company shall promptly prepay the Unit Loans or increase the Unit Borrowing Base to eliminate such excess; (ii) if at any time the aggregate outstanding principal amount of the Stock Loans shall exceed the Stock Borrowing Base, the Company shall promptly prepay the Stock Loans or increase the Stock Borrowing Base to eliminate such excess.

2.9 Computation of Interest and Commitment Fees. Interest and commitment fees shall be calculated on the basis of a 360-day year for the actual days elapsed. Any change in the interest rate on any Note resulting from a change in the MHTC Rate shall become effective as of the opening of business on the day on which such change in the MHTC Rate shall become effective. The Agent shall notify the Company of the effective date and the amount of each such change in the interest rate.

2.10 Pro Rata Treatment and Payments. (a) Subject to paragraphs (b) and (c) of subsection 2.6 hereof and paragraphs (b) and (c) of this subsection 2.10, each borrowing by the Company from the Banks, each payment (including each prepayment) by the Company on account of the principal of and interest on the Revolving Credit Notes and on account of any commitment fee hereunder and any reduction of the Commitments of the Banks hereunder shall be made pro rata according to the Commitments then in effect and each payment (including each prepayment) by the Company on account of principal of and interest on the Term Notes shall be made pro rata according to the then outstanding principal amount of the Term Notes. All payments (including prepayments) by the Company on account of principal, interest and commitment fees shall be made to the Agent for the account of each Bank at the office of the Agent referred to in subsection 12.2 hereof in lawful money of the United States of America and in immediately available funds. If any payment hereunder or on any Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(b) On the first date on or after the Effective Date when the Company borrows under this Agreement (the "Next Borrowing Date"), Berliner Handels-und Frankfurter Bank (the "BHF Bank") shall make its initial loan under this Agreement. Notwithstanding the provisions of subsection 2.10(a) hereof, no loan shall be made by the other Banks (the "Original Banks") on the Next Borrowing Date until the loans made by the BHF Bank cause the outstanding principal amount of the Note of each Bank (including the BHF Bank and the Original Banks) to equal such Bank's pro rata share, according to the Commitments, of the aggregate outstanding principal amount of the Notes of all the Banks and thereafter all loans shall be made in accordance with subsection 2.10(a) hereof, provided, however, if on the Next Borrowing Date the amount of the borrowing requested by the Company is insufficient to permit the BHF Bank to make loans so that its loans are on a pro rata basis with the loans made by the Original Banks, then the amount of the Note of each Original Bank will be reduced by the BHF Bank making loans in replacement of and substitution for (but not in payment of) a portion of the loans of the Original Banks so that the outstanding principal amount of the Note of each Bank shall equal such Bank's pro rata share, according to the Commitments, of the aggregate outstanding principal amount of the Notes of all the Banks.

(c) Notwithstanding any of the provisions of this Agreement (including without limitation the provisions of paragraph (a) of this subsection 2.10), until the Next Borrowing Date when the BHF Bank makes its required loans, distributions of principal and interest shall be made according to the Commitments under the Existing Credit Agreement and distributions of commitment fees shall be made on a pro rata basis according to the unutilized portion of the Commitments under this Agreement.

2.11 Release of Collateral. (a) Upon the request of the Company, the Agent, at the Company's expense, will release from the Lien and security interest of this Agreement to the Company without recourse to, or representation or warranty by, the Agent, any Eligible Unit Collateral (including the Leases relating thereto) or Eligible Stock Collateral; provided that after giving effect to such release (i) no Default or Event of Default shall have occurred and be continuing, (ii) the Unit

Borrowing Base and the Stock Borrowing Base shall exceed the outstanding principal amount of the Unit Loans and the Stock Loans, respectively, and (iii) the release of any Stock would not cause any violation of Regulation U or X as determined by the Agent.

(b) Subject to the written approval of the Agent (which approval shall not be unreasonably withheld), the Company shall specify the particular Units or shares of Stock to be released in accordance with paragraph (a) of this subsection 2.11.

SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Banks to enter into this Agreement and to make the loans hereunder, the Company represents and warrants to the Banks that:

3.1 Corporate Existence. Each of the Company and its Restricted Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation and in good standing in each other jurisdiction where the conduct of its business or the ownership or lease of its properties requires such qualification and the failure to be so qualified could have a material adverse effect on the business, operations, properties or assets or on the condition, financial or other, of the Company or any of its Restricted Subsidiaries. As of the date hereof, the jurisdictions in which the Company is qualified as a foreign corporation consist of those listed in Schedule I hereto.

3.2 Power and Authorization. The Company has full corporate power, authority and legal right to own its properties and to conduct its business as now conducted (including, without limitation, the purchase of the Rail-cars and the Trailers, the leasing of the Rail-cars and the Trailers and the purchase of the Pledged Stock), to execute, deliver and perform this Agreement, the Supplements, the Notes and the stock powers to be delivered to the Agent together with the Pledged Stock, to grant the pledge, lien and security interest created by this Agreement and to lease the Rail-cars and the Trailers, and the Company has taken all necessary corporate action to

authorize the execution, delivery and performance of this Agreement, the Supplements, the Notes and the stock powers to be delivered to the Agent together with the Pledged Stock, the granting of the pledge, lien and security interest created by this Agreement and the leasing of the Rail-cars and the Trailers on the terms hereof and thereof. This Agreement has been duly executed and delivered by the Company and constitutes, and each Supplement, each Note and each such stock power when executed and delivered by the Company will constitute, the legal, valid and binding obligation of the Company enforceable in accordance with its terms. No consent of any other Person (including stockholders of the Company or an Affiliate) and no consent, license, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance by the Company (or an Affiliate, as the case may be) of this Agreement, any Supplement, any Lease or any Note except for the filing of this Agreement, each Rail-car Lease and each Supplement describing Rail-cars with the Interstate Commerce Commission, the filing of a financing statement with respect to each Trailer, each Supplement describing Trailers and each Trailer Lease with the Secretary of State of California and the procurement of a Certificate of Title with respect to each Trailer on which Certificate of Title the Lien and security interest created by this Agreement has been noted.

3.3 No Legal Bar. The execution, delivery and performance by the Company (or an Affiliate, as the case may be) of this Agreement, the Supplements, the Notes and each Lease will not violate any provision of any existing law or regulation to which the Company (or an Affiliate, as the case may be) is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Articles of Incorporation, By-Laws or any preferred stock of the Company (or an Affiliate, as the case may be) or of any mortgage, indenture, contract or other agreement to which the Company (or an Affiliate, as the case may be) is a party or which is binding upon the Company (or an Affiliate, as the case may be) or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company (or an Affiliate, as

the case may be). The Company is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Company.

3.4 No Material Litigation. Except for litigation described in the Company's Form 10-K for the fiscal year ended March 31, 1981 (as to which litigation the Company hereby represents and warrants that the probability of an unfavorable determination is remote), copies of which heretofore have been delivered to each Bank, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by any governmental body (i) which relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would materially impair the right or ability of the Company to carry on its business substantially as now conducted and currently proposed to be conducted by it or (iii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would have a material adverse effect on the operating results or on the condition, financial or other, of the Company. The Company is not in default with respect to any material order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

3.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

3.6 Financial Condition. The consolidated balance sheet of the Company and its Subsidiaries as of March 31, 1981 and the related consolidated statements of income and retained earnings and changes in financial position for the fiscal periods ended on such dates, reported on by Arthur Andersen & Co., copies of which have heretofore been delivered to each Bank, are true, complete and correct and present fairly the consolidated financial condition of the Company and its Subsidiaries as at such date, and the consolidated results of their operations for

the fiscal period then ended, and have been prepared in accordance with generally accepted accounting principles. There has been no material adverse change in the condition, financial or other, of the Company since March 31, 1981.

3.7 Payment of Taxes. Each of the Company and its Restricted Subsidiaries has filed all federal, state and local tax returns and declarations of estimated tax which are required to be filed or has duly obtained appropriate extensions thereof (except for certain state and local tax returns with respect to which the Company or such Restricted Subsidiary has no material liability and which will be filed by the Company or such Restricted Subsidiary as soon as is practicable) and has paid all taxes which have become due pursuant to such returns and declarations or pursuant to any assessment received by it, and neither the Company nor any of its Restricted Subsidiaries has any knowledge of any deficiency or additional assessment in connection therewith not adequately provided for on the books of the Company or such Restricted Subsidiary. In the opinion of the Company, all tax liabilities of the Company and its Restricted Subsidiaries were adequately provided for as of March 31, 1981, and are now so provided for, on the books of the Company and its Restricted Subsidiaries.

3.8 Force Majeure. Since March 31, 1981, the business, operations, properties and assets of the Company and its Subsidiaries have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

3.9 Burdensome Provisions. The Company is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which materially and adversely affects the business, operations, properties or assets or the condition, financial or other, of the Company.

3.10 Leases. (a) Each Lease has been duly authorized, executed and delivered by the Company and/or

one of its Affiliates (as defined in the definition of Lease herein) and the lessee thereunder and constitutes a valid and binding obligation of the Company and/or such Affiliate and such lessee, enforceable in accordance with its terms. All consents, licenses, approvals or authorizations of, exemptions by, and registrations or declarations with, any governmental authority required to be obtained, effected or given in connection with the execution, delivery and performance of each such Lease by each party thereto have been duly obtained, effected or given and are in full force and effect, other than the filing of each Rail-car Lease with the Interstate Commerce Commission and the filing of a financing statement relating to each Trailer Lease with the Secretary of State of California, which filings, in the case of Assigned Leases, have been duly effected.

(b) Neither the Company (or its Affiliate, as the case may be) nor (to the best of the Company's knowledge) the lessee under any Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, an event of default under such Lease. The Company (or its Affiliate, as the case may be) has fully performed all its obligations under each Lease and no defense, offset, counterclaim or claim has been asserted or alleged against the Company with respect to any such Lease.

(c) Each Affiliate has full corporate power, authority and legal authority to execute, deliver and perform leases of Trailers and Shipping Agreements and to cause such leases to be assigned to the Agent for the benefit of the Banks, and has duly authorized the execution, delivery and performance of such leases and Shipping Agreements and the assignment of such leases to the Agent for the benefit of the Banks.

3.11 Title to Units and Stock. Whenever the Company executes and delivers a Supplement to the Agent on behalf of the Banks, (a) the Company will have good and valid title to, and will be the lawful owner of, each Unit or share of Stock described in such Supplement, free and clear of all Liens whatsoever except (i) the lien and security interest created by this Agreement and (ii)

Permitted Liens and (b) as to any Supplement in which Stock is described, all such stock shall have been duly authorized, validly issued, fully paid and non-assessable.

3.12 First Lien. (a) In the case of Rail-cars and Rail-car Leases, upon the filing of this Agreement, each Lease and a Supplement in the manner prescribed in 49 United States Code §11303 and in the regulations of the Interstate Commerce Commission promulgated thereunder, this Agreement will constitute a legal, valid and perfected first lien on and first priority security interest in each of the Units described in such Supplement (and any Proceeds thereof) and each such Lease (and the Proceeds thereof) to the extent such Lease relates to such Units, as security for the Obligations, free and clear of all other Liens whatsoever except Permitted Liens. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral, which has been signed by the Company or which the Company has authorized any other Person to sign or file or record, is on file or of record with the Interstate Commerce Commission or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Agent pursuant to this Agreement and the Existing Credit Agreement.

(b) In the case of Trailers, upon the execution of a Supplement and the filing of a financing statement covering such Trailers in the office of the Secretary of State of California and upon either (i) (X) the issuance of Certificates of Title on which the lien and security interest created by this Agreement has been noted and (Y) delivery of possession of the Certificates of Title to the Agent, or (ii) until Certificates of Title on which the lien and security interest created by this Agreement have been noted, due application being made for such Certificates of Title by the Company, and, in the case of Trailer Leases, upon (i) delivery of possession to the Agent of the duly executed original of the Lease, (ii) the execution of a Supplement and (iii) the filing of a financing statement covering such Lease and such Supplement in the office of the Secretary of State of California, this Agreement will constitute a legal, valid and perfected first lien on and first priority security interest in each of the Units described in such Supplement (and any Proceeds thereof) and each such Lease (and the Proceeds thereof) as

security for the Obligations, free and clear of all other Liens whatsoever except Permitted Liens. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral, which has been signed by the Company or which the Company has authorized any other Person to sign or file or record, is on file or of record with the Secretary of State of California or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Agent pursuant to this Agreement.

(c) In the case of Stock, upon (i) delivery of possession to the Agent of validly issued certificates representing the shares of Stock together with undated stock powers duly executed in blank, and (ii) the execution of a Supplement, this Agreement will constitute a legal, valid and perfected pledge of, first lien on and first priority security interest in each share of Stock described in such Supplement and so delivered (and any Proceeds thereof), as security for the Obligations, free and clear of all other liens whatsoever except Permitted Liens.

3.13 Federal Regulations. Neither the Company nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U. The Company will not use any part of the proceeds of any borrowing hereunder for any purpose which violates, or which would be inconsistent with, the provisions of Regulations U or X.

3.14 ERISA. No "accumulated funding deficiency" (as defined in paragraph (h) of Section 9 hereof), or Reportable Event or, to the best of the Company's knowledge, "prohibited transaction" (as defined in paragraph (h) of Section 9 hereof) has occurred since July 1, 1974 with respect to any Plan. The present value of all benefits vested under all Plans does not exceed the value of the assets of the Plans allocable to such vested benefits.

SECTION 4. CONDITIONS

4.1 Conditions To Effectiveness. This Agreement shall not become effective until the date (the "Effective Date") the Agent shall have received, for the account of each Bank, the following documents, each in form and substance satisfactory to the Agent:

(a) a copy, certified by the Secretary or Assistant Secretary of the Company on the Effective Date, of the resolutions of the Board of Directors or the Executive Committee of the Board of Directors of the Company, with a counterpart for each Bank, approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Notes, the Supplements, each Lease and all other documents and instruments required hereby (together with a certified true copy, in the case of resolutions of the Executive Committee of the Board of Directors of the Company, of the appropriate corporate documents in effect on such date authorizing such Executive Committee to take such action);

(b) a certificate of the Secretary or Assistant Secretary of the Company, dated the Effective Date, with a counterpart for each Bank, as to the incumbency and signatures of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(c) an executed legal opinion of Alfred C. Dossa, Esq., Vice President, Secretary and General Counsel of the Company, dated the Effective Date and substantially in the form of Exhibit C hereto and an executed legal opinion of Messrs. Steptoe & Johnson, special counsel for the Company, dated the Effective Date and substantially in the form of Exhibit D hereto, with a counterpart of each such opinion for each Bank;

(d) satisfactory evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303;

(e) a Revolving Credit Note payable to each Bank duly executed by a duly authorized officer of the Company conforming to the requirements of subsection 2.3 hereof; and

(f) a certificate duly executed by a senior officer of the Company showing in reasonable detail that the loans outstanding on the Effective Date do not exceed the Unit Borrowing Base as of the Effective Date.

4.2 Conditions of Revolving Credit Loans. The Banks shall not be required to make any loan hereunder unless:

(a) the representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date of the making of such loan with the same effect as if made on and as of such date, and no Default or Event of Default shall have occurred and be continuing on the date of the making of such loan or would occur as a result of such loan;

(b) the Agent shall have received, for the account of each Bank, a certificate duly executed by a senior officer of the Company showing in reasonable detail that, if such loan is a Unit Loan, all Unit Loans outstanding hereunder (after giving effect to such loan) do not exceed the Unit Borrowing Base on the date of such loan and/or that, if such loan is a Stock Loan, all Stock Loans outstanding hereunder (after giving effect to such loan) do not exceed the Stock Borrowing Base on the date of such loan;

(c) with respect to Unit Loans, the Agent shall have received, for the account of each Bank, the following documents, each in form and substance satisfactory to the Agent:

(i) a copy of the warranty bill of sale from the manufacturer or vendor of the Units being financed by such loan, substantially in the form of Exhibit J hereto, transferring to the Company good title to such Units and clear of all Liens except for the purchase money security interest in favor of such manufacturer;

(ii) a copy of the invoice from the manufacturer or vendor of the Units being financed by such loan and, in the event any Rail-cars have been rebuilt, an invoice from the company which rebuilt such Rail-cars specifying in each case the Units Costs thereof, and accompanied by or having endorsed thereon a certification by an authorized officer of the Company as to the correctness of the information set forth in such invoice;

(iii) (A) in the case of Railcars: a completed Supplement duly executed by the Company, identifying the Rail-cars being financed by such loan and subjecting such Rail-cars to the lien and security interest created by this Agreement, together with evidence that such Supplement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303; (B) in the case of Trailers: a completed Supplement duly executed by the Company, identifying the Trailers being financed by such loan and subjecting such Trailers to the lien and security interest created by this Agreement, together with possession of the Certificate of Title for each Trailer on which Certificate of Title the first lien and first security interest created by this Agreement is noted and on which Certificate of Title no notations of any other liens or security interests are noted (or evidence satisfactory to the Agent that all necessary action has been taken by the Company to secure the notation of such lien and security interest in favor of the Agent upon such Certificates of Title, provided that such Certificates of Title with the required notation as to such lien and security interest and with no notation as to any other lien or security interest shall be received by the Agent no later than 60 days after the date of such loan), and satisfactory evidence that a financing statement respecting such Trailers has been duly filed with the Secretary of State of California;

(iv) evidence of insurance on the Units being financed by such loan which indicates compliance with the provisions of subsection 6.6 hereof;

(v) a certificate, dated the date of such loan and signed by the President or any Vice President of the Company, to the same effect as paragraph (a) of this subsection 4.2 and to the further effect that (A) the Units being financed by such loan have been delivered to and accepted by the Company; (B) the Company has valid and legal title to, and is the lawful owner of, such Units, free and clear of all Liens except the lien and security interest created by this Agreement and Permitted Liens; and (C) either (1) such Units have been duly leased to the lessee under an Assigned Lease (specifying the particular Assigned Lease and the Units which are leased under such Assigned Lease) or (2) in the event the Company has not subjected such Units to an Assigned Lease, acknowledging that, in the case of Rail-cars, if within 45 days of such loan such Units have not been so subjected to an Assigned Lease, a Casualty Occurrence with respect to such Units shall be deemed to have occurred and demonstrating that, in the case of Trailers, a Casualty Occurrence has not occurred with respect to such Trailers;

(vi) (A) in the case of Railcars: an opinion of Messrs. Steptoe & Johnson, special counsel for the Company, with a counterpart for each Bank, dated the date of such loan and addressed to the Banks and the Agent, to the effect that (1) the Company has valid and legal title to, and is the lawful owner of, the Rail-cars being financed by such loan, free and clear of all Liens except the lien and security interest created by this Agreement and Permitted Liens; (2) the Supplement describing such Rail-cars has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303; (3) this Agreement, as supplemented by such Supplement, constitutes a legal, valid and perfected first lien on and first priority security interest in each of such Rail-cars (and any Proceeds thereof); (4) no further action, including any filing or recording of any document, is necessary or advisable in order to create and maintain in favor of the Agent the lien and

security interest referred to in the foregoing clause (3) (or, if any action is necessary or advisable, specifying the same); and (5) such other opinions as the Agent or any Bank shall reasonably request; (B) in the case of Trailers: an opinion of Samuel G. Cohen, Esq. or other special counsel in Maine (or such other jurisdiction that has issued the Certificates of Title for such Trailers) for the Company acceptable to the Agent, with a counterpart for each Bank, dated the date of such loan and addressed to the Banks and the Agent, to the effect that (1) the Company has valid and legal title to, and is the lawful owner of, the Trailers being financed by such loan, free and clear of all Liens except the lien and security interest created by this Agreement and Permitted Liens; (2) an application for the Certificates of Title respecting such Trailers, in which application for such Certificates of Title a notation to the effect that the Agent holds a first lien and first security interest pursuant to this Agreement has been noted, has been duly made by the Company to the Secretary of State of Maine (or such other jurisdiction that has issued such Certificates of Title); (3) this Agreement, as supplemented by the Supplement describing such Trailers, constitutes a legal, valid and perfected first lien on and first priority security interest in each of such Trailers (and any Proceeds thereof); (4) other than the filing of a financing statement respecting the Trailers with the Secretary of State of California and the delivery of possession of the Certificates of Title respecting such Trailers to the Agent, no further action, including any filing or recording of any document, is necessary or advisable in order to create and maintain in favor of the Agent the first lien and first security interest referred to in the foregoing clause (3) (or, if any action is necessary or advisable, specifying the same); and (5) such other opinions as the Agent or any Bank shall reasonably request. Such opinion of such special counsel to the Company in Maine shall be appropriately updated in a manner satisfactory to the Agent within 60 days after the making of the application for such Certificates of Title;

(vii) an opinion of counsel for the seller of the Units being financed by such loan (the "Seller"), with a counterpart for each Bank, dated the date of such loan and addressed to the Company, the Banks and the Agent, in form and substance satisfactory to counsel for the Agent, to the effect that (A) the Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own its property and to conduct its business as currently conducted; and (B) the Seller's bill of sale relating to the Units being financed by such loan has been duly authorized, executed and delivered by the Seller and is effective to transfer to the Company good and marketable title to the Units, free and clear (as of the date of delivery of such Units, by the Seller to the Company) of all claims, charges, Liens, security interests and other encumbrances, except the purchase money security interest in favor of the Seller, which purchase money security interest has been terminated as of the date of such opinion, and except the rights of the Agent under this Agreement;

(viii) if such loan finances the rebuilding of Rail-cars, a certificate signed by an authorized officer of the company which performed the rebuilding of such Rail-cars to the effect that (a) the invoice of such company with respect to such rebuilding has been paid in full and (b) such company has no claim, security interest or other interest in such Rail-cars; and

(ix) any other documents, affidavits or certificates that the Agent may reasonably request;

(d) with respect to Stock Loans, the Agent shall have received, for the account of each Bank, the following documents, each in form and substance satisfactory to the Agent:

(i) possession of validly issued certificates representing the shares of Stock being financed by

such loan together with appropriate undated stock powers duly executed in blank;

(ii) a completed Supplement duly executed by the Company, identifying the Stock being financed by such loan and subjecting such Stock to the lien and security interest created by this Agreement;

(iii) a duly executed Federal Reserve Form U-1 for each Bank with respect to such loan;

(iv) a certificate, dated the date of such loan and signed by the President or any Vice President of the Company, (A) to the same effect as paragraph (a) of this subsection 4.2; (B) to the further effect that the Company has valid and legal title to, and is the lawful owner of, such Stock, free and clear of all Liens except the lien and security interest created by this Agreement and Liens described in clause (ii) of the definition of Permitted Liens; and (C) certifying the purchase price paid by the Company for each share of such Stock together with appropriate brokerage receipts or other satisfactory evidence of the purchase price paid for each share of such Stock;

(v) an executed legal opinion of Alfred C. Dossa, Esq., Vice President, Secretary and General Counsel of the Company, or other counsel acceptable to the Agent, with a counterpart for each Bank, dated the date of such loan and addressed to the Banks and the Agent, to the effect that (A) the Company has valid and legal title to, and is the lawful owner of, the Stock being financed by such loan, free and clear of all Liens except the lien and security interest created by this Agreement and Liens described in clause (ii) of the definition of Permitted Liens; (B) this Agreement, as supplemented by the Supplement describing such Stock, constitutes a legal, valid and perfected pledge of, first lien on and first priority security interest in each share of such Stock (and any Proceeds thereof); (C) other than the delivery of possession to the Agent of validly issued and transferred certificates representing such Stock together with undated stock powers duly executed in blank, no further action, including any filing or recording of any document, is necessary or advisable in order to create and maintain

in favor of the Agent the pledge, lien and security interest referred to in the foregoing clause (B) (or, if any action is necessary or advisable, specifying the same); and (D) all of the shares of such Stock have been duly authorized and validly issued and are fully paid and non-assessable; such opinion shall cover such other matters as are reasonably requested by the Agent or any of the Banks; and

(vi) any other documents, affidavits or certificates that the Agent may reasonably request; and

(e) the Agent shall have determined that all Stock Loans made hereunder, including without limitation any proposed Stock Loan, shall comply with Regulations U and X.

4.3 Conditions to Term Loans. The Banks shall not be required to make the term loans pursuant to subsection 2.7 hereof unless as of the appropriate Termination Date:

(a) the Company shall pay to the Agent for the account of each Bank all interest accrued on the Revolving Credit Notes being replaced on such Termination Date;

(b) the Agent shall have received for the account of each Bank terminating its Commitment a Term Note conforming to the requirements of subsection 2.7 hereof and duly executed by a duly authorized officer of the Company;

(c) the representations and warranties made by the Company herein shall be true and correct as if made on and as of such Termination Date and no Default or Event of Default shall be in existence on such Termination Date, and the Agent shall have received, with a counterpart for each Bank, a certificate, dated such Termination Date and signed the President or a Vice President of the Company, to such effect;

(d) the Agent shall have received, with a counterpart for each Bank, (i) an opinion of counsel for the Company, dated such Termination Date,

substantially in the form of Exhibit G hereto, (ii) an opinion of special counsel to the Company dated such Termination Date, substantially in the form of Exhibit H hereto, and (iii) an opinion of special Maine counsel to the Company substantially in the form of Exhibit H-1 hereto;

(e) the Agent shall have received for the account of each Bank a certificate duly executed by a senior officer of the Company showing in reasonable detail that the term loans will not exceed the Unit Borrowing Base or the Stock Borrowing Base as of such Termination Date; and

(f) the Agent shall have determined that the term loans comply with Regulations U and X.

SECTION 5. GRANT OF LIEN AND SECURITY INTEREST

As collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal of, premium, if any, and interest on the Notes, (b) the due and punctual payment and performance by the Company of all of its obligations and liabilities under or arising out of or in connection with this Agreement, and (c) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of all indebtedness, obligations, fees and liabilities of the Company hereunder to the Banks, whether now existing or hereafter incurred (all of the foregoing being hereinafter called the "Obligations"), and in order to induce the Banks to make the loans hereunder:

5.1 Units. The Company does hereby assign, convey, mortgage, pledge and transfer to the Agent, for the ratable benefit of the Banks, and does hereby grant to the Agent, for the ratable benefit of the Banks, a continuing security interest in, all Units now owned or at any time hereafter acquired by the Company and any and all Proceeds thereof.

5.2 Leases. The Company does hereby assign, convey, mortgage, pledge and transfer to the Agent, for the ratable benefit of the Banks, and does hereby grant to the

Agent, for the ratable benefit of the Banks, a continuing security interest in, all of the right, title and interest of the Company in, to and under each Lease, whether now or hereafter in effect, including, without limitation, all right, title and interest of the Company in and to all rents, issues, profits, revenues and other income arising under each Lease and other moneys due and to become due to the Company under each Lease, all proceeds of and all claims for damages arising out of the breach of each Lease, the right of the Company to terminate each Lease and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing each Lease or any moneys due or to become due thereunder or related thereto, but only to the extent that all the foregoing relate to, derive from or arise out of the Units. Each and every copy of such Lease which the Company directly or indirectly has in its control or possession shall have attached thereto a notice indicating the Agent's interest therein. Until an Event of Default has occurred and is continuing, each executed Lease Directive and each executed Trailer Lease Directive which has been delivered by the Company to the Agent shall be held by the Agent in escrow for the Company.

If an Event of Default has occurred and is continuing, upon the demand of the Agent the Company will and will cause any Affiliate to specifically authorize and direct the lessee under each Lease to make payment of all moneys due and to become due under or arising out of such Lease on account of such Units directly to the Agent (and the Company, on its behalf and on behalf of its Affiliates, hereby specifically authorizes the Agent upon such occurrence to send to such lessee the applicable Lease Directive or Lease Directives or Trailer Lease Directive or Trailer Lease Directives) and upon such demand the Company, on its behalf and on behalf of its Affiliates, irrevocably authorizes and empowers the Agent to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due or payable or remain unpaid to the Company or any of its Affiliates by such lessee at any time or times under or arising out of its respective Lease; to endorse any checks, drafts or other orders for the payment of money payable to the Company or any of its Affiliates in payment therefor; and in the Agent's discretion to file any claims or take any action or proceedings either in its own name or in the name of the

Company or otherwise which the Agent may deem to be necessary or advisable. The Company, on its behalf and on behalf of its Affiliates, hereby irrevocably authorizes the Agent after any such demand has been made, in its own name or in the name and on behalf of the Company or any of its Affiliates, to give notification to the lessee under each Lease that payment thereunder is to be made directly to the Agent.

It is expressly agreed by the Company, on its behalf and on behalf of its Affiliates, that, anything herein to the contrary notwithstanding, the Company (and/or its Affiliates, as the case may be) shall remain liable under each Lease to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. Neither the Agent nor any of the Banks shall have any obligation or liability under any Lease by reason of or arising out of this Agreement or the assignment of such Lease to the Agent or the receipt by the Agent of any payment relating to such Lease pursuant hereto, nor shall the Agent or any of the Banks be required or obligated in any manner to perform or fulfill any of the obligations of the Company or any of its Affiliates under or pursuant to any Lease, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any party under such Lease, or to present or file any claim, or to take any action to enforce the observance of any obligations of any party to such Lease.

5.3 Stock. (a) The Company does hereby pledge, assign, convey, hypothecate, transfer and deliver to the Agent, for the ratable benefit of the Banks, and does hereby grant to the Agent, for the ratable benefit of the Banks, a continuing security interest in all Stock now owned or at any time hereafter acquired by the Company and any and all Proceeds thereof (the "Pledged Stock").

(b) So long as no Event of Default has occurred and is continuing, (i) the Company shall be entitled to exercise any and all voting and/or consensual rights and powers accruing to an owner of the Pledged Stock or any part thereof for any purpose not inconsistent with the terms of this Agreement, (ii) the Company shall be entitled to receive and retain any and all cash dividends or payments of interest paid on the Pledged Stock, but any and

all payments of principal, stock and/or liquidating dividends, other distributions in property, return of capital or other distributions made on or in respect of such Pledged Stock, whether resulting from a subdivision, combination or reclassification of outstanding capital stock or received in exchange for such Pledged Stock or any part thereof or as a result of any merger, consolidation, acquisition or other exchange of assets or on the liquidation, whether voluntary or involuntary, of any issuer of such Pledged Stock or otherwise, shall be and become part of the Collateral pledged hereunder and, if received by the Company, shall forthwith be delivered to the Agent to be held as Collateral (and until so delivered shall be deemed held by the Company in trust for the Agent as Collateral) subject to the terms of this Agreement, and (iii) the Agent shall execute and deliver to the Company or cause to be executed and delivered to the Company, as appropriate and at the Company's expense, all such proxies, powers of attorney, dividend orders and other instruments as the Company may reasonably request for the purpose of enabling the Company to exercise the voting and/or consensual rights and powers which it is authorized to exercise pursuant to clause (i) above.

SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby covenants and agrees that from the Effective Date and so long as the Commitments remain in effect or any of the Notes remain outstanding and unpaid:

6.1 Financial Statements and Reports. The Company will furnish to each of the Banks (a) as soon as available but in any event not later than 90 days after the close of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and of changes in financial position of the Company and its Subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and with the prior fiscal year and accompanied by a report or opinion of Arthur Andersen & Co. or other independent public accountants of nationally recognized standing selected by the Company (which report or opinion shall not

be qualified by reason of any limited examination of the books and records of the Company or its Subsidiaries); (b) as soon as available, but in any event within 90 days after the close of each fiscal year of the Company, consolidating financial statements of the Company and its Restricted Subsidiaries, including therein (i) consolidating balance sheets of the Company and its Restricted Subsidiaries as at the end of such fiscal year showing inter-company eliminations, and (ii) related consolidating statements of income and retained earnings of the Company and its Restricted Subsidiaries, showing inter-company eliminations, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with the prior year, such consolidated and consolidating financial statements being certified by the chief financial officer of the Company; (c) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Company, unaudited consolidated financial statements of the Company and its Subsidiaries and unaudited consolidating financial statements of the Company and its Restricted Subsidiaries, including therein (i) consolidated balance sheets of the Company and its Subsidiaries and consolidating balance sheets of the Company and its Restricted Subsidiaries, as at the end of such fiscal quarter, showing inter-company eliminations, (ii) related consolidated statements of income and retained earnings of the Company and its Subsidiaries and related consolidating statements of income and retained earnings for the Company and its Restricted Subsidiaries, showing inter-company eliminations, and (iii) the related consolidated statement of changes in financial position of the Company and its Subsidiaries, all for the period from the beginning of such fiscal year to the end of such fiscal quarter, the consolidated financial statements of the Company and its Subsidiaries setting forth in the case of the Company and its Subsidiaries corresponding figures for the like period of the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and with prior periods and certified by the chief financial officer of the Company (subject to normal year-end audit adjustments); (d) concurrently with the delivery of the financial statements referred to in clauses (a), (b) and

(c) above, a certificate of the principal financial or accounting officer of the Company (1) stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every covenant and agreement of the Company contained in this Agreement and the Notes and that no Default or Event of Default has occurred during the period covered by such financial statements or is then in existence, except as specifically indicated, (2) setting forth in reasonable detail all computations required to determine if the Company was in compliance during the period covered by such financial statements with the provisions of subsections 7.1, 7.2, 7.4, 7.9 and 7.10 hereof and (3) setting forth in reasonable detail all computations required to determine (i) whether the Unit Loans outstanding as at such fiscal dates exceed the Unit Borrowing Base as at such date and (ii) whether the Stock Loans outstanding as at such fiscal dates exceed the Stock Borrowing Base as at such date; (e) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the independent public accountants which certified such statements to the effect that, in making the examination necessary for the audit of such financial statements, they obtained no knowledge of any default by the Company in the observance or performance of any of its covenants or agreements contained in this Agreement or the Notes, except as specifically indicated; (f) promptly upon their becoming available, copies of all regular and periodic reports, if any, which the Company or any of its Subsidiaries shall file with the Securities and Exchange Commission or any similar or corresponding governmental department, commission, board, bureau or agency substituted therefor, or with any national securities exchange; (g) promptly, but in any event within three days after any request by any Bank therefor, a certificate (to be delivered to each of the Banks) of the principal financial or accounting officer of the Company setting forth in reasonable detail all computations required to determine (i) whether the Unit Loans outstanding at the date of the request for such certificate exceed the Unit Borrowing Base as at such date and (ii) whether the Stock Loans outstanding as at the date of the request for such certificate exceed the Stock Borrowing Base as at such date; and (h) promptly, such additional financial and other information as any Bank may from time to time reasonably request.

6.2 Payment of Taxes; Corporate Existence; Line of Business; Maintenance of Properties; Principal Office; Management. (a) The Company will promptly pay and discharge or cause to be paid and discharged, before the same shall become in default, all lawful taxes, assessments and governmental charges or levies imposed upon the Company or any Restricted Subsidiary, or upon any property, real, personal or mixed, belong to the Company or any Restricted Subsidiary, or upon any part thereof, as well as all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any such property or any part thereof; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of the Collateral or any part thereof, and (iii) the Company or such Restricted Subsidiary, as the case may be, shall have set aside on its books adequate reserves with respect thereto in accordance with generally accepted accounting principles.

(b) The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises and the corporate existence, rights and franchises of each of its Restricted Subsidiaries, and will comply with and cause each Subsidiary to comply with all valid and applicable statutes and governmental regulations except any such statute or regulation the validity or applicability of which is being contested in good faith; provided, however, that nothing in this subsection 6.2(b) shall prevent a consolidation or merger of, or a sale, lease, transfer or other disposition of all or substantially all of the property and assets of, the Company not prohibited by the provisions of subsection 7.3 hereof; and provided, further, that nothing in this subsection 6.2(b) shall prevent (i) the consolidation or merger of any Restricted Subsidiary with or into the Company, (ii) the consolidation or merger of any Restricted Subsidiary with or into any other Restricted Subsidiary, or (iii) the abandonment or termination of the corporate existence, rights and franchises of any Restricted Subsidiary if such abandonment or termination is, in the opinion of the Board of Directors of the Company, in the interest of the Company and not disadvantageous to the holders of the Notes.

(c) Neither the Company nor any of its Restricted Subsidiaries will enter into a line of business other than one relating to transportation or leasing or other similar services unless it has given each Bank a prior written notice of and a reasonable description of such other line of business.

(d) The Company will at all times maintain and keep, or cause to be maintained and kept, in good repair, working order and condition all property of the Company and its Restricted Subsidiaries used or useful in the conduct of their respective businesses, and will from time to time make or cause to be made all needful and proper repairs, renewals, replacements, betterments and improvements thereto, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

(e) The Company represents that its principal place of business, chief executive office and the place at which its books and records are kept is 4 Embarcadero Center, Suite 3100, San Francisco, California 94111. The Company will not change the location of its principal place of business, chief executive office or the place at which its books and records are kept unless it shall have given each Bank and the Agent at least 30 days' prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

(f) The executive management of the Company shall at all times be reasonably satisfactory to the Banks, it being understood that the present executive management group is so satisfactory.

6.3 Indemnities, etc. (a) In any suit, proceeding or action brought by the Agent under any Lease or to enforce any provisions thereof, the Company will save, indemnify and keep the Agent and the Banks harmless from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the lessee thereunder, arising out of a breach by the Company or any of its Affiliates of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time

owing to or in favor of such lessee or its successors from the Company or any of its Affiliates, and all such obligations of the Company or any of its Affiliates shall be and remain enforceable against and only against the Company or any of its Affiliates and shall not be enforceable against the Agent and the Banks.

(b) The Company agrees to indemnify and hold the Agent and the Banks harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including legal fees and expenses) incurred by or asserted against the Agent and the Banks with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, any Lease or the Notes.

6.4 Performance of Leases. The Company and its Affiliates will perform and comply in all material respects with all their respective obligations under each Lease and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party to any thereof to so perform and comply.

6.5 Further Assurances; Recordation and Filing. The Company will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Company will cause this Agreement and all Supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Agent or any of the Banks in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Agent hereunder.

6.6 Maintenance of Insurance. (a) Upon the delivery of any Unit to the Company or to any lessee of the Company, the Company will promptly effect and maintain or cause to be effected and maintained with financially sound and reputable companies, insurance policies (i) insuring

each such Unit against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or a similar business and with coverage in an amount at least equal to the Casualty Value of such Unit (but such coverage for all freight cars owned or leased by the Company or its Subsidiaries may be limited to $1,000,000 for each occurrence and such coverage for all trailers owned or leased by the Company or its Subsidiaries may be limited to $500,000 for each occurrence), (ii) insuring the Company and the Agent against liability for personal injury and property damage caused by or relating to such Units or their use with coverage in the amount of at least $10,000,000 per occurrence and in the aggregate per year, and (iii) providing that at least 10 days' prior written notice of cancellation or of lapse shall be given to the Agent by the insurer and that the Agent may, but shall not be obligated to, pay premiums thereon, all such insurance policies to be in such form and to have such coverage as shall be satisfactory to the Agent, with losses payable to the Company and the Agent as their respective interests may appear. The Company shall, if so requested by any Bank, deliver to the Banks within a reasonable time, and as often as any Bank may reasonably request, a report of a reputable insurance broker with respect to the insurance on the Units.

(b) The Company and its Restricted Subsidiaries shall maintain with financially sound and reputable insurance companies insurance on all of their respective properties and assets in at least such amounts and against at least such risks as are usually insured against in the same general area as that in which the Company and its Restricted Subsidiaries are located and by companies engaged in the same or similar businesses.

6.7 Casualty Occurrence. In the event of a Casualty Occurrence with respect to any Unit, the Company shall promptly give the Agent written notice of such Casualty Occurrence, which notice shall identify the Unit which has suffered the Casualty Occurrence.

6.8 Maintenance. The Company will, at its expense, keep and maintain the Units in good repair, condition and working order and will cause to be furnished all parts, mechanisms, devices and servicing required

therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

6.9 Notice of Default; etc. The Company will promptly give written notice to the Agent and the Banks of (a) the occurrence of any Default or Event of Default; (b) any litigation or proceeding affecting the Company or any of its Subsidiaries or any of the properties or assets of the Company or any of its Subsidiaries which, if adversely determined, might have a material adverse effect upon the financial condition, business or operations of the Company or of the Company and its Subsidiaries taken as a whole; (c) any dispute between the Company or any of its Subsidiaries and any governmental regulatory body that might materially interfere with the normal business operations of the Company or any of its Subsidiaries; and (d) with respect to any new Leases entered into by the Company, the identity of all lessees under all such Leases and of the terms of each such Lease.

6.10 Books and Records. The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

6.11 Inspection. The Company will permit any Bank or any Person designated by any Bank to visit and inspect any of the Collateral (subject to the rights of the lessees under the Leases) and any of the corporate books and financial records of the Company and its Subsidiaries and to discuss the affairs, finances and accounts of the Company and its Subsidiaries with their respective officers, all at such reasonable times and as often as any Bank may reasonably request.

6.12 Marking of Units. (a) The Company will cause each Rail-car to be kept numbered with such identifying number as shall be set forth in the Supplement pertaining to such Rail-car and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Rail-car, in letters not less than one inch in height, the following: "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE

COMMISSION" or other appropriate words designated by the Agent, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Agent's interest in the Rail-cars and its rights under this Agreement. The Company will not permit any such Rail-car to be placed in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such name and words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Rail-Car to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Agent and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

(b) The Company will cause each Trailer to be kept numbered with such identifying number as shall be set forth in the Supplement pertaining to such Trailer and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Trailer, any legend from time to time required by law in order to protect the Agent's interest in the Trailers and its rights under this Agreement. The Company will at all times, at its expense (i) keep each Trailer subject to a Certificate of Title with the security interest of the Agent (and only the security interest of the Agent) indicated thereon, (ii) keep each Trailer registered and (iii) keep attached to each Trailer the license plates indicated on such registration. The Company will not permit any Trailer to be placed in operation or exercise any control or dominion over the same until such Certificate of Title has been applied for, such registration effected and such license plates attached and will cause to be replaced promptly any such license plates which may be removed, defaced or destroyed. The Company will not permit the identifying number or license plate of any Trailer to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Agent and filed, recorded and deposited by the Company in all public offices where this Agreement or financing statements relating hereto shall have been filed, recorded or deposited.

6.13 Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all material applicable laws, ordinances, rules, regulations and requirements of governmental authorities and agencies (including, without limitation, ERISA and the rules and regulations thereunder).

SECTION 7. NEGATIVE COVENANTS

The Company hereby covenants that, so long as the Commitments remain in effect or any of the Notes remain outstanding and unpaid:

7.1 Debt. The Company will not, nor will it permit any Restricted Subsidiary to, create, incur, assume, guarantee or in any way become liable for any Senior Funded Debt or create, incur, assume or suffer to exist any Subordinated Funded Debt or Current Debt, except

(a) Senior Funded Debt evidenced by the Notes,

(b) Funded or Current Debt of any Restricted Subsidiary to the Company or another Restricted Subsidiary,

(c) Senior Funded Debt of the Company or any Restricted Subsidiary incurred after March 31, 1980 and prior to March 31, 1983 if (i) at the date of such incurrence Consolidated Earnings Available for Interest Coverage shall not be less than 125% of Consolidated Interest Expense, and (ii) after giving effect thereto and to the concurrent repayment of any Funded Debt, Consolidated Senior Funded Debt shall not exceed an amount equal to 525% of Consolidated Capital Funds,

(d) Senior Funded Debt of the Company or any Restricted Subsidiary incurred after March 31, 1983 if (i) at the date of such incurrence Consolidated Earnings Available for Interest Coverage shall not be less than 125% of Consolidated Interest Expense, and (ii) after giving effect thereto and to the concurrent repayment of any Funded Debt, Consolidated Senior Funded Debt shall not exceed an amount equal to 450% of Consolidated Capital Funds,

(e) Subordinated Funded Debt of the Company if after giving effect thereto the aggregate Subordianted Funded Debt shall not exceed 50% of Consolidated Shareholders' Equity, and

(f) Current Debt of the Company or any Restricted Subsidiary, provided that during the twelve months' period immediately preceding any day on which Consolidated Current Debt is outstanding there shall have been a period of at least 45 consecutive days during which there was either no Consolidated Current Debt then outstanding or the aggregate amount of Consolidated Current Debt outstanding on each of such days could have been incurred as Consolidated Senior Funded Debt without violating the provisions of this subsection 7.1.

7.2 Liens. The Company will not, nor will it permit any Restricted Susbsidiary to, create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired, except

(a) the Lien of this Agreement,

(b) Liens for taxes not yet due or which are being actively contested in good faith by appropriate proceedings and if appropriate reserves have been established therefor,

(c) other Liens incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business,

(d) Liens on property or assets of a Restricted Subsidiary to secure obligations of such Restricted Subsidiary to the Company or another Restricted Subsidiary,

(e) any Lien existing on any property of any corporation at the time it becomes a Restricted Subsidiary, or existing prior to the time of

acquisition upon any property acquired by the Company or any Restricted Subsidiary through purchase, merger or consolidation or otherwise, whether or not assumed by the Company or any Restricted Subsidiary or placed upon property at the time of acquisition by the Company or any Restricted Subsidiary or within 12 months thereafter to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price thereof, provided that (i) any such Lien shall not encumber any other property of the Company or such Restricted Subsidiary other than leases, maintenance contracts or other interests relating to such property which are customarily encumbered to secure the payment of Debt incurred to pay the purchase price of property, and (ii) the aggregate amount secured by all such Liens (excluding amounts secured by Liens on railroad rolling stock and other transportion equipment) and any Liens permitted by paragraph (f) below shall not exceed 3% of Consolidated Net Tangible Assets,

(f) any Lien renewing, extending or refunding any Lien permitted by paragraph (e) above, provided that the principal amount secured is not increased, and the Lien is not extended to other property,

(g) Liens represented by any equipment trust agreement or other financing agreement relating to the financing or refinancing of railroad rolling stock, intermodal trailers or other transportation equipment if the Debt secured thereby is permitted by subsection 7.1 hereof, and

(h) any Lien securing an Investment described in clauses (v) or (vi) of the definition of Investments incurred in connection with the acquisition or carrying of such Investment; provided that the Debt secured thereby is permitted by subsection 7.1 hereof.

7.3 Sale, Lease, Merger or Consolidation by the Company. The Company will not, nor will it permit any of its Restricted Subsidiaries to, sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets as an entirety, or consolidate with or merge into any Person, or permit any Person to merge into it, unless:

(a) if the Company is involved in any such transaction, the Company is the continuing and surviving corporation;

(b) subject to clause (a) of this subsection 7.3, if a Restricted Subsidiary is involved in any such transaction, the continuing or surviving corporation is a Restricted Subsidiary;

(c) immediately after giving effect to such transaction and to the assumption of the obligations, covenants and agreements of the Company under this Agreement and the Notes, the Company (i) shall not be in default in the performance or observance of any covenant, agreement or condition contained in this Agreement, and (ii) shall be able to incur at least $1 of additional Funded Debt in compliance with the provisions of subsection 7.1 hereof; and

(d) the Company or such Restricted Subsidiary shall continue to conduct substantially the same business as it conducted on the date hereof (unless otherwise consented to by the Required Banks, such consent not to be unreasonably withheld).

7.4 Maintenance of Consolidated Tangible Net Worth. The Company will not permit Consolidated Tangible Net Worth to be at any time less than $40,000,000.

7.5 Limitation on Prepayments. The Company will not, nor will it permit any Restricted Subsidiary to, directly or indirectly, prepay, purchase, redeem, retire or otherwise acquire, or make any payment on account of any principal of, interest on, or premium payable in connection with the prepayment, redemption or retirement of, any indebtedness for borrowed money except (a) such redemptions and/or payments as may be required under the terms of the respective instruments (as in effect on the date of execution hereof) evidencing such indebtedness or under which such indebtedness is incurred and (b) such payments of Current Debt as may be necessary to comply with provisions in any instrument under which any indebtedness for borrowed money is incurred which provisions require the reduction of such Current Debt.

7.6 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral (other than the lien and security interest created by this Agreement and Permitted Liens), and will defend the right, title and interest of the Agent in and to the Company's rights under each Lease and rights in the Units and the Stock pledged hereunder and in and to the Proceeds thereof against the claims and demands of all other Persons whomsoever.

(b) The Company will not, without the prior written consent of the Agent, sell, transfer or otherwise dispose of any of the Collateral or attempt or offer to do so.

(c) The Company will not, without prior written notice to each Bank, agree to or permit any amendment or other modification of any Lease which (i) shortens the initial lease term of such Lease, (ii) reduces the amount of rental or any other amount payable to the Company thereunder, or changes the time of any such payment, or changes the method of determining such rental or other amount in a manner which is likely to reduce the amount thereof payable to the Company or (iii) changes any of the provisions regarding the relationship between the Rail-cars and the other railroad rolling stock leased under any such Lease or between the Trailers and any other trailers leased under any such Lease as to loading or other use thereof.

(d) The Company will advise each Bank promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Agent's lien on and security interest in the Collateral.

7.7 ICC Jurisdiction. The Company will not take or permit to be taken any action within its control which would subject it or any Subsidiary or its or any such Subsidiary's operations to the jurisdiction of the Interstate Commerce Commission, if such jurisdiction would adversely affect the ability of the Company to perform its obligations under this Agreement, any Note or any Lease or adversely affect the validity or enforceability of this Agreement, any Note or any Lease.

7.8 Restrictions on Acquisition of Stock. Neither the Company nor any of its Subsidiaries will acquire all or more than 50% of the Stock or other ownership equity having ordinary voting power (by reason of contingency or otherwise) of any Person with the proceeds of loans made hereunder, or acquire 50% or less than 50% of the Stock or other ownership equity having ordinary voting power (by reason of contingency or otherwise) of any Person with the proceeds of loans made hereunder and with the "present intent" to acquire all or more than 50% of the Stock or other ownership equity of any Person, unless (a) no Default or Event of Default has occurred and is continuing or would result therefrom, (b) prior to the date (the "Acquisition Date") upon which the Company became irrevocably legally committed to consummate such acquisition (whether by contract, public tender or otherwise), the Company shall have delivered to the Agent satisfactory evidence that the terms of such acquisition have been submitted to the Board of Directors of the corporation which is the subject of such acquisition and that such Board has approved said acquisition or has determined not to oppose said acquisition, (c) such acquisition shall not have been the subject of an Objection at any time on or prior to the Acquisition Date and (d) if such acquisition is being made by a public tender offer for shares of another corporation where another Person has then outstanding a tender offer for shares of such corporation, none of the financing for the tender offer being made by such other Person shall have been supplied by any of the Banks. As used in this subsection, the term "Objection" shall mean an objection to such acquisition publicly made by one or more stockholders holding in the aggregate more than 5% of the outstanding voting shares of (or other ownership interests in) the Person which is the subject of such acquisition. In the case of any investment or acquisition as a result of which the Company is required to file a Schedule 13D, 13G or 14D-1 under the Securities Exchange Act of 1934, the Company's "present intent" shall be determined by reference to its statements in such Schedule.

7.9 Dividend Limitation. The Company will not pay or declare any dividend on any class of its stock, or redeem, purchase or otherwise acquire, directly or through any Restricted Subsidiary, any shares of its stock or make or permit any Restricted Subsidiary to make any optional

prepayments of principal of, or optionally retire, redeem, purchase or otherwise acquire, directly or through any Restricted Subsidiary, any Subordinated Funded Debt or make or permit any Restricted Subsidiary, to make any expenditures permitted by clause (d) of Section 7.10 hereof (all of the foregoing being herein called "Restricted Payments") except out of Consolidated Net Earnings Available For Restricted Payments, provided, however, that notwithstanding the foregoing limitations, the Company may pay dividends on its Preferred Stock at the rates provided in the Certificate of Determination of Preferences in respect thereof as in effect on the date hereof, the amount of any such dividends paid or declared to be included in any subsequent computation of Consolidated Net Earnings Available for Restricted Payments hereunder. For the purposes of this subsection 7.9, "Preferred Stock" shall mean the Company's 9-1/4% Senior Cumulative Preferred Stock and 9-1/4% Junior Cumulative Convertible Preferred Stock, and "Certificate of Determination of Preferences" shall mean that document of the same name of BraeLease Corporation (predecessor of the Company) for the Preferred Stock, dated September 26, 1978, as amended, a copy of which, together with all amendments thereto to the date hereof, has heretofore been delivered to each of the Banks.

7.10 Loans, Advances and Investment. The Company will not, nor will it permit any Restricted Subsidiary to, make or permit to remain outstanding any loan or advance (except travel and like advances to officers and employees in the ordinary course of business) to, or own, purchase or acquire any stock, obligation or securities of, or any other interest in, or make any capital contribution to, or sell property at less than fair market value to any Person, except that, subject to the provisions of this Agreement (including without limitation subsections 2.2, 3.13 and 7.8 hereof), the Company or any Restricted Subsidiary may

(a) make or permit to remain outstanding loans or advances to any Restricted Subsidiary,

(b) own, purchase, or acquire stock, obligations or securities of a Restricted Subsidiary or of a corporation which immediately after such purchase or acquisition will be a Restricted Subsidiary,

(c) own, purchase or acquire Investments, and

(d) make or permit to remain outstanding loans or advances or capital contributions to, or own, purchase or acquire stock, obligations or securities of, or sell property at less than fair market value to, any other Person, provided that the aggregate amount expended (including as an expenditure the amount by which the fair market value exceeds the cost basis of any property sold) pursuant to any such investment, purchase, loan, advance, contribution or sale (other than those referred to in paragraphs (a) through (c) of this subsection 7.10) would have been permitted to be paid as a Restricted Payment pursuant to subsection 7.9 hereof,

and except that any Restricted Subsidary may make loans or advances to, or acquire stock, obligations or securities of, the Company, provided that after giving effect thereto the aggregate amount of such loans and advances outstanding plus the aggregate cost of such securities so purchased shall not exceed $500,000 for all Restricted Subsidiaries.

7.11 Leases and Shipping Agreements. (a) The Company will not, nor will it permit any Subsidiary or any partnership of Subsidiaries to, enter into any agreement to furnish Trailers to any Person unless such Person either (i) duly executes a Lease which concurrently becomes an Assigned Lease or (ii) duly executes a Shipping Agreement with respect to such Trailers.

(b) The Company will not, nor will it permit any Subsidiary or any partnership of Subsidiaries to (i) amend any Shipping Agreement or Lease in any manner that affects the rights of the Banks without the prior written consent of the Required Banks or (ii) grant, assume, incur or suffer to exist any Lien upon any Shipping Agreement or Lease executed by it except pursuant to this Agreement.

SECTION 8. POWER OF ATTORNEY

8.1 Appointment. The Company (on its own behalf and on behalf of its Affiliates) hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as capable power and authority in the place and stead of the Company (and its Affiliates) and in the name of the Company (and its Affiliates) or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the

terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Company (on its own behalf and on behalf of its Affiliates) hereby gives the Agent the power and right, on behalf of the Company (and its Affiliates), without notice to or assent by the Company (or any of its Affiliates), to do the following:

(a) upon default by the Company in the performance of subsection 6.3(a) or 6.6 hereof, the Agent may, but shall not be obligated to, (i) effect any insurance called for by the terms of subsection 6.6 hereof and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, liens and encumbrances on the Collateral; and

(b) upon the occurrence and continuance of any Default specified in paragraph (g) of Section 9 hereof or of any Event of Default, (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (ii) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (iii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any of the Collateral;

(iv) to defend any suit, action or proceeding brought against the Company (or any of its Affiliates) with respect to any of the Collateral; (v) to settle, compromise or adjust any suit, action or proceeding described in clause (iv) above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; and (vi) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Company's expense, at any time or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the

Collateral and the Agent's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company (or an Affiliate) might do.

The Company (on its own behalf and on behalf of its Affiliates) hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

8.2 No Duty. The powers conferred on the Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company (or any of its Affiliates) for any act or failure to act, except for its or their own gross negligence or willful misconduct.

8.3 Additional Rights. (a) The Company authorizes the Agent, at any time and from time to time, to execute, in connection with the sale provided for in subsection 10(b) of this Agreement, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(b) If the Company or any Affiliate fails to perform or comply with any of its agreements contained herein, the Agent may itself perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at the same rate per annum payable on the Notes at such time, shall be payable by the Company to the Agent on demand and shall constitute part of the Obligations secured hereby.

SECTION 9. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure by the Company to pay the principal of or any installment of the principal of any Note when due, or to pay any interest on any Note or any commitment fee hereunder within ten days after such interest or commitment fee becomes due;

(b) Any representation or warranty made by the Company in this Agreement, or made by the Company or any officer thereof in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement, shall prove to have been untrue when made in any material respect;

(c) Default by the Company in the observance or performance of any covenant contained in subsections 2.8(b), 6.6, 6.7, 6.8 and 6.12 hereof or Section 7 hereof;

(d) Default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement and not referred to in paragraph (c) of this Section 9, and such default shall continue for 30 days;

(e) The occurrence of any event or condition which constitutes a material event of default by the Company under any Lease which event or condition shall not have been cured within the time specified in such Lease or;

(f) The Company or any Restricted Subsidiary shall default (and such default shall not have been cured or waived) in any payment of principal of, or interest on, any obligation for borrowed money (other than the Notes) or for the deferred purchase price of any property or asset (unless the aggregate amount of all such defaulted obligations for deferred purchase price does not exceed $500,000 and the Company or appropriate Restricted Subsidiary is disputing such obligations in good faith and by appropriate proceedings), or any obligation guaranteed by it or in respect of which it is liable, beyond the period of grace, if any, applicable to such default; or the Company or any Restricted Subsidiary shall default in the performance or observance of any other term, condition or covenant contained in any obligation referred to above or in any agreement or instrument relating thereto if the effect thereof is to cause, or to permit the holder or holders of such obligation (or a trustee or agent on behalf of such holder of holders) to cause, such obligation to be due and payable prior to its stated maturity;

(g) (i) The Company or any of its Restricted Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Company or any of its Restricted Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Company or any of its Restricted Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Company or any of its Restricted Susidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Company or any of its Restricted Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Company or any of its Restricted Subsidaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(h) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Internal Revenue Code, as from time to time amended) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall

occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer to or terminate, any Plan, which Reportable Event or institution of proceedings is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA, and, in the case of a Reportable Event, the continuance of such Reportable Event unremedied for ten days after notice of such Reportable Event pursuant to Section 4043(a), (c) or (d) of ERISA is given or the continuance of such proceedings for ten days after commencement thereof, as the case may be, (iv) any Plan shall terminate for purposes of Title IV of ERISA, or (v) any other event or condition shall occur or exist with respect to any Plan or having consequences under ERISA: and in each case in clauses (i) through (v) above, such event or condition could subject the Company or any of its Subsidiaries to any tax, penalty or other liability material in relation to the business, operations, property or financial or other condition of the Company and its Subsidiaries taken as a whole;

(i) Final judgment for the payment of money in excess of $250,000 shall be rendered against the Company or a Restricted Subsidiary and the same shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed;

(j) Failure of any loan hereunder to be in compliance with Regulations U or X; or

(k) If the Agent shall cease at any time for any reason to have a valid and enforceable pledge of, security interest in, and Lien on the Pledge Stock that is prior to all Liens other than Liens described in clause (ii) of the definition of Permitted Liens;

then, and in any such event, the Required Banks may exercise any and all remedies granted to them under this Agreement and under applicable law, and (a) if such event is an Event of Default specified in paragraph (g) above, automatically the Commitments shall immediately terminate and the loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes shall immediately be due and payable without presentment,

demand, protest or other notice of any kind, all of which are hereby expressly waived (anything contained herein or in the Notes to the contrary notwithstanding), and (b) if such event is any other Event of Default the Required Banks may further, by notice of default given to the Company, (i) terminate forthwith the Commitments, and/or (ii) declare the Notes to be forthwith due and payable, whereupon the principal amount of the Notes, together with accrued interest thereon and all other amounts owing under this Agreement, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding.

SECTION 10. REMEDIES WITH RESPECT TO COLLATERAL

If an Event of Default shall occur and be continuing:

(a) All payments received by the Company or any of its Affiliates in connection with or arising out of any of the Collateral shall be held by the Company or such Affiliate in trust for the Agent, shall be segregated from other funds of the Company or such Affiliate and shall forthwith upon receipt by the Company or such Affiliate be turned over to the Agent, in the same form as received by the Company or such Affiliate (duly indorsed by the Company or such Affiliate to the Agent, if required); any and all such payments so received by the Agent (whether from the Company or such Affiliate or otherwise) may, in the sole discretion of the Agent, be held by the Agent as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Agent against all or any part of the Obligations then due in such order as the Agent shall elect. Any balance of such payments held by the Agent and remaining after payment in full of all the Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to received the same;

(b) The Agent may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement

securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of New York. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Agent, without demand or performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Units and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at any of the Agent's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Agent upon any such sale or sales, public or private, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity of redemption is hereby expressly waived or released. The Agent shall give the Company at least ten (10) days' prior written notice of such disposition, such notice to be deemed duly given if mailed, postage prepaid, addressed to the Company at the address set forth in subsection 12.2 hereof and, if any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonable and proper if so given. The Company further agrees, at the Agent's request, to collect the Units (to the extent possible) and make them available to the Agent at places which the Agent shall reasonably select. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Agent hereunder, including reasonable attorney's fees and legal

expenses, to the payment in whole or in part of the Obligations, in such order as the Agent may elect, the Company remaining liable for any deficiency remaining unpaid after such application, and only after so applying such net proceeds and after the payment by the Agent of any other amount required by any provision of law, including Section 9-504(1)(c) of the Uniform Commercial Code of the State of New York, need the Agent account for the surplus, if any, to the Company;

(c) To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Agent or any Bank arising out of the repossession, retention or sale of the Collateral. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Agent is entitled, the Company also being liable for the fees of any attorneys employed by the Agent to collect such deficiency. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral;

(d) Beyond the use of reasonable care in the custody thereof the Agent shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or as to any income therefrom;

(e) The Agent may vote any or all shares of the Pledged Stock referred to in subsection 5.3 hereof (whether or not the same shall have been transferred into its name or the name of its nominee or nominees) and give all consents, waivers and ratifications in respect of the Pledged Stock and otherwise act with respect thereto as though it were the outright owner thereof (the Company hereby irrevocably constituting and appointing the Agent the proxy and attorney-in-fact of the Company with full power of substitution to do so);

(f) The Agent may cause all or any part of the Pledged Stock held by it to be transferred into its name or the name of its nominee or nominees;

(g) If the Agent shall determine to exercise its right to sell all or any of the shares of the Pledged Stock, and if in the opinion of counsel for the Agent it is advisable to have the Pledged Stock registered under the provisions of the Securities Act of 1933 (the "Securities Act"), the Company will (i) execute and deliver, and will cause the directors and officers of the Company to execute and deliver, all at the Company's expense, all such instruments and documents, and to do or cause to be done all such other acts and things as may be necessary or, in the opinion of the Agent, advisable, to the extent possible, to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act and to cause, to the extent possible, the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, and to make all amendments thereto and/or to the related prospectus, to the extent possible, which, in the opinion of the Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto; (ii) comply with the provisions of the securities or "Blue Sky" laws of any jurisdiction which the Agent shall designate; and (iii) make available to its security holders, as soon as practicable, an earnings statement which will satisfy the provisions of Section 11(a) of the Securities Act.

(h) The Company recognizes that, notwithstanding the provisions of the immediately preceding paragraph (g), the Agent may be unable, or may choose not, to effect a public sale of all or any part of the Pledged Stock by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, or otherwise. The Agent may be compelled or may choose to resort to one or more private sales thereof to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such Pledged Stock for their own account for investment and not with a view to the distribution or resale thereof. The Agent may sell the Pledged Stock or such part thereof to be sold by private sale, upon such notice as is provided herein in

such manner and under such circumstances as the Agent may reasonably deem necessary and advisable in order that such sale shall legally be effected without such registration. The Company understands that private sales so made may be at prices and other terms less favorable to the seller than if such Pledged Stock were sold at public sales, and agrees that private sales under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

SECTION 11. THE AGENT

11.1 Appointment. Each Bank hereby irrevocably designates and appoints Manufacturers Hanover Trust Company as the Agent of such Bank under this Agreement to take such action on its behalf under the provisions of this Agreement and to exercise such powers as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any of the Banks and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent.

11.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

11.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents or attorneys-in-fact shall be liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Neither the Agent nor any of its affiliates shall be responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in or received by the Agent under or in connection with this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency

of this Agreement or any Notes, or for any failure of the Company to perform its obligations thereunder. The Agent shall not be under any obligation to any of the Banks to ascertain or to inquire as to the observance or performance of any of the terms, covenants or conditions of this Agreement on the part of the Company or to inspect the properties, books or records of the Company.

11.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive advice or concurrence of the Banks or the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all present and future holders of the Notes.

11.5 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate,

made its own appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Company and made its own decision to enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and to make such investigation as it deems necessary to inform itself as to the status and affairs, financial or otherwise, of the Company. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of the Company which may come into the possession of the Agent or any of its affiliates.

11.6 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligations of the Company so to do), ratably according to the respective principal amount of the Notes held by them (or, if no Notes are outstanding, ratably in accordance with their Commitments as initially in effect) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, those expenses specified in subsection 12.6 of this Agreement which are not reimbursed by the Company) which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. The agreements in this subsection shall survive the payment of the Notes and the termination of this Agreement.

11.7 Agent in Its Individual Capacity. The Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Agent were not the Agent hereunder. With respect to its Commitment or loans made or renewed by it and any Note issued to it, the Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall, unless the context otherwise indicates, include the Agent in its individual capacity.

11.8 Successor Agent. If the Agent shall resign as Agent under this Agreement, then the Required Banks shall appoint a successor Agent for the Banks which successor Agent shall be approved by the Company, whereupon such successor Agent shall succeed to the rights, powers and duties of the Agent, and the former Agent's rights, powers and duties as Agent shall be terminated and cancelled, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 12. MISCELLANEOUS

12.1 Amendments and Waivers. With the written consent of the Required Banks, the Agent and the Company may, from time to time, enter into agreements supplemental hereto for the purpose of adding any provisions to this Agreement or the Notes or changing in any manner the rights of the Banks, the Agent or of the Company hereunder or thereunder and with the consent of the Required Banks the Agent on behalf of the Banks may execute and deliver to the Company a written instrument waiving any of the requirements of this Agreement or the Notes or any default in the observance or performance of any condition, covenant or other term of this Agreement or the Notes or any Default or Event of Default which shall have occurred hereunder and its consequences; provided, however, that no such waiver and no such supplemental agreement shall (a) extend the maturity of any Note or reduce the rate or extend the time of payment of interest thereon or reduce

the principal amount thereof without the written consent of all the Banks, (b) change the amount of any Bank's Commitment without the written consent of all the Banks, (c) amend, modify or waive any provision of this subsection 12.1 or reduce the percentage specified in the definition of Required Banks without the written consent of all the Banks, (d) reduce the Stock Borrowing Base or the Unit Borrowing Base requirements specified in subsection 2.1 hereof without the written consent of all the Banks, or (e) amend, modify or waive any provision of Section 11 hereof without the written consent of the then Agent. Any such supplemental agreement or waiver shall apply equally to each of the Banks and shall be binding upon the Company, the Banks, the Agent and all present and future holders of the Notes. In the case of any waiver, the Company, the Banks and the Agent shall be restored to their former positions and rights hereunder and under any Note, respectively, and any Default or any Event of Default so waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

12.2 Notices. All notices, requests and demands to or upon the respective parties hereto shall be in writing and shall be deemed to have been duly given or made when deposited in the mail, postage prepaid, or, in the case of telex notice, when sent, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company:	Brae Corporation 4 Embarcadero Center Suite 3100 San Francisco, California 94111 Attention: Lawrence W. Briscoe, Vice President - Finance
The Banks:	Their respective names and addresses set forth with their signatures below.

The Agent: Manufacturers Hanover Trust Company
741 Fifth Avenue
New York, New York 10022
Attention: Richard D. Wood,
Vice President

12.3 Adjustments. If any Bank shall at any time receive payment of all or part of any Note held by it, whether by set-off or otherwise, in a greater proportion than the payments made on the Notes held by the other Banks, such Bank shall purchase for cash, ratably from each of the other Banks, such portion of the Notes held by such other Banks so that after such purchase each Bank shall hold an unpaid principal amount of the Notes bearing the same proportion to the total principal amount of Notes at such time outstanding as existed immediately prior to any such greater proportionate payment. In the event that at any time any Bank shall be required to refund any amounts which have been paid to, or received by, it on account of any Note held by such Bank and which have been applied to the purchase of portions of Notes held by other Banks pursuant to this subsection 12.3 then, upon notice from such Bank, each of the other Banks shall repurchase said portions for cash to the extent of their ratable share of such refund. The Company agrees that each Bank so purchasing a portion of the Notes from another Bank hereunder may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion.

12.4 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

12.5 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto shall survive the execution and delivery of this Agreement and the Notes.

12.6 Payment of Expenses and Taxes. The Company agrees, whether or not the transactions contemplated by this Agreement shall be consummated, (a) to pay or reimburse the Agent for all its out-of-pocket costs and expenses incurred in connection with the development, preparation, execution and consummation, and any amendment or modification to, this Agreement and the Notes and any other documents prepared in connection herewith, including the fees and expenses of counsel to the Agent, (b) to pay or reimburse each Bank and the Agent for all its costs and expenses incurred in connection with the enforcement of, or the preservation of, any rights under this Agreement and the Notes, (c) to pay, indemnify, and to hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resultilng from any delay in paying, stamp and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment or modification of or any waiver or consent under or in respect of, this Agreement or the Notes.

12.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, the Banks and the Agent and their respective successors and assigns, except that the Company may not assign or transfer any of its rights under this Agreement without the prior written consent of each Bank.

12.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. After the execution of this Agreement, the Agent shall transmit to each Bank a conformed copy of this Agreement. A set of the copies of this Agreement signed by all the parties shall be lodged only with the Company and the Agent.

12.9 Governing Law. This Agreement and the Notes and the rights and obligations of the parties under this Agreement and the Notes shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

Attest:

BRAE CORPORATION

By_____
Title:

By_____
Title:

(Seal)

Attest:

MANUFACTURERS HANOVER TRUST COMPANY, as Agent and as a Bank

By Michael I. Zinder
~~Title:~~

By Richard D. Wood
Title: Vice President
Address: 741 Fifth Avenue
New York, New York 10022
Attention: Richard D. Wood

(Seal)

Attest:

THE FIRST NATIONAL BANK OF BOSTON

By_____
Title:

By_____
Title:
Address: 100 Federal Street
Boston, Massachusetts 02110
Attention: James M. Wilson

(Seal)

Attest:

By _____
Title:

BERLINER HANDELS-UND
FRANKFURTER BANK

By _____
Title: AVP

By _____
Title: Assistant Treasurer
Address: 450 Park Avenue
New York, New York 10022
Attention: Robert Suehnholz

Attest:

By _____
Title:

(Seal)

CROCKER NATIONAL BANK

By _____
Title:
Address: 1 Montgomery Street
San Francisco, California
94104
Attention: Ferdinand Kelly

Attest:

By _____
Title:

(SEAL)

THE BANK OF CALIFORNIA, N.A.

By _____
Title:
Address: 400 California Street
2nd Floor
San Francisco, California
94104
Attention: Shannon James

STATE OF CALIFORNIA)
: ss.:
COUNTY OF SAN FRANCISCO)

On this ____ day of _____, 1981, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of BRAE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

_____
Notary Public

My commission expires:

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 10th day of August, 1981, before me personally appeared Richard D. Wood, to me personally known, who being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Joan N. Pesce
Notary Public

My commission expires:

JOAN N. PESCE
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-4644619
Certificate filed in New York County
Qualified in Queens County
Term Expires March 30, 1983

STATE OF MASSACHUSETTS)
: ss.:
COUNTY OF SUFFOLK)

On this ____ day of _____, 1981, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of THE FIRST NATIONAL BANK OF BOSTON, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

_____
Notary Public

My commission expires:

STATE OF CALIFORNIA)
: ss.:
COUNTY OF SAN FRANCISCO)

On this ____ day of _____, 1981, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of CROCKER NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

_____
Notary Public

My commission expires:

STATE OF CALIFORNIA)
: ss.:
COUNTY OF SAN FRANCISCO)

On this ____ day of _____, 1981, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of THE BANK OF CALIFORNIA, N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

_____
Notary Public

My commission expires:

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 10th day of August, 1981, before me, Joan N. Pesce, a notary public in and for said State, personally appeared Robert Suehnholz, known to me to be an Assistant Vice President and Michael Ernestus, known to me to be an Assistant Treasurer, of BERLINER HANDELS-UND FRANKFURTER BANK, one of the corporations which executed the above instrument, known to me to be the persons who executed the above instrument on behalf of said corporation therein named, and acknowledged to me that said corporation executed the above instrument pursuant to its by-laws or a resolution of its managing partners.

Joan N. Pesce
Notary Public

My commission expires:

JOAN N. PESCE
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-4644619
Certificate filed in New York County
Qualified In Queens County
Term Expires March 30, 1983

SCHEDULE I

JURISDICTIONS IN WHICH THE COMPANY IS QUALIFIED TO DO BUSINESS

Alabama

Arizona

Arkansas

California

Georgia

Illinois

Indiana

Iowa

Maryland

Massachusetts

Michigan

Mississippi

New Hampshire

New York

North Carolina

Ohio

Oklahoma

Oregon

Tennessee

Texas

Vermont

Virginia

Washington

West Virginia

Wisconsin

SCHEDULE II

Restricted Subsidiaries of
Brae Corporation as of the
Effective Date of the Amended
and Restated Credit, Pledge
and Security Agreement

	Name	Jurisdiction of Incorporation
1.	Braecar, Inc.	California
2.	Brae Rail Venture Corporation	California
3.	National Piggyback Services, Inc.	Tennessee
4.	Brae Intermodal Corporation	California

SCHEDULE III

A. Subordinated Funded Debt of Brae Corporation and its Restricted Subsidiaries as of the Effective Date of the Amended and Restated Credit, Pledge and Security Agreement.

None.

B. Required Subordination Provisions as to Subordinated Funded Debt Incurred After the Effective Date.

"The Company covenants and agrees, and the holder of this Note by his acceptance hereof likewise covenants and agrees, as follows:

"(a) the principal of and interest on this Note are and shall be subordinated in right of payment in all respects to the promissory notes of the Company (the "Notes") issued pursuant to the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 among the Company, the Banks parties thereto and Manufacturers Hanover Trust Company, as agent for the Banks, as from time to time amended, supplemented or otherwise modified (the "Agreement") and all other Senior Funded Debt (as defined in the Agreement); such Notes and all such other Senior Funded Debt of the Company are herein collectively called 'Senior Debt';

"(b) without limiting the immediately preceding subparagraph, (i) no payment on account of principal of, or interest on, this Note shall be made if at the time of such payment an Event of Default or Default (as defined in the Agreement) exists, or if immediately after giving effect to such payment an event of default or default would exist under the provisions of any Senior Debt or any agreement under which Senior Debt is then outstanding, and (ii) in the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Company or its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Company, whether or not involving insolvency or bankruptcy proceedings, then all principal of, and premium, if any, and interest on, the Senior Debt

shall first be paid in full before any payment on account of principal or interest is made upon this Note, and in any such proceedings any payment or distribution of any kind or character, whether in cash, securities or other property, to which the holder of this Note would be entitled if this Note were not subordinated to the Senior Debt shall be paid by the liquidating trustee or agent or other person making such payment or distribution, or by the holder of this Note if received by such holder, directly to the holders of the Senior Debt to the extent necessary to make payment in full of the Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution to or for the holders of the Senior Debt; subject to the prior payment in full of the Senior Debt, the holder of this Note shall be subrogated to the rights of the holders of the Senior Debt to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Debt until the principal of, and interest on, this Note shall be paid in full, and no such payments or distributions to the holder of this Note of cash, property or securities otherwise distributable in respect of the Senior Debt shall, as between the Company, its creditors other than the holders of the Senior Debt and the holder of this Note, be deemed to be a payment by the Company on account of this Note;

"(c) in the event that the holder of this Note shall receive any payment on this Note which such holder is not entitled to receive under the provisions of the immediately preceding subparagraph, it will hold any amount so received in trust for the holders of the Senior Debt and will forthwith turn over such payment to the holders of Senior Debt in the form received to be applied to the Senior Debt;

"(d) the holders of the Senior Debt may, at any time and from time to time, without the consent of or notice to the holder of this Note, without incurring responsibility to the holder of this Note and without impairing or releasing the obligations of the holder of this Note hereunder to the holders of Senior Debt: (i) change the manner, place or terms of payment or change or extend the time of payment of, or renew or alter any of the Senior Debt (including any change in the rate of interest thereon), or amend in any manner any agreement under which Senior Debt is outstanding; (ii) sell, assign, exchange, release or otherwise deal with any property or assets by

whomsoever at any time pledged or mortgaged to secure, or howsoever securing, any of the Senior Debt; (iii) release anyone liable in any manner for the collection of the Senior Debt; (iv) exercise or refrain from exercising any rights against the Company and others; and (v) apply any sums by whomsoever paid or howsoever realized to the Senior Debt; and

"(e) the foregoing provisions regarding subordination are and are intended solely for the purpose of defining the relative rights of the holders of the Senior Debt on the one hand and the holder of this Note on the other hand; nothing contained in this Note is intended to or shall impair, as between the Company and the holder of this Note, the obligation of the Company, which is unconditional and absolute, to pay to the holder of this Note the principal of, premium, if any, and interest on, this Note as and when the same shall become due in accordance with its terms, subject, however, to the rights under the foregoing subparagraphs of the holders of the Senior Debt."

57500567X02

EXHIBIT A

[FORM OF REVOLVING CREDIT NOTE]

$_____ New York, New York
_____, 1981

FOR VALUE RECEIVED, the undersigned, BRAE CORPORATION, promises to pay on the Termination Date (as defined in the Credit and Security Agreement hereinafter referred to), to the order of _____ (the "Bank") at the office of Manufacturers Hanover Trust Company located at 741 Fifth Avenue, New York, New York 10022, in lawful money of the United States of America and in immediately available funds, the principal amount of _____ * _____ DOLLARS ($_____ * _____) or, if less than such principal amount, the aggregate unpaid principal amount of all loans made by the Bank to the undersigned pursuant to subsection 2.1 of the Credit and Security Agreement hereinafter referred to. The undersigned further agrees to pay interest at said office, in like money, on the unpaid principal amount owing hereunder from time to time from the date hereof until such principal amount shall become due and payable (whether at maturity, by acceleration or otherwise) at a fluctuating rate per annum equal to 107% of the MHTC Rate, and after such amount shall have become due and payable at a rate per annum equal to 115% of the MHTC Rate until such amount shall be paid in full (as well after as before judgment). As used herein, the MHTC Rate shall mean the rate publicly announced from time to time by Manufacturers Hanover Trust Company as its prime rate. Any change in the interest rate resulting from a change in such MHTC Rate shall become effective as of the opening of business on the day on which such change in such MHTC Rate occurs. Interest shall be payable quarterly on the last day of each January, April, July and October commencing on the first such date to occur after the date hereof, and upon payment in full of the unpaid principal amount hereof. All loans made

* Insert as per subsection 2.3 of the Credit and Security Agreement.

by the Bank pursuant to subsection 2.1 of the aforesaid Credit and Security Agreement, and all payments of the principal amount of such loans, shall be indorsed by the holder of this Note on the schedule annexed hereto.

If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks are authorized or required to close under the laws of the State of New York, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable during such extension at the then applicable rate during such extension.

This Note is one of the Revolving Credit Notes referred to in the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 among the undersigned, the banks parties thereto (including the Bank) and Manufacturers Hanover Trust Company as Agent for such banks (as amended, supplemented or otherwise modified from time to time, the "Credit and Security Agreement"), and is entitled to the benefits thereof and may be, or may be required to be, prepaid in whole or in part as provided therein.

Upon the occurrence of any one or more of the Events of Default specified in the Credit and Security Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Credit and Security Agreement.

This Note, together with the other Notes referred to in the Credit and Security Agreement, is secured by the Collateral described in the Credit and Security Agreement. Reference is made to the Credit and Security Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

BRAE CORPORATION

By_____
Title:

Schedule to
Revolving Credit
Note of Brae
Corporation dated
_____, 19__

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type of Loan*	Amount of Principal Paid**	Unpaid Principal Balance**	Notation Made By

* Insert "U" for Unit Loans, "S" for Stock Loans and "MS" for Margin Stock Loans.

** After noting the Amount of Principal Paid and the amount of the Unpaid Principal Balance, insert "U" for Unit Loans, "S" for Stock Loans and "MS" for Margin Stock Loans.

EXHIBIT B

[FORM OF TERM NOTE]

$_____ New York, New York
_____, 19__

FOR VALUE RECEIVED, the undersigned, BRAE CORPORATION, promises to pay to the order of _____ _____ (the "Bank") at the office of MANUFACTURERS HANOVER TRUST COMPANY located at 741 Fifth Avenue, New York, New York 10022, in lawful money of the United States of America and in immediately available funds, the principal amount of * _____ DOLLARS ($ *) in twenty (20) consecutive quarterly installments, each in the amount of $_____, on the last day of each January, April, July and October commencing on the first such date to occur after the date hereof. The undersigned further promises to pay interest in like money at said office from the date hereof on the unpaid principal amount hereof until such amount shall become due and payable (whether at maturity, by acceleration or otherwise) at a fluctuating rate per annum equal to 110% of the MHTC Rate, and thereafter at a rate per annum equal to 120% of the MHTC Rate until such overdue principal amount is paid in full (as well after as before judgment). As used herein, the MHTC Rate shall mean the rate publicly announced from time to time by Manufacturers Hanover Trust Company as its prime rate. Any change in the interest rate resulting from a change in such MHTC Rate shall become effective as of the opening of business on the day on which such change in such MHTC Rate occurs. Interest shall be payable quarterly on the last day of each January, April, July and October, commencing on the first such date to occur after the date hereof, and upon payment in full of the unpaid principal amount hereof.

If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which

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* Insert as per subsection 2.7 of the Credit and Security Agreement.

commercial banks are authorized or required to close under the laws of the State of New York, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable during such extension at the then applicable rate during such extension.

This Note is one of the Term Notes referred to in the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 among the undersigned, the banks parties thereto (including the Bank) and Manufacturers Hanover Trust Company as Agent for such banks (as amended, supplemented or otherwise modified from time to time, the "Credit and Security Agreement"), and is entitled to the benefits thereof and may be, or may be required to be, prepaid in whole or in part as provided therein.

Upon the occurrence of any one or more of the Events of Default specified in the Credit and Security Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Credit and Security Agreement.

This Note, together with the other Notes referred to in the Credit Agreement, is secured by the Collateral described in the Credit and Security Agreement. Reference is made to the Credit and Security Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

BRAE CORPORATION

By _____
Title:

Schedule to Term
Note of Brae
Corporation dated
_____, 19__

Date	Unit Loan Amount	Stock Loan Amount	Margin Stock Loan Amount	Unpaid Principal Balance	Notation Made By

_____

* After noting the amount of the Unpaid Principal Balance, Insert "U" for Unit Loans, "S" for Stock Loans and "MS" for Margin Stock Loans

57500567X04

EXHIBIT C

[Form of Legal Opinion of
Counsel to the Company]

, 1981

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

I am the General Counsel of Brae Corporation, a Delaware corporation (the "Company"), and have acted as such in connection with the execution and delivery of the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks (the "Agent"), and the execution and delivery of the promissory notes of the Company, dated the date hereof, one of which is payable to each of you in the amount of your Commitment.

This opinion is furnished pursuant to paragraph (c) of Subsection 4.1 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement, the Revolving Credit Notes, the Existing Credit Agreement, the leases identified in Schedule I hereto and the lease schedules thereto (the "Original Leases"), Supplement Nos. 1, 2, 3, 4, 5 and 6 executed and delivered pursuant to the Existing Credit Agreement (the "Original Supplements") and such corporate documents and records of the Company, such certificates of public officials and of officers of the Company and such other documents as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. Each of the Company and its Restricted Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation and in good standing in each other jurisdiction where the conduct of its business or the ownership or lease of its properties requires such qualification and the failure to be so qualified could have a material adverse effect on the business, operations, properties or assets or on the condition, financial or other, of the Company or any of its Restricted Subsidiaries. As of the date hereof, the jurisdictions in which the Company is qualified as a foreign corporation consist of those listed in Schedule I to the Agreement.

2. The Company has full corporate power, authority and legal right to own its properties and to conduct its business as now conducted (including, without limitation, the purchase of the Rail-cars and the Trailers, the leasing of the Rail-cars and the Trailers and the purchase of Stock), to execute, deliver and perform the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases, the Notes and the stock powers to be delivered to the Agent together with the Pledged Stock and to grant the pledge, lien and security interest created by the Agreement, and the Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases, the Notes and the stock powers to be delivered to the Agent together with the Pledged Stock, the purchase of the Rail-cars, the Trailers and the Stock, the granting of the pledge, lien and security interest created by the Agreement and the leasing of the Rail-cars and the Trailers on the terms of the Agreement. The Agreement, the Original Supplements, the Original Leases and each Revolving Credit Note have been duly executed and delivered by duly authorized officers of the Company and constitute, and each Supplement, each Lease, each Term Note and each such stock power when executed and delivered by the Company and/or an Affiliate, as the case may be, will constitute, the legal, valid and binding obligation of the Company and/or such Affiliate, as the case may be, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the

enforcement of creditors' rights generally or by general equitable principles, provided that such general equitable principles will not impair the ability of the holder of any Note to recover the principal thereof or the interest thereon or make the remedies provided for in the Agreement inadequate for the practical realization of the benefits of the collateral security provided thereby.

3. No consent of any other Person (including stockholders of the Company or an Affiliate) and no consent, license, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance by the Company or an Affiliate (as the case may be) of the Agreement, any Original Supplement, any Supplement, any Original Lease, any Lease or any Note except for the filing of the Agreement, each Rail-car Lease and each Supplement describing Rail-cars with the Interstate Commerce Commission, the filing of a financing statement with respect to each Trailer, each Supplement describing Trailers and each Trailer Lease with the Secretary of State of California and the procurement of a Certificate of Title with respect to each Trailer on which Certificate of Title the lien and security interest created by the Agreement has been noted.

4. The execution, delivery and performance by the Company or an Affiliate (as the case may be) of the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases and the Notes will not violate any provision of, or constitute a default under, any existing law or regulation of the United States of America or the State of California to which the Company or an Affiliate (as the case may be) is subject, or any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or an Affiliate (as the case may be) of which I have knowledge (having also made due inquiry of the President and Vice Presidents of the Company), or the Articles of Incorporation, By-Laws or any preferred stock of the Company or an Affiliate (as the case may be), or any mortgage, indenture, contract or other agreement of which I have knowledge (having also made due inquiry of the President and Vice Presidents of the Company) to which the Company or an Affiliate (as the case may be) is a party or which is binding upon the Company or an Affiliate (as the

case may be) or any of its properties or assets, and will not result in the creation or imposition of any Lien (other than the Lien created by the Agreement) on any of the properties or assets of the Company pursuant to the provisions of any such mortgage, indenture, contract or other agreement.

5. To the best of my knowledge (having also made due inquiry of the President and Vice Presidents of the Company), except as set forth in the Company's report on Form 10-K for the fiscal year ended March 31, 1981 (as to which litigation I am of the opinion that the probability of an unfavorable determination is remote) a copy of which has heretofore been delivered to the Banks, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by any governmental body (i) which relate to any of the Collateral, the Agreement or any of the transactions contemplated by the Agreement, or (ii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would materially impair the right or ability of the Company to carry on its business substantially as now conducted and currently proposed to be conducted by it, or (iii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would have a materially adverse effect on the operating results or on the condition, financial or other, of the Company.

6. The Company has valid and legal title to, and is the lawful owner of, the Rail-cars described in the Original Supplements. In rendering the opinion expressed in this paragraph 6, I have relied upon opinions of counsel to the manufacturer of the Rail-cars described in such Supplements as to the transfer to the Company of legal title to such Rail-cars and on the certificate of an officer of the Company dated the date hereof to the effect that the Company has not transferred title or any interest in such Rail-cars except as contemplated by the Existing Credit Agreement.

7. The Agreement as supplemented by the Original Supplements constitutes, and the Agent (for the benefit of the Banks) continues to have, a legal, valid and perfected

first lien on and first security interest in each of the Rail-cars and Leases described in the Original Supplements as security for the Obligations and no other filing, registration, recordation or other action in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing with the Interstate Commerce Commission in a proceeding to enforce such lien or security interest) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations, the first lien on and first security interest in such Rail-cars and such Leases in favor of the Banks in the United States of America. In rendering the opinions expressed in this paragraph 7, I have relied upon a certificate of the Company dated the date hereof to the effect that such Rail-cars currently are marked in accordance with subsection 6.12 of the Agreement and, as to matters governed by the Interstate Commerce Act, as amended, and as to filings and recordings with the Interstate Commerce Commission (or the lack of such filings and recordings), upon the opinion of Messrs. Steptoe and Johnson delivered to you on the date hereof pursuant to paragraph (c) of subsection 4.1 of the Agreement. Such opinion is satisfactory in form and substance to me and I believe that you and I are justified in relying thereon.

8. The choice by the parties of the law of the State of New York pursuant to subsection 12.9 of the Agreement is valid under the laws of the State of California and, accordingly, New York law would be applied by a California court, and by a federal court sitting in California exercising appropriate jurisdiction, in any action brought to enforce the Agreement and the Notes.

9. Each Original Lease has been duly authorized, executed and delivered by the Company and the lessee thereunder and constitutes a valid and binding obligation of the Company and such lessee, enforceable in accordance with its terms. All consents, licenses, approvals or authorizations of, exemptions by, and registrations or declarations with, any governmental authority required to be obtained, effected or given in connection with the execution, delivery and performance of each such Original Lease by each party thereto have been duly obtained, effected or given and are in full force and effect.

10. Each Affiliate has full corporate power, authority and legal right to execute, deliver and perform leases of Trailers and Shipping Agreements in respect of Trailers and to cause such leases to be assigned to the Agent for the benefit of the Banks, and has duly authorized the execution, delivery and performance of such leases and Shipping Agreements and the assignment of such leases to the Agent for the benefit of the Banks.

Very truly yours,

57500567X05

EXHIBIT D

[Form of Legal Opinion of Messrs. Steptoe and Johnson, Special Counsel to the Company]

., 1981

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

We have acted as special counsel for Brae Corporation, a Delaware corporation (the "Company"), in connection with the execution and delivery of the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks.

This opinion is furnished pursuant to paragraph (c) of Subsection 4.1 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement, the Revolving Credit Notes, the Existing Credit Agreement, Supplement Nos. 1, 2, 3, 4, 5 and 6 delivered pursuant to the Existing Credit Agreement (the "Original Supplements"), the leases listed on Schedule I hereto and the lease schedules thereto (the "Original Leases") and such other documents and matters as we have deemed necessary or appropriate for the purposes hereof. We have assumed that the manufacturer of the Rail-cars described in the Original Supplements (the "Original Rail-cars") transferred valid and legal title to the Original Rail-cars to the Company free and clear of all Liens, other than Liens in favor of the Banks.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303.

2. No other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Original Rail-cars or the Original Leases except such as have been filed and recorded in connection with the Existing Credit Agreement. No other filing, registration, recordation or other action in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing and recordation with the Interstate Commerce Commission in a proceeding to enforce such interest or Lien) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations (including without limitation the Revolving Credit Notes), the lien on and security interest in the Original Rail-cars and the Original Leases in favor of the Agent (for the benefit of the Banks).

3. The Agreement, as supplemented by the Original Supplements, constitutes, and the Agent (for the benefit of the Banks) continues to have, in the United States of America a legal, valid and perfected first lien on and first priority security interest in each of the Original Rail-cars and each of the Original Leases as security for the Obligations.

4. The valid, perfected and enforceable first lien on and first priority security interest in each of the Original Rail-cars and each of the Original Leases in favor of the Agent (for the benefit of the Banks) and in any Rail-cars or Leases duly described in Supplements hereinafter delivered pursuant to the Agreement and filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303 shall not be affected in any manner if such Rail-cars shall from time to time leave the territory of the United States of America, except that if such Rail-cars shall from time to time leave the territory of the United States of America, such lien and security interest may become subject to a lien or security interest obtained by a third party at the time that such Rail-cars are located outside the territory of the United States of America (a "New Lien"), which New Lien

nevertheless will be subject and subordinate to the lien and security interest granted pursuant to the Agreement upon the return of such Rail-cars to the United States of America.

5. The lien on and security interest in Rail-cars and Assigned Leases created pursuant to the Agreement shall not at any time constitute a preferential transfer under Title 11 of the United States Code, including without limitation such times as Rail-cars return to the United States of America from jurisdictions located outside the United States of America.

Very truly yours,

57500567X06

EXHIBIT E-1

NOTICE TO LESSEE

BRAE CORPORATION, as lessor under the lease agreement dated _____, 19__ between Brae Corporation and _____ ("Lessee"), hereby notifies Lessee of the assignment to Manufacturers Hanover Trust Company, as Agent, of the portion of said lease, and the rentals payable thereunder, related to the Rail-cars listed on the schedule attached hereto.

You are hereby directed to pay to Manufacturers Hanover Trust Company or as it may direct all rentals and other sums payable to us under said lease which are attributable to, or constitute rentals in respect of, the Rail-cars listed on the schedule attached hereto.

BRAE CORPORATION

By_____
Title:

EXHIBIT E-2

NOTICE TO LESSEE

BRAE CORPORATION, as lessor under the lease agreement dated _____, 19__ between Brae Corporation and _____ ("Lessee"), hereby notifies Lessee of the assignment to Manufacturers Hanover Trust Company, as Agent, of the portion of said lease, and the rentals payable thereunder, related to the Trailers listed on the schedule attached hereto.

You are hereby directed to pay to Manufacturers Hanover Trust Company or as it may direct all rentals and other sums payable to us under said lease which are attributable to, or constitute rentals in respect of, the Trailers listed on the schedule attached hereto.

BRAE CORPORATION

By_____
Title:

57500567X07

EXHIBIT F-1

[FORM OF LEASE SCHEDULE]

Brae Corporation hereby leases the following Rail-cars to _____ pursuant to that certain Lease Agreement dated as of _____, 19__.

Description	Numbers	Length	Dimensions Inside Width	Height	Doors Width	Number of Cars	Weight

BRAE CORPORATION

By:_____

Title:_____

Date:_____

[Name of Lessee]

By:_____

Title:_____

Date:_____

EXHIBIT F-2

[FORM OF LEASE SCHEDULE]

Brae Corporation hereby leases the following Trailers to _____ pursuant to that certain Lease Agreement dated as of _____, 19__.

Description	Serial Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Number of Cars	Manufacturer

BRAE CORPORATION

By:_____

Title:_____

Date:_____

[Name of Lessee]

By:_____

Title:_____

Date:_____

57500567X14

EXHIBIT G

[Form of Legal Opinion of
Counsel to the Company]

[Dated the Termination Date]

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

I am the General Counsel of Brae Corporation, a Delaware corporation (the "Company"), and have acted as such in connection with the execution and delivery of the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks (the "Agent"), and the execution and delivery of the Company's Term Notes, dated the date hereof, one of which is payable to each of you.

This opinion is furnished pursuant to paragraph (d) of Subsection 4.3 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement, the Term Notes, the leases identified in Schedule I hereto and the lease schedules thereto (the "Original Leases"), each of the Supplements executed and delivered pursuant to the Agreement (the "Original Supplements") and such corporate documents and records of the Company, such certificates of public officials and of officers of the Company and such other documents as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. Each of the Company and its Restricted Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation and in good standing in each other jurisdiction where the conduct of its business or the ownership or lease of its properties requires such qualification and the failure to be so qualified could have a material adverse effect on the business, operations, properties or assets or on the condition, financial or other, of the Company or any of its Restricted Subsidiaries. As of the date hereof, the jurisdictions in which the Company is qualified as a foreign corporation consist of those listed in Schedule I to the Agreement.

2. The Company has full corporate power, authority and legal right to own its properties and to conduct its business as now conducted (including, without limitation, the purchase of the Rail-cars and the Trailers, the leasing of the Rail-cars and the Trailers and the purchase of Stock), to execute, deliver and perform the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases, the Term Notes and the stock powers to be delivered to the Agent together with the Pledged Stock and to grant the pledge, lien and security interest created by the Agreement, and the Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases, the Term Notes and the stock powers to be delivered to the Agent together with the Pledged Stock, the purchase of the Rail-cars, the Trailers and the Stock, the granting of the pledge, lien and security interest created by the Agreement and the leasing of the Rail-cars and the Trailers on the terms of the Agreement. The Agreement, the Original Supplements, the Original Leases and each Term Note have been duly executed and delivered by duly authorized officers of the Company and constitute, and each Supplement, each Lease, and each such stock power when executed and delivered by the Company and/or an Affiliate, as the case may be, will constitute, the legal, valid and binding obligation of the Company and/or such Affiliate, as the case may be, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of

creditors' rights generally or by general equitable principles, provided that such general equitable principles will not impair the ability of the holder of any Note to recover the principal thereof or the interest thereon or make the remedies provided for in the Agreement inadequate for the practical realization of the benefits of the collateral security provided thereby.

3. No consent of any other Person (including stockholders of the Company or an Affiliate, as the case may be) and no consent, license, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance by the Company or an Affiliate (as the case may be) of the Agreement, any Original Supplement, any Supplement, any Original Lease, any Lease or any Term Note except for the filing of the Agreement, each Rail-car Lease and each Supplement describing Rail-cars with the Interstate Commerce Commission, the filing of a financing statement with respect to each Trailer, each Supplement describing Trailers and each Trailer Lease with the Secretary of State of California and the procurement of a Certificate of Title with respect to each Trailer on which Certificate of Title the lien and security interest created by the Agreement has been noted.

4. The execution, delivery and performance by the Company or an Affiliate (as the case may be) of the Agreement, the Original Supplements, the Supplements, the Original Leases, the Leases and the Term Notes will not violate any provision of, or constitute a default under, any existing law or regulation of the United States of America or the State of California to which the Company or an Affiliate (as the case may be) is subject, or any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or an Affiliate (as the case may be) of which I have knowledge (having also made due inquiry of the President and Vice Presidents of the Company), or the Articles of Incorporation, By-Laws or any preferred stock of the Company or an Affiliate (as the case may be), or any mortgage, indenture, contract or other agreement of which I have knowledge (having also made due inquiry of the President and Vice Presidents of the Company) to which the Company or an Affiliate (as the case may be) is a party or

which is binding upon the Company or an Affiliate (as the case may be) or any of its properties or assets, and will not result in the creation or imposition of any Lien (other than the Lien created by the Agreement) on any of the properties or assets of the Company pursuant to the provisions of any such mortgage, indenture, contract or other agreement.

5. To the best of my knowledge (having also made due inquiry of the President and Vice Presidents of the Company), except as set forth in the Company's quarterly report on Form 10-Q for the most recently ended fiscal quarter of the Company (as to which litigation I am of the opinion that the probability of an unfavorable determination is remote) a copy of which has heretofore been delivered to the Banks, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by any governmental body (i) which relate to any of the Collateral, the Agreement or any of the transactions contemplated by the Agreement, or (ii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would materially impair the right or ability of the Company to carry on its business substantially as now conducted and currently proposed to be conducted by it, or (iii) as to which the probability of an unfavorable determination is not remote and which, if unfavorably determined, would have a materially adverse effect on the operating results or on the condition, financial or other, of the Company.

6. The Company has valid and legal title to, and is the lawful owner of, the Rail-cars described in the Original Supplements. In rendering the opinion expressed in this paragraph 6, I have relied upon opinions of counsel to the manufacturer of the Rail-cars described in such Supplements as to the transfer to the Company of legal title to such Rail-cars and on the certificate of an officer of the Company dated the date hereof to the effect that the Company has not transferred title or any interest in such Rail-cars except as contemplated by the Existing Credit Agreement.

7. The Agreement as supplemented by the Original Supplements constitutes, and the Agent (for the benefit of the Banks) continues to have, a legal, valid and perfected first lien on and first security interest in each of the Rail-cars and Rail-car Leases described in the Original Supplements as security for the Obligations and no other filing, registration, recordation or other action in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing and recordation with the Interstate Commerce Commission in a proceeding to enforce such lien and security interest) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations, the first lien on and first security interest in such Rail-cars and such Leases in favor of the Banks in the United States of America. In rendering the opinions expressed in this paragraph 7, I have relied upon a certificate of the Company dated the date hereof to the effect that such Rail-cars currently are marked in accordance with subsection 6.12 of the Agreement and, as to matters governed by the Interstate Commerce Act, as amended, and as to filings and recordings with the Interstate Commerce Commission (or the lack of such filings and recordings), upon the opinion of Messrs. Steptoe and Johnson delivered to you on the date hereof pursuant to paragraph (d) of subsection 4.3 of the Agreement. Such opinion is satisfactory in form and substance to me and I believe that you and I are justified in relying thereon.

8. The Agreement as supplemented by the Original Supplements constitutes, and the Agent (on behalf of the Banks) continues to have, a legal, valid and perfected first pledge of, lien on and security interest in the Pledged Stock described in such Supplements.

9. The Agreement as supplemented by the Original Supplements constitutes, and the Agent (on behalf of the Banks) continues to have, a legal, valid and perfected first lien on and first security interest in each of the Trailers and Trailer Leases described in the Original Supplements as security for the Obligations and no other filing, registration, recording or other action in the United States of America or any jurisdiction thereof is necessary in order to perfect, protect and preserve, as security for the Obligations, the first lien on and first security interest in such Trailers and such Trailer Leases

in favor of the Agent (for the benefit of the Banks) in the United States of America. In rendering the opinions expressed in this paragraph 9, I have relied upon an opinion of Samuel G. Cohen, Esq., delivered to you on the date hereof pursuant to paragraph (d) of Subsection 4.3 of the Agreement. Such opinion is satisfactory in form and substance to me and I believe that you and I are justified in relying thereon.

10. The choice by the parties of the law of the State of New York pursuant to subsection 12.9 of the Agreement is valid under the laws of the State of California and, accordingly, New York law would be applied by a California court, and by a federal court sitting in California exercising appropriate jurisdiction, in any action brought to enforce the Agreement and the Notes.

11. Each Original Lease has been duly authorized, executed and delivered by the Company and the lessee thereunder and constitutes a valid and binding obligation of the Company and such lessee, enforceable in accordance with its terms. All consents, licenses, approvals or authorizations of, exemptions by, and registrations or declarations with, any governmental authority required to be obtained, effected or given in connection with the execution, delivery and performance of each such Original Lease by each party thereto have been duly obtained, effected or given and are in full force and effect.

12. Each Affiliate has full corporate power, authority and legal right to execute, deliver and perform leases of Trailers and Shipping Agreements in respect of Trailers and to cause such leases to be assigned to the Agent for the benefit of the Banks, and has duly authorized the execution, delivery and performance of such leases and Shipping Agreements and the assignment of such leases to the Agent for the benefit of the Banks.

Very truly yours,

EXHIBIT H

[Form of Legal Opinion of Messrs. Steptoe and Johnson, Special Counsel to the Company]

[Dated the Termination Date]

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

We have acted as special counsel for Brae Corporation, a Delaware corporation (the "Company"), in connection with the execution and delivery of the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks.

This opinion is furnished pursuant to paragraph (d) of Subsection 4.3 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement, the Term Notes, each of the Supplements in which Rail-cars or Rail-car Leases are described that were executed and delivered pursuant to the Agreement (the "Original Supplements"), the leases listed on Schedule I hereto and the lease schedules thereto (the "Original Leases") and such other documents and matters as we have deemed necessary or appropriate for the purposes hereof. We have assumed that the manufacturer of the Rail-cars described in the Original Supplements (the "Original Rail-cars") transferred valid and legal title to the Original Rail-cars to the Company free and clear of all Liens, other than Liens in favor of the Banks.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303.

2. No other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Original Rail-cars or the Original Leases except such as have been filed and recorded in connection with the Existing Credit Agreement. No other filing, registration, recordation or other action in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing and recordation with the Interstate Commerce Commission in a proceeding to enforce such interest or Lien) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations (including without limitation the Term Notes), the lien on and security interest in the Original Rail-cars and the Original Leases in favor of the Agent (for the benefit of the Banks).

3. The Agreement, as supplemented by the Original Supplements, constitutes, and the Agent (for the benefit of the Banks) continues to have, in the United States of America a legal, valid and perfected first lien on and first priority security interest in each of the Original Rail-cars and each of the Original Leases as security for the Obligations.

4. The valid and perfected first lien on and first priority security interest in each of the Original Rail-cars and each of the Original Leases in favor of the Banks and in any Rail-cars or Leases duly described in Supplements hereinafter delivered pursuant to the Agreement and filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303 shall not be affected in any manner if such Rail-cars shall from time to time leave the territory of the United States of America, except that if such Rail-cars shall from time to time leave the territory of the United States of America, such lien and security interest may become subject to a lien or security interest obtained by a third party at the time that such Rail-cars are located outside the territory of the United States of America (a "New Lien"), which New Lien nevertheless will be subject and subordinate

to the lien and security interest granted pursuant to the Agreement upon the return of such Rail-cars to the United States of America.

5. The lien on and security interest in Rail-cars and Assigned Leases created pursuant to the Agreement shall not at any time constitute a preferential transfer under Title 11 of the United States Code, including without limitation such times as Rail-cars return to the United States of America from jurisdictions located outside the United States of America.

Very truly yours,

EXHIBIT H-1

[Form of Legal Opinion of Samuel G. Cohen, Esq., Special Counsel to the Company]

[Dated the Termination Date]

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

I have acted as special counsel for Brae Corporation, a Delaware corporation (the "Company"), in connection with the execution and delivery of the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks.

This opinion is furnished pursuant to paragraph (d) of Subsection 4.3 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement, the Term Notes, each of the Supplements in which Trailers or Trailer Leases were described that were executed and delivered pursuant to the Agreement (the "Original Supplements"), the leases listed on Schedule I hereto and the lease schedules thereto (the "Original Leases"), the Certificates of Title duly issued with respect to each such Trailer (the "Original Trailers") and such other documents and matters as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. The Agreement, as supplemented by the Original Supplements, constitutes, and the Agent (for the benefit of the Banks) continues to have, in the United States of

America a legal, valid and perfected first lien on and first priority security interest in each of the Original Trailers and each of the Original Leases as security for the Obligations.

2. No other filing, registration, recording or other action is necessary in order to perfect, protect and preserve, as security for the Obligations (including without limitation the Term Notes), the lien on and security interest in the Original Trailers and the Original Leases in favor of the Agent (for the benefit of the Banks).

Very truly yours,

57500567X10

EXHIBIT I

ICC Recordation No.

RAIL-CAR SUPPLEMENT

Rail-car Supplement No. ____ to Credit and Security Agreement dated as of October 1, 1979, as amended and restated by the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 and as amended, supplemented or otherwise modified from time to time (the "Agreement") among BRAE CORPORATION (the "Company"), the banks parties thereto (the "Banks") and MANUFACTURERS HANOVER TRUST COMPANY, as Agent for the Banks (the "Agent").

1. This Supplement is executed and delivered pursuant to the Agreement in order to more particularly identify certain of the Collateral in which the Company has granted a lien and security interest to the Agent for the ratable benefit of the Banks, and to confirm the lien and security interest created by the Agreement on such Collateral. Any term defined in the Agreement and used herein shall have its defined meaning herein.

2. The Company has assigned, conveyed, mortgaged, pledged and transferred to the Agent for the ratable benefit of the Banks and granted to the Agent for the ratable benefit of the Banks a security interest in, and does hereby assign, convey, mortgage, pledge and transfer to the Agent for the ratable benefit of the Banks and grant to the Agent for the ratable benefit of the Banks a security interest in, the following Collateral:

(a) the Rail-cars described in the schedule attached hereto and any Proceeds thereof; [and/or]

(b) a lease agreement and all rentals and Proceeds thereunder and thereof, described in the schedule attached hereto, to the extent such lease covers [insert either (i) "the Rail-cars identified in paragraph (a) above" or (ii) "the Rail-cars identified in the schedule to a previously filed Supplement with ICC Recordation No. ____"].

3. All the terms and conditions of the Agreement are hereby incorporated in this Supplement and made a part hereof. By their execution and delivery of this Supplement the parties hereto hereby reaffirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement on _____, 19__.

BRAE CORPORATION

By_____
Title:

MANUFACTURERS HANOVER TRUST COMPANY

By_____
Title:

EXHIBIT I-1

TRAILER SUPPLEMENT

Trailer Supplement No. ____ to Credit and Security Agreement dated as of October 1, 1979, as amended and restated by the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 and as amended, supplemented or othwerwise modified from time to time (the "Agreement") among BRAE CORPORATION (the "Company"), the banks parties thereto (the "Banks") and MANUFACTURERS HANOVER TRUST COMPANY, as Agent for the Banks (the "Agent").

1. This Supplement is executed and delivered pursuant to the Agreement in order to more particularly identify certain of the Collateral in which the Company has granted a lien and security interest to the Agent for the ratable benefit of the Banks, and to confirm the lien and security interest created by the Agreement on such Collateral. Any term defined in the Agreement and used herein shall have its defined meaning herein.

2. The Company has assigned, conveyed, mortgaged, pledged and transferred to the Agent for the ratable benefit of the Banks and granted to the Agent for the ratable benefit of the Banks a security interest in, and does hereby assign, convey, mortgage, pledge and transfer to the Agent for the ratable benefit of the Banks and grant to the Agent for the ratable benefit of the Banks a security interest in, the following Collateral:

(a) the Trailers described in the schedule attached hereto and any Proceeds thereof; [and/or]

(b) a lease agreement and all rentals and Proceeds thereunder and thereof, described in the schedule attached hereto, to the extent such lease covers [insert either (i) "the Trailers identified in paragraph (a) above" or (ii) "the Trailers identified in the schedule to Trailer Supplement No. ____"].

3. All the terms and conditions of the Agreement are hereby incorporated in this Supplement and made a part

hereof. By their execution and delivery of this Supplement the parties hereto hereby reaffirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement on _____, 19__.

BRAE CORPORATION

By_____
Title:

MANUFACTURERS HANOVER TRUST COMPANY

By_____
Title:

EXHIBIT J

BILL OF SALE

_____ (the "Builder"), in consideration of the sum of One Dollar and other good and valuable consideration paid by Brae Corporation (the "Buyer"), receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Buyer, its successors and assigns, the following described equipment which has been delivered by the Builder to the Buyer, to wit:

Number of Units	Description	Serial Numbers

TO HAVE AND TO HOLD all and singular the equipment above described to the Buyer, its successors and assigns, for its and their only use and behoof forever.

And the Builder hereby warrants to the Buyer, its successors and assigns, that at the time of delivery to the Buyer the Builder is the lawful owner of said equipment; that title to said equipment is free from all prior claims, liens and encumbrances suffered by or through the Builder except for a purchase money security interest in favor of the Builder which will be terminated upon payment in full to the Builder by the Buyer of $_____; and that the Builder has good right to sell the same as aforesaid; and the Builder covenants that it will warrant and defend such title against all claims and demands whatsoever.

By_____
Title:

Dated: _____, 19__.

EXHIBIT K

[Form of Legal Opinion of
Counsel to the Company]

_____, 19__

To the Banks Listed on
Schedule I annexed hereto

Dear Sirs:

I am General Counsel of Brae Corporation, a Delaware corporation (the "Company"), and have acted as such in connection with the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks (the "Agent"). Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed counterparts of the Agreement, [Rail-car] [Trailer] Supplement No. ___ thereto (the "Supplement"), the leases [and lease schedules thereto] identified in Schedule I hereto (the "Leases") and such corporate documents and records of the Company*, such certificates of public officials and of officers of the Company*, and such other documents, as I have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, I am of the opinion that:

1. The Agreement*, the Supplement and the Leases have been executed and delivered by duly authorized officers of the Company* and constitute the legal, valid and binding obligations of the Company* enforceable against the Company* in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or

*Modify in the event a Subsidiary or partnership of Subsidiaries is the lessor.

similar laws affecting the enforcement of creditors' rights generally or by general equitable principles, provided that such general equitable principles will not impair the ability of the holder of any Note to recover the principal, interest thereon or make the remedies provided for in the Agreement inadequate for the practical realization of the benefits of the collateral security provided thereby.

2. The Agreement, as supplemented by the Supplement, constitutes in the United States of America a legal, valid and perfected first lien on and first priority security interest in each of the Leases to the extent that the Leases relate to the Rail-cars specified therein, as security for the Obligations. No filing of any Uniform Commercial Code financing statements in any office in any jurisdiction and no other filing, registration, recordation or other action (including without limitation the taking possession of any of the Company's signed copies of the Leases) in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing and recordation with the Interstate Commerce Commission in a proceeding to enforce such lien and security interest) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations, the lien on and security interest in the Leases created by the Agreement in the United States of America, except (i) the filing and recording of such Leases with the Interstate Commerce Commission in accordance with 49 United States Code §11303 (which filings and recordations have been duly made) and (ii) that each Supplement hereafter executed and delivered by the Company, and each additional Lease with respect to the Rail-cars described in such Supplement or lease schedule subjecting to any Lease the Rail-cars described in such Supplement, must be filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303. In rendering the opinions expressed in this paragraph 2, I have relied as to matters governed by the Interstate Commerce Act, as amended, and as to the filings and recordings with the Interstate Commerce Commission (or the lack of such filings and recordings), upon the opinion of Messrs. Steptoe and Johnson, delivered to you on the date hereof. Such opinion is satisfactory in form and substance to me, and I believe that you and I are justified in relying thereon.

[3.** The Agreement, as supplemented by the Supplement, constitutes in the United States of America a legal, valid and perfected first lien on and first priority security interest in each of the Leases to the extent that the Leases relate to the Trailers specified therein, as Security for the Obligations. No filing, registration, recording, or other action (including without limitation the taking of possession of any of the Company's signed copies of the Leases) is necessary in order to perfect, protect and preserve, as security for the Obligations, the lien on and security interest in the Leases created by the Agreement in the United States of America except the filing of an appropriate financing statement under the Uniform Commercial Code with the Secretary of the State of California which financing statement has been duly filed.]

Very truly yours,

**To be substituted for paragraph 2 in the case of leases of Trailers.

EXHIBIT L

[Form of Legal Opinion of
Special Counsel to the Company]

_____, 19__

To the Banks listed on
Schedule I annexed hereto

Dear Sirs:

We have acted as special counsel for Brae Corporation, a Delaware corporation (the "Company"), in connection with the Amended and Restated Credit, Pledge and Security Agreement dated as of July 24, 1981 (the "Agreement") among the Company, the banks parties thereto (the "Banks") and Manufacturers Hanover Trust Company, as Agent for the Banks (the "Agent"). Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement, Supplement No. ___ thereto (the "Supplement"), the leases [and the lease schedules thereto] identified in Schedule I hereto (the "Leases") and such other documents as we have deemed necessary or appropriate for the purposes hereof.

Based upon the foregoing, we are of the opinion that:

1. The Agreement, the Supplement and the Leases have been duly filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303, and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Leases (to the extent that the Leases relate to the Rail-cars specified therein). No filing of any Uniform Commercial Code financing statements in any office in any jurisdiction and no other filing, registration, recordation or other

action (including without limitation the taking possession of any of the Company's signed copies of the Leases) in the United States of America or any jurisdiction thereof (other than the presentation of evidence of filing and recordation with the Interstate Commerce Commission in a proceeding to enforce the lien and security interest created by the Agreement) is necessary in order to create, perfect and maintain in the United States of America or any jurisdiction thereof, as security for the Obligations, the lien on and security interest in the Rail-cars and in the Leases created by the Agreement, except that each Supplement hereafter executed and delivered by the Company, and each additional Lease with respect to the Rail-cars described in such Supplement or lease schedule subjecting to the Leases the Rail-cars described in such Supplement, must be filed and recorded with the Interstate Commerce Commission in accordance with 49 United States Code §11303.

2. The Agreement, as supplemented by the Supplement, constitutes in the United States of America a legal, valid and perfected first lien on and first priority security interest in each of the Leases to the extent that the Leases relate to the Rail-cars specified in the Leases and the Lease Schedules thereto, as security for the Obligations.

Very truly yours,

EXHIBIT M

BRAE CORPORATION

LEASE AGREEMENT

LEASE AGREEMENT, dated as of this _____ day of _____, 1981, between BRAE CORPORATION, a Delaware corporation, Four Embarcadero Center, San Francisco, California 94111 ("BRAE"), as lessor, and _____ _____ a _____ corporation ("Lessee"), as lessee.

1. Scope of Agreement

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

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

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease pursuant to this Agreement with respect to each Car shall commence when such Car has been delivered, as provided in Section 3A hereof, and shall continue until fifteen (15) years (the "Initial Lease Term") have expired from the actual date of delivery, as provided in Section 3A hereof, for the last of the Cars described on the Schedule on which such Car is described.

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

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications ordered by BRAE and to all applicable governmental

regulatory specifications, and if this Agreement has not then been terminated, BRAE will accept delivery thereof and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed to be delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of the railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of a Car, the lease hereunder with respect thereto shall commence and Lessee shall pay to BRAE the rent for such Car set forth in this Agreement, all upon acceptance of such Car by BRAE from the manufacturer. In order to move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car on the railroad line of Lessee (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with Interstate Commerce Commission ("ICC") and Association of American Railroads ("AAR") interchange agreements and rules. 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 ICC 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.

B. Lessee agrees that so long as it shall have on lease any Cars, it shall not lease freight cars from any other party until it shall have received all of the Cars on the Schedule or Schedules. Lessee shall give preference to BRAE and shall load the Cars leased from BRAE prior to loading substantially similar freight cars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Cars, the delivery of any Car to Lessee shall be subject to manufacturer's delivery schedules, the availability of financing on terms satisfactory to BRAE and the mutual acknowledgement of the parties that the addition of such Cars is not likely to reduce Utilization (as defined in Section 6A hereof) of all Cars on lease to Lessee to less than the percentage in any calendar quarter which is set forth in Section 3 of the applicable Schedule (the "Minimum Utilization Percentage"). If, due to any of the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the Initial Lease Term shall terminate fifteen (15) years from the delivery date for the final Car actually delivered, as provided in Section 3A hereof.

D. BRAE has at any time the right, upon 60 days written notice, to replace any or all of the Cars with new or rebuilt cars of the same general class and type, as long as

Lessee will not suffer a net loss thereby of the investment tax credit allowed by section 38 and related sections of the Internal Revenue Code of 1954, as amended, if any.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, such Cars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. BRAE and Lessee further agree that any Car may also be marked with the name of BRAE and any other information required by an owner or secured party under a financing agreement entered into by BRAE in connection with the acquisition of such Car. All such names, insignia and other information shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include but shall not be limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2 or for rescission from such relief; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies. Lessee agrees to take such action, including but not limited to, the execution and delivery of appropriate AAR documents as are required to designate some or all of the Cars as exempted from AAR Car Service Rules 1 and 2 or as may be required to rescind such designation.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; provided, however, that BRAE shall not be responsible for any fee assessed by such publication for the listing or registration of Lessee itself, as distinguished from the registration of additional equipment to Lessee. BRAE shall, on behalf of Lessee, perform all record-keeping functions related to the use of the Cars by Lessee and other railroads in accordance with the Interchange Rules and AAR railroad interchange agreements, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as BRAE shall select. Lessee and BRAE agree that BRAE shall continue to provide such record keeping functions until such time as BRAE gives Lessee written notice of discontinuance and Lessee approves such discontinuance.

D. All record keeping performed by BRAE hereunder and a record of all payments, charges and correspondence related to the Cars shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during BRAE's regular business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the status of Cars on Lessee's tracks and monthly reports of Lessee's loading activity, regarding the use of the Cars by Lessee on its railroad line and Lessee's obligations under this Agreement as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its Initial Lease Term and any Extended Lease Term, including but not limited to repairs,

maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall, pursuant to the Interchange Rules, inspect all Cars interchanged to it to insure that such Cars are in good working order and condition, shall secure from interchanging lines any documentation prescribed by the Interchange Rules for damaged Cars and promptly mail it to BRAE, and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE all of its right, title and interest in any warranty in respect of the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided in Section 5A hereof, BRAE, at its sole expense, shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, and at BRAE's sole expense, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks, in accordance with the Interchange Rules, and at rates not in excess of those published by the AAR for labor and materials, as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee may make running repairs, in accordance with the Interchange Rules and standards, at BRAE's expense, to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration and any costs reasonably incurred by BRAE to restore any Car to its condition prior to such Lessee change. Title to any such alteration, improvement or addition shall be and remain with BRAE (or its assignee).

C. Lessee will, at all times while this Agreement is in effect, be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under the Interchange Rules for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance. Lessee shall also maintain bodily injury and property damage liability insurance. Lessee shall furnish to BRAE concurrently with the execution hereof, and thereafter at intervals of not more than 12 calendar months, certificates of insurance with respect to such insurance signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. BRAE and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. Lessee will send to BRAE, within five business days after receipt by Lessee from the taxing authorities, any notice of assessment of a tax which BRAE is obligated to pay pursuant hereto. BRAE shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to BRAE for the use of the Cars:

(i) BRAE shall receive all payments earned by Lessee from other railroad companies for their use or handling of the Cars, including but not limited to mileage charges and hourly car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "Payments") if the Utilization of all of the Cars delivered to Lessee on an aggregate basis for each BRAE fiscal year (currently ending March 31 of each year) shall be equal to or less than the percentage set forth in Section 2 of the Schedule or Schedules executed pursuant hereto (the "Agreed Utilization Percentage"). For the purpose of determining Utilization, "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing on the Initial Loading of such car. For the purpose of this Agreement, "Utilization" shall mean with respect to any period a fraction the numerator of which is (x) the aggregate number of Car Hours for which Payments are earned by the Lessee during such period, and the denominator of which is (y) the aggregate number of Car Hours during such period. In addition, BRAE will receive, as additional rental, all monies earned by the Cars prior to their Initial Loading.

(ii) In the event Utilization exceeds the Agreed Utilization Percentage in any BRAE fiscal year, BRAE shall receive an amount equal to the BRAE Base Rental plus an amount equal to that percentage of Payments earned in excess of the BRAE Base Rental which is set forth in Section 4 of the Schedule or Schedules executed pursuant hereto. For the purpose hereof, BRAE Base Rental shall be an amount equal to the total Payments for the BRAE Fiscal year mulitplied by a fraction, the numerator of which is the Agreed Utilization Percentage and the denominator of which is the Utilization for such BRAE fiscal year. (The above determination of BRAE Base Rental insures that Lessee will, if Utilizaton is greater than the Agreed Utilization Percentage in any BRAE fiscal year, receive that portion of all of the Payments made by other railroads for use or handling of the Cars in excess of the BRAE Base Rental which BRAE is not entitled to pursuant to Section 4 of the Schedule or Schedules executed pursuant hereto.)

(iii) If BRAE pays other railroads to move Cars in accordance with Section 3A hereof, except for any payments incurred to deliver such Cars to Lessee's railroad line, Lessee shall reimburse BRAE for such payments, but only from and out of the monies received by Lessee pursuant to Subsection 6A(ii) hereof.

(iv) In the event damage beyond repair or destruction of a Car has been reported in accordance with the Interchange Rules and the appropriate amount due as a result thereof is received by BRAE, the damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that car hire payments ceased. Any amounts received by Lessee as a result of such damage will be promptly paid over to BRAE.

B. The calculations required above shall be made within five months after the end of each BRAE fiscal year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the Payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall, within three months after the end of each calendar quarter (except the quarter ending the BRAE fiscal year), calculate on a cumulative quarterly basis rather than a yearly basis, the amount due it

pursuant to this Section 6. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that BRAE will not be required to make such quarterly payments if, in its reasonable opinion, BRAE determines that Utilization in the succeeding quarter will be below the level at which Lessee would participate in rentals pursuant to Section 6A (ii) hereof and, provided further, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party. In addition, BRAE will not be required to make such quarterly or annual payments to Lessee pursuant to this Section if Utilization for the current BRAE fiscal year, combined with Utilization for all previous such fiscal years, does not reach the level at which Lessee would participate in rentals pursuant to Sections 6A(ii) and 6A(iii) hereof in all such years.

C. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the Utilization in such calendar quarter cannot be equal to or greater than the Minimum Utilization Percentage, BRAE may, at its option and upon not less than ten (10) days prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine. BRAE shall not be responsible for any tax losses or recaptures incurred by Lessee resulting from BRAE's exercise of its termination rights pursuant hereto.

D. During the term of this Agreement, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than twenty-four (24) hours prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. If any such Car remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Cars as specified in Section 3B hereof, Lessee shall be liable for and remit to BRAE an amount equal to the Payments Lessee would have earned if such Cars were in the physical possession and use of another railroad for the entire period. BRAE shall not be responsible for any tax losses or recaptures incurred by Lessee resulting from BRAE's exercise of its termination rights pursuant hereto.

E. Lessee agrees that the mileage and car hire rates on the Cars subject to this lease shall, while this Lease remains in effect, be the maximum which may be charged under rates or regulations published by the ICC, the AAR or any successor agencies (or, if such rates or regulations no longer exist, the current rates in effect at the date hereof) unless otherwise agreed in writing by Lessee and BRAE; provided, however, that BRAE may, if permitted by law, at its own discretion, increase such rates at any time.

F. Lessee will not grant or allow any per diem reclaim with respect to any Car without BRAE's prior written consent.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or

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

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist (except as provided in Section 7A) 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.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

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

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

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

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

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the laws of the United States of America or of any state.

(vii) Lessee shall be merged with or consolidated into another corporation which after such merger or consolidation shall have a net worth less than that of Lessee immediately prior thereto.

(viii) Any representation or warranty made by Lessee herein or any other document delivered to BRAE by Lessee related to this Lease shall prove to have been false or incorrect in any material respect on the date when made and such breach or default shall continue for a period of thirty (30) days after written notice to Lessee of such default has been received.

B. Upon the occurrence of any such Event of Default, BRAE may, at its option:

(i) Terminate this Agreement, proceed by any lawful means to recover damages for a breach hereof, and terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate and thereupon BRAE may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee, provided that BRAE shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to the date on which BRAE took such possession; or

(ii) Proceed by any lawful means to enforce performance by Lessee of this Agreement. Lessee agrees to bear the costs and expenses, including without limitation reasonable attorneys' fees, incurred by BRAE in connection with the exercise of its remedies pursuant to this Section 8B.

9. Termination

At the expiration of this Agreement as to any Car, Lessee will surrender possession of such Car to BRAE by delivering the same to BRAE at such place reasonably convenient to Lessee as BRAE shall designate. A Car shall be no longer subject to this Agreement upon, at Lessee's expense, the removal of Lessee's railroad markings from such Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE, (1) by Lessee upon return of such Car to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car; provided, however, that BRAE may make reasonable selection of a private contractor for the removal of Lessee's markings and application of new markings in lieu of removal and application by Lessee or such railroad line, at Lessee's expense. If such Car is not on the railroad line of Lessee upon termination, any cost of assembling, delivering storing, and transporting such Car to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Car with freight and deliver it to a connecting carrier for shipment. Lessee shall provide up to thirty (30) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to Sections 6C, 6E or 8 hereof, or if BRAE agrees to the transfer of such Car to any railroad, as lessee or sublessee, which is an affiliate of Lessee, prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to move any such Car to BRAE's subsequent lessee and to repaint such Car and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all claims based upon loss or damage to the Cars, unless occurring while Lessee has physical possession of the Cars and (2) any other type of claim, cause of action, damage,

liability, cost or expense which may be asserted against Lessee with respect to the Cars (unless occurring through the fault of Lessee), including without limitation claims with respect to the construction, purchase, delivery to Lessee's railroad line, ownership, leasing, return, use, maintenance, repair, replacement, operation or condition of the Cars, and claims caused by defects in the manufacture or workmanship of the Cars or any component thereof, or any material incorporated therein, which defects could not have been discovered upon reasonable inspection by Lessee.

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated, has all necessary corporate power and authority, permits and licenses to perform its obligations under this Agreement, and has permanent operating authority as common carrier by rail.

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

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

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

(v) There is no fact or other matter represented by the Lessee in written or other form and delivered to BRAE which is false or incorrect in any material respect as of the date made.

12. Inspection.

BRAE shall at any time during normal business hours have the right to enter the premises of Lessee where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee agrees to use its best efforts to arrange for such inspections by BRAE of any Cars which may be located on property not owned by Lessee. Lessee shall immediately notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements submitted to the ICC or its shareholders generally.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not, without the prior written consent of BRAE, assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void. It is understood and agreed that BRAE may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which BRAE or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which BRAE 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 BRAE 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 "BRAE" as used herein shall mean such Lease Assignee, and BRAE 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 BRAE. BRAE 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 BRAE, or by any Lease Assignee, to an owner or secured party under any financing agreement entered into by BRAE 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. Any assignment of this Agreement by BRAE or any Lease Assignee to an owner or secured party shall not subject that owner or secured party to any of BRAE's or such Lease Assignee's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE or such Lease Assignee, as the case may be.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 hereof and in furtherance of this Agreement. BRAE is expressly authorized to insert the appropriate railcar reporting markings and Car description on the Schedule(s) at such time as notice is delivered to BRAE by Lessee as to the correct reporting marks and physical description to be utilized.

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

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

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

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or 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 hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____ By _____

Title _____ Title _____

Date _____ Date _____

EQUIPMENT SCHEDULE 1

BRAE CORPORATION ("BRAE) hereby leases the following railcars to _____ ("Lessee"), pursuant to that certain Lease Agreement datec as of _____, 19___ (the "Lease").

1.	Number of Cars	Description	Designation	Car Numbers	Dimensions
		Type:			
		Capacity:			
		Volume:			

2. Agreed Utilization Percentage _____%; but if the Interstate Commerce Commission or any other U.S. governmental agency shall, at any time, issue an order reducing hourly care hire payments to less than the maximum level in effect at the date hereof, the Agreed Utilization Percentage will be 100%.

3. Minimum Utilization Percentage _____%.

4. BRAE percentage of Payments in excess of the BRAE Base Rental resulting from Utilization greater than the Agreed Utilization Percentage: _____%

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

IN WITNESS WHEREOF, the parties have each caused their respective duly authorized officers to have executed this Schedule as of the date first written above.

BRAE CORPORATION

By _____ By _____

Title _____ Title _____

PD 810325

STATE OF)
) SS
COUNTY OF)

On this _____ day of _____, 19 _____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of _____, and that the foregoing Lease Agreement, 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.

_____ (seal)
Notary Public

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

On this _____ day of _____, 19 _____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of _____, and that the foregoing Lease Agreement, 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.

_____ (seal)
Notary Public

Exhibit M-1

TRAILER LEASE AGREEMENT

THIS TRAILER LEASE AGREEMENT dated as of May 6, 1981 (the "Lease"), between BRAE INTERMODAL CORPORATION, a California corporation ("Lessor"), and _____, a _____ corporation ("Lessee").

RECITAL

Lessor desires to lease the temperature controlled trailer-on-flatcar units described in Equipment Schedule A attached hereto (each a "Trailer" and collectively the "Equipment") to Lessee and and Lessee desires to lease the Equipment from Lessor upon the terms and conditions set forth below.

THE PARTIES AGREE:

1. Lease of Equipment

Lessor hereby leases the Equipment to Lessee and Lessee hereby leases the Equipment from Lessor upon the terms and conditions set forth herein. Lessee shall obtain no right, title or interest in the Equipment except as expressly set forth in this Lease. Lessor's obligation to perform under this lease is expressly conditioned upon acquisition of the Equipment by Lessor and delivery of the Equipment to Lessor.

2. Acceptance, Delivery and Warranties

(a) Lessor shall use its best efforts to deliver or to cause the Equipment to be delivered to Lessee or its agent at the delivery point specified in Equipment Schedule A. Upon delivery, Lessee shall immediately inspect each Trailer and if it is of a size, design, capacity and manufacture whicb conforms to the specifications therefor as set forth in the purchase order for the Equipment, and is in good condition and working order, shall execute and deliver to Lessor a certificate of acceptance with respect to such Trailer in the form attached hereto as Exhibit A (a "Certificate of Acceptance"). Upon the delivery of a Certificate of Acceptance, each Trailer listed thereon shall be deemed accepted under this Lease and subject to all of the terms and conditions hereof as of the acceptance date set forth in such Certificate of Acceptance (the "Acceptance Date").

(b) LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY, INDIRECTLY, INCIDENTALLY OR CONSEQUENTIALLY BY THE EQUIPMENT, BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN, BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, ARISING IN STRICT LIABILITY OR OTHERWISE. LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE EQUIPMENT AND EXPRESSLY DISCLAIMS THE SAME. Notwithstanding the foregoing, to the extent allowed by law, Lessee shall be entitled to the benefit of any applicable manufacturer's warranties.

3. Term

Each Trailer shall become subject to the terms and conditions of this Lease upon its acceptance as provided in paragraph (a) of Section 2. Except as set forth in Section 5 with respect to Rent payment obligations and Section 14 with respect to the return of Equipment, this Lease shall terminate forty-one (41) months from the date of acceptance of the first trailer accepted pursuant hereto (the "Expiration Date"), except that claims and liabilities respecting the Equipment arising hereunder prior to such termination shall survive such termination.

4. Rent

(a) Rent shall be calculated on a monthly basis beginning on the Acceptance Date for each Trailer and continuing through the Expiration Date at a monthly rent of 1.92 ~~1.617~~% of the Manufacturer's Invoice Price set forth in Schedule A. 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 a Certificate of Acceptance is executed for the first Trailer.

(b) Rent shall not be prepaid. Rent paid in accordance with this Section shall not be deemed to be prepaid.

(c) The service charge to the Lessee for overdue rent shall be equal to 2.0% per month on the overdue rental balance or the maximum rate which may be legally charged, whichever is less.

(d) Lessee acknowledges and agrees that Lessee's obligation to pay all Rent and other sums payable hereunder, and the rights of Lessor and of any lender to which this Lease or the Equipment may be assigned pursuant to Section 13 in and to such payments, shall be absolute and unconditional and shall not be subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, the manufacturer of the Trailers, any lender or against any person for any reason whatsoever.

5. Documentation of Use and Maintenance

Lessee will permit Lessor or its agents at Lessor's request to make reasonable inspections of its records and accounts in order to verify, without limitation, maintenance, service history and other facts concerning the Equipment.

6. Maintenance and Repair

Lessee, at its own expense, shall provide or cause to be provided maintenance services and repair services for the Equipment, and keep the Equipment in good repair, condition and working order, and shall furnish any and all parts, mechanisms and devices required to keep the Equipment in good repair, condition and working order. Lessor shall be entitled to inspect the Equipment at the location thereof during reasonable business hours.

7. Insurance; Casualty Provisions

(a) Lessee, at its own expense, shall insure the Equipment against all risks and in such amounts as Lessor shall reasonably require (but not less than the Casualty Value as set forth in Equipment Schedule A) with carriers acceptable to Lessor and shall maintain insurance against liability arising out of bodily injury and property damage as a result of ownership or operation of the Equipment satisfactory in amount and coverage to Lessor. All such insurance shall name Lessor and any lender having a security interest in the Equipment as insureds and the policies shall provide that such insurance cannot be cancelled or altered without at least 10 days prior written notice to Lessor and any such Lender. Notwithstanding the foregoing, Lessee, at the expense of Lessor, shall arrange for insurance for Lessor as set forth in Exhibit A or as required by any lender having a security interest in the Equipment. However, if Lessor believes that such insurance is unavailable or is available only at rates which Lessor considers unreasonably high, Lessor shall advise Lessee that it does not desire such insurance.

(b) Lessee hereby assumes and shall bear the entire risk of loss and damage, whether or not insured against, of the Equipment from any and every cause whatsoever from the Acceptance Date until, except as provided in paragraph (iii) of this Section, the return of the Equipment to Lessor pursuant to Section 14 hereof. No loss or damage to the Equipment or any part thereof shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. In the event of loss or damage of any kind to any Trailer, Lessee shall give written notice of such loss to Lessor within five days of Lessee's knowledge of such loss or damage and Lessee, at Lessee's option shall:

(i) place the same in good repair, condition and working order to the

satisfaction of Lessor within 60 days of such loss or damage; or

(ii) replace the same with similar new property in good repair, condition and working order to the satisfaction of Lessor within 60 days of such loss or damage; or

(iii) If Lessee determines that a damaged Trailer cannot be repaired or replaced in accordance with paragraphs (a) or (b) of this Section, within 30 days of such loss or damage, notify Lessor that such Equipment has been destroyed or damaged beyond repair and, on the first of the month following such notice, pay Lessor in cash the Casualty Value thereof as set forth in Equipment Schedule A plus all sums due on or prior to such date respecting such Equipment, and upon such payment (x) this Lease shall terminate with respect to such Trailer except that claims and liabilities respecting such Trailer arising prior to such payment shall survive such termination, and (y) except as otherwise provided in any insurance policy covering such Trailer, title to such Trailer shall vest immediately in Lessee.

8. Liens and Taxes

Lessee shall keep the Equipment free and clear of all liens, charges, security interests and other encumbrances and shall at its expense, promptly take such action as may be necessary to duly discharge any such lien, charge, security interest or other encumbrance if the same shall arise at any time. Lessee shall declare and pay all personal property taxes and other taxes (including but not limited to, sales and use taxes on the purchase of the Equipment), charges, assessments or levies imposed on or against the

equipment or against Lessor, as owner of the Equipment of whatsoever kind or nature, except foreign, Federal, state or local income taxes, and, in Lessee's judgment, with Lessor's consent and in Lessor's name, shall defend against such charges and seek revision or appeal from any assessment or charge deemed improper.

9. Representations and Warranties

Lessee represents and warrants for the benefit of Lessor, and, if requested by Lessor, will provide an opinion of counsel and other supporting documents to the effect that:

(a) Lessee is a corporation validly existing and in good standing under the laws of the jurisdiction of its incorporation or place of business and has adequate power to enter into and perform this Lease.

(b) This Lease has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding agreement of Lessee, enforceable in accordance with its terms (subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally from time to time in effect and subject to laws and judicial doctrines limiting the remedy of specific performance and other equitable remedies).

(c) The entering into and performance of this Lease will not violate any provision of Lessee's charter or any judgment, order, law or regulation or result in any breach of, or constitute a default under, or result in the creation of, any lien, charge,

security interest or other encumbrance upon any assets of Lessee or on the Equipment pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

10. Proper Use, Use Within the United States and Designation of Ownership

(a) Lessee shall register the Equipment or cause the Equipment to be registered in Lessor's name in the state of its choice and, upon request, shall provide proof of such registration to Lessor.

(b) Lessee shall use the Equipment in a careful and proper manner and at its own expense shall comply with and conform to all Federal, state, municipal and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the Equipment, including, without limitation, obtaining all required permits, exemption certificates and registrations.

(c) In order to avoid recapture of any investment tax credit allowable under Section 38 and related Sections of the Internal Revenue Code of 1954, as amended (the "Code"), claimed by Lessor with respect to the Equipment, Lessee shall use the Equipment predominantly within the continental United States and shall cause third parties having control over its use to use the Equipment predominantly within the continental United States, in accordance with Section 48(a) (2) of the Code.

(d) If at any time during the term hereof Lessor supplies Lessee with labels,

plates or other markings stating that the Equipment is owned by or leased from Lessor or is subject to the interest of any lender, Lessee shall affix and keep the same on the Equipment and maintain the same at its own expense. Lessee agrees that, upon the reasonable request of Lessor, Lessee shall execute, as debtor precautionary, financing statements or other evidences of a security interest in the Equipment heretofore or hereinafter granted by Lessor pursuant to a security agreement. Lessor or any lender may file a copy of this Lease as a financing statement.

11. Default and Remedies

(a) The occurrence of any of the following events shall constitute an Event of Default:

(i) the nonpayment by Lessee of rent or any other sum required to be paid by Lessee within 10 days of notice of nonpayment from Lessor or Lender;

(ii) Lessee fails to provide the insurance required by Section 8 hereof;

(iii) the default by Lessee under any other term, covenant or condition of this Lease which is not cured within 30 days after notice thereof from Lessor;

(iv) any affirmative act of insolvency by Lessor, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(v) the filing of any involuntary petition under any bankruptcy statute against Lessee which is not dismissed within 60 days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment; and

(vi) the subjection of a substantial part of Lessee's property or any part of the Equipment to any levy, seizure, assignment or sale for or by any creditor or governmental agency;

(vii) the assignment, lease, transfer, pledge or hypothecation of this Lease, the Equipment or any part thereof by Lessee without the prior written consent of Lessor; and

(viii) the occurrence of any Event of Default under the Owner Lease.

(b) Upon the occurrence of any Event of Default, Lessor may, at its option:

(i) Proceed by appropriate court action or actions either at law or in equity to enforce specific performance by Lessee of this Lease and/or to recover damages for breach hereof.

(ii) Terminate this Lease whereupon all rights of lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never

been made.

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 of the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return, reconditioning or repair of any Trailer. Upon demand from Lessor or any lender following an Event of Default, Lessee shall immediately return to Lessor all Equipment in its possession and arrange to have returned promptly all the Equipment. Failures to return all Equipment in accordance with the preceding sentence shall give Lessor the right, upon delivery of all notices required by law and in accordance with applicable legal requirements, in a commercially reasonable manner to enter upon the property of Lessee or any other place where the Equipment may be located and take possession of all Equipment which are in the possession of Lessee.

The remedies in this Lease provided 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 in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time of an Event of Default, prohibited by Law.

12. Assignment and Sublease

Except pursuant to the Sublease, without the prior written consent of Lessor, Lessee shall not assign, lease, transfer, pledge or hypothecate this Lease, the Equipment,

or any part thereof, or any interest therein, or (b) permit the Equipment or any part thereof to be used by anyone other than Lessee or Lessee's employees; provided, however, that any such assignment or lease shall not relieve Lessee of any of its obligations hereunder. Nothing contained in the previous sentence shall prohibit Lessee from permitting the Equipment to be used by shippers, shippers' agents, freight forwarders and others in he noraml course of Lessee's business. Any assignment, transfer, pledge or hypothecation for which consent is hereby required and which is made without such consent shall be void.

Lessor's rights hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Equipment or any part thereof with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessee's rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this lease or under or through lessee, are subject and subordinate to the terms, covenants and conditions of any assigment, pledge, mortgage or other instrument of transfer or disposition covering this Lease, the Equipment or any part thereof heretofore or hereafter created and entered into by Lessor, its successors and assigns, and to all of the rights of any such assignee, pledgee, mortgagee, transferee or other holder of the legal title to or any interest in this Lease or in the Equipment. In addition, in the event of such assignment, pledge mortgage, transfer or other disposition, Lessee agrees to execute any and all documents required by the assignee, pledgee, mortgagee, transferee or other transferee to be signed by Lessee, as necessary or appropriate to confirm such third party's interest in and to this Lease and the Equipment and to confirm the subordination

provisions contained in this Section. Without limiting the generality of the foregoing, Lessor may assign this Lease to a lender for the purpose of securing its obligations incurred in connection with financing the Equipment.

13. Return of Equipment

Upon termination of this Lease with respect to any Trailer, Lessee shall, unless Lessee has paid Lessor in cash the Casualty Value of any Trailer pursuant to Section 8 hereof, within 10 days of such termination, return the same to Lessor at San Francisco or another rail terminus within 1,000 miles of San Francisco, at the option of Lessor, in good repair, condition and working order, free of all advertising or insignia placed thereon by Lessee with no single tire having less than 50 ~~30~~ percent tread and with no exterior damage beyond ordinary wear and tear resulting from proper use thereof, and will pay for any repairs necessary to restore any Trailer to such condition, except, as aforesaid, ordinary wear and tear resulting from proper use thereof excepted.

14. Responsibility of Lessee

Lessee is responsible for all expenses relating to the use or possession of the Equipment.

15. Miscellaneous

(a) Any notice required or permitted to be given by the provisions hereof shall be conclusively deemed to have been received by a party hereto on the day it is delivered

to such party at the address indicated below (or at such other address as such party shall specify to the other party in writing) or, if sent by registered mail, on the third business day after the day on which mailed, addressed to such party at such address:

(i) if to Lessor:

Four Embarcadero Center

Suite 3100

San Francisco, California 94111

(ii) if to Lessee:

(b) Subject to the provision of paragraph (j) of this Section, no delay or omission to exercise any right or remedy accruing to Lessor upon any breach of default of Lessee shall impair any such right or remedy or be construed to be a waiver of any such breach or default; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval on the part of Lessor of any breach or default under this Lease, or of any provision or condition thereof, must be in writing and shall be effective only to the extent in such writing specifically set forth.

(c) In the event of any action at law or suit in equity in relation to this Lease, the prevailing party shall be entitled to a reasonable sum for its attorneys' fees.

(d) This Lease shall be governed by and construed in accordance with, the laws of the State of California.

(e) The single executed original of this Lease marked "Original" shall be the "Original" and all other counterparts hereof shall be marked and be "Duplicates". To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Lease may be created through the transfer of possession or any counterpart to other than the "Original".

(f) Although this Lease is dated as of the date first above written for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates set forth opposite the signatures hereto and this Lease shall not be effective earlier than the latest of such dates.

(g) The obligations of Lessor hereunder shall be suspended to the extent that it is hindered or prevented from complying therewith because of labor disturbances, including strikes and lockouts, acts of God, fires, storms, accidents, failure of the manufacturer to deliver any trailer, governmental regulations or interferences or any cause whatsoever not within the sole control of Lessor.

(h) This Lease may be signed in counterparts with the same effect as if the signatures to such counterparts were upon a single instrument.

(i) The covenants contained in this Lease shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed as of the date first above written.

LESSOR: LESSEE:

BRAE INTERMODAL CORPORATION

By _____ By _____

Title _____ Title _____

Date _____

Date _____

EQUIPMENT SCHEDULE A

To

TRAILER LEASE AGREEMENT

Dated as of May 6, 1981

Delivery Point: _____

A. Trailers Leased:

Description	Marks
_____ Temperature Controlled Trailers built by _____	
_____, Insulated Vans with Temperature Control Units	(both inclusive)
	Serial Numbers

(both inclusive)

ManufacturePrice per Trailer: $_____.

B. Casualt

The Cas of each Trailer shall be the percentage of the Manufacturer's Invoice Pricopposite the number of months elapsed from the Acceptance Date of the Traile

Number of Months Elap	Casualty Value %
0-12	
13-24	
25-36	
37-41	

EXHIBIT A

Acceptance Certificate

Pursuant to the Trailer Lease Agreement, dated as of May 6, 1981 (the "Lease"), between BRAE Intermodal Corporation ("Lessor") and _____ ("Lessee"), the undersigned hereby certifies that on the date hereof (the "Acceptance Date") the trailers described below were delivered to the undersigned at _____, were inspected by authorized representatives of the undersigned, were fully and finally accepted by the undersigned, and were found to be in good condition and working order, to be of a size, design, capacity and manufacture which conforms to the specifications therefore set forth in the _____ and to be Equipment described in Equipment Schedule A to the Lease.

The undersigned has not taken any action that would preclude Lessor from claiming investment tax credit with respect to the trailers described below pursuant to Section 38 and related sections of the Internal Revenue Code of 1954, as amended.

Quantity & Marks	Description
_____ trailers marked	_____ Temperature Controlled Trailers built by _____

Insulated Vans with Temperature Control Units.

(both inclusive)

Serial Numbers

(both inclusive)

By: _____

Title: _____

Date: _____

EXHIBIT B

Lessee at Lessor's expense, shall arrange for the following insurance for Lessor:

(i) $25,000,000 aggregate coverage for liability arising out of bodily injury and property damage as a result of ownership and operation of the Equipment, with $2,500 deductible per occurrence for bodily, injury, property dmage and legal defense expenses. The policy may be subject to exclusions of liability relating to operations involving passengers, wokres' compensation and unemployment laws (including disability benefits), and the willful or intentional misconduct of the Lessor or the Lessee.

(ii) Insurance against damage to each Trailer (not exceeding replacement cost) which insurance is subjct to a $1,000 deductible and a $500,000 aggregate limit, both applicable on an occurrence basis. Coverage shall be extended generally to casualty risks; exclusions eliminate insurance for loss caused by faulty material or workmanship, inherent defect, gradual deterioration, mechanical breakdown, employee dishonesty, war, rebellion or insurrection and nuclear accident.

BRAE CORPORATION

FULL SERVICE
LEASE AGREEMENT

LEASE AGREEMENT dated as of _____, 19 ____, between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and _____ a _____ 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 the form attached hereto as Exhibit A. 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 defined in Section 3B) with respect to such Car and continue through the termination date for such Car specified in Paragraph 1 of the Schedule on which such Car is listed.

3. Delivery and Acceptance

A. Lessor shall deliver each Car 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 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 except with the prior written consent of Lessor. 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, investment tax credit recaptures 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 organizaton, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsble 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. Prior to and not after the time of delivery

to Lessor by the manufacturer thereof (of which event Lessor will give Lessee at least five days notice) of any new Car not previously leased to a lessee, Lessee may have its authorized representative inspect such Car at the manufacturing plant and approve or reject it as to condition. Prior to the time of delivery to Lessor of any other Car (of which event Lessor will give Lessee at least five days notice), Lessee may have its authorized representative inspect such Car at the point specified in the notice and approve or reject it as to condition. From and after the date of such inspection and approval, any Car so inspected and approved and, from and after the time of delivery to Lessor by the manufacturer in the case of any other Car, any Car which Lessee does not inspect by the applicable time specified above shall be conclusively deemed to be approved for all purposes and to meet all requirements of this Agreement. At Lessor's request, Lessee shall, to evidence such approval, deliver to Lessor an executed Certificate of Approval in the form of Exhibit B with respect to all approved Cars. The date on which Lessee inspects and approves each Car hereunder is referred to as the "Effective Date" with respect to such Car.

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, Lessee shall not 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 service, Lessee may board, placard or stencil the Cars with the reporting marks and such other information as required by the Interchange Rules and with letters not to exceed the minimum height required by the Interchange Rules.

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 point set forth in Paragraph 4 of the Schedule on which such Car appears ("Delivery Point Date") and shall continue to accrue throughout the term 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. Lessee shall timely pay all freight and other transportation expenses relating to the movement of the Cars from the manufacturing plant to the delivery point.

6. Additional Rent

On or before April 1 of each year, Lessor shall determine the total number of miles that each Car has traveled both loaded and empty during the preceding calendar year, which shall be either (i) the full calendar year ("Full Year") or (ii) in the case of calendar years in which the Delivery Point Date is subsequent to January 1 or the termination

date is prior to December 31, that portion of the year during which such Car is leased pursuant to this Agreement ("Partial Year"). For each Car traveling more miles during any Full or Partial Year 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 Full or Partial Year 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. 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 18 shall have occurred and be continuing) shall be entitled to all Allowances collected by Lessor from railroads as a credit against fixed rent and additional rent as and when received, 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.

8. Use of Cars

Lessee agrees to reimburse Lessor for any payment Lessor may be required to make to any railroad, due to mileage equalization where applicable, resulting from excess empty mileage incurred by the Cars on such railroad. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein. In addition, 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.

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 Interchange Rules. 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. 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 $1.75 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, contaminating or abrasive substance loaded therein or used in connection therewith; (iv) damage caused to any Car by open flames, vibrators, sledges or other similar devices during loading or unloading; (v) excessive or unbalanced loading; and (vi) 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 (except 9D(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, 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 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.

11. Indemnities

A. Except as otherwise provided in Section 10, 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.

12. 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.

13. Investment Tax Credit

Lessee recognizes that Lessor will utilize the investment tax 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 tax 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.

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 14A. Lessee agrees to pay or reimburse Lessor promptly for any such tax, tariff, demurrage or other charges.

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, 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. Lessee agrees (i) that no sublease shall permit use of the Cars outside of the continental United States of America; (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. Lessee agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by Lessor. Lessee also agrees to execute the documents contemplated by this transaction and such other documents including, but not limited to, certificates, opinions of counsel, and closing documents, as may be required in furtherance of any financing agreement entered into by Lessor 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 hereinbelow and in furtherance of this Agreement. Lessor is expressly authorized to insert the appropriate railcar reporting markings and car description on the Schedule at such times as notice is delivered to Lessor by Lessee as to the correct reporting markings and physical description to be utilized. Lessor is also expressly authorized to file and record this Agreement, and such other documents as may be required, with the Interstate Commerce Commission, or any successor agency, in order to protect the financing party's interest in and to the Cars. 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 acquistion 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 acquisition of all or part of 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.

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 to the standards recommended by the Interchange Rules 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, 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.

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. 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.

18. 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.

19. Return of Cars

Upon 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 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 150% of the fixed rent for such Car specified in Paragraph 2 of the Schedule on which such Car is listed.

20. 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.

21. 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:	LESSEE:
BRAE CORPORATION	
By_____	By_____
Printed Name _____	Printed Name _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT "A"
EQUIPMENT SCHEDULE

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

AAR Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Number of Cars	Projected Delivery Date
	Type:						
	Capacity:						
	Volume:						

1. Term of Agreement

The term of this Agreement as to each Car shall begin on the Effective Date for such Car and terminate ____ months from the end of the calendar month in which the Effective Date occurs.

2. Fixed Rent

The monthly fixed rent for each Car shall equal ____% of the manufacturer's quoted invoice price for such Car.

3. Additional Rent

For each mile in excess of ((30,000 x days in service) 365) that each Car travels in a calendar year, there will be an additional rent charge of two cents ($0.02). The additional rent for any Partial Year shall be calculated on a pro rata basis. For example, for a Partial Year of 182 days, the fraction to be used would be ((30,000 x 182/365) x days in service 182).

4. Delivery Point

Lessor shall delivery the Cars to Lessee at the following location or locations:

_____
_____
_____

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

_____	BRAE CORPORATION
By _____	By _____
Title _____	Title _____
Date _____	Date _____

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 _____

TRAILER LEASE AGREEMENT

THIS TRAILER LEASE AGREEMENT is dated as of March 13, 1981 ("Lease"), between BRAE CORPORATION ("Lessor") and NATIONAL PIGGYBACK SPECIALIZED COMMODITIES ("Lessee").

RECITAL

Lessor has acquired or shall acquire certain temperature controlled trailer units as described in Equipment Schedule "A" attached hereto ("Trailer(s)"). Lessor desires to lease the Trailers listed on Equipment Schedule "A" and such other Equipment Schedules as may be executed by the parties and made a part of this Lease ("Equipment Schedule(s) or Schedule(s)"), and Lessee desires to lease the Trailers upon the terms and conditions set forth below. The Trailers are from time to time referred to as "Equipment" in this Lease.

1. Lease of Equipment

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the Equipment described in the respective Equipment Schedules attached hereto and on any subsequent Equipment Schedules which may hereafter be made a part hereof by execution of Lessor and Lessee and attachment hereto, all upon the terms and conditions set forth herein. Lessee shall obtain no right, title or interest in the Equipment except as expressly set forth in this Lease.

2. Acceptance, Delivery and Warranties

(a) Lessor shall deliver or shall cause the Equipment to be delivered to Lessee at the Delivery Point specified in the Equipment Schedule(s). Upon delivery, Lessee shall immediately inspect the Trailers and if each Trailer is of a size, design, capacity and manufacture, which conforms to the specifications, Lessee shall execute and deliver to Lessor a Certificate(s) of Acceptance with respect to the Trailers in the form attached hereto as Exhibit "A". Upon the delivery of the Certificate(s) of Acceptance, the Trailers listed thereon shall be deemed accepted under this Lease and subject to all of the terms and conditions thereof as of the acceptance date set forth on the Euipment Schedule ("Acceptance Date").

(b) LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY, INDIRECTLY, INCIDENTALLY OR CONSEQUENTIALLY BY THE EQUIPMENT, BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN, BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, ARISING IN STRICT LIABILITY OR OTHERWISE. LESSOR MAKES NO EXPRESS OR IMPLIED

WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE EQUIPMENT AND EXPRESSLY DISCLAIMS THE SAME. Notwithstanding the foregoing, Lessee shall be entitled to the benefit of any applicable manufacturer's warranties, and, to the extent assignable, such warranties are hereby assigned by Lessor to Lessee for the benefit of Lessee.

3. Term

This Lease shall become effective upon execution. Each Trailer shall become subject to the terms and conditions of this Lease upon its acceptance hereunder as provided in Section 2(a) and the term of this Lease for all Trailers listed on any Equipment Schedule shall commence on the first day of the month following the latest Acceptance Date for any of the Trailers listed on such Schedule ("Commencement Date") and shall terminate with respect to all Equipment listed on any Equipment Schedule upon the expiration of the lease term ("Lease Term") set forth on such Equipment Schedule.

4. Rent

(a) Lessee shall pay Lessor for the Trailers listed on each Equipment Schedule, the following rent:

(i) the Monthly Rent (as set forth in the Schedule(s)), payable in advance on the Commencement Date and on the first day of each month thereafter during the term of the Lease ("Monthly Rent Date"); plus

(ii) an amount equal to 1/30th of the Monthly Rent for each Trailer multiplied by the number of days, if any, which have elapsed from the Acceptance Date of each Trailer to the Commencement Date, which amount shall be paid on the Commencement Date.

The service charge to the Lessee for overdue rent shall equal 2.0% per month on the overdue rental balance or the maximum rate which may be legally charged, whichever is lesser.

(b) Lessor may assign all or a portion of its right, title and interest in, to and under this Lease and/or grant a security interest in the Lease and the Equipment to a lender ("Lender"). Lessee hereby (i) consents to such assignment and/or grant, (ii) agrees to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by Lender to effect such assignment and/or grant, and (iii) agrees to comply fully with the terms of any such assignment and/or grant.

(c) This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all rent and other sums payable hereunder, and the rights of Lessor and the Lender in and to such payments, shall be absolute and unconditional and shall not be subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, the manufacturer of the Equipment, Lender or against any person for any reason whatsoever.

5. Maintenance and Repair

Lessee shall be solely responsible, at its own expense, for the maintenance and repair of the Trailers, and shall keep the Trailers in good repair, condition and working order, and shall furnish any and all parts, mechanisms and devices required to keep the Trailers in good repair, condition and working order, at the expense of Lessee. Lessor shall be entitled to inspect the Trailers at the location thereof during reasonable business hours.

6. Casualty Provisions

(a) Lessee hereby assumes and shall bear the entire risk of loss and damage, whether or not insured against, of the Trailers from any and every cause whatsoever from the Date of Acceptance until the return of the Trailers to Lessor pursuant to Section 14 hereof, except as provided in Section 6(a)(iii) below. No loss or damage to the Trailers or any part thereof shall impair any obligation of Lessee under this Lease which shall continue in full force and effect. In the event of loss or damage of any kind to any Trailer ("Casualty Event") and after giving notice of such loss to Lessor, Lessee, at Lessee's option, shall:

(i) place the same in good repair, condition and working order to the satisfaction of Lessor within 60 days of such loss or damage; or

(ii) replace the same with similar property in good repair, condition and working order to the satisfaction of Lessor within 60 days of such loss or damage; or

(iii) upon the expiration of a 30-day period following a Casualty Event, and Lessee's determination that a damaged Trailer cannot be repaired or replaced in accordance with Section 6(a)(i) or (ii), notify Lessor that such Trailer has been destroyed or damaged beyond repair ("Loss"), then pay Lessor therefor in cash the Casualty Value thereof as set forth in the applicable Equipment Schedule, and upon such payment, this Lease shall terminate with respect to such Trailer; such Casualty Value payment shall be made on the first Monthly Rent Date following notice of such Loss.

7. Insurance

Lessee, at its own expense, shall insure the Equipment against all risks and in such amounts as Lessor shall reasonably require (but not less than the Casualty Value) with carriers acceptable to Lessor, and shall maintain a loss payable endorsement in favor of Lessor and Lender affording to Lessor and Lender such additional protection as Lessor and Lender shall reasonably require, and shall maintain liability insurance satisfactory to Lessor. All such insurance shall name Lessor, Lessee and Lender as insureds and the policies shall provide that they may not be cancelled or altered without at least 10 days' prior written notice to Lessor and Lender.

8. Taxes and Liens

Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances and shall declare and pay all license fees, registration fees, assessments, charges and taxes, whether municipal, state or federal, including, but not limited to, sales, use, excise and property taxes, and penalties and interest with respect thereto, except and excluding, however, any taxes based on or measured solely by Lessor's net income.

9. Representations and Warranties

Lessee represents and warrants for the benefit of Lessor, and, if requested by Lessor, will provide an opinion of counsel and other supporting documents to the effect that:

(a) Lessee is a corporation (or partnership) validly existing and in good standing under the laws of the jurisdiction of its incorporation or place of business and has adequate power to enter into and perform this Lease.

(b) This Lease has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding agreement of Lessee, enforceable in accordance with its terms.

(c) The entering into and performance of this Lease will not violate any judgment, order, law or regulation applicable to Lessee or any provision of Lessee's Articles of Incorporation or By-Laws or result in any breach of, or constitute a default under, or result in the creation of, any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Equipment pursuant to, any instrument to which Lessee is a party or by which it or its assets may be bound.

10. Indemnity

Lessee shall and does hereby indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorneys' fees, arising out of, connected with or resulting from this Lease or the Trailers, including, without limitation, the manufacture, selection, purchase, delivery, possession, condition, use, operation or return thereof.

11. Use and Designation of Ownership

(a) Lessee shall use the Trailers in a careful and proper manner and shall comply with and conform to all federal, state, municipal and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the Trailers.

(b) If at any time during the term hereof Lessor supplies Lessee with labels, plates or other markings stating that the Equipment is owned by Lessor or is subject to any interest of Lender, Lessee shall affix and keep the same on the Equipment. Lessee agrees to execute and file Uniform Commercial Code financing statements and any and all other instruments necessary to perfect Lessor's or Lender's interest in this Lease, the payments due hereunder and the Trailers. Lessor may file a copy of this Lease as a financing statement.

(c) Lessee shall use the Trailers exclusively within the continental United States.

12. Default and Remedies

The occurrence of any of the following events shall, at the option of Lessor, terminate this Lease and Lessee's right to possession of the Equipment:

(i) the nonpayment by Lessee of rent or any other sum required to be paid by Lessee within 10 days of notice of nonpayment from Lessor or Lender;

(ii) the default by Lessee under any other term, covenant or condition of this Lease which is not cured within 30 days after notice thereof from Lessor;

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

(iv) the filing of any involuntary petition under any bankruptcy statute against Lessee which is not dismissed within 60 days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment; and

(v) the subjection of a substantial part of Lessee's property or any part of the Equipment to any levy, seizure, assignment or sale for or by any creditor or governmental agency.

Upon the happening of any of the above events, (i) Lessee shall, upon demand, forthwith pay to Lessor an amount equal to the Casualty Value of the Trailers, and (ii) Lessor may, without notice to or demand upon Lessee:

(a) Take possession of the Trailers and lease the same or any portion thereof, for such period, rental, and to such persons as Lessor shall elect and apply the proceeds of any such renting, after deducting all costs and expenses incurred in connection with the recovery, repair, storage and renting of the Equipment, in payment of the rent and other obligations due from Lessee to Lessor hereunder, Lessee remaining responsible for any deficiency.

(b) Take possession of the Equipment and sell the same or any portion thereof at public or private sale and without demand or notice of intention to sell, and apply the proceeds of any such sale, after deducting all costs and expenses incurred in connection with the recovery, repair, storage and sale of the Equipment and any rentals and other obligations of Lessee then due hereunder, against the Casualty Value of the Equipment sold.

(c) Take possession of the Equipment and hold and keep idle the same or any portion thereof.

No remedy referred to in this Section 12 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity.

13. Assignment and Sublease

Without the prior written consent of Lessor which shall not be unreasonably withheld, Lessee shall not (a) assign, sublease, transfer, pledge or hypothecate this Lease, the Trailers, or any part thereof, or any interest therein, or (b) permit the Trailers or any part thereof to be used by anyone other than Lessee or Lessee's employees; provided, however, such assignment or sublease shall not relieve Lessee of any of its obligations hereunder. Nothing contained in the previous sentence shall prohibit Lessee from permitting the Trailers to be used by shipping agents, railroads and other shippers in the normal course of Lessee's business. Any assignment, transfer, pledge or hypothecation for which consent is required hereby and which is made without such consent shall be void.

14. Return of Trailers

Upon the expiration or earlier termination of this Lease with respect to any Trailer, Lessee shall, unless Lessee has paid Lessor in cash the Casualty Value of the Equipment pursuant to Section 6 hereof, return the same to Lessor at San Francisco in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof excepted.

15. Miscellaneous

(a) Notices. Any notice required or permitted to be given by the provisions hereof shall be conclusively deemed to have been received by a party hereto on the day it is delivered to such party at the address indicated below (or at such other address as such party shall specify to the other party in writing) or, if sent by registered mail, on the third business day after the day on which mailed, addressed to such party at such address:

(i) if to Lessor, at Three Embarcadero Center, Suite #1760, San Francisco, California 94111; and

(ii) if to Lessee, at Three Embarcadero Center, Suite #1240, San Francisco, California 94111.

(b) Effect of Waiver. No delay or omission to exercise any right or remedy accruing to Lessor upon any breach of default of Lessee shall impair any such right or remedy or be construed to be a waiver of any such breach or default; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval on the part of Lessor of any breach or default under this Lease, or of any provision or condition hereof, must be in writing and shall be effective only to the extent in such writing specifically set forth.

(c) Attorneys' Fees. In the event of any action at law or suit in equity in relation to this Lease, the prevailing party shall be entitled to a reasonable sum for its attorneys' fees.

(d) Applicable Law. This Lease shall be governed by and construed in accordance with, the laws of the State of California.

(e) Counterparts. The single executed original of this Lease marked "Original" shall be the "Original" and all other counterparts hereof shall be marked and be "Duplicates". [redacted] Although this Lease is dated as of the date first above written for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates set forth opposite the signatures hereto and this Lease shall be effective on the latest of such dates.

(f) Suspension of Obligations of Lessor. The obligations of Lessor hereunder shall be suspended to the extent that it is hindered or prevented from complying therewith because of labor disturbances, including strikes and lockouts, acts of God, fires, storms, accidents, failure of the manufacturer to deliver any Trailer, governmental regulations or interferences or any cause whatsoever not within the sole control of Lessor.

(g) Lessor may assign this Lease, in whole or in part, to any entity wholly owned by Lessor.

(h) This Lease exclusively and completely states the rights of the Lessor and the Lessee between them with respect to the leasing of the Trailers and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and Lessee.

HAS A SECURITY INTEREST IN THIS LEASE AND ALL RIGHTS, RENTS AND MONIES DUE HEREUNDER, AND THE PROPERTY LISTED HEREIN. THE RIGHTS OF LESSEE HEREUNDER ARE EXPRESSLY SUBJECT AND SUBORDINATE TO THE RIGHTS OF SUCH SECURED PARTY.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed, all as of the date first above written.

LESSOR:	LESSEE:
BRAE CORPORATION	NATIONAL PIGGYBACK SPECIALIZED COMMODITIES
By_____	By_____
Title_____	Title_____
Date_____	Date_____

Exhibit O

RAILROAD LEASE AGREEMENT

LEASE AGREEMENT, dated as of this _____ day of _____, 1981, between BRAE CORPORATION, a Delaware corporation, Four Embarcadero Center, San Francisco, California 94111 ("BRAE"), as lessor, and _____ _____ a _____ corporation ("Lessee"), as lessee.

1. Scope of Agreement

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

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

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease pursuant to this Agreement with respect to each Car shall commence when such Car has been delivered, as provided in Section 3A hereof, and shall continue until five (5) years (the "Initial Lease Term") have expired from the actual date of delivery to the Shipper's Loading Point (as defined in Section 3A) for the last of the Cars listed on the Schedule on which such Car is described; provided, however, that in no event shall the Initial Lease Term with respect to any Car exceed 71 months.

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

3. Supply Provisions

A. BRAE will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to BRAE that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to

by Lessee. Upon such approval by Lessee and BRAE's determination that the Car conforms to the specifications ordered by BRAE and to all applicable governmental regulatory specifications, and if this Agreement has not then been terminated, BRAE will accept delivery thereof and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed to be delivered to Lessee upon acceptance by BRAE. The Cars shall be moved, at no cost to Lessee, to the loading point of a shipper agreed upon by Lessee and BRAE (the "Shippers Loading Point") as soon after acceptance of delivery by BRAE as is consistent with mutual convenience and economy. Due to the nature of the railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be delivered to Shippers Loading Point. Notwithstanding that the Cars may not be delivered to Shippers Loading Point, the lease hereunder with respect thereto shall commence and Lessee shall pay to BRAE the rent for such Car set forth in this Agreement, all upon acceptance of such Car by BRAE from the manufacturer. In order to move the Cars to Shippers Loading Point and insure optimal use of the Cars after the first loading of freight for each Car at Shippers Loading Point (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with Interstate Commerce Commission ("ICC") and Association of American Railroads ("AAR") interchange agreements and rules. 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 ICC 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.

B. Lessee agrees that so long as it shall have on lease any Cars, it shall not lease freight cars from any other party until it shall have received all of the Cars on the Schedule or Schedules. In the event that any of the Cars should for any reason be on Lessee's tracks, Lessee shall give preference to BRAE and shall load the Cars leased from BRAE prior to loading substantially similar freight cars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Cars, the delivery of any Car to Lessee shall be subject to manufacturer's delivery schedules, the availability of financing on terms satisfactory to BRAE and the mutual acknowledgement of the parties that the addition of such Cars is not likely to reduce Utilization (as defined in Section 6A hereof) of all Cars on lease to Lessee to less than the percentage in any calendar quarter which is set forth in Section 3 of the applicable Schedule (the "Minimum Utilization Percentage"). If, due to any of the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to the Shippers Loading Point, the Initial Lease Term shall terminate five (5) years from the delivery date for the final Car actually delivered, as provided in Section 3A hereof.

D. BRAE has at any time the right, upon 60 days written notice, to replace any or all of the Cars with new or rebuilt cars of the same general class and type, as long as Lessee will not suffer a net loss thereby of the investment tax credit allowed by section 38 and related sections of the Internal Revenue Code of 1954, as amended, if any.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, such Cars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. BRAE and Lessee further agree that any Car may also be marked with the name of BRAE and any other information required by an owner or secured party under a financing agreement entered into by BRAE in connection with the acquisition of such Car. All such names, insignia and other information shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include but shall not be limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2 or for rescission from such relief; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies. Lessee agrees to take such action, including but not limited to, the execution and delivery of appropriate AAR documents as are required to designate some or all of the Cars as exempted from AAR Car Service Rules 1 and 2 or as may be required to rescind such designation.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; provided, however, that BRAE shall not be responsible for any fee assessed by such publication for the listing or registration of Lessee itself, as distinguished from the registration of additional equipment to Lessee. BRAE shall, on behalf of Lessee, perform all record-keeping functions related to the use of the Cars by Lessee and other railroads in accordance with the Interchange Rules and AAR railroad interchange agreements, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as BRAE shall select. Lessee and BRAE agree that BRAE shall continue to provide such record keeping functions until such time as BRAE gives Lessee written notice of discontinuance and Lessee approves such discontinuance.

D. All record keeping performed by BRAE hereunder and a record of all payments, charges and correspondence related to the Cars shall be separately recorded and maintained by BRAE in a form suitable for reasonable inspection by Lessee from time to time during BRAE's regular business hours. Lessee shall supply BRAE with such reports, including daily telephone reports of the status of Cars on Lessee's tracks and monthly reports of Lessee's loading activity, regarding the use of the Cars by Lessee on its railroad line and Lessee's obligations under this Agreement as BRAE may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during

its Initial Lease Term and any Extended Lease Term, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall, pursuant to the Interchange Rules, inspect all Cars interchanged to it to insure that such Cars are in good working order and condition, shall secure from interchanging lines any documentation prescribed by the Interchange Rules for damaged Cars and promptly mail it to BRAE, and shall be liable to BRAE for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to BRAE all of its right, title and interest in any warranty in respect of the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided in Section 5A hereof, BRAE, at its sole expense, shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, and at BRAE's sole expense, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks, in accordance with the Interchange Rules, and at rates not in excess of those published by the AAR for labor and materials, as may be reasonably requested by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee may make running repairs, in accordance with the Interchange Rules and standards, at BRAE's expense, to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration and any costs reasonably incurred by BRAE to restore any Car to its condition prior to such Lessee change. Title to any such alteration, improvement or addition shall be and remain with BRAE (or its assignee).

C. Lessee will, at all times while this Agreement is in effect, be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under the Interchange Rules for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance. Lessee shall also maintain bodily injury and property damage liability insurance. Lessee shall furnish to BRAE concurrently with the execution hereof, and thereafter at intervals of not more than 12 calendar months, certificates of insurance with respect to such insurance signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. BRAE and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. Lessee will send to BRAE, within five business days after receipt by Lessee from the taxing authorities, any notice of assessment of a tax which BRAE is obligated to pay pursuant hereto. BRAE shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to BRAE for the use of the Cars:

(i) BRAE shall receive all payments earned by Lessee from other railroad companies for their use or handling of the Cars, including but not limited to mileage charges and hourly car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "Payments") if the Utilization of all of the Cars delivered to Lessee on an aggregate basis for each BRAE fiscal year (currently ending March 31 of each year) shall be equal to or less than the percentage set forth in Section 2 of the Schedule or Schedules executed pursuant hereto (the "Agreed Utilization Percentage"). For the purpose of determining Utilization, "Car Hour" shall mean one hour during which one Car is on lease hereunder, commencing on the Initial Loading of such car. For the purpose of this Agreement, "Utilization" shall mean with respect to any period a fraction the numerator of which is (x) the aggregate number of Car Hours for which Payments are earned by the Lessee during such period, and the denominator of which is (y) the aggregate number of Car Hours during such period. In addition, BRAE will receive, as additional rental, all monies earned by the Cars prior to their Initial Loading.

(ii) In the event Utilization exceeds the Agreed Utilization Percentage in any BRAE fiscal year, BRAE shall receive an amount equal to the BRAE Base Rental plus an amount equal to that percentage of Payments earned in excess of the BRAE Base Rental which is set forth in Section 4 of the Schedule or Schedules executed pursuant hereto. For the purpose hereof, BRAE Base Rental shall be an amount equal to the total Payments for the BRAE Fiscal year mulitplied by a fraction, the numerator of which is the Agreed Utilization Percentage and the denominator of which is the Utilization for such BRAE fiscal year. (The above determination of BRAE Base Rental insures that Lessee will, if Utilizaton is greater than the Agreed Utilization Percentage in any BRAE fiscal year, receive that portion of all of the Payments made by other railroads for use or handling of the Cars in excess of the BRAE Base Rental which BRAE is not entitled to pursuant to Section 4 of the Schedule or Schedules executed pursuant hereto.)

(iii) If BRAE pays other railroads to move Cars in accordance with Section 3A hereof, except for any payments incurred to deliver such Cars to Shippers Loading Point, Lessee shall reimburse BRAE for such payments, but only from and out of the monies received by Lessee pursuant to Subsection 6A(ii) hereof.

(iv) In the event damage beyond repair or destruction of a Car has been reported in accordance with the Interchange Rules and the appropriate amount due as a result thereof is received by BRAE, the damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that car hire payments ceased. Any amounts received by Lessee as a result of such damage will be promptly paid over to BRAE.

B. The calculations required above shall be made within five months after the end of each BRAE fiscal year. However, to enable BRAE to meet its financial commitments, BRAE may, prior to such calculations, retain the Payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due BRAE, BRAE shall, within three months after the end of each calendar quarter (except the quarter ending the BRAE fiscal year), calculate on a cumulative quarterly basis rather than a yearly basis, the amount due it

pursuant to this Section 6. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that BRAE will not be required to make such quarterly payments if, in its reasonable opinion, BRAE determines that Utilization in the succeeding quarter will be below the level at which Lessee would participate in rentals pursuant to Section 6A (ii) hereof and, provided further, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party. In addition, BRAE will not be required to make such quarterly or annual payments to Lessee pursuant to this Section if Utilization for the current BRAE fiscal year, combined with Utilization for all previous such fiscal years, does not reach the level at which Lessee would participate in rentals pursuant to Sections 6A(ii) and 6A(iii) hereof in all such years.

C. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the Utilization in such calendar quarter cannot be equal to or greater than the Minimum Utilization Percentage, BRAE may, at its option and upon not less than ten (10) days prior written notice to Lessee, terminate this Agreement as to such Cars as BRAE shall determine. BRAE shall not be responsible for any tax losses or recaptures incurred by Lessee resulting from BRAE's exercise of its termination rights pursuant hereto.

D. During the term of this Agreement, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, BRAE may, at its option and upon not less than twenty-four (24) hours prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. If any such Car remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Cars as specified in Section 3B hereof, Lessee shall be liable for and remit to BRAE an amount equal to the Payments Lessee would have earned if such Cars were in the physical possession and use of another railroad for the entire period. BRAE shall not be responsible for any tax losses or recaptures incurred by Lessee resulting from BRAE's exercise of its termination rights pursuant hereto.

E. Lessee agrees that the mileage and car hire rates on the Cars subject to this lease shall, while this Lease remains in effect, be the maximum which may be charged under rates or regulations published by the ICC, the AAR or any successor agencies (or, if such rates or regulations no longer exist, the current rates in effect at the date hereof) unless otherwise agreed in writing by Lessee and BRAE; provided, however, that BRAE may, if permitted by law, at its own discretion, increase such rates at any time.

F. Lessee will not grant or allow any per diem reclaim with respect to any Car without BRAE's prior written consent.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent cars are customarily used in the railroad freight business, provided that the Cars shall at all times be assigned in service to a shipper mutually agreed upon by BRAE and Lessee. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of 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 immediately be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations, and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist (except as provided in Section 7A) 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.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

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

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

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

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

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the laws of the United States of America or of any state.

(vii) Lessee shall be merged with or consolidated into another corporation which after such merger or consolidation shall have a net worth less than that of Lessee immediately prior thereto.

(viii) Any representation or warranty made by Lessee herein or any other document delivered to BRAE by Lessee related to this Lease shall prove to have been false or incorrect in any material respect on the date when made and such breach or default shall continue for a period of thirty (30) days after written notice to Lessee of such default has been received.

B. Upon the occurrence of any such Event of Default, BRAE may, at its option:

(i) Terminate this Agreement, proceed by any lawful means to recover damages for a breach hereof, and terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate and thereupon BRAE may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee, provided that BRAE shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to the date on which BRAE took such possession; or

(ii) Proceed by any lawful means to enforce performance by Lessee of this Agreement. Lessee agrees to bear the costs and expenses, including without limitation reasonable attorneys' fees, incurred by BRAE in connection with the exercise of its remedies pursuant to this Section 8B.

C. Upon the occurrence of any of he following events:

(i) The failure of any Car at any time to be placed in assigned service with a shipper agreed upon by BRAE and Lessee; or

(ii) The insolvency or bankruptcy of any shipper to which Cars are assigned or the filing by or against any shipper to which Cars are assigned of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to debtors;

BRAE may terminate this Agreement promplty upon 48 hours notice to Lessee.

9. **Termination**

At the expiration of this Agreement as to any Car, Lessee will surrender possession of such Car to BRAE by delivering the same to BRAE at such place reasonably convenient to Lessee as BRAE shall designate. A Car shall be no longer subject to this Agreement upon, at Lessee's expense, the removal of Lessee's railroad markings from such Car and the placing thereon of such markings as may be designated by BRAE, either at the option of BRAE, (1) by Lessee upon return of such Car to Lessee's railroad line or (2) by another railroad line or shipper which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car; provided, however, that BRAE may make reasonable selection of a private contractor for the removal of Lessee's markings and application of new markings in lieu of removal and application by Lessee or such railroad line, at Lessee's expense. If such Car is not on the railroad line of Lessee upon termination, any cost of assembling, delivering storing, and transporting such Car to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE. After the removal and replacement of markings, Lessee shall use its best efforts to load such Car with freight and deliver it to a connecting carrier for shipment. Lessee shall provide up to thirty (30) days free storage on its railroad tracks for BRAE or the

subsequent lessee of any terminated Car. If any Car is terminated pursuant to Sections 6C, 6D or 8 hereof, or if BRAE agrees to the transfer of such Car to any railroad, as lessee or sublessee, which is an affiliate of Lessee, prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to move any such Car to BRAE's subsequent lessee and to repaint such Car and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. Indemnities

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all claims based upon loss or damage to the Cars, unless occurring while Lessee has physical possession of the Cars and (2) any other type of claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (unless occurring through the fault of Lessee), including without limitation claims with respect to the construction, purchase, delivery to Lessee's railroad line, ownership, leasing, return, use, maintenance, repair, replacement, operation or condition of the Cars, and claims caused by defects in the manufacture or workmanship of the Cars or any component thereof, or any material incorporated therein, which defects could not have been discovered upon reasonable inspection by Lessee.

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated, has all necessary corporate power and authority, permits and licenses to perform its obligations under this Agreement, and has permanent operating authority as common carrier by rail.

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

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

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

(v) There is no fact or other matter represented by the Lessee in written or other form and delivered to BRAE which is false or incorrect in any material respect as of the date made.

(vi) No shipper to which Cars have been or will be assigned has a facility located on Lessee's railroad line. Lessee does not and will not participate at any time in transporting any commodities of any such shipper.

12. Inspection

BRAE shall at any time during normal business hours have the right to enter the premises of Lessee where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee agrees to use its best efforts to arrange for such inspections by BRAE of any Cars which may be located on property not owned by Lessee. Lessee shall immediately notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements submitted to the ICC or its shareholders generally.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not, without the prior written consent of BRAE, assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void. It is understood and agreed that BRAE may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which BRAE or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which BRAE 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 BRAE 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 "BRAE" as used herein shall mean such Lease Assignee, and BRAE 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 BRAE. BRAE 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 BRAE, or by any Lease Assignee, to an owner or secured party under any financing agreement entered into by BRAE 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. Any assignment of this Agreement by BRAE or any Lease Assignee to an owner or secured party shall not subject that owner or secured party to any of BRAE's or such Lease Assignee's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE or such Lease Assignee, as the case may be.

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

reporting markings and Car description on the Schedule(s) at such time as notice is delivered to BRAE by Lessee as to the correct reporting marks and physical description to be utilized.

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

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

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

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or 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 hereto have executed this Agreement as of the date first above written.

BRAE CORPORATION

By _____	By _____
Title _____	Title _____
Date _____	Date _____

EQUIPMENT SCHEDULE 1

BRAE CORPORATION ("BRAE") hereby leases the following railcars to _____ ("Lessee"), pursuant to that certain Lease Agreement dated as of _____, 19___ (the "Lease").

	Number of Cars	Description	Designation	Car Numbers	Dimensions
1.		Type:			
		Capacity:			
		Volume:			

2. Agreed Utilization Percentage _____%; but if the Interstate Commerce Commission or any other U.S. governmental agency shall, at any time, issue an order reducing hourly care hire payments to less than the maximum level in effect at the date hereof, the Agreed Utilization Percentage will be 100%.

3. Minimum Utilization Percentage _____%.

4. BRAE percentage of Payments in excess of the BRAE Base Rental resulting from Utilization greater than the Agreed Utilization Percentage: _____%

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

IN WITNESS WHEREOF, the parties have each caused their respective duly authorized officers to have executed this Schedule as of the date first written above.

BRAE CORPORATION

By _____ By _____

Title _____ Title _____

PD 810325

STATE OF)
) SS
COUNTY OF)

On this _____ day of _____, 19 _____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of _____, and that the foregoing Lease Agreement, 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.

_____ (seal)
Notary Public

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

On this _____ day of _____, 19 _____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of _____, and that the foregoing Lease Agreement, 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.

_____ (seal)
Notary Public

SHIPPER AGREEMENT

SHIPPER AGREEMENT, dated as of _____, 19_____, between BRAE CORPORATION, a Delaware corporation ("BRAE"), and _____ a _____ corporation ("Shipper").

RECITAL

BRAE has acquired or will acquire certain railroad cars ("Cars") more specifically described in the Equipment Schedule ("Schedule") attached to Exhibit I to this Agreement. Shipper desires to obtain the use of the Cars.

THE PARTIES AGREE AS FOLLOWS:

1. The Cars.

BRAE shall lease the Cars to a railroad designated by BRAE which will provide them to an originating carrier for assigment to Shipper. BRAE has previously delivered to Shipper a copy of the lease with its railroad lessee, and Shipper hereby confirms to BRAE that such railroad does not participate in the transport of Shipper's commodities.

2. Confirmation of Originating Carrier.

Shipper has previously obtained written confirmation from an originating carrier accepting the Cars in assigment to one of Shipper's loading points. Shipper has delivered to BRAE a copy of such confirmation and has notified BRAE in writing of such loading point (the "Loading Point").

3. Delivery.

BRAE shall inspect each Car tendered by the manufacturer for delivery. Prior to such inspection, however, Shipper shall confirm in writing to BRAE that the sample Car which will be made available (prior to the commencement of the deliveries by the manufacturer) for Shipper's inspection conforms to the specifications ordered by BRAE and to all applicable regulatory requirements and if this Agreement or the Lease (as defined in Section 6A) shall be in effect, BRAE shall accept delivery of such Car at the manufacturer's facility and shall notify Shipper in writing of such acceptance. The Cars shall be moved, at no cost to Shipper, to the Loading Point as soon after acceptance by BRAE from the manufacturer as is consistent with mutual convenience and economy. Shipper acknowledges that Brae, consistent with its obligation of the preceding sentence may load the Cars enroute to the Loading Point and shall, in any event, deliver the Cars to the Shipper reasonably clean and free of residue. The initial delivery of Cars to Shipper shall be subject to the manufacturers' delivery schedules and the availability of financing on terms satisfactory to BRAE. This Agreement shall commence with respect to each Car, and such Car shall be deemed to be accepted by Shipper, upon its delivery by BRAE to the Loading Point; provided, however, that, in the event the Lease shall be in effect with respect to any Car upon its acceptance by BRAE from the manufacturer, the Lease shall commence with respect to such Car and such Car shall be deemed to be accepted by Shipper (as Lessee under the Lease) immediately upon its acceptance from the manufacturer by BRAE.

4. Term.

The term of this Agreement (and Shipper's obligations pursuant to Section 5) shall commence as to each Car upon the acceptance of such Car by Shipper at the Loading Point and shall expire as to all Cars five years from the date on which the last Car is so accepted (or the last Car actually accepted if for any reason fewer than all the Cars listed on the Schedule are accepted).

5. Shipper Guarantees.

A. Shipper covenants and agrees that it shall use its best efforts to cause the Cars to travel an average of 65 miles per Car per day during the term of this Agreement. In order to insure that the Cars travel an average of 65 miles per Car per day, Shipper shall load the Cars prior to loading substantially similar freight cars owned or leased by Shipper or provided to it by railroads subsequent to the Effective Date of this Agreement (as that term is defined in Section 15). In the event that the Cars do not average 65 miles per Car per day during any calendar year, Shipper shall be liable to BRAE as provided in Section 5B.

B. The amount, if any, owed to BRAE by Shipper pursuant to Section 5A for any period shall be determined by multiplying 65 times the aggregate number of "Car Days" during such period and subtracting from that product the total number of miles traveled by all Cars during that period. If the difference is a positive number, the the difference shall be multiplied by the mileage rate then prescribed by the Interstate Commerce Commission ("ICC") as applicable to railcars of the same type as the Cars, and which bear railroad markings; and that product shall be the mileage deficiency fee for such period. If the difference is a negative number, then there shall be no mileage deficiency fee for such period, but that difference shall be multiplied by the mileage rate then prescribed by the ICC as applicable to railcars of the same type as the Cars, and which bear railroad markings; and the product shall be a credit available for applications as provided in the Section 5D. For the purpose of making these determinations, "Car Days" shall mean one day on which one Car is subject to this Agreement, commencing upon the acceptance of such Car by Shipper at the Loading Point pursuant to Section 3.

C. BRAE shall determine the mileage deficiency fee quarterly within 90 days after the last day of each March, June, September and December during the term of this Agreement. BRAE shall also make an annual determination within 90 days after the last day of each December 31 during the term of this Agreement and shall make a final determination within 60 days after the date this Agreement expires. BRAE shall notify Shipper of each such determination promptly after it has been made.

D. Shipper shall pay BRAE the mileage deficiency fee, if any, quarterly in arrears not later than 15 days after BRAE has notified Shipper of its quarterly determination. Notwithstanding the fact that the mileage deficiency fee is payable quarterly, it shall be computed on an annual basis. Accordingly, if during any quarter the average daily mileage of the Cars exceeds 65 miles per Car per day, the credit available from such excess mileage shall be used to offset any mileage deficiency fee paid in respect of any preceding quarter during such year and, to the extent not so used, shall remain available for use as a credit to offset any mileage deficiency fee which may become payable in respect of any subsequent quarter during such year. If, because of quarterly variations in average daily mileage, Shipper has paid excess mileage deficiency

fees to BRAE during any calendar year, BRAE shall refund such excess mileage deficiency fees to Shipper within 15 days after notifying Shipper of its annual determination for such year. Except as provided in the preceding sentence, BRAE shall be entitled to all mileage payments made by railroads with respect to the Cars. Credits resulting from average daily mileage exceeding 65 miles per Car per day shall terminate if not used at the end of each calendar year.

E. BRAE shall be entitled to receive all straight car hire (per diem) charges for the Cars while they are in use under this Agreement. In the event of nonpayment of such per diem charge at any time during the term of this Agreement by any other party with respect to any of the Cars which are idle and not used for loading purposes, Shipper will guarantee payment to BRAE of the difference, if any, between the aggregate per diem payments which the Cars would have earned assuming 100% utilization of such Cars during such nonpayment period and the aggregate per diem payments which the Cars actually did earn during such nonpayment period.

F. The mileage and utilization guarantees set forth in this Section 5 shall abate with respect to any Car which is "bad ordered" and subject to Mechanical Rule 108 of the AAR Interchange Rules or which is put out of service for maintenance and repairs. Such abatement shall commence on the eighth day after the date on which such condition is reported to BRAE.

6. Full Service Lease.

A. Concurrently with the execution of this Agreement, BRAE and Shipper have executed the full service lease agreement annexed hereto as Exhibit I ("Lease").

B. In the event that the confirmation of assignment with the originating carrier referred to in Section 2 shall for any reason cease to be in effect at any time with respect to one or more of the Cars, and Shipper shall not have obtained from another originating carrier a confirmation of assignment satisfactory to BRAE, this Agreement (other than Sections 6C, D and E) shall be of no further effect with respect to such Car or Cars and the Lease shall without further act become effective with respect to such Car or Cars.

C. Shipper may, upon notice to BRAE, elect to delay the effectiveness of the Lease with respect to specified Cars for a period of up to 30 days in order to obtain from another originating carrier a confirmation of assignment satisfactory to BRAE. In such event this Agreement shall remain in full force and effect and Shipper shall remain obligated under Section 5 with respect to the specified Cars and, in addition, Shipper shall pay to BRAE immediately upon demand an amount equal to the difference between car hire (per diem payments) if any, actually earned by the Cars and those that would have been earned if all Cars had been utilized off the tracks of BRAE's lessee railroad 100% of the time, all computed at the applicable car hire rate prescribed by the ICC.

D. If the Lease becomes effective with respect to one or more Cars and Shipper thereafter obtains from an originating carrier a confirmation of assignment satisfactory to BRAE, Shipper may, at its option, cancel the effectiveness of the Lease as to the Car or Cars covered by such assignment and reassume its obligations under this Agreement (including Section 5) with respect to such Car or Cars. Any cancellation of the effectiveness of the Lease shall be preceded by ten days' notice from Shipper to BRAE.

E. Upon the effectiveness of the Lease (other than in accordance with the provisions of Section 12D hereof) or the cancellation thereof with respect to any Car, Shipper shall bear all costs and expense associated therewith, including remarking or restencilling. Shipper agrees to mark or stencil the cars with the reporting marks requested by BRAE, and BRAE shall, at Shipper's expense, endeavor to obtain all necessary railroad, AAR and regulatory consents and approvals.

7. Compliance with Regulations.

The operation of the Cars and their assignment to Shipper by the originating carrier shall at all times be in compliance with the provisions of the Interstate Commerce Act, the regulations of the ICC, the Department of Transportation and other regulatory agencies, and the rules established by the Association of American Railroads ("AAR").

8. Other Obligations.

A. All insurance, tax and maintenance obligations with respect to the Cars which are not the express obligations of Shipper under this Agreement shall be the responsibility of BRAE.

B. Shipper shall be responsible for all losses or damage to the Cars or the contents thereof caused by (i) Shipper, its agents or representatives, (ii) anyone while the Cars are in Shipper's possession, (iii) by any corrosive or abrasive substances loaded therein, and (iv) by excessive or unbalanced loading.

C. Shipper shall be responsible for payment of all reclaim charges payable with respect to the Cars pursuant to ICC Rule 22 for such period(s) as the Car(s) may be idle and not used for loading purposes at Shipper's facilities.

D. Shipper shall give BRAE prompt telephone or telegraphic notice (confirmed in writing) of any damage of which Shipper becomes aware to any Car, regardless of who is responsible for repairing such damage.

9. Assignment.

A. BRAE's rights hereunder may be assigned, mortgaged or otherwise transferred, either in whole or in part, and BRAE may assign, mortgage or otherwise transfer title to any Car with or without notice to Shipper.

B. This Agreement and all of BRAE's rights under this Agreement, and all rights of any person who claims rights under this Agreement through Shipper are subject and subordinate to the terms, covenants and conditions of all chattel mortgages, conditional sales agreements, assignments, equipment trust agreements, finance leases or other security documents covering the Cars or any of them heretofore or hereafter created and entered into by BRAE and to all of the rights of any such chattel mortgagee, assignee, trustee, owner or other holder of interest in the Cars. In the event of any such assignment, mortgage or transfer, Shipper agrees to execute any and all documents required by the assignee, mortagee or transferee to confirm such third party's interest in and to the Cars and this Agreement, and to confirm the subordination provisions contained in this Section 9B.

C. Without limiting the generality of Sections 9A and B, BRAE may assign this Agreement as it relates to specified Cars to the owner of such Cars, provided that BRAE also assigns the Lease as it relates to such Cars to their owner and BRAE or one of its affiliates enters into a management agreement with such owner relating to its Cars. Upon delivery to Shipper of a notice signed by BRAE regarding such assignment and the effectiveness of the related management agreement, (i) the term "BRAE" when used herein shall mean with respect to the Cars covered by such management agreement, the owner of such cars, (ii) BRAE shall be relieved of all of its obligations and liabilities under this Agreement relating to such Cars and (iii) Shipper with respect to such Cars shall look solely to the owner of such Cars for the performance of BRAE's obligations hereunder. Shipper agrees that any such assignment may relate to one, some or all of the Cars subject to this Agreement.

D. Shipper may not assign any of its rights under this Agreement without the prior written consent of BRAE, except that the Shipper may assign its rights hereunder to any of its subsidiaries or affiliates, provided that Shipper at all times remains primarily liable to BRAE hereunder.

10. **Representations, Warranties and Covenants.**

Shipper represents, warrants and covenants that:

(i) Shipper is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has all necessary corporate power and authority, permits and licenses to performs its obligations under this Agreement and the Lease.

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

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

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

(v) Shipper does not have a facility located on the railroad tracks of the lessee railroad referred to in Section 1. Such railroad does not and will not participate at any time in the transport of any commodities of Shipper.

(vi) Shipper will cause the Cars to be used predominantly in the continental United States of America.

11. Events of Default.

A. The occurrence of any of the following shall constitute an Event of Default:

(i) the failure by Shipper to make any payment required to be made by Shipper pursuant to Section 5 within five days after the date such payment is due;

(ii) the breach by Shipper of any agreement or covenant contained in this Agreement, which is not cured within ten days after notice thereof from BRAE to Shipper.

(iii) any act of insolvency or bankruptcy by Shipper or the filing by or against Shipper of any petition or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

(iv) any attempt by Shipper, without BRAE's consent, to assign any of its rights under this Agreement, except as authorized in Section 9D.

B. Upon the occurrence of an Event of Default, BRAE may, at its option:

(i) proceed by appropriate court action at law or in equity to enforce specific performance by Shipper of this Agreement and/or to recover damages for breach hereof; or

(ii) terminate this Agreement, whereupon all rights of Shipper to the use of the Cars shall absolutely cease and terminate as though this Agreement had never been made.

Upon the occurrence of any Event of Default; BRAE may exercise its remedies with respect to some or all of the Cars. Shipper 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 BRAE's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Car.

12. Termination.

A. BRAE shall have the right in its sole discretion to terminate this Agreement with respect to one or more Cars in the event that any addition, alteration, modification or improvement to any of the Cars is required by the ICC, AAR, the Department of Transportation or any other regulatory agency or is otherwise required in order to comply with applicable laws, regulations, or requirements affecting the use or ownership of any of the Cars or in the event of material adverse changes to the car service rules. This termination right shall apply only to those Cars which require such addition, alteration, modification or improvement and shall be exercisable upon 30 days' written notice to Shipper within 120 days of the date any such requirement is first announced.

B. In the event that any Car is destroyed or damaged to such an extent that repair is uneconomic in BRAE's judgment, such Car shall without further act by either party be removed from the coverage of this Agreement. BRAE may but need not replace such Car with another railcar of a similar type, capacity and condition.

C. BRAE may terminate this Agreement promptly upon 48 hours' notice to Shipper if for any reason the Lease between BRAE and its railroad lessee shall be terminated.

D. If any of the circumstances described in Section 12A or C shall occur, BRAE may, in lieu of exercising its right of termination, declare the Lease effective with respect to the affected Cars. In the event that the circumstances described in Section 12A shall occur and BRAE shall declare the Lease effective, BRAE Shall bear all costs and expenses for remarking the affected Cars, and shall also bear the expense of causing the affected Cars to comply with applicable laws, regulations or requirements.

13. Return of Cars.

Upon the termination of this Agreement for any reason whatsoever unless the Lease shall be in effect, Shipper shall, at its expense, cause the Cars to be redelivered to BRAE at such location within 1,000 miles of the Loading Point as BRAE reasonably may designate. Shipper shall reimburse BRAE for the cost of cleaning any Car which, upon its return to BRAE at such termination, requires cleaning.

14. Financial Information.

Shipper agrees to provide to BRAE the following financial information:

A. Within 90 days after the close of each fiscal year, an audited balance sheet and statement of changes in financial position as of the end of such fiscal year, together with an audited statement of income for such fiscal year.

B. Within 45 days after the close of each of the first three quarters of each fiscal year an unaudited balance sheet and statement of changes in the financial position as of the end of such quarter, together with an unaudited statement of income for such quarter.

15. Effective Date.

This document shall become binding upon the date (the "Effective Date") when (i) it has been signed by BRAE and Shipper; (ii) the Lease has been signed by BRAE and Shipper; and (iii) the confirmation referred to in Section 3 has been obtained by Shipper and delivered to BRAE.

16. Notices.

All written communications to BRAE shall be directed to it at the following address: Brae Corporation, Three Embarcadero Center, San Francisco, California 94111, Attention: Director of Operations. All written communications to Shipper shall be directed to it at the following address:

Attention:

17. Force Majeure.

Shipper shall have the right to cancel this Agreement without penalty with respect to some or all of the Cars in the event that Shipper's operations are substantially and materially impaired by reason of war, insurrection, natural disaster or by other Acts of God. Shipper may exercise this right upon delivery of written notice to BRAE and only with respect to all of the Cars or fifty Car increments.

18. Miscellaneous.

This Agreement, the Schedule and the Exhibit contain the entire agreement of the parties with respect to the Cars, and no modifications or amendments shall be effective unless in writing and signed by both parties. This Agreement shall be governed by the laws of the State of California. Any waiver of any terms and conditions of this Agreement shall apply only to the instance for which given and shall not operate as a waiver of any of the terms and conditions hereof with respect to any other or future acts or omissions.

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

BRAE CORPORATION	SHIPPER:
By _____	By _____
Title _____	Title _____
Date _____	Date _____

BRAE CORPORATION

FULL SERVICE
LEASE AGREEMENT

LEASE AGREEMENT dated as of _____, 19 ____, between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and _____ a _____ 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 the form attached hereto as Exhibit A. 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 defined in Section 3B) with respect to such Car and continue through the termination date for such Car specified in Paragraph 1 of the Schedule on which such Car is listed.

3. Delivery and Acceptance

A. Lessor shall deliver each Car 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 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 except with the prior written consent of Lessor. 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, investment tax credit recaptures 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 organizaton, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsble 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. Prior to and not after the time of delivery

to Lessor by the manufacturer thereof (of which event Lessor will give Lessee at least five days notice) of any new Car not previously leased to a lessee, Lessee may have its authorized representative inspect such Car at the manufacturing plant and approve or reject it as to condition. Prior to the time of delivery to Lessor of any other Car (of which event Lessor will give Lessee at least five days notice), Lessee may have its authorized representative inspect such Car at the point specified in the notice and approve or reject it as to condition. From and after the date of such inspection and approval, any Car so inspected and approved and, from and after the time of delivery to Lessor by the manufacturer in the case of any other Car, any Car which Lessee does not inspect by the applicable time specified above shall be conclusively deemed to be approved for all purposes and to meet all requirements of this Agreement. At Lessor's request, Lessee shall, to evidence such approval, deliver to Lessor an executed Certificate of Approval in the form of Exhibit B with respect to all approved Cars. The date on which Lessee inspects and approves each Car hereunder is referred to as the "Effective Date" with respect to such Car.

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, Lessee shall not 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 service, Lessee may board, placard or stencil the Cars with the reporting marks and such other information as required by the Interchange Rules and with letters not to exceed the minimum height required by the Interchange Rules.

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 point set forth in Paragraph 4 of the Schedule on which such Car appears ("Delivery Point Date") and shall continue to accrue throughout the term 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. Lessee shall timely pay all freight and other transportation expenses relating to the movement of the Cars from the manufacturing plant to the delivery point.

6. Additional Rent

On or before April 1 of each year, Lessor shall determine the total number of miles that each Car has traveled both loaded and empty during the preceding calendar year, which shall be either (i) the full calendar year ("Full Year") or (ii) in the case of calendar years in which the Delivery Point Date is subsequent to January 1 or the termination

date is prior to December 31, that portion of the year during which such Car is leased pursuant to this Agreement ("Partial Year"). For each Car traveling more miles during any Full or Partial Year 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 Full or Partial Year 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. 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 18 shall have occurred and be continuing) shall be entitled to all Allowances collected by Lessor from railroads as a credit against fixed rent and additional rent as and when received, 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.

8. Use of Cars

Lessee agrees to reimburse Lessor for any payment Lessor may be required to make to any railroad, due to mileage equalization where applicable, resulting from excess empty mileage incurred by the Cars on such railroad. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein. In addition, 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.

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 Interchange Rules. 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. 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 $1.75 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, contaminating or abrasive substance loaded therein or used in connection therewith; (iv) damage caused to any Car by open flames, vibrators, sledges or other similar devices during loading or unloading; (v) excessive or unbalanced loading; and (vi) 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 (except 9D(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, 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 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.

11. Indemnities

A. Except as otherwise provided in Section 10, 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.

12. 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.

13. Investment Tax Credit

Lessee recognizes that Lessor will utilize the investment tax 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 tax 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.

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 14A. Lessee agrees to pay or reimburse Lessor promptly for any such tax, tariff, demurrage or other charges.

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, 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. Lessee agrees (i) that no sublease shall permit use of the Cars outside of the continental United States of America; (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. Lessee agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by Lessor. Lessee also agrees to execute the documents contemplated by this transaction and such other documents including, but not limited to, certificates, opinions of counsel, and closing documents, as may be required in furtherance of any financing agreement entered into by Lessor 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 hereinbelow and in furtherance of this Agreement. Lessor is expressly authorized to insert the appropriate railcar reporting markings and car description on the Schedule at such times as notice is delivered to Lessor by Lessee as to the correct reporting markings and physical description to be utilized. Lessor is also expressly authorized to file and record this Agreement, and such other documents as may be required, with the Interstate Commerce Commission, or any successor agency, in order to protect the financing party's interest in and to the Cars. 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 acquistion 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 acquisition of all or part of 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.

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 to the standards recommended by the Interchange Rules 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, 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.

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. 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.

18. 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.

19. Return of Cars

Upon 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 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 150% of the fixed rent for such Car specified in Paragraph 2 of the Schedule on which such Car is listed.

20. 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.

21. 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:	LESSEE:
BRAE CORPORATION	
By_____	By_____
Printed Name _____	Printed Name _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT "A"
EQUIPMENT SCHEDULE

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

AAR Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Number of Cars	Projected Delivery Date
	Type:						
	Capacity:						
	Volume:						

1. Term of Agreement

The term of this Agreement as to each Car shall begin on the Effective Date for such Car and terminate ____ months from the end of the calendar month in which the Effective Date occurs.

2. Fixed Rent

The monthly fixed rent for each Car shall equal ____% of the manufacturer's quoted invoice price for such Car.

3. Additional Rent

For each mile in excess of ((30,000 x days in service) 365) that each Car travels in a calendar year, there will be an additional rent charge of two cents ($0.02). The additional rent for any Partial Year shall be calculated on a pro rata basis. For example, for a Partial Year of 182 days, the fraction to be used would be ((30,000 x 182/365) x days in service 182).

4. Delivery Point

Lessor shall delivery the Cars to Lessee at the following location or locations:

_____
_____
_____

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

_____ BRAE CORPORATION

By _____ By _____

Title _____ Title _____

Date _____ Date _____

FSLA810520-Rev.

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 _____

SHIPPING AGREEMENT

DATE: _____, 19____.

PARTIES: National Piggyback Services, Inc., a subsidiary of Brae Corporation, Four Embarcadero Center, 31st Floor, San Francisco, California 94111 ("NPS"), and _____

_____

a _____ ("Shipper").

RECITALS:

A. Shipper desires to obtain a firm commitment for a supply of trailers (the "Trailers"). Shipper desires to use the Trailers, in intermodal rail service, to ship its commodities between the loading points (the "Loading Points") and the delivery points (the "Delivery Points") listed on the Schedule of Shipping Charges attached hereto.

B. NPS desires to supply Trailers to Shipper for such use.

C. In consideration of the premises and the mutual covenants and obligations set forth below, NPS and Shipper agree as follows:

AGREEMENTS:

1. Priority Loading.

1.1 Shipper to Request Trailers from NPS. Shipper shall at no time be obligated to load any minimum number of Trailers. However, Shipper shall be obligated to request from NPS all Trailers which it needs in order to ship its commodities by intermodal rail service between any of the Loading Points and Delivery Points, and shall give preference to NPS and load, or order the loading of, all Trailers furnished by NPS prior to loading, or ordering the loading of, any trailers provided by any other parties, or purchased by Shipper subsequent to the date of this Agreement.

1.2 Preference is Essence of Agreement. Shipper shall maintain sufficient records with respect to loadings and shipments to verify that it is giving preference to NPS, as herein provided. Shipper shall, upon reasonable request by NPS, furnish to NPS its records, with respect to loadings and shipments, verifying that Shipper is giving such preference to NPS. If Shipper fails to grant such preference to NPS, Shipper shall be liable for and shall remit to NPS an amount equal to the Shipping Charges (as that term is defined in Section 8) NPS would have received from Shipper if Shipper had granted such preference to NPS. The preference given to NPS, as herein provided, is of the essence of this Agreement, and upon proper application, NPS shall be entitled to a decree against Shipper requiring specific performance of the covenants of Shipper to grant such preference to NPS.

2. NPS to Furnish Trailers to Shipper.

NPS guarantees to furnish to Shipper, during each calendar week during the term hereof, all Trailers requested by Shipper for use in shipping its commodities between any of the Loading Points and Delivery Points, up to and including the number of Trailers

specified in the Schedule of Shipping Charges (the "Minimum Number of Trailers"). Notwithstanding the foregoing, NPS shall use reasonable efforts to furnish to Shipper all Trailers in excess of the Minimum Number of Trailers requested by Shipper for such use. NPS shall furnish such Trailers to Shipper at the Loading Points specified by Shipper.

3. First Year Guarantee.

Notwithstanding the foregoing, commencing with the week in which NPS first furnishes any Trailer to Shipper, and throughout each of the following fifty-one weeks, Shipper shall pay to NPS, one week in arrears, the sum specified on the Schedule of Shipping Charges (the "Guarantee Payment"). The Guarantee Payment shall be credited against the amount of Shipping Charges incurred by Shipper during each such week, so that Shipper will pay only the greater of the Guarantee Payment or Shipping Charges actually incurred during each such week. The amount, if any, by which the Guarantee Payment exceeds Shipping Charges incurred in any such week shall hereafter be referred to as the "Differential". Any Differential payable by Shipper with respect to any such week shall be credited against Shipping Charges incurred by Shipper in any other such week with respect to all Trailers loaded by Shipper during such other week in excess of the Minimum Number of Trailers but less than twice the Minimum Number of Trailers.

4. Quality of Trailers to be Furnished

NPS shall ensure that all Trailers furnished by NPS to Shipper at any time under this Agreement shall conform to the then current standards generally acceptable in the industry for trailers of similar type and design.

5. Delivery of Goods.

Following loading of the Trailers at Loading Points, NPS shall transport or order the transportation of the loaded Trailers to the Delivery Points, as specified by Shipper, for unloading.

6. Quality of Services to be Furnished

If, for any reason other than an event beyond its control (including, but not limited to, events specified in Section 12.3 hereof), NPS fails to perform its obligations hereunder in a reasonable manner with respect to timely delivery of Trailers to Shipper, and timely transit of Shipper's commodities to the Delivery Points, and fails to cure the cause of such failure within 30 days following notice of such failure from Shipper, Shipper may terminate this Agreement.

7. Location of Trailer Enroute.

NPS shall, upon reasonable request by Shipper, advise Shipper, or Shipper's consignee, of the location of the Trailers while enroute from the Loading Points to the Delivery Points.

8. Charges

8.1 Shipping Charges. Within seven days after delivery and unloading of the Trailers at the Delivery Points, Shipper shall pay to NPS the shipping charges (the "Shipping Charges") with respect to each shipment as set forth on the Schedule of Shipping Charges attached hereto. Such Shipping Charges shall be inclusive of all charges for protective service, if any, maintenance of the Trailers, movement of the Trailers to

Loading Points, pick-up at Loading Points, movement of the Trailers to Delivery Points (including charges for motor transportation, if any), and delivery at the Delivery Points.

8.2 Extra Charges. Shipping Charges shall not include charges for excess loading and unloading time, extra pick-ups, additional stops at the Delivery Points or enroute to the Delivery Points, special services required, or weighing (hereinafter referred to as an "Extra Charge" and collectively as "Extra Charges"). Shipper shall pay all Extra Charges incurred, if any, to NPS promptly upon receipt of invoices for such Extra Charges from NPS.

9. Adjustments to Shipping Charges.

NPS shall have the right to either increase or decrease the Shipping Charges in proportion with increases or decreases in its costs reasonably incurred in operating the Trailers. NPS shall furnish to Shipper its records, with respect to any increases or decreases in its costs incurred in operating the Trailers, verifying that any increase or decrease in Shipping Charges is in proportion with the increases or decreases in such costs. Notwithstanding any other provisions hereof, the Shipping Charges are subject to all increases equal to any Ex Parte increases which may be authorized by the Interstate Commerce Commission for general application to offset the increased cost of fuel.

10. Mechanical Protective Service Unit

NPS shall ensure that the mechanical protective service units, where needed, on each Trailer tendered to Shipper at the Loading Points, are in satisfactory operating condition, operating properly, with good batteries, adequate fuel, adequate lubricating oil, and adequate radiator coolant.

11. Term

This Agreement shall become effective upon the date hereof, and shall continue in effect until eight years have expired from the end of the calendar week in which Shipper first loads and ships at least the Minimum Number of Trailers. Notwithstanding the foregoing, the date on which NPS shall first become obligated to furnish Trailers to Shipper shall be subject to manufacturers' delivery schedules, and the availability of financing for the Trailers on terms satisfactory to NPS. This Agreement shall automatically be extended for additional terms of eight years unless NPS or Shipper shall terminate it by written notice delivered to the other not less than six months prior to the end of the original, or extended term, as the case may be. Notwithstanding any other provision of this Agreement, NPS shall have the option to terminate this Agreement upon 30 days written notice to Shipper in the event that any change in existing law or regulations is made by an act of Congress, or by the Interstate Commerce Commission, or any United States Court of Appeal, which would materially change any of the terms of this Agreement or any of the obligations of the parties hereto.

12. Claims for Damage to Lading.

12.1 Market Decline or Deterioration. Claims for deterioration will not be paid unless there is recorded evidence of deterioration by Ryan Tape, or similar means, evidencing NPS negligence in transportation leading to such deterioriation. Such claims must be supported by origin and destination inspection reports from the U.S.D.A. If the

U.S.D.A. inspections are not available, other recognized agencies' reports will be considered. Claimant must furnish these reports with its claim.

12.2 Claims As a condition precedent to recovery by Shipper from NPS on any claim for loss or damage to lading, claims must be filed by Shipper with NPS in writing, within 120 days after delivery of the shipment at the Delivery Point, or in the event of failure to make delivery, then within six (6) months after a reasonable time for delivery has elapsed. NPS shall pay, decline, or offer to compromise claims within four (4) months from the date of the claim. Legal suits shall be commenced within one (1) year after a reasonable time for delivery has elapsed. Such suits shall be instituted only by, or on behalf of the Shipper, and only in a court of appropriate jurisdiction in the state of origin of shipment. Any claim or suit not filed in compliance with the terms and conditions of this contract shall be void.

12.3 Force Majeure. NPS shall not be liable for any loss or damage to lading or for delay caused by Acts of God, the public enemy, the authority of the law, riots, strikes, or the act or default of Shipper or any receiver.

12.4 Shortages. NPS shall not be liable for shortages of lading unless there is evidence of unauthorized entry to any Trailer occurring while such Trailer was in the possession or under the direction of NPS, and the trailer receipt is noted with a request for an inspection to be made by NPS representatives. Broken seals shall be noted on all trailer receipts and shall be prima facie evidence of unauthorized entry.

12.5 No Offset Against Charges Under no circumstances shall Shipper offset any amount claimed or recovered from NPS hereunder against either the Guarantee Payment, Shipping Charges or Extra Charges.

13. Governing Law.

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

14. Notices.

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.

15. Shipper Shall Take No Action Affecting NPS's Interests in Trailers.

It is the intent of the parties to this Agreement that NPS shall at all times be and remain the owner of the Trailers. Shipper shall, at no time, take any action or file any document which is inconsistent with the foregoing intent, and shall take such action and execute such documents as may be necessary to accomplish this intent.

16. Assignment of Agreement

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Shipper may not, without the prior written consent of NPS, assign this Agreement or any of its rights hereunder to any party, and any purported assignment in violation hereof shall be void. It is understood and agreed that NPS may assign this Agreement to any owner of the Trailers

provided that NPS enters into a management agreement with such assignee with respect to the Trailers. Upon delivery of a notice of assignment to Shipper, the term "NPS" as used herein shall mean such assignee, and NPS shall be relieved of all of its obligations and liabilities under this Agreement. Shipper agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by NPS.

Shipper's rights hereunder shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by NPS in connection with the acquisition of some or all of the Trailers. Shipper also agrees to acknowledge, upon receipt, any security assignment of this Agreement by NPS, or by any assignee of NPS, to an owner or secured party under any financing agreement entered into by NPS or such assignee in connection with the acquisition of all or part of the Trailers. Any assignment of this Agreement by NPS or any assignee to an owner or secured party shall not subject that owner or secured party to any of NPS's or such assignee's existing obligations hereunder. Those obligations shall remain enforceable by Shipper solely against NPS or such assignee, as the case may be.

17. Right of First Refusal.

If Shipper intends to make shipments by intermodal rail service between any points other than any of the Loading Points and Delivery Points, Shipper shall not enter into any agreement with any other party for such shipments unless Shipper shall have given NPS fifteen days prior written notice of such agreement specifying all material terms of such agreement, and the identity of such other party; and NPS shall have the right during such period to enter into an agreement with Shipper on the terms specified in such notice. If NPS elects not to enter into such agreement, Shipper may enter into an agreement with such other party upon terms and conditions no less favorable to Shipper than those specified in such notice. If Shipper does not enter into an agreement with such other party, Shipper shall give notice to NPS, as herein provided, of any such subsequent agreements Shipper intends to enter into with any other party, and NPS shall have the right to enter into such agreements with Shipper as provided herein.

IN WITNESS WHEREOF, NPS and Shipper have caused this Agreement to be duly executed, all as of the date first above written.

NATIONAL PIGGYBACK SERVICES,
INC.

By: _____ By: _____

SCHEDULE OF SHIPPING CHARGES

1. Minimum Number of Trailers: _____.

2. Guarantee Payment: _____

STATE OF)
COUNTY OF)

On this ____ day of _____, 19____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of _____, 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 instrument was the free act and deed of such corporation.

(seal)

_____
Notary Public

STATE OF)
COUNTY OF)

On this ____ day of _____, 19____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of NATIONAL PIGGYBACK SERVICES, 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 instrument was the free act and deed of such corporation.

(seal)

_____
Notary Public

Rev. 06/15/81
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