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JACKSON, CAMPBELL & PARKINSON 11536

RECORDATION NO. 11536 Filed 1425 1828 L STREET, N. W. RECORDATION NO. Filed 1425

WASHINGTON, D. C. 20036

MAR 17 1980 - 9 25 AM

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INTERSTATE COMMERCE COMMISSION (202) 457-1600

INTERSTATE COMMERCE COMMISSION

March 17, 1980

RECORDATION NO. 11536 Filed 1425

MAR 17 1980 - 9 25 AM

+ ALSO ADMITTED IN MARYLAND
 * ALSO ADMITTED IN VIRGINIA

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 414 HUNGERFORD DRIVE
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DIRECT DIAL NUMBER

457-1634

INTERSTATE COMMERCE COMMISSION
 Ms. Agatha L. Mergenovich
 Secretary
 Interstate Commerce Commission
 Room 2215
 Washington, D.C. 20423

No. **0-077A022**

Date **MAR 17 1980**

Fee \$ **100.00**

ICC Washington, D.C.

RECORDATION NO. 11536-A Filed 1425

MAR 17 1980 - 9 25 AM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

As co-counsel for McDonnell Douglas Finance Corporation, I have been requested to ask that you file the following enclosed documents:

1. A "Bill of Sale", dated as of March 17, 1980, by and between FMC Corporation, as vendor, and McDonnell Douglas Finance Corporation, as vendee, for the purchase of railroad cars bearing road numbers WEIX 1001 through 1010, inclusive. All ten of the railroad cars encompassed by the Bill of Sale are new, 4700 cubic foot 100-ton covered hopper cars.
2. An "Equipment Lease Agreement", dated as of February 15, 1980, by and between McDonnell Douglas Finance Corporation, a Delaware corporation, as lessor, and Wilbur-Ellis Company, a California corporation, as lessee, for the leasing of railroad cars bearing road numbers WEIX 1001-1010, inclusive. The cars have been plainly marked in stencil on both sides with the words "Title To This Car Subject To Documents Recorded With The

David H. Cox
[Signature]

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March 17, 1980
Page Two

Interstate Commerce Commission." All ten of the railroad cars encompassed by the lease are new, 4700 cubic foot 100-ton steel covered hopper cars.

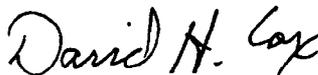
3. An "Individual Equipment Record", dated as of February 15, 1980, by and between McDonnell Douglas Finance Corporation ("Lessor") and Wilbur-Ellis Company ("Lessee"), which describes in greater detail the railroad equipment referred to in Paragraphs numbered 1 and 2 and leased through the Equipment Lease Agreement.
4. A "Lease Addendum No. 1", which is dated as of February 15, 1980, by and between McDonnell Douglas Finance Corporation, as lessor, and Wilbur-Ellis Company, as lessee, which sets forth additional terms of the Lease with respect to the items of equipment more fully described in the Individual Equipment Record.

I am delivering a total of four (4) manually executed copies of the Bill of Sale, Equipment Lease Agreement, Individual Equipment Record, and Lease Addendum No. 1. I would appreciate it if you would have three (3) copies of each stamped as recorded and returned to me.

Thank you for your assistance, I look forward to hearing from you at your earliest convenience.

Very truly yours,

JACKSON, CAMPBELL AND PARKINSON



David H. Cox

DHC/dm
Enclosures

cc: Brian Siegel, Esquire
Robert L. Day, Esquire

Interstate Commerce Commission
Washington, D.C. 20423

3/17/80

OFFICE OF THE SECRETARY

David H Cox
Jackson, Campbell & Parkinson
1828 L Street, 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 3/17/80 at 9:25am, and assigned re-
recording number(s). 11586, 11586-A, 11586-B, 11586-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 11586-A Filed 1425

MAR 17 1980 -9 20 AM

EQUIPMENT LEASE AGREEMENT INTERSTATE COMMERCE COMMISSION

Equipment Lease No. 304

THIS LEASE, dated as of this 15th day of February, 1980, by and between McDonnell Douglas Finance Corporation, a Delaware Corporation, (hereinafter called "Lessor") and Wilbur - Ellis Company, a California corporation (hereinafter called "Lessee"):

W I T N E S S E T H:

1. LEASE - Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to hire from Lessor the unit or units of equipment, machinery or other property (hereinafter called "equipment") described in the Individual Equipment Record (hereinafter called "IER") to be attached hereto as Exhibit "A" and made a part hereof, or any subsequent IER's which may hereafter be made a part hereof as same are executed from time to time by the parties hereto.

2. TERM - The term of the lease for each unit of the equipment shall be as set forth on the IER applicable to such equipment and shall commence for each unit or units of equipment on the date shown on the applicable IER. The word "term" as used herein shall refer to any extensions of the original term.

3. RENT - Lessee shall pay Lessor rent as stipulated in the IER, without deduction or offset, in the amounts and at the times set forth in the IER. In the event Lessee shall be in default in the payment of any sum of money to be paid under this lease agreement, the Lessee shall pay Lessor, as additional rental, to the extent permitted by applicable law, interest on unpaid rent from its due date (without regard to any grace period) to date of payment at the rate of 10% per annum or such lesser amount as may represent the maximum permitted by applicable law. Rent shall be payable in lawful currency of the United States of America at the office of Lessor at 3855 Lakewood Blvd, Long Beach, California 90846, Attention: Controller (18A-36) or its assigns (or at such other place as Lessor may from time to time designate in writing). Nothing in this Section shall be construed to deny to Lessee any available right or remedy at law or equity for any breach of a covenant hereunder by Lessor.

4. TAXES AGAINST LESSOR OR EQUIPMENT - Lessee agrees to pay and to indemnify and hold Lessor harmless from, all license and registration fees and sales, use, personal property, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever together with any penalties, fines or interest thereon (collectively, "taxes, fees or other charges") imposed against Lessor, Lessee or the equipment or any part thereof by any Federal, state or local government or taxing authority, during the term or in connection with the termination of this lease, upon or with respect to the equipment or any part thereof or upon the purchase, ownership, delivery, leasing, possession, use operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this lease (excluding, however, (i) any taxes imposed by the Federal government on, based on, or measured by, the net income of the Lessor and (ii) any income or franchise taxes imposed by any taxing authority other than the Federal government on, based on,

or measured by, the net income of the Lessor which in the aggregate do not exceed the amount of any such taxes which would be payable to the taxing authorities of the jurisdiction, other than the United States of America, in which Lessor has its principal place of business if there was no allocation or apportionment to any other taxing authority), unless, and to the extent only that, any such tax, levy, impost, duty, charge or withholding is being contested by Lessee in good faith and by appropriate proceedings. In case any report or return is required to be made with respect to any obligation of Lessee under this Section or arising out of this Section, Lessee will either make such report or return in such manner as will show the ownership of the equipment in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be reasonably satisfactory to Lessor. Anything contained in this Section to the contrary notwithstanding, if Lessor shall assign or convey its right, title and interest in and to this Lease and/or equipment, Lessee shall not be obligated to pay any taxes, levies, imposts, duties, charges or withholdings of any nature imposed against Lessor, Lessee or the equipment which would not have been imposed had such assignment or conveyance not occurred. If claim is made against Lessor for any such taxes referred to in this Section, Lessor shall promptly notify Lessee. If reasonably requested by Lessee in writing, Lessor shall, at Lessee's expense, take such action as Lessee may reasonably request with respect to such asserted liability, and if reasonably so requested by Lessee, any payment by Lessor of such tax shall be made under protest, if protest is necessary and proper. If payment is made, Lessor shall, at Lessee's expense, take such action as Lessee may reasonably request to recover such payment and shall, if requested, permit Lessee in Lessor's name to file a claim or prosecute an action to recover such payment. All of the obligations of Lessee under this Section with respect to any taxes, fees, or other charges (together with any penalties, fines or interest thereon)

imposed or accrued before the expiration or other termination of this lease shall continue in full force and effect notwithstanding such expiration or other termination and are expressly made for the benefit of, and shall be enforceable by, Lessor.

Lessor and Lessee covenant and agree that Lessor shall have the sole right to utilize and to claim depreciation deductions on the equipment in the computation of Federal, state and local tax returns and reports for any year during the term of this lease and the Lessee shall not utilize or claim or attempt to utilize or claim said depreciation deductions for any tax purposes whatsoever.

5. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. - Should Lessee fail to make any or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same, and to pay, purchase, contest or compromise any encumbrance, charge or lien which in Lessor's judgement appears to affect the equipment, and in exercising any such rights, incur any liability and expend whatever reasonable amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Lessor shall be upon written notice by Lessor to Lessee immediately due and payable by Lessee and shall bear interest at the maximum rate permitted by applicable law.

6. USE - Lessee shall use, operate, maintain and store the equipment in a careful and proper manner and shall in all material respects comply with all laws, ordinances and regulations in any way relating to the possession, use, operation or maintenance of the equipment. Lessee warrants and agrees that the equipment will at all times be used and operated under and in compliance in all

material respects with the laws of the jurisdictions in which the equipment may be located and operated, the Interchange Rules of the Association of American Railroads, if applicable, and materially in compliance with all applicable, laws, ordinances, rules, regulations, requirements and orders of any judicial, legislative or regulatory body having power to regulate or supervise the use of the equipment including, but not limited to, the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto, of the Mechanical Division, Association of American Railroads. Lessee will not permit the assignment of any equipment to service involving the regular operation and maintenance thereof outside of the United States of America except for temporary use in the Dominion of Canada in the ordinary interchange of traffic. Lessee shall not permit any liens, charges or encumbrances to be placed on or levied against the equipment other than liens, charges or encumbrances placed thereon by Lessor or by persons claiming against Lessor but not Lessee. Lessee agrees to procure and maintain in effect all licenses, certificates, permits and other approvals and consents required by federal, state, county, municipal or foreign laws and regulations in connection with the possession, use, operation and maintenance of the equipment. Except as otherwise provided herein Lessee shall not transfer possession of the equipment in any manner whatsoever without Lessor's prior written consent. Upon written demand by Lessor, Lessee shall use its best efforts to give Lessor written notice of exact location of the equipment. Notwithstanding the aforesaid, Lessee shall not be deemed to be in violation of this Section for noncompliance with any requirements of law, ordinance or regulation provided Lessee is in good faith contesting the validity or application of any such law, ordinance or regulation by appropriate proceedings and provided Lessor's interests in the equipment or this Lease is not in any way adversely affected.

7. IDENTIFICATION MARKS - Lessee, at Lessee's expense, shall cause each unit of equipment to be kept numbered with its AAR reporting marks as set forth in the IER with respect thereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each unit of equipment in letters not less than one inch in height as follows:

"Title to this car is subject to documents
recorded with the Interstate Commerce Commission"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such unit of equipment, its rights under this lease and the rights of any assignee of Lessor hereof. The Lessee will not place any such unit of equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the AAR mark of any unit of equipment except with the consent of the Lessor and in accordance with a statement of new AAR marks to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this lease shall have been filed, recorded or deposited.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the equipment to be lettered with the names or initials or other

insignia customarily used by Lessee or any sublessee on railroad equipment used by them of the same or a similar type for convenience of identification. Lessee shall indemnify Lessor, and any assignee of Lessor hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the equipment with such name, initials or insignia.

8. ALTERATIONS - Lessee shall not make any alterations, additions or improvements to the equipment without the prior written consent of Lessor unless it is required pursuant to applicable law, regulation or rule or in order to comply with the maintenance provisions of Section 9 hereof. All such alterations, additions or improvements required as compliance with governmental laws and regulations shall become the property of Lessor, shall be free of all encumbrances, and for which Lessee shall provide a bill of sale to Lessor if required by Lessor. The Lessee shall make no other additions or improvements to the equipment unless the same are readily removable without causing material damage to such equipment. Title to such readily removable additions or improvements shall remain with the Lessee provided no Event of Default occurs. The equipment shall remain personal property regardless of whether it becomes affixed or attached to real property or permanently rests upon any real property of any improvement thereon.

9. MAINTENANCE AND REPAIR - Lessee, at its sole cost and expense shall (i) keep or cause to be kept the equipment in good operating order, repair, condition and appearance and shall furnish or cause to be furnished any and all parts, mechanisms or devices required to keep the equipment in good mechanical and working order; (ii) maintain or cause to be maintained the equipment in a careful and proper manner and in compliance in all material respects with all applicable laws, ordinances, rules, requirements and regulations including, without

limitation, the rules of the United States Department of Transportation and the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto, of the Mechanical Division, Association of American Railroads and all manufacturer's instructions and warranty requirements; and (iii) pay or cause to be paid for all fuel, service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desirable for the proper use, repair, operation and maintenance of the equipment.

10. DELIVERY INSPECTION; ACCEPTANCE - Prior to execution of the IER, Lessee shall have made all necessary inspections and tests of the equipment referred to therein at Lessee's sole expense, to determine whether the equipment conforms to the specifications selected by Lessee. If the equipment is found to be acceptable, by Lessee, Lessee shall accept delivery of such equipment and execute and deliver to Lessor an IER stating that such equipment has been inspected and accepted by Lessee on the date of such IER and is marked in accordance with Section 7 hereof, whereupon such equipment shall be deemed to have been delivered and accepted by Lessee and shall be subject thereafter to all the terms and conditions of the Lease. Lessee shall advise Lessor in writing at the time of execution of the IER, of any defect or objection to the type or condition of the equipment of which it is aware. Lessee's failure to advise Lessor of any defect or objection with respect to any item of equipment shall not establish the absence of any such defect in any equipment insofar as the manufacturer or supplier thereof is concerned. As between Lessor and Lessee, upon execution of the IER by Lessee, the equipment shall be deemed to conform to Lessee's specifications, shall be deemed to conform to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all applicable interchange requirements of the Associations of American Railroads and shall be deemed to be in good condition

and without defects. Lessee shall indemnify, exonerate and save harmless Lessor from all claims, damages, actions, expenses (including reasonable attorneys' fees), and liabilities of any kind arising out of or connected with the failure or refusal of Lessee to accept, or the delay of Lessee in accepting the equipment except as a result of the negligence of Lessor.

11. INSPECTION; LESSEE REPORTS - Lessee shall, upon Lessor's written request, use its best efforts to obtain the right for Lessor, at any time during normal business hours, to enter the premises where the equipment may be located for the purpose of inspecting and examining the equipment, its condition, use, and operation to ensure compliance by Lessee with its obligations under this Lease. Notwithstanding the foregoing Lessor shall have no duty to inspect or examine and shall not incur any liability or obligation by reason of not making any such inspection or examination.

To the extent Lessee becomes aware of such, Lessee shall immediately notify Lessor of any accident involving damages or claims in excess of \$1,000.00 connected with the use, operation or malfunction of the equipment, including in such report the time, place and nature of the accident, the damage caused to property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of such accident. To the extent Lessee becomes aware of such, Lessee shall notify Lessor in writing ten (10) days after any attachment, tax lien or other judicial process shall attach to any item of equipment.

✓ Lessee shall as soon as practicable after the close of ~~each quarter and~~
✓ fiscal year, furnish to Lessor copies of its ~~financial reports prepared~~
✓ ~~by it as of the close of the period ended, including its balance sheet and profit~~

~~W and loss statement, with said fiscal year reports certified to by a recognized firm of certified public accountants. Lessee also agrees to furnish or cause to be furnished Lessor during the term, promptly upon their availability, copies of all financial statements, reports, notices and of all regular and periodic reports filed by it with principal securities exchange on which its common stock is listed, if any, or with the Securities and Exchange Commission, including 10K and 10Q reports. Further, Lessee agrees to furnish Lessor from time to time such other information as Lessor may reasonably request.~~

12. WARRANTIES - LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE. LESSOR BY VIRTUE OF HAVING LEASED THE EQUIPMENT UNDER THIS LEASE OR BY VIRTUE OF ANY NEGOTIATIONS IN RESPECT TO THIS LEASE HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO TITLE, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANABILITY OR FITNESS FOR USE OR OR FITNESS FOR A PARTICULAR PURPOSE OR AS TO ANY OTHER WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT.

Lessee hereby waives any claim it might have against Lessor for any loss, damage or expense caused by the equipment or by any defect therein, use or maintenance thereof or servicing or adjustment thereto except if caused by Lessor's negligence. During the period of any lease hereunder in which Lessee is not in default of its obligations, Lessor hereby assigns to Lessee to the extent assignable, any manufacturer or dealer warranty, whether express or implied, on the equipment covered by any lease hereunder. All claims or actions on any warranty which can be so assigned shall be made or prosecuted by Lessee, at its

sole expense and Lessor shall have no obligation whatsoever to make any claim on such warranty. If any such manufacturer's or dealer's warranties are not capable of being assigned, then Lessor agrees to assert any claim, as promptly as reasonably possible and on behalf of Lessee, which is valid without such warranty and to which Lessee has given Lessor prior written notice thereof; which notice shall include all information which Lessor deems necessary to proceed. Lessee agrees to indemnify, hold harmless and reimburse Lessor for any and all claims and liabilities asserted against and expenses incurred by Lessor in connection with the valuation and/or assertion of any such claim. Lessor further authorizes Lessee to obtain whatever service to the equipment the manufacturer customarily renders, provided that no such service be at the expense of the Lessor. Lessor represents and warrants (i) that Lessor has the right to lease the equipment in accordance with the terms hereof (ii) that Lessor, so long as any Event of Default shall not have occurred under this lease, will not interfere with Lessee's right to have the quiet enjoyment and peaceful possession of the equipment during the term of this lease.

13. INSURANCE - Simultaneously upon passage of risk of loss from the vendor, Lessee at its own expense shall maintain all risk physical loss insurance on the equipment as set forth in the IER pertaining thereto for the Stipulated Loss Value, and will maintain public liability and property damage liability insurance with respect to the equipment in an amount of not less than \$10,000,000.00, single limit coverage, insuring against liability for death, bodily injury and property damage resulting from ownership, maintenance, use or operation of the equipment. For purposes of this lease the term "Stipulated Loss Value" for a unit of equipment as of any date of computation shall be that percentage of equipment cost for such unit of equipment set forth in the IER opposite the regular monthly rental payment last received by Lessor for such unit of equipment. Said

insurance shall not require any contribution from any excess insurance applicable to the equipment carried by Lessor. Except as otherwise provided in any IER, all such insurance shall name Lessor and Lessee as insureds, shall be in amounts and with companies of nationally recognized standing. Said policies shall provide that they may not be altered or canceled by the insurer without thirty (30) days prior written notice to Lessor. Losses shall be paid to, Lessor and its assignee, if any, and to Lessee as their interests appear. Said insurance shall contain such endorsements as may be requested by Lessor. Lessee's obligation to keep the equipment insured as provided herein shall continue until said equipment is returned to Lessor in accordance with the provisions hereof.

Lessee shall furnish Lessor with all insurance policies or certificates, endorsements or renewals applicable to the equipment as soon as they become available to Lessee.

Any insurance proceeds (less expenses of collection) as the result of insurance carried by Lessee or condemnation or similar payments received by Lessor as to any item of equipment suffering an Event of Loss shall be deducted from the amounts payable by Lessee to Lessor in respect of an Event of Loss, if such amounts are received by the Lessor on or before the date when such amounts are due. If Lessor shall receive any such proceeds or payments after Lessee shall have made the Stipulated Loss Value payments pursuant to Section 14 without deduction of such amount, Lessor shall provided no Event of Default or event which with lapse of time or notice would constitute such an Event of Default has occurred and is continuing promptly pay such proceeds or payments to Lessee.

14. RISK, EVENT OF LOSS, CONDEMNATION - (a) RISK: Commencing at the time such risks pass to Lessor from the vendor of the equipment and continuing until the termination of this lease and the return by Lessee of the equipment to Lessor in

accordance with the provisions hereof, Lessee assumes the entire risk of any Event of Loss as defined below or any liability of Lessor from any cause whatsoever except arising from Lessor's negligence and no such Event of Loss or liability shall relieve Lessee of its obligations hereunder.

(b) DEFINITION - EVENT OF LOSS: For purpose of this Section, an Event of Loss with respect to any unit of equipment shall mean any of the following events with respect to such equipment: (i) the actual or constructive total loss of such equipment; (ii) such equipment shall become lost, stolen, destroyed, damaged beyond economic repair as determined by Lessee or permanently rendered unfit for intended use for any reason whatsoever; or (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of such equipment.

(c) DEPRIVATION CONSTITUTING AN EVENT OF LOSS: Upon the occurrence of an Event of Loss, Lessee shall pay or cause to be paid upon written demand within thirty (30) days of such Event of Loss in lawful currency of the United States of America: (i) The Stipulated Loss Value computed as of the date of such Event of Loss, (ii) interest on the unpaid balance of said amount at the rate of 13% per annum or such lesser rate as may be permitted by applicable law from the date of such Event of Loss to the date of receipt, and (iii) all other unpaid amounts due hereunder. At such time as Lessor has received the sum of (i), (ii), and (iii) above, the obligation of Lessee to pay rent hereunder with respect to such unit of equipment shall terminate and Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest, if any in and to the equipment with respect to which such Event of Loss occurred.

(d) DEPRIVATION NOT CONSTITUTING AN EVENT OF LOSS: In the event of damage of any unit of equipment not constituting an Event of Loss, Lessee shall promptly

notify Lessor in writing of such damage, and shall remain obligated to make all payments of rent for the equipment which may become due hereunder in the same manner as if such damage had not occurred. Lessee shall repair and restore or cause to be repaired and restored such equipment to the condition it was in immediately prior to the occurrence which gave rise to such payment. So long as no Event of Default shall have occurred and be continuing, all payments from insurance proceeds or otherwise with respect to any such damage shall be paid over to Lessee upon receipt of satisfactory evidence by Lessor that Lessee has repaired or contracted to repair such equipment. Should an Event of Default have occurred and be continuing, all such payments shall be paid over to and retained by Lessor.

(e) APPLICATION OF PAYMENTS: Upon the occurrence of any Event of Loss, Lessor shall be entitled to and shall receive the entire award, judgement, settlement, insurance proceeds or payments and all installments thereof to the extent of Lessee's obligations under 14(c) hereof, Lessee hereby assigns to Lessor any right or interest Lessee may have or may hereafter acquire in any such award or payment to the extent of such obligations.

15. INDEMNITY - Lessee agrees to defend at its own cost and to indemnify and hold harmless Lessor, its agents and employees, from and against any and all loss, claims, patent infringements, costs, expenses, damage and liabilities (including reasonable attorneys' fees), however caused, resulting directly or indirectly in any manner from the issuance of Lessor's purchase order, if any, assignment of Lessee's purchase order, if any, ownership, purchase, delivery, lease, possession, return, disposition or directly or indirectly from or pertaining to the use, condition (including without limitation latent or other defects whether or not discoverable) or operation of the equipment or the

performance of this lease (including without limitation such loss, claims, costs, expenses, damages and liabilities arising from the death or injury to agents or employees of Lessee or Lessor or any third person, or damage to the property of Lessee or Lessor, their agents or employees, or any third person, firm or corporation) except for such damages, losses, expenses or liabilities arising out of the negligence or willfull misconduct of Lessor, its agent or employees. This indemnification shall survive the expiration or other termination of this lease for the benefit of and enforceable by the Lessor.

16. RETURN OF EQUIPMENT - Upon the expiration or earlier termination of any lease hereunder, Lessee, at its expense, shall deliver each unit of equipment to Lessor or its designee, or to a subsequent lessee at such storage or terminal facility within the Continental United States as lessor may designate by written notice to lessee. Upon delivery to such Facility such equipment shall be deemed returned to Lessor. At the time of delivery, each item of equipment shall be empty, free from residue, in the same good order and condition as when delivered to Lessee hereunder, normal wear and tear excepted, and in the condition and repair required according to the Interchange Rules of the Association of American Railroads. Lessee shall, on demand, reimburse Lessor for the expense of cleaning any item of equipment that contains residue and for such other costs which may be incurred to place such item of equipment in the condition described above. If requested by Lessor, Lessee shall use its best efforts to provide Lessor with free storage of the equipment, upon suitable storage tracks, for up to 180 days. All movement and storage of each such unit of equipment is to be at the risk and expense of the Lessee. During any storage period, Lessee will permit or arrange permission for Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such unit of equipment to inspect the same.

If any unit of equipment is not redelivered to Lessor or not delivered to a subsequent lessee on or before the date on which the term ends, or in the event that a unit of equipment so delivered is not in the condition required by this Section 16, Lessee shall pay rental for each day that such unit of equipment is not delivered as required herein or until such unit of equipment is delivered in the condition required, at the rental rate required under this lease prorated on a daily basis. Lessee shall pay Lessor on or before the last day of each month the amount Lessee is obligated to pay to Lessor for such month under this Section. In addition to any other indemnity provided herein and any payments to be made to Lessor hereunder, Lessee shall also indemnify and hold Lessor harmless from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, including those asserted by a subsequent lessee, arising out of or as a result of such late delivery or failure to deliver in the condition required except arising out of Lessor's negligence.

17. DEFAULTS, REMEDIES, DAMAGES -

(a) DEFAULTS: The following events shall constitute Events of Default

(1) Lessee shall fail to make any payment to Lessor when due under this lease and such failure to pay shall continue for a period of ten (10) or more days after written notice thereof by Lessor to Lessee; or

(2) There shall occur any termination of any insurance maintained by Lessee pursuant to this lease; or

(3) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such

failure shall continue unremedied for a period of forty five (45) days after written notice thereof by Lessor; or

(4) Any representation or warranty made by Lessee herein or in any document or certificate furnished Lessor in connection herewith shall prove to be incorrect at any time in any material respect; or

(5) Lessee shall default in its performance of any material covenant, obligation or agreement or an event of default shall have occurred and be continuing under any other agreement between Lessor or Lessee; or

(6) Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee for a substantial part of its property without its consent and shall not be dismissed within a period of sixty (60) days; or bankruptcy, reorganization, or insolvency proceedings shall be instituted by or against Lessee, and shall not be dismissed within a period of sixty (60) days.

(b) REMEDIES: Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor, at its option,

may do one or more of the following with respect to any or all equipment.

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

(2) Repossess with or without notice and sue for the rentals due hereunder as they accrue without notice and at Lessee's costs and expenses;

(3) Repossess and without terminating the lease hold the equipment until the Lessee shall have complied with all obligations under the lease;

(4) Repossess with or without notice and sell, relet, use, hold or otherwise dispose of the equipment;

(5) Without repossessing, declare all unpaid rentals immediately due and payable;

(6) Repossess the equipment and terminate the lease.

(c) DAMAGES: Lessor and Lessee agree that the measure of damages is impossible to determine in the absence of prior agreement. Therefore, the parties agree that as damages for the loss of a bargain and not as a penalty in the case or sale of reletting after repossession Lessor shall be entitled to:

(i) SALE: Where a sale has occurred, the deficiency between the Net Proceeds of Sale and the Stipulated Loss Value at the time of sale. Where a sale has not yet occurred, the excess of the Stipulated Loss Value at the time of determination over the Fair Market Sales Value.

(ii) RELETTING: Where a reletting has occurred, the deficiency between (x) the aggregate rentals due under the reletting discounted at the greater of 8% per annum or Prime and (y) the greater of (a) the Stipulated Loss Value at reletting, or (b) the aggregate unpaid lease rentals discounted at the greater of 8% per annum or Prime. Where a reletting has not yet occurred, the deficiency between (x) the Aggregate Fair Market Rental Value discounted at the greater of 8% per annum or Prime and (y) the greater of (a) the Stipulated Loss Value at time of determination, or (b) aggregate unpaid lease rentals discounted at the greater of 8% per annum or Prime.

(iii) In addition to that set out in (i) and (ii), Lessor shall be entitled to: (a) the unpaid rent from default until sale, reletting, or determination of damages, and (b) interest on all amounts due including rent and damages from date due until payment at the maximum rate permitted by applicable law.

For purposes of this Section the following definitions apply:

(1) DISCOUNTED: Reduction to present value as of the date of sale, reletting or determination of damages, whichever is applicable, at the stated interest rate and at a frequency equal to the frequency of rental payments under this lease.

(2) AGGREGATE FAIR MARKET RENTAL OR AGGREGATE FAIR MARKET SALES VALUE: A value determined by a recognized independent appraiser selected by Lessor.

(3) NET PROCEEDS OF SALE: The gross consideration received by

Lessor less all expenses associated directly or indirectly with sale including but not limited to refurbishing, repair, advertising, freights, financing costs.

(4) PRIME: Best rate then charged by The Chase Manhattan Bank of New York for 90-day loans to substantial commercial borrowers.

(d) Each and every power and remedy herein specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power or remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. In the event that Lessor shall bring any suit or action to enforce any of its rights hereunder, then in such suit or action Lessor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgement.

Lessee hereby appoints Lessor, Lessee's irrevocable agent and attorney-in-fact to execute all documents deemed necessary to release, terminate and void Lessee's interest in any equipment leased hereunder and to file said documents for recordation with appropriate agencies provided that an Event of Default has occurred and Lessor in its discretion deems use of this agency necessary to effect any remedy Lessor chooses to take any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. In the event that Lessor shall bring any suit or action to enforce any of its

rights hereunder, then in such suit or action Lessor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgement. Lessee hereby appoints Lessor, Lessee's irrevocable agent and attorney-in-fact to execute all documents deemed necessary to release, terminate and void Lessee's interest in any equipment leased hereunder and to file said documents for recordation with appropriate agencies provided that an Event of Default has occurred and Lessor in its discretion deems use of this agency necessary to effect any remedy Lessor chooses to take.

18. ASSIGNMENT BY LESSEE Except as otherwise provided herein, Lessee shall not transfer, assign, pledge or hypothecate this lease, the equipment or any part thereof or any interest therein, without the prior written consent of Lessor which shall not be unreasonably withheld. So long as no Event of Default or an event which with notice or lapse of time would constitute an Event of Default has occurred and is continuing, Lessee shall be entitled to the possession of the equipment and shall also be entitled (i) to the use of the equipment by it or any affiliate of Lessee, (ii) to permit the use of the equipment in the usual interchange of traffic or pursuant to run-through agreements, (iii) sublease the units of Equipment upon the prior written consent of Lessor, which consent shall not be unreasonably withheld, to sublease any item of equipment to other companies incorporated under the laws of any state of the United States or the District of Columbia for use in connection with their

operations but only upon and subject to all the terms and conditions of this lease. Lessee may receive and retain compensation for such use from railroads or companies so using any item of equipment. Consent to any of the foregoing acts shall not be deemed to be consent to any subsequent similar act.

Nothing in this Section 18 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interests under this Lease in the equipment or possession of the equipment to any corporation into or with which the Lessee shall have become merged or consolidated provided that such assignee, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provisions of this Lease and such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

19. ASSIGNMENT BY LESSOR - Lessor may assign, pledge or in any other way transfer this lease either in whole or in part, or any interest therein without notice to Lessee and Lessee shall execute such consents thereto as may reasonably be required by Lessor. Should this lease or any interest therein be assigned or should the rentals hereunder be assigned, no breach or default by Lessor of this lease or any other agreement between Lessee and Lessor shall excuse performance by Lessee of any provision hereof, and no assignee shall be obligated to perform any covenant, condition or obligation required to be performed by Lessor hereunder. The right of such assignee to receive the rentals or to receive the

equipment upon termination of the lease shall be free of all defenses, setoffs and counterclaims which Lessee might now or hereafter be entitled to assert against Lessor.

20. OWNERSHIP BY LESSOR - The equipment is and shall at all times remain the sole and exclusive property of Lessor. The only interest Lessee shall have in the equipment is that of a Lessee hereunder.

21. 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, governmental regulations or interference or any cause whatsoever beyond the control of Lessor.

22. PROHIBITION AGAINST SETOFF, COUNTERCLAIM, ETC. - Lessee's obligation to pay all amounts due hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation (i) any setoff, counterclaim, defense, or other right which Lessee may have against Lessor, (ii) any defect in the title, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, the equipment, or any interruption or cessation in the use of possession thereof by Lessee for any reason whatsoever, or (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee.

Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this lease.

Each rent payment made by Lessee shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

23. REPRESENTATION, WARRANTIES AND COVENANTS OF LESSEE - Lessee represents, warrants and covenants: (i) at the time Lessor becomes owner of the equipment, the equipment will be new and unused and not have been placed in service by Lessee; (ii) that it is a duly organized corporation with necessary power and qualifications to do business and to perform this lease and any exhibits thereto; (iii) that this lease, has been duly authorized by all necessary corporate action and will not contravene or breach any law, rule or regulation binding upon Lessee; (iv) that this lease constitutes a binding obligation of Lessee enforceable in accordance with its respective terms; (v) that there are no suits or proceedings pending or threatened which may have a material adverse effect on Lessee's financial condition or business; (vi) that no mortgage, deed of trust, charter, lease or other lien or security interest of any type, will be attached to the equipment; (vii) that taxes due from Lessee have been paid and Lessee's financial condition is represented in financial statements dated June 30, 1979 ; (viii) the execution and delivery of this lease, and all documents entered into in connection with this lease have been duly authorized by all necessary corporate or other action and, except as provided under Section 11303 of the Revised Interstate Commerce Act, do not require the consent, approval or withholding of objection by any person, party or governmental agency and this Lease and such other documents constitute legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with their

respective terms; (ix) that Lessee will file and record this Lease with the Interstate Commerce Commission pursuant to Section 11303 of the Revised Interstate Commerce Act and deposit this Lease with the Registrar General of Canada pursuant to Section 86(1) of the Railway Act, and give notice of such deposit in the CANADA GAZETTE pursuant to such Section 86(2); and (x) that, no other filing, recording or depositing or, any notice thereof is necessary to protect the Lessor's title to the equipment in the United States of America and in Canada.

24. ATTORNEYS' FEES - In the event of any action at law or suit in equity in relation to this lease, Lessee, in addition to all other sums which Lessee may be called upon to pay, will pay to Lessor a reasonable sum for its attorneys' fees.

25. NOTICES - All notices required under the terms and provisions hereof shall be in writing and addressed (i) to Lessee:

WILBUR - ELLIS COMPANY
320 CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA
94104

Attention: President

with a copy to Brayton Wilbur, Executive Vice President at the same address set forth above, or at such other address as Lessee shall from time to time designate in writing to Lessor, or (ii) if to Lessor: McDonnell Douglas Finance Corporation, Attention: President, at 3855 Lakewood Boulevard, Long Beach, California 90846, or at such other address as Lessor shall from time to time designate in writing to Lessee.

26. CONDITIONS PRECEDENT - As conditions precedent to Lessor's duties under this lease, Lessee shall furnish Lessor on or before the delivery of this lease the following: (a) an opinion of counsel verifying those representations set out in Section 23 (i) through (x) inclusive hereof, (b) certified copies of necessary resolutions and other documents authorizing this Lease, and original executed copies of the Purchase Order Assignment and the Assignments and Lessee's performance hereunder and thereunder, and such other documents as Lessor may require.

27. APPLICABLE LAW, MODIFICATIONS - This lease shall be governed by and construed according to the laws of the State of California. The terms hereof shall not be waived, varied, contradicted, explained, amended or changes in any other manner except by an instrument in writing of even or subsequent date hereto, executed by both parties.

28. RECORDING, REGISTRATION AND FILING - The Lessee agrees and covenants that prior to the delivery and acceptance of the first unit of equipment, Lessee will, at its sole expense, cause this lease and the Assignments to be duly filed, registered or recorded in conformity with Section 11303 of the Revised Interstate Commerce Act and be deposited with the Registrar General of Canada in accordance

with Section 86(2) of the Railway Act and in other such places within or without the United States required by law or as Lessor may reasonably request and will furnish the Lessor proof of such filing, registration or recordation. In addition, Lessee will, as requested by Lessor, at Lessee's cost and expense, do and perform any other act and will execute, acknowledge, deliver, file and register, record and deposit and will re-file this Lease as required by law in the United States or requested by Lessor (or any assignee of Lessor) including without limitation, financing statements under the Uniform Commercial Code (which, notwithstanding the intent of Lessor and Lessee that this is a true lease, Lessor shall have the right to file wherever and whenever Lessor requires), for the purpose of proper protection to the satisfaction of Lessor, (and/or of Lessor's assignee) of Lessor's title to any equipment (and/or of Lessor's assignee's, if any, in any of the equipment) or for the purpose of carrying out the intention of this lease and the Assignments and in connection with any such action will delivery to Lessor proof of such filings and an opinion of counsel that such action has been property taken. Lessee will also pay, or will upon demand, reimburse Lessor, for all of the reasonable out-of-pocket costs and expenses incurred by Lessor in connection with this lease and/or Lessor's purchase of any of the equipment for lease hereunder, and for all fees and costs of any attorney specially retained by Lessor to take any action or proceeding to enforce the terms of this lease but not including the drafting and initial preparation of this lease.

29. Renewal Option. Upon not less than 180 days' prior written notice from Lessee to Lessor prior to the expiration of the term of this lease, Lessee may, on the last business day of such term (provided that no Event of Default or event which with passage of time or notice would constitute an Event of Default shall

occurred and be continuing), elect to renew this lease for all of the equipment at a rental equal to the fair market rental value for a term commencing at the end of the term of this lease. The rental payable for such renewal period shall be payable in monthly installments on the same dates as regular rental installments were payable during the term of this lease. Lessor and Lessee shall execute and deliver such documents as may be necessary confirming such renewal.

For Purposes of this Section, "fair market rental value" shall be an amount mutually agreed upon by Lessor and Lessee. Lessee's estimate of the fair market rental value of the equipment shall accompany the 180 days' notice set forth above. If Lessor and Lessee are unable to agree upon the amount of the fair market rental value of the equipment within sixty (60) days after Lessor's receipt of the estimate thereof, then the fair market rental value shall be determined by an appraiser selected by mutual agreement. If Lessor and Lessee are not able to agree upon an appraiser, or if the fair market rental value is not so determined within ninety (90) days after Lessor's receipt of Lessee's notice of election to exercise its right to renew this Lease, the fair market rental value shall be determined by an appraiser mutually satisfactory to Lessor and Lessee. Lessee shall pay the cost of any appraisal should appraisal be necessary."

30. TIME - Time is of the essence hereof.

IN WITNESS WHEREOF, the parties hereto have caused this lease to be executed by their duly authorized officers on the day and year first written above.

LESSOR:

McDONNELL DOUGLAS
FINANCE CORPORATION

BY

D. V. Bach

TITLE

Vice Pres.

ATTEST:

BY

N. A. Solapietra

TITLE

Secretary

LESSEE:

WILLBUR - ELLIS COMPANY

BY

C. P. Hill

TITLE

Pres

ATTEST:

BY

Ingrid Monberg

TITLE

Secretary



STATE OF) *California*
) SS
COUNTY OF) *San Francisco*

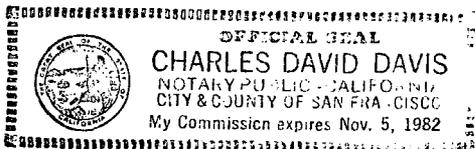
On this *15th* day of *February*, 1980, before me personally appeared

C.P. Thacher and Ingrid Krause, to me personally known, who, being by me duly sworn, says that

~~he is~~ *they are President and Secretary*

of *Wilbur Ellis 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.



(Notarial Seal)

Charles David Davis

Notary Public

My Commission expires *November 5, 1982*

STATE OF *California*

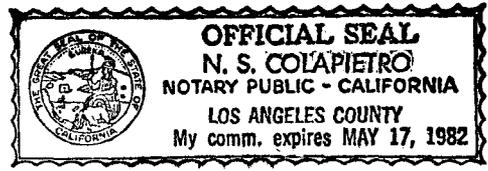
) SS

COUNTY OF *Los Angeles*

On this *6th* day of *Mar.*, 1980, before me personally appeared *D. V. Black*, to me personally known, who, being by me duly sworn, says that he is *Vice President*

of McDonnell Douglas Finance 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



N. S. Colapietro
Notary Public

(Notarial Seal)

My Commission expires *May 17, 1982*