RECORDATION NO. 10774-C Filed 1425

AUG 27 1981 -2 35 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10774-B Filed 1425

AUG 27 1981 -2 35 PM

INTERSTATE COMMERCE COMMISSION

BRAE CORPORATION

August 20, 1981

RECORDATION NO. 10774-D Filed 1425

AUG 27 1981 -2 35 PM

INTERSTATE COMMERCE COMMISSION

1-239A104

No.

AUG 28 1981

Date.....

Fee $110.00

ICC Washington, D. C.

RECEIVED
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Ms. Agatha Mergenovich, Secretary
INTERSTATE COMMERCE COMMISSION
12th & Constitution, Room 2215
Washington, D. C. 20423

Dear Ms. Mergenovich:

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

1. Lease Agreement dated as of December 1, 1978 between BRAE Corporation and Railroad Consultants. The names and addresses of the parties to this Lease Agreement are as follows:

LESSOR: BRAE Corporation
Four Embarcadero Center, Suite 3100
San Francisco, CA 94111

LESSEE: Railroad Consultants
111 Sutter Street, Suite 600
San Francisco, CA 94104

2. Sublease Agreement dated as of December 1, 1978 between Railroad Consultants and Union Railroad of Oregon. The names and addresses of the parties to this Sublease Agreement are as follows:

SUBLESSOR: Railroad Consultants
111 Sutter Street, Suite 600
San Francisco, CA 94104

SUBLESSEE: Union Railroad of Oregon
111 Sutter Street, Suite 600
San Francisco, CA 94104

3. Supplemental Agreement dated as of June 20, 1981 between BRAE Corporation, Railroad Consultants and Union Railroad of Oregon. The names and addresses of the parties to this Supplemental Agreement are as follows:

LESSOR: BRAE Corporation
Four Embarcadero Center, Suite 3100
San Francisco,CA 94111

LESSEE: Railroad Consultants
111 Sutter Street, Suite 600
San Francisco, CA 94104

SUBLESSEE: Union Railroad of Oregon
111 Sutter Street, Suite 600
San Francisco, CA 94104

Please file and record these documents under the names of the parties as indicated. Additionally, in view of the fact that these documents relate to the Conditional Sale Agreement dated as of August 28, 1979 between REFCO Transport Equipment, Inc. and FMC Corporation previously recorded at 3:45 p.m. on August 29, 1979, and assigned recordation number ~~10844~~ 10774, please assign these documents the next available letter designations under that primary number.

The equipment which is subject to each of the three above-listed documents are 65 XM Boxcars marked as follows:

UO 1500 - UO 1549, inclusive
UO 8001 - 8015, inclusive

Please return: (1) your letter acknowledging the filing, and (2) receipt for the $110 filing fee for the two leases and the supplemental agreement paid by check drawn on this firm, (3) the enclosed copies of this letter and (4) each of the enclosed originals along with three copies of each, retaining one for each of your files - stamped with your official recordation information.

Very truly yours,

Robert E. Farrell
Counsel

ref nmd

Enclosures

BRAE
CORPORATION

SUB LEASE AGREEMENT

THIS SUB LEASE AGREEMENT, made as of this ...1. day of ~~November~~..... 1978, between Railroad Consultants (RRC), a California limited partnership, as Lessor and Union Railroad of Oregon, a Oregon Corporation, ("LESSEE") as Lessee.

RECORDATION NO. 10774-C Filed 1425

AUG 27 1981 -2 35 PM

INTERSTATE COMMERCE COMMISSION

1. Scope of Agreement

A. RCC agrees to lease to Lessee, and Lessee agrees to lease from RCC , 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 terms of equipment are hereinafter call collectively "Cars."

B. It is the intent of the parties to this Agreement that RRC 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 full force until it shall have been terminated as to all of the Cars as provided herein. The term of lease with respect to all of the Cars described on each Schedule shall be for fifteen (15) years (the "initial lease term") commencing upon the date when all cars on such Schedule have been delivered as set forth in Section 3A hereof.

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, that RRC or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

C. If Lessee decides to go out of the freight business, Lessee may terminate the Lease at any time on giving six (6) months prior written notice to Lessor.

3. Supply Provisions

A. RRC 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 RRC 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 RRC 's determination that the Car conforms to the specifications ordered by RRC and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, RRC will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by RRC . The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by RRC as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, RRC can either 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 the Cars leased hereunder, Lessee agrees to pay to RRC the rent set forth in this Agreement. 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 RRC agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and RRC to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

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. Once Cars have been delivered to Lessee, it shall then not lease freight cars similar to the type leased hereunder from any other party until it shall have given RRC at least three (3) months' prior written notice of its desire to lease such freight cars and RRC shall then have the opportunity to procure and lease such freight cars to Lessee subject to the terms and conditions of this Agreement, manufacturers' delivery schedules and at terms not less favorable to Lessee than those offered by such other parties. The foregoing, however, shall not be deemed to prohibit Lessee from leasing from other parties if RRC does not offer lease terms equal to or better than those offered by such other parties. Lessee shall give preference to RRC and shall load the Cars leased from RRC 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 RRC by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, 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 RRC 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, financing satisfactory to RRC and the mutual knowledge of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 87.5 per cent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. RRC and Lessee agree that on or before delivery of any Cars to Lessee, said 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. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, RRC 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 are not limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (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.

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. RRC 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 AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as RRC shall select.

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

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, RRC will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to RRC for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to RRC for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by RRC 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 RRC .

B. Except as provided above, RRC shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as

may be required. Upon request of RRC Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by RRC . RRC 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 to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without RRC 's prior written consent. If Lessee makes an alteration, improvement or addition without RRC 's prior written consent, Lessee shall be liable to RRC for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with .

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 Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Serice Rules-Freight for freight cars not owned by Lessee on Lessee's railroad tracks. RRC will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained insurance in respect of all Boxcars subject hereto, and property damage and public liability insurance in amounts and against risks customarily insured against by railroad companies on similar equipment, and RRC shall furnish to the Lessee such copies of the policies, or other evidences of such insurance as the Lessee shall reasonably request. Such insurance shall be payable to RRC and Lessee as their interest may appear. Lessee shall carry and maintain insurance covering property damage and liability occurring while a Boxcar is in the physical possession of Lessee and through fault of the Lessee which is the sole and exclusive damage and liability responsibility assumed by Lessee hereunder.

D. RRC agrees to reimburse 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 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. RRC shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. RRC and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. RRC shall review all applicable tax returns prior to filing.

6. Lease Rental

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

(i) RRC shall receive all payments made to Lessee by other railroad companies for their use or handling of the Cars, including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "payments") the utilization of all of the Cars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 90 per cent. For the purpose of this Agreement, utilization of the Cars shall be determined by a fraction, the numerator of

which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Cars, commencing from the first loading, and the denominator of which is the aggregate number of days in each calendar year that the Cars are on lease to Lessee, commencing from the initial loading (such term referred to as "utilization"). In addition, RRC will receive as additional rental, all monies earned by the Cars prior to their initial loading.

(ii) In the event utilization exceeds 90 per cent in any calendar year, Lessee shall receive all payments earned in excess of the RRC Base Rental. For the purpose hereof, RRC Base Rental shall be an amount equal to the total payments for the calendar year multiplied by a fraction, the numerator of which is 90 per cent and denominator of which is the utilization for such calendar year. (The above determination of RRC Base Rental insures that Lessee will, if utilization is greater than 90 percent in any calendar year, receive all the payments made by other railroads for use or handling of the Cars in excess of the RRC Base Rental.)

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

(iv) The rental charges payable to RRC by Lessee shall be paid from the payments received by Lessee in the following order until RRC receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges and (4) other.

(v) In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules-Freight and the appropriate amount due as a result thereof is received by RRC , said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

B. The calculations required above shall be made within five months after the end of each calendar year. However, to enable RRC to meet its financial commitments, RRC 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 RRC, RRC shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, 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.

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 87.5 per cent, RRC may, as its option and upon not less than ten (10) days' prior written notice to Lessee, terminate this Agreement as to such Cars as RRC shall determine.

D. RRC may, at its option, terminate this Agreement if the ICC shall, at any time, (1) issue an order reducing incentive car hire payments for Cars on an annual basis to three months or less without a corresponding increase in straight car hire payments or other monies available to both RRC and Lessee at least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Cars in order for Lessee to continue to meet its obligations set forth in this section.

E. During the term of this Agreement, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, RRC 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, Lessee shall be liable for and remit to RRC 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.

7. Possession and Use

A. So long as Lessee shall not be in fault 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 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 RRC in connection with the acquisition of 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 made directly to such party and/or that the Cars 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 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 RRC 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 any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interst therein or in this Agreement or any Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to

duly discharge any such mortgage, pledge, lien, charge, encumbrances, 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 of 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 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 said 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 Interstate Commerce Act or the laws of any state.

B. Upon the occurrence of any event of default, RRC may, at its option, terminate this Agreement and may

(i) Proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear RRC 's costs and expenses, including reasonable attorney's fees, in securing such enforcement) or

(ii) By notice in writing to Lessee, 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 RRC 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. RRC 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 that date.

9. Termination

At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached hereto, Lessee will surrender possession of such Boxcars to RRC by delivering the same to RRC. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of RRC. A Boxcars shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by RRC, either at the option of RRC (1) upon delivery of such Boxcars to Lessee's railroad line subsequent to termination of the Agreement as to such Boxcar or (2) removal and replacement of the markings by another railroad line which has physical possession of the Boxcar at the time or subsequent to termination of this Agreement as to such Boxcar.

(i) If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove thereon such markings as may be designated by RRC. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to ten days free storage on its railroad tracks for RRC to the subsequent lessee of any terminated Boxcar.

(ii) If such Boxcars are not on the railroad line of Lessee upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to Lessee's railroad line or the railroad line of a subsequent Lessee shall be borne by RRC.

10. Indemnities

RRC will defend, indemnity and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars other than loss or physical damage (unless occurring through fault of Lessee), including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by RRC or 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 and has the corporate power and authority, and is duly qualified and authorized to do business wherever necessary to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgement, 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 RRC 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 business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, or purchased new freight cars or rebuilt freight cars.

12. Inspection

RRC shall at any time during normal business hours have the right to enter the premises 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 shall immediately notify RRC 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 RRC in writing within five (5) days after and attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to RRC 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 required to be submitted to the ICC.

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 RRC 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.

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 RRC 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 and in furtherance of this Agreement.

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 RRC shall constitute a waiver or otherwise affect or impair any right, power or remedy available to RRC nor shall any waiver or indulgance by RRC or any partial or single exercie 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 when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth.

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

RAILROAD CONSULTANTS

BY: _____

TITLE: General Partner

DATE: Nov. 1, 1978

UNION RAILROAD OF OREGON

BY: _____

TITLE: Pres

DATE: Dec 1, 1978

Rider No. 1 to the Lease Agreement made as of Dec 1, 1978, 1978 between Railroad Consultants ("RRC") and Union Railroad of Oregon.

The parties acknowledge that RRC has leased the Cars which are the subject of this Agreement from BRAE Corporation under a lease which has terms substantially equivalent to those contained herein. Lessee acknowledges that the obligations of RRC under this Agreement will be fulfilled by BRAE Corporation and Lessee hereby consents to the performance of RRC's obligations hereunder by BRAE.

RAILROAD CONSULTANTS	UNION RAILROAD OF OREGON
BY: [signature]	BY: [signature]
TITLE: General Partner	TITLE: Pres

Rider No. 2 to the Lease Agreement made as of Dec. 1, 1978 1978 between Railroad Consultants ("RRC") and the Union Railroad of Oregon.

Section 6A(ii) is hereby ammended to reflect the following revision:

6A(ii) In the event utilization exceeds 90 per cent in any calendar year, Lessee shall retain the first $200.00 per boxcar or less of any mileage charges and car hire revenues (including both straight and incentive per diem) earned in excess of the RRC Base Rental. RRC shall receive all mileage charges and car hire revenue in excess of $200.00 per boxcar earned in excess of the RRC Base Rental. For the purpose hereof RRC Base Rental shall be an amount equal to the total payments for the calendar year multiplied by a fraction, the numerator of which is 90 per cent and the denominator of which is the utilization for such calendar year. (The above determination of RRC Base Rental insures that Lessee will if utilization is greater than 90 per cent in any calendar year receive up to $200.00 per boxcar for all payments made by other railroads for use of handling of the cars in excess of the RRC Base Rental).

RAILROAD CONSULTANTS

BY: Albert

TITLE: General Partner

DATE: Dec. 1, 1978

UNION RAILROAD OF OREGON

BY: Neil T. Ferguson

TITLE: Pres

DATE: Dec. 1, 1978

EQUIPMENT SCHEDULE No. 1

RR CONSULTANTS hereby leases the following Cars to UNION RAILROAD OF OREGON pursuant to that certain Lease Agreement dated as of Dec. 1, 1978 197..

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Dimensions Inside Width	Dimensions Inside Height	Doors Width	No. of Cars
XM	70 Ton, Plate C		50'6"	9'6"	11'	DBL 8" Offset	50

RAILROAD CONSULTANTS

BY: [signature]

TITLE: General Partner

DATE: Dec. 1, 1978

UNION RAILROAD OF OREGON

BY: [signature]

TITLE: Pres

DATE: Dec. 1, 1978

BC-6/78

STATE OF..California.....
COUNTY OF..San Francisco.

On this 30th day of November...., 1978., before me personally appeared Neil T. Ferguson..... to me personally known, who being by me duly sworn says that such person is President.... of Union Railroad of Oregon.., that the foregoing Equipment Schedule No./.... was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

MARIE G. RICE
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF
SAN FRANCISCO
My Commission Expires November 18, 1982

Marie G Rice
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 BRAE Corporation, that the foregoing 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.

Notary Public

EQUIPMENT SCHEDULE No. 2

RR CONSULTANTS hereby leases the following Cars to UNION RAILROAD OF OREGON Dec. 1, 1978 pursuant to that certain Lease Agreement dated as of ....., 197..

A.A.R. Mech. Design	Description	Numbers	Dimensions Inside Length	Width	Height	Doors Width	No. of Cars
XM	70 Ton, Plate B		50'6"	9'6"	11'	DBL 8" Offset	50

RAILROAD CONSULTANTS

BY: [signature]

TITLE: General Partner

DATE: Dec. 1, 1978

UNION RAILROAD OF OREGON

BY: [signature]

TITLE: Pres

DATE: Dec. 1, 1978

BC-6/78

STATE OF...California.....
COUNTY OF...San Francisco

On this .30.. day of November..., 19.78., before me personally appeared ....Neal T. Ferguson... to me personally known, who being by me duly sworn says that such person is President... of Yuasa Railroad ..of Oregon.., that the foregoing Equipment Schedule No.2... 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.

MARIE G. RICE
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF
SAN FRANCISCO
My Commission Expires November 18, 1982

Marie G. Rice
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 BRAE Corporation, that the foregoing 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.

Notary Public

RECORDATION NO. ..... Filed 1425

AUG 27 1981 -2 35 PM

INTERSTATE COMMERCE COMMISSION

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On this 14th day of August, 1979, before me, Frances T. Henshaw, a Notary Public in and for the City and County of San Francisco, State of California, duly commissioned and sworn, personally appeared A. R. White known to me to be a general partner of Railroad Consultants, the partnership that executed the within instruments, and acknowledged to me that such partnership executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal, in the City and County of San Francisco the day and year in this certificate first above written.

Frances T. Henshaw

Notary Public in and for the City and County of San Francisco, State of California.

FRANCES T. HENSHAW
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO
My Commission Expires Feb. 1, 1980

My Commission Expires: FEB. 1, 1980