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INTERSTATE COMMERCE COMMISSION

AGREEMENT

AGREEMENT dated this 12th day of December, 1979 by and between AMERICAN LEASING INVESTORS, a California limited partnership (hereinafter referred to as "Owner"), and BRAE RAILCAR MANAGEMENT, INC., a California corporation (hereinafter referred to as "BRM").

W I T N E S S E T H :

WHEREAS, Owner has purchased the covered hopper railroad cars identified in Exhibit "A" hereto (hereinafter referred to as the "Cars"); and

WHEREAS, BRM is engaged in the business of managing railroad cars, and Owner desires to retain BRM as its agent to manage the Cars on Owner's behalf; and

WHEREAS, BRM desires to accept such engagement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Engagement of BRM

Owner hereby engages BRM as its agent to manage the Cars, collect amounts due to or on behalf of Owner and to disburse funds on behalf of Owner to pay the costs, expenses and obligations of Owner with respect to the Cars on the terms and conditions set forth herein, and BRM hereby accepts such engagement.

2. Term

The term of this Agreement shall commence as of the date hereof and shall terminate 60 months from delivery of the last of the Cars to BRM, as agent for Owner, subject to the earlier termination hereof for any of the reasons specified in Paragraph 15 hereof. Notwithstanding the expiration of the term hereof (and provided no earlier termination has

occurred pursuant to Paragraph 15), BRM shall continue to be obligated to make the collections and disbursements on behalf of Owner as contemplated in Paragraph 5 hereof, relating to any periods prior to the expiration of the term hereof.

3. Duties of BRM

In consideration for the compensation earned by BRM pursuant to Paragraph 6 hereof, BRM shall provide the following services to Owner and on behalf of Owner in connection with the Cars:

A. To make inspection of the Cars and accept or reject the Cars, but in no event shall BRM accept a Car which does not meet the specifications required under the July 10, 1979, as amended, agreement between Pullman Standard Division of Pullman Car Incorporated and Brae Corporation (the "Purchase Contract"); and further to take possession of Cars accepted on behalf of Owner in accordance with the terms of the Purchase Contract and to arrange for delivery and acceptance thereof prior to January 1, 1980.

B. To use its best efforts to keep the Cars under lease for the term of this Agreement by initiating and entering into, as agent for Owner (with Owner's prior approval), lease agreements providing for lease of the Cars to shippers, railroads, or other financially responsible parties for that purpose on terms and conditions which are customary in the industry and taking such steps as may be required to insure that all obligations and duties arising under each of such leases, whether of lessor or lessee, are performed and complied with in an orderly and timely fashion. The term of any such lease for any Car shall expire not later than 60 months (including renewal options, if any) from the date of delivery of the last of the Cars to BRM as agent for Owner; BRM acknowledges, however, that Owner intends to keep the cars leased to Green Mountain Railroad Corporation ("Green Mountain") pursuant to a lease agreement between Owner (as assignee of Brae Corporation) and Green Mountain, dated November 20, 1979, for at least so long as an event giving Owner the right to terminate said lease does not arise.

C. To insure that all steps are taken which may be necessary to have the Cars registered and accepted by all

hauling carriers under the Association of American Railroads ("AAR") as required by the terms of any lease or otherwise;

D. To collect on behalf of Owner all Gross Revenues (as hereinafter defined) due with respect to the Cars, identifiying itself as agent for that purpose, and account for and remit all sums due to Owner as hereinafter set forth, and to pay on behalf of Owner all Operating Expenses (as hereinafter defined) promptly when due;

E. With the prior consent of Owner, to modify leases, to terminate leases and recover possession of Cars and, to enforce all rights of Owner with respect thereto, including the payment of all amounts owed under leases or otherwise with respect to the Cars as shall be appropriate or necessary and to institute and prosecute legal proceedings in the name of Owner as is permitted by applicable laws in order to terminate such leases and/or recover possession of the Cars, and, when expedient, and to settle, compromise and/or release such actions or suits or reinstate such leases. Owner shall have the right to designate counsel in connection with the prosecution or defense of any claim;

F. At Owner's expense, to have the Cars maintained in good condition which shall be equal to the higher of (i) any standard required or set forth for the Cars or cars of a similar class by the AAR or other regulatory body; (ii) any standard set by a lessee whether by terms of a lease or by other understanding or agreement between a lessee and Owner or BRM as agent for Owner; (iii) any standard set by any insurance policy under which the Cars or any of them shall from time to time be insured, and to arrange for all maintenance, repairs, alterations, modifications, improvements or additions to the Cars in a timely manner, in order for the Cars to comply with applicable laws or regulations or any leases; provided, however, that no maintenance, repair, alteration, modification, improvement or addition requiring the expenditure of $500 per Car during the first two years of the term hereof and $1,000 per Car for the subsequent three year period shall be made without the consent of Owner; and provided further that no action shall be taken hereunder by BRM, regardless of cost, which reduces the value or utility of any Car;

G. To use its best efforts to place in Owner's name and at Owner's expense and to provide Owner with copies

of policies of such insurance as shall be reasonably available to protect Owner's interest in the Cars and/or to comply with the terms of any lease, including, without limitation, insurance against (i) personal liability, including property damage and personal injury, (ii) loss of or damage to the Cars, and (iii) loss of revenues with respect to the Cars; provided, however, that if BRM determines that the cost of insurance described above is unreasonably high, or cannot be obtained, it shall immediately notify Owner of such determination and shall not be obligated to place such insurance unless Owner approves the cost thereof, or can place the insurance itself, as the case may be; notwithstanding anything to the contrary herein contained, the insurance placed under this section shall comply in types and amounts with the requirement of any security agreement covering the Cars hereafter entered into by Owner ("Security Agreement").

H. To pay in Owner's name all personal property taxes and other taxes, charges, assessments or levies imposed on or against the Cars or against Owner of whatever kind or nature and, in BRM's judgment, with Owner's consent, to defend against any such charges and to seek revision or appeal from any assessment or charge deemed improper (all such actions to be in the name of Owner);

I. To monitor and record the movement of the Cars;

J. To cause the Cars to be painted, at Owner's expense, such colors and with such designs as Owner and BRM shall approve and place such reporting marks or other marks, legends, or placards on the Cars as shall be appropriate or necessary to comply with regulations imposed by AAR or any regulatory body;

K. To provide Owner with advice and recommendations for the sale of the Cars, or refinancing any loan obtained in connection with the purchase of the Cars;

L. To use its best efforts to collect all sums due Owner, including, without limitation, insurance benefits or railroad indemnity payments, in the event of damage to, or loss or total destruction of all or any of the Cars during the term hereof and to remit all sums due Owner as hereinafter provided;

M. To furnish financial information regarding the operation of the Cars reasonably requested by Owner sufficient to enable Owner to prepare any Federal, State, Canadian and Provincial tax returns with respect thereto;

N. At Owner's expense, to file financing statements or other evidences of the security interest in the Cars heretofore or hereafter granted by Owner pursuant to a Security Agreement.

O. At Owner's expense, to apply for and to obtain, all licenses, certificates and permits needed by Owner in order for it to conduct that portion of its business which relates to the Cars.

P. To perform such other services incidental to the foregoing as may from time to time be reasonably necessary in connection with the leasing and operation of the Cars.

4. Limitation on Authority

BRM shall not have any authority to do, as agent for Owner, any act or thing with respect to the Cars not otherwise specifically authorized under this Agreement.

5. Owner's Revenues, Expenses and Net Earnings

A. The actual Gross Revenues (as hereinafter defined) derived from the operation of the Cars and the actual Operating Expenses (as hereinafter defined) shall be accounted for by BRM for the purpose of computing Net Earnings.

B. (i) As used in this Agreement, the term "Gross Revenues" means all cash proceeds collected by Owner on account of the leasing to, or use made by, others of the Cars, (including, for this purpose, amounts collected from entities guaranteeing leasing or usage revenues), excluding however, proceeds derived from the financing, refinancing, sale or other disposition of the Cars.

(ii) As used in this Agreement, the term "Operating Expenses" shall mean all expenses and costs pay-

able by Owner and incurred in connection with the ownership, management, use and/or operation of Cars during the term of this Agreement (or after its expiration, but relating to any period prior to its expiration), including, but not limited to, payments of principal and interest on any loans incurred by Owner in connection with its financing or refinancing (which may be obtained, at any time or from time to time, before or after the date hereof) of the purchase price paid for of the Cars, insurance premiums, maintenance and repairs, painting, costs of modifications, and improvements which are not alterations, modifications, improvements or additions of the type and in the amounts described in Paragraph 3(f); Owner's legal fees incurred in connection with enforcing lease rights or repossessing Cars, insurance costs, charges, assessments, or levies imposed upon or against Cars of whatever kind or nature; losses from liabilities which are not insured or beyond policy limits, ad valorem, gross receipts and other property taxes which are properly levied against the Cars; and a reasonable reserve (approved by Owner) for maintenance and repairs of the Cars. Any such reserves shall be returned to Owner at the expiration of 60 days following termination of this Agreement, provided, however, that Owner shall remain responsible for expenses accruing during the term hereof but payable after expiration of the term hereof.

(iii) Gross Revenues and/or Operating Expenses shall be determined on a cash basis and shall be collected and paid, respectively, on a current basis.

C. As used in this Agreement, the term "Net Earnings" shall mean Gross Revenues less Operating Expenses.

D. BRM shall, on behalf of Owner, collect all of those proceeds derived from the Cars which, after such collection, would be deemed Gross Revenues hereunder, as and when such funds become due and shall deposit such funds in an account, separate from all other funds and accounts, with a bank with which such account will be insured to the maximum allowable amount by the Federal Deposit Insurance Corporation and which has minimum assets of $300,000,000. Such account may be carried in BRM's name, but always in such a manner as to indicate the custodial nature thereof by BRM and Owner's interest therein.

BRM is hereby authorized by Owner to withdraw funds from such account only to pay the following:

1. Operating Expenses;

2. Amounts payable to BRM, if any, pursuant to subsection A of Section 6 hereof;

E. In the event Operating Expenses exceed Gross Revenues, Owner shall pay to BRM, within 20 days after receipt of written notice and demand from BRM, such excess together with any amounts advanced by BRM on behalf of Owner.

F. Within 45 days after the end of each calendar quarter, BRM shall distribute to Owner the Net Earnings for such quarter, provided, however, that such distribution shall be made on a monthly basis in the event Owner shall be required to pay any debt service respecting the Cars on a monthly basis.

G. Any damage or loss assessed against Owner (pursuant to a final judgment of a court of competent jurisdiction, or interim adjudication pursuant to which Owner consents to make payment) with respect to damage to the property of others or bodily injury caused by the Cars which has not been insured against or is in excess of any applicable insurance limits (including deductible amounts under insurance policies) shall be the sole obligation of Owner; provided, however, that if BRM fails to comply with subsection G of Section 3 hereof by failing to use its best efforts to place insurance or by failing to place insurance which the Owner approves, then any damage or loss arising from such failure shall be the sole obligation of BRM. Any amounts for which Owner is responsible shall be paid within 10 days of receipt of written notice and demand therefor which shall be accompanied by a statement from an insurance company indicating the amount of the claim covered by insurance.

6. <u>Compensation</u>

In consideration of its services hereunder, BRM shall be entitled, during the term hereof:

A. In any month in which Gross Revenues exceeds Operating Expenses, to retain from Gross Revenues for such

month an amount equal to 10% of such Gross Revenues for such month, but not exceeding Net Earnings for such month, provided, however, that if Utilization (as hereinafter defined) was less than 80% for such month, the maximum amount so retained shall be reduced to 2% of Gross Revenues for such month, but not exceeding Net Earnings for such month. For any month in which BRM is not entitled to retain all or any portion of its compensation for that month because Net Earnings for that month are insufficient therefor, the amount of any such deficiency shall be deferred and shall cumulate from month to month and shall be paid in any month(s) in which, and only to the extent that, Net Earnings (after provision for payment of current compensation to BRM) are available therefor. For purposes of this subparagraph (A) and otherwise for the purpose of computing Net Earnings, the term Gross Revenues shall exclude proceeds derived by Owner from any insurance policy covering the Cars, or otherwise on account of loss or damage to, or destruction of, Cars.

B. For purposes hereof, "Utilization" shall mean, with respect to any period, a fraction, the numerator of which is (X) the aggregate number of hours for which fair market rentals or other fair market payments for use are earned by the Cars during such period, and the denominator of which is (Y) the aggregate number of hours during such period. For this purpose the first such period shall be deemed nct to have commenced until the Cars are delivered to the first shipper's loading point. A Car shall be deemed not to be earning payments during any hour for which "reclaim" is assessed.

Utilization shall be determined on a monthly basis, provided, however, that at the end of each quarter, if Utilization was less than 80% for such quarter, BRM shall reimburse Owner for any amounts retained by BRM for any month during such quarter in which Utilization exceeded 80%, so that BRM shall retain no more than 2% of the Gross Revenues from such quarter.

7. <u>Transactions with Affiliates</u>

BRM covenants and agrees not to enter into any agreement, contract or transaction on behalf of the Owner with any Affiliate of BRM (as that term is hereinafter defined) unless BRM shall have first obtained Owner's prior

approval. For purposes of this Agreement, "Affiliate of BRM" shall mean any person, corporation, partnership, joint venture, association, or other entity that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with BRM.

8. Guaranty

Brae Corporation, a Delaware corporation, hereby unconditionally and irrevocably guarantees the performance by BRM of all the covenants, agreements and obligations of BRM under and pursuant of this Agreement.

9. Indemnification

A. Owner shall indemnify and hold BRM and/or any Affiliate of BRM harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against BRM and/or any Affiliate of BRM as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars, claims for injury to or death of persons, loss or damage to property (including the Cars) and economic loss due to the availability for use of the Cars; provided, however, that Owner shall not defend, indemnify or hold BRM and/or any Affiliate of BRM harmless from and against, and BRM and/or any Affiliate of BRM shall not be exculpated from, any claim, action, damage, expense, loss or liability, directly or indirectly, caused by or arising from its bad faith, willful misconduct, gross negligence, or recklessness, or from its failure to comply with or perform under the provisions of this Agreement.

B. BRM shall indemnify and hold Owner, its Managing General Partner (and its officers and directors), partners (both general and limited) and Affiliates harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against Owner and/or its Affiliates as a result of or arising from BRM's bad faith, willful misconduct, gross negligence, or recklessness, or from its failure to comply with, or otherwise to perform its obligations under, the provisions of this Agreement.

10. Subordination

BRM's interest in this Agreement, including compensation pursuant to section 6 hereof, shall be, at the written request of Owner to BRM, made subject and subordinated to the lien and security interest upon the Cars, at any time or from time to time, heretofore or hereafter granted by Owner to any lender under a Security Agreement.

11. Rejection of Cars by Lessees

In the event BRM accepts any or all of the Cars on Owner's behalf and any and all of the Cars are thereafter rejected by Green Mountain or, for any reason, are not accepted by it into service, BRM shall immediately give Owner written notice thereof and BRM shall take immediate steps to either require the manufacturer to correct any defects or to undertake with Owner appropriate legal action to require Green Mountain to accept the Cars.

12. Reports

A. Not later than 45 days after the end of each calendar quarter other than the fourth calendar quarter, BRM will furnish to Owner an unaudited report showing, in reasonable detail, the Gross Revenues, Operating Expenses and Net Earnings for such quarter. Such reports shall also show the amount of Net Earnings or other amounts, if any, for such quarter furnished for the benefit of Owner.

B. Within 45 days after the close of each calendar year, BRM will furnish to Owner an audited report prepared by a certified public accountant showing for the fourth calendar quarter and such year (stated separately) the same information reported on the quarterly report distributed pursuant to Paragraph "12(A)".

C. Not later than 45 days after the close of each calendar year, BRM will furnish to Owner a statement setting forth all financial information regarding the operation of the Cars sufficient to enable Owner to pre-

pare any Canadian, Provincial and/or Federal, state and local tax returns with respect thereto.

D. BRM shall furnish to Owner such other information as shall from time to time be required by the Owner if the Owner is required pursuant to either Section 12 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Act") to file reports under Section 13 of the Act.

13. Use of Cars

BRM shall use its best efforts to enforce the obligations of the lessees under any leases covering the Cars so that the Cars will not be used predominately outside the United States within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code, as amended, or any successor provision thereof, and the regulations thereunder. BRM shall cause each lease for the Cars entered into, or arrangements for the use of the Cars made, to contain provisions regarding the identity of the lessees or sublessees of the Cars and the locations of use of the Cars so as to avoid recapture of any allowable investment tax credit claimed with respect to the Cars.

14. Conflicts of Interest

Owner expressly acknowledges that BRM and its Affiliates, including, without limitation, Braecar, Inc. and Brae Corporation, may own and/or manage railcars substantially similar to those managed hereunder. Simultaneously with and notwithstanding the performance of its services hereunder, it is understood and agreed that BRM may continue to lease and manage Cars for its own account and for the account of others, provided that BRM manages Owner's Cars in a fair and equitable manner.

15. Events of Default; Termination

A. Notwithstanding any other provision of this Agreement to the contrary, upon the occurrence of any of the following events:

1. Except for a merger or consolidation with its parent company, the merger or consolidation of BRM in a transaction in which BRM is not the surviving corporation.

2. The issuance, sale, transfer, hypothecation or other disposition of the issued and outstanding capital stock of BRM in such an amount so as to adversely affect its ability to perform its obligations as set forth herein.

3. Any representation or warranty made herein or in any report, certificate, financial statement or other instrument furnished by or on behalf of BRM in connection with this Agreement shall prove to be false or misleading in any material respect.

4. Default shall be made by BRM in the payment of any expense or money arising pursuant to section 5 hereof, as and when the same shall become due and payable, after the expiration of any applicable grace period.

5. Default shall be made in the due observance or performance of any covenant to be observed or performed by BRM hereunder, and such default shall not have been remedied to the satisfaction of the Owner within 30 days after receipt by BRM of written notice thereof from the Owner.

6. BRM or its parent, Brae Corporation shall:

(a) apply for or consent to the appointment of a receiver, trustee or liquidator of it or any of its properties;

(b) admit in writing its inability to pay its debts as they mature;

(c) make a general assignment for the benefit of creditors;

(d) be adjudicated a bankrupt or insolvent;

(e) adopt a resolution for its liquidation; or

(f) file a voluntary petition in bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors or take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or other statute analogous in purpose or effect, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if action shall be taken by it for the purpose of effecting any of the foregoing;

7. Entry of an order, judgment or decree, with out the application, approval or consent of BRM, by any court of competent jurisdiction, approving a petition seeking its reorganization or liquidation, or appointment, whether pursuant to an order, judgment, decree or otherwise, of a receiver, trustee or liquidator of it or all or a part of its assets and such appointment shall continue unstayed and in effect for any period of 60 consecutive days;

8. Entry of a final judgment for the payment of money in excess of $50,000 shall be rendered against BRM and shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed;

then, and in any such event, and at any time thereafter during the continuance of any such event, the Owner, in its sole discretion, may forthwith terminate this Agreement.

16. Notices

Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office at the United States by registered or certified mail, postage prepaid, addressed to the other party as follows:

If to BRM: Brae Railcar Management, Inc.
Three Embarcadero Center, Suite 1760
San Francisco, California 94111
Attention: Mr. Jerry A. Riessen

If to Owner: American Leasing Investors
c/o Arlington Leasing, Inc.
c/o Integrated Resources, Inc.
295 Madison Avenue
New York, New York 10017

If to Brae Corporation:

Brae Corporation
Three Embarcadero Center, Suite 1760
San Francisco, California 94111
Attention: Mr. Jerry A. Riessen

17. Representations and Warranties of BRM

BRM represents and warrants that it is a corporation which (a) is duly organized, validly existing and in good standing under the laws of the State of its incorporation; (b) has full power and authority, corporate and otherwise, to carry out the transactions contemplated hereby; (c) is not required to obtain the approval of its shareholders or of any Canadian, provincial, Federal, State or local Government or agency with respect to the transactions contemplated hereby, or if any such approval(s) is (are) required, the same has (have) been obtained prior to the date hereof; (d) has no knowledge of any pending rules, regulations or statutes of any legislative or regulatory body which would have a materially adverse effect on the transactions contemplated hereunder; provided, however,

that BRM shall have no obligation pursuant to this paragraph to conduct special inquiry or investigation in order to obtain information regarding such rules, regulations or statutes; and (e) neither its Articles or Incorporation, nor By-Laws, nor any mortgage, agreement or instrument to which it is a party would prevent the consummation of the transactions contemplated hereby.

18. Inspection of Books and Records

BRM covenants and agrees to give Owner and its representatives and designees full access during normal business hours and upon reasonable notice to all of BRM's books, records, agreements, commitments related to this transaction or to matters referred to in this Agreement and access to employees during and after the term of this Agreement for the purposes of verifying the bases for computing Gross Revenues, Operating Expenses and Net Earnings, preparing requisite Canadian, Provincial, Federal, state and local tax returns or the subsequent audit thereof and such reports, forms and other documents as may be required by the Federal securities laws and applicable to the Owner.

19. Miscellaneous

A. Consents. Whenever the consent or approval of Owner is required hereunder, such consent or approval, as the case may be, must be in writing to be valid, and may, in any case, be withheld by Owner in Owner's sole, absolute and unrestricted discretion.

B. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

C. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

D. Headings. Title and heading of the Paragraph and Subparagraphs of this Agreement are for the convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.

E. Amendment. No modification or amendment to this Agreement shall be valid unless in writing and executed by both parties hereto.

F. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that no assignment hereof by any party hereto or transfer of any party's rights or obligations hereunder for any reason beyond its reasonable control, including, without limitation, acts of God, riots, strikes, fires, storms, public disturbances, or any regulation of any Federal, state or local government or any agency thereof.

G. Force Majeure. Neither party hereto shall be deemed to be in breach or in violation of this Agreement if such party is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control, including, without limitation, acts of God, riots, strikes, fires, storms, public disturbances, or any regulation of any Federal, state or local government or any agency thereof.

H. Waiver. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.

J. Severability. If any term or provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

K. Breach of Agreement. In the event of a breach or threatened breach of any party bound by this Agreement or any of such party's obligations hereunder, the parties hereto acknowledge that all other parties bound by this Agreement will not have an adequate remedy at law and shall be entitled to such equitable and injunctive relief as may be available to restrain a violation or threatened violation of the provisions of this Agreement or to enforce the provision hereof. Nothing herein shall be construed as prohibiting any party from pursuing any other remedies available to such party for such breach or threatened breach, including the recovery of damages.

L. Survival. All of the agreements, understanding and obligations herein contained which expressly or by implication subsist after termination of this Agreement shall survive such termination.

M. Independent Contractor. It is understood and agreed that BRM is acting as an independent contractor and nothing contained herein shall obligate the Owner to pay any taxes for or on behalf of BRM or otherwise be responsible for the debts and obligations of BRM except as expressly provided in this Agreement.

N. Condition of ALI's Obligations. The obligations of ALI hereunder are conditioned upon BRAE's representation that the Cars shall be delivered to ALI for acceptance not before December 12, 1979 nor after December 20, 1979.

O. Lessee's Subordination. BRM agrees, at the request of Owner, at any time, or from time to time, to deliver to Owner a certificate (or certificates) executed by lessees of the Cars to the effect that said lessees' interest in the Cars, and leases covering the same, are subject and subordinate, in all respects, to the lien and security interest upon the Cars, at any time, or from time to time, heretofore or hereafter granted by Owner to any lender under a Security Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first set forth above.

BRAE RAILCAR MANAGEMENT, INC.

By: _____
President

AMERICAN LEASING INVESTORS,
a California limited partnership

By: ALI Management Corp.,
Managing General Partner

By: _____

Title: GVP

The performance of BRM's obligations hereunder is hereby unconditionally guaranteed by:

BRAE CORPORATION

By: _____

COUNTY OF)

STATE OF)

On this 12th day of December, 1979, before me personally appeared Jerry A. Riessen, to me personally known, who being by me duly sworn says that such person is Vice President of Brae Corporation, and that the foregoing Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Robert S. Nash
Notary Public

ROBERT S. NASH
Notary Public, State of New York
No. 41-4649501
Qualified in Queens County
Commission Expires March 30, 19 81

COUNTY OF)

STATE OF)

On this 12th day of December, 1979, before me personally appeared Stephen Goldsmith, to me personally known, who being by me duly sworn says that such person is Executive Vice President of ALI Management Corp., which is the Managing General Partner of American Leasing Investors, a Connecticut limited partnership, and that the foregoing Agreement was signed on behalf of said partnership by authority of its Managing General Partner, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such partnership.

Robert S. Nash
Notary Public

121779/2190/A28

ROBERT S. NASH
Notary Public, State of New York
No. 41-4649501
Qualified in Queens County
Commission Expires March 30, 19 81

COUNTY OF)

STATE OF)

On this 12th day of December, 1979, before me personally appeared Jerry A. Riessen, to me personally known, who being by me duly sworn says that such person is President of Brae Railcar Management, Inc., and that the foregoing Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Robert S. Nash
Notary Public

ROBERT S. NASH
Notary Public, State of New York
No. 41-4649501
Qualified in Queens County
Commission Expires March 30, 19 81

121779/2190/A29

EXHIBIT A

The following equipment is purchased by American Leasing Investors (the "Owner") and will be managed for the Owner by Brae Railcar Management, Inc.:

AAR Mec. Design	Description	Numbers	No. of Cars
LO	100 Ton, 4650 cu. ft. Covered Hopper Cars	War 15100 - 15124	25

121279/2190/A01