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11235-B

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006-2973

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
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CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.*

*NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

OF COUNSEL
JESS LARSON
JOHN L. INGOLDSBY
URBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

RECORDATION NO. 11235-B FILE # 1425

JAN 4 1988 1:30 PM

January 4, 1988 INTERSTATE COMMERCE COMMISSION

TELETYPE UNIT
440367 AND A
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ICC OFFICE OF
TELETYPE UNIT

8-004A050

Date JAN 4 1988

Fee \$ 10.00

ICC Washington, D.C.

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) are two copies of an Assignment of Lease and Agency Agreement dated as of November 10, 1987, a secondary document as defined in the Commission's Rules for the Recordation of Documents.

The enclosed document covers railroad equipment which is subject to the Security Agreement dated as of October 15, 1979, filed on December 26, 1979 under Recordation Number 11235.

The names and addresses of the parties to the enclosed document are:

Assignor: W.F.I., Inc. (formerly Warwick Properties, Inc.)
69 W. Washington
Chicago, Illinois 60602

Assignee: Harriscorp Leasing, Inc.
111 West Monroe Street
Chicago, Illinois 60690

A description of the railroad equipment covered by the enclosed document is set forth in Schedule B attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Counterpart - C. Kessler

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
January 4, 1988
Page Two

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed secondary document to appear in the Commission's Index:

Assignment of Lease and Agency Agreement dated as of November 10, 1987 between W.F.I., Inc. (formerly Warwick Properties, Inc.) and Harriscorp Leasing, Inc. covering 49 general purpose type XM boxcars bearing original GMRC mark and numbers and current QC mark and numbers.

Very truly yours,


Charles T. Kappler

Enclosures

EXHIBIT B

DESCRIPTION OF EQUIPMENT

<u>Number of Cars</u>	<u>Description</u>	<u>Original Mark</u>	<u>Current Mark</u>
49	70-ton, 56'6" general purpose XM type boxcars manufactured by Pullman Incorporated (Pullman Standard Division)	GMRC 11000	QC 74924
		GMRC 11001	QC 74913
		GMRC 11002	QC 74840
		GMRC 11003	QC 74863
		GMRC 11004	QC 74877
		GMRC 11005	QC 74911
		GMRC 11006	QC 74833
		GMRC 11007	QC 74904
		GMRC 11008	QC 74830
		GMRC 11009	QC 74835
		GMRC 11010	QC 74845
		GMRC 11011	QC 74826
		GMRC 11012	QC 74910
		GMRC 11013	QC 74847
		GMRC 11014	QC 74836
		GMRC 11015	QC 74893
		GMRC 11016	QC 74923
		GMRC 11017	QC 74851
		GMRC 11018	QC 74870
		GMRC 11019	QC 74834
		GMRC 11020	QC 74908
		GMRC 11021	QC 74909
		GMRC 11022	QC 74887
		GMRC 11023	QC 74842
		GMRC 11024	QC 74906
		GMRC 11025	QC 74901
		GMRC 11026	QC 74898
		GMRC 11027	QC 74874
		GMRC 11028	QC 74915
		GMRC 11029	QC 74829
		GMRC 11031	QC 74843
		GMRC 11032	QC 74882
		GMRC 11033	QC 74884
		GMRC 11034	QC 74903
		GMRC 11035	QC 74853
		GMRC 11036	QC 74871
		GMRC 11037	QC 74865
		GMRC 11038	QC 74922
		GMRC 11039	QC 74839
		GMRC 11040	QC 74867
		GMRC 11041	QC 74827
		GMRC 11042	QC 74878
		GMRC 11043	QC 74866
		GMRC 11044	QC 74841
		GMRC 11045	QC 74876
		GMRC 11046	QC 74895
		GMRC 11047	QC 78917
		GMRC 11048	QC 74834
		GMRC 11049	QC 74828

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Charles T. Kappler, Jr
Alvord & Alvord
918 16th Street N.W.
Washington, D.C. 20006

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 12:30PM at 12/1/4/88, and assigned recordation number(s). 11339-B, 1144-B, 11233-B, 11235-B & C, 11236-B & C 11234-C

Sincerely yours,

Narta L. McLee

Secretary

Enclosure(s)

ICC Copy

RECORDATION NO. 11235-B Filed 12/25

JAN 4 1988 1:22 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGENCY AGREEMENT dated as of

November 10, 1987 ("Assignment") between W.F.I., Inc., formerly known as Warwick Properties, Inc., 69 W. Washington, Chicago, Illinois 60602 ("Assignor") and Harriscorp Leasing, Inc., 111 W. Monroe, Chicago, Illinois 60690 ("Assignee").

R E C I T A L S

(A) BRAE International Ltd., P.O. Box 77, Toronto Dominion Bank Tower, Toronto, Ontario, CANADA M5K 1E7 ("BRAE") has entered into the lease agreement attached hereto and made a part hereof as Exhibit A ("Lease") relating to, among others, the rail-cars described in Exhibit B attached hereto and made a part hereof ("Cars").

(B) BRAE has entered into the lease assignment and agency agreement attached hereto and made a part hereof as Exhibit C ("BRAE Assignment") relating to the cars.

THEREFORE:

(1) Pursuant to paragraph (a) of Section 14 of the Lease, Assignor hereby assigns, transfers and sets over unto Assignee all of its right, title and interest under the Lease as and only to the extent that the Lease relates to the Cars including, without limitation, the immediate and continuing right to receive all moneys payable to or receivable by Assignor pursuant to the Lease with respect to the usage of the Cars as of July 1, 1987 and thereafter. Assignee assumes all of Assignor's

obligations under the Lease as and only to the extent the Lease relates to the Cars.

(2) Assignor hereby assigns, transfers and sets over unto Assignee all of its right, title and interest under the Assignment and Agency Agreement, including, without limitation, the immediate and continuing right to receive all moneys payable to or receivable by Assignor pursuant to the BRAE Assignment with respect to the usage of the Cars as of July 1, 1987 and thereafter. Assignee assumes all of Assignor's obligations under the BRAE Assignment.

IN WITNESS WHEREOF, Assignor has caused this Lease Assignment to be executed by its duly authorized officers as of the date first above written.

W.F.I., INC.

(SEAL)

ATTEST:

Marcella P. Olson
Its _____ Secretary

By Robert S. Brunner
Its President

(SEAL)

ATTEST:

Linda L. Ochwat
Its ASST Secretary

HARRISCORP LEASING, INC.

By [Signature]
Its Leasing Officer

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 10th day of Nov., 1987, before me personally appeared Robert S. Brownson, to me personally known, who, being by me duly sworn, did depose and say that he is the President of W.F.I., Inc. the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.

Bea Lillingham
Notary Public

[SEAL]

My Commission expires: 11-10-88

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 13 day of November, 1987, before me personally appeared James E. Barzyl, to me personally known, who, being by me duly sworn, did depose and say that he is the Leasing Officer of Harriscorp Leasing, Inc., the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.

Geneva L. Reed
Notary Public



[SEAL]

My Commission expires: Dec. 1, 1990

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 18th day of November, 1987, before me personally appeared Linda L. Ochwat, to me personally known, who, being by me duly sworn, did depose and say that she is the Assistant Secretary of Harriscorp Leasing, Inc., the corporation which executed the above instrument, that she signed her name to the above instrument by authority of the Board of Directors of said corporation; and that she acknowledged that the execution of the above instrument was the free act and deed of such corporation; and that she, as custodian of the corporate seal of said corporation, did affix the corporate seal of said corporation to said instrument as her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.



[SEAL]

Geneva L. Reed
Notary Public

My Commission expires: Dec. 1, 1990



EXHIBIT A
LEASE AGREEMENT

106
MAR 12 1984 -3 15 PM
STATE COMMERCE COMMISSION

This LEASE AGREEMENT is dated as of October 16, 1983 (the "Lease"), between BRAE International Ltd., P. O. Box 77, Toronto Dominion Bank Tower, Toronto, Ontario, Canada M5K 1E7 (the "Lessor") and Canadian Pacific Limited, Windsor Station, Montreal, Quebec, Canada H3C 3E4 (the "Lessee").

1. Scope

A. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Lease. "Cars" shall mean all the boxcars subject to this Lease and "Car" shall mean an individual boxcar subject to this Lease.

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

2. Term

The term of this Lease with respect to each Car shall commence upon its delivery to Lessee and, unless earlier terminated in accordance with Paragraph 8, shall terminate upon the expiration of 5 years from the actual date of delivery of the last of the Cars to be delivered.

3. Delivery and Acceptance

Delivery of the Cars shall occur as soon as practicable after execution of this Lease. Upon execution of this Lease, Lessor shall inform Lessee of the location of each Car, and thereafter shall deliver the Cars to Lessee at the interchange point on either Lessee's Trackage or upon the trackage of the Soo Line Railroad Company ("Soo"), whichever is closest to the location of each Car at the time that Lessor informs Lessee of such Car's location. For the purposes of this Lease, "Lessee's Trackage" shall include the rail lines of CP Rail in Canada and the rail lines of other railroads in Canada owned or leased by Lessee described with more particularity on Exhibit A hereto. All freight or other transportation charges incurred in such delivery shall be for the account of Lessor. Each Car so delivered shall be in good operating condition, ordinary wear and tear excepted. Lessee shall have the right to inspect the Cars at a mutually agreeable time and place prior to delivery of the Cars to Lessee. Acceptance by Lessee on Lessee's Trackage or Soo's trackage of any Car shall constitute delivery thereof and the term of this Lease shall commence with respect to such Car. Lessor and Lessee shall cooperate with each other to facilitate delivery and acceptance of each Car hereunder.

4. Lease Rental

(a) For purposes hereof, the following terms shall have the indicated meanings:

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- (i) Payments - The term "Payments" shall mean all revenue earned by Lessee from other railroad companies for their use or handling of the Cars, including, but not limited to, mileage charges and hourly car hire payments.
- (ii) Car Hour - The term "Car Hour" shall mean one hour during which one Car is on lease hereunder.
- (iii) Utilization - The term "Utilization" shall mean, with respect to any period, a fraction, the numerator of which is (x) the aggregate number of Car Hours during which any Payments were earned, and the denominator of which is (y) the aggregate number of Car Hours during such period.
- (iv) Base Rental - The term "Base Rental" shall mean, with respect to any period, an amount which is equal to the total Payments earned during such period multiplied by a fraction, the numerator of which shall be 38 percent, and the denominator of which is the actual Utilization for each such period.
- (b) Lessee agrees to pay the following rent to Lessor for the use of the Cars:
- (i) If Utilization is equal to or less than 38% Lessee shall pay to Lessor all Payments earned by the Cars; provided, however, that if Utilization is less than 38% Lessee shall pay to Lessor, in addition to all Payments earned by the Cars, an amount equal to the difference between the actual Payments earned by the Cars, and the amount of Payments the Cars would have earned if Utilization had equalled 38%, and the Cars each traveled 60 miles per day.
- (ii) If Utilization exceeds 38%, Lessee shall pay to Lessor an amount equal to the Base Rental, and Lessee shall receive all Payments in excess of the Base Rental.
- (c) In addition, Lessor will receive, as additional rental, all monies earned by the Cars prior to their initial loading on Lessee's Trackage.
- (d) Rentals payable to Lessor hereunder shall be made on a monthly basis as follows. Within 60 days of the end of each calendar month Lessee shall remit to Lessor an amount, which, in Lessee's reasonable and good faith estimation, is equal to all Payments earned by the Cars during such month which are attributable to the first 38 percent of Utilization. Within 180 days of the end of each calendar month, a reconciliation calculation shall be made as to that month for all Payments actually earned during such month and Lessee shall send Lessor its check (or demand for credit) for any balance due with such reconciliation. Except with respect to the first six calendar months during the term hereof, Lessee shall, in computing its reasonable and good faith estimate

of the amount of Payments earned by the Cars per month, assume that the amount of mileage charges earned by the Cars during the month is equal to the amount of mileage charges earned by the Cars during the latest month for which a reconciliation calculation shall have been made. With respect to the first six calendar months during the term hereof, Lessee shall, in computing such reasonable and good faith estimate, assume that the amount of mileage charges earned by the Cars during each such month is equal to the amount of mileage charges which the Cars would have earned if they had traveled 60 miles per day during each such month.

(e) Lessee shall have the sole responsibility for the resolution of any car hire and mileage disputes and the collection of any Payment due. Any amounts payable under this Lease shall be in U.S. Dollars.

(f) Lessee shall maintain such records and submit such reports, including car hire and maintenance expense accounting, as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. Lessee shall separately keep and maintain records of payment, maintenance, repairs, other credits and charges, and the number of days on a Car by Car basis that the Cars were operating in the United States, and operating off of Lessee's Trackage, and Lessee shall forward copies of all such records to Lessor at such regular intervals as Lessor may reasonably request. Lessee shall on request promptly forward to Lessor any correspondence relating to any Car.

(g) Lessee will not grant or allow any car-hire relief with respect to any Car without Lessor's prior written consent.

(h) If the Interstate Commerce Commission (the "ICC") or any successor governmental agency, or any other regulatory body or any court shall at any time issue any order, the effect of which would be to cause the Cars to incur storage charges while on other railroads, or empty mileage charges while on other railroads, then, as of the effective date of such order, Lessee shall be responsible for paying any and all such charges and fees due other railroads for storage of the Cars or for empty mileage charges due other railroads with respect to the Cars.

(i) If the ICC or any successor governmental agency, or any other regulatory body or any court shall, at any time, (1) issue any order the effect of which would cause the Cars to cease earning Payments or (2) reduce the amount of car hire revenue or mileage revenue which the Cars are able to earn as of the date of this Lease, BRAE shall appoint Lessee as its exclusive agent for the purpose of negotiating car hire rates covering the Cars with other railroads. Notwithstanding the foregoing, BRAE shall have absolute authority in its sole discretion to enter into or refuse to enter into any agreement setting such rates with any other railroad with respect to the Cars.

5. Markings and Inspection

(a) Lessor shall cause each Car to be restencilled, at Lessor's expense, with Lessee's reporting marks, as required by the AAR, and an "XM" mechanical designation. The reporting marks and other insignia shall comply with all applicable regulations and AAR Rules. The Lessor shall paint out all existing advertising on the Cars at Lessor's expense and do so in the same basic color as each car.

4

(b) Lessor and Lessee shall mutually cause each Car to be registered in the Official Railway Equipment Register and the Universal Machine Language Equipment Register.

(c) Lessee shall provide Lessor, its officers, employees and agents, with reasonable access to inspect the Cars or records pertaining thereto upon prior written notice to Lessee's Chief Mechanical Officer or Chief of Transportation, depending upon the nature of the inspection. Lessor agrees that it shall not unreasonably, interfere with the Cars' movement as a result of any such inspection. Lessee shall immediately notify Lessor of any accident involving any Car or of any attempt to attach, seize or sell any Car, giving Lessor such details as Lessor shall reasonable request.

6. Maintenance, Taxes and Insurance

(a) While on Lessee's Trackage, Lessee shall preserve the Cars in good operating condition. All running repairs, whether on or off Lessee's Trackage, shall be at Lessor's expense and any invoices received by Lessee for such running repairs shall be promptly forwarded to Lessor for payment. Lessee shall promptly give Lessor written notice of the need to repair or perform maintenance work on any Car (other than running repairs) when any such Car is on Lessee's Trackage or whenever Lessee has notice that any such Car is in need of repairs or maintenance, but Lessee shall not perform or cause to be performed any repairs (other than running repairs) or maintenance without Lessor's prior consent. Upon Lessor's instructions, Lessee will bill a Car to a repair shop off Lessee's Trackage for any such repairs, maintenance or modifications. The repair shop shall be designated by Lessor and only transportation costs off Lessee's Trackage shall be for the account of Lessor. Lessor will have up to 48 hours after date of issue of advice by Lessee to provide disposition.

(b) Lessee shall not make any alteration, improvement or addition to any Car without the prior written consent of Lessor thereto. Any alteration, improvement, or addition made to a Car by Lessee, at Lessee's expense, shall become the property of Lessor upon installation without any need to reimburse Lessee therefor.

(c) Lessee shall be responsible for any damage or destruction occurring to any Car while on Lessee's Trackage. Lessee shall pass through to Lessor any settlement received by it as the result of any damage to or destruction of a Car occurring while on the trackage of others. All settlements for damage to or destruction of a Car occurring on or off Lessee's property shall be in accordance with and on at least as favorable terms as those set forth in the Field Manual of the AAR Interchange Rules. Settlements for destroyed Cars shall be in accordance with AAR Rule 107.

(d) Lessee shall be responsible for the filing and payment of all taxes, assessments and other governmental charges of whatever kind of character which may be accrued, levied, assessed or imposed during the lease term and which relate to the operation and use of any Car, except taxes on income imposed on Lessor. Lessee shall also be responsible for any tax, duty or customs payable. Notwithstanding the above, Lessor shall be responsible for all withholding tax and investment tax credit recapture, or any assessments in relation thereto.

(e) Lessee shall indemnify and save harmless the Lessor from all expenses involving property damage (whether to the commodities being loaded or shipped in the Cars, or otherwise) or any other liability of whatever nature resulting from operation or use of any of the Cars. The parties acknowledge that Lessee intends to be self-insured as to the Cars during the term of this Lease. When Lessor's employees and/or agents are on the premises of Lessee to inspect the Cars or the records of Lessee as contemplated by paragraph 6(c) hereof, Lessee shall bear responsibility for any injury resulting in death, to such persons to the extent only that Lessee, its employees and/or agents caused or contributed thereto.

7. Use of Cars

(a) So long as Lessee shall not be in default under this Lease and subject to the next sentence, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Lease. Lessee's right shall be subject and subordinate to the rights of any owner of secured party under any financing agreement entered into in connection with the acquisition of the Cars, provided that Lessee shall not be required at any time to duplicate any of its obligations hereunder or to assume additional responsibilities due to the terms of any such financing agreement. Upon notice to Lessee from any such owner or secured party that an Event of Default has occurred and is continuing, such party may require that all rentals be paid directly to it or the Cars be returned to it. Lessee shall give Lessor at least 10 days' written notice thereof before complying therewith.

(b) Lessee shall use its best efforts to load the Cars so as to maximize Utilization. Lessee shall not be monetarily liable for any damage to a Car caused by loading by other railroads, but shall take reasonable steps to provide against such damage and to collect from any other railroad the amount of the damage caused by it, and to promptly remit all such amounts to Lessor.

(c) The parties acknowledge that Lessor or the owner of the Cars may have claimed an investment tax credit with respect to the Cars under the United States Internal Revenue Code. The parties intend that Lessee will use the Cars in international service recognizing that they may be loaded domestically in Canada to reposition them for international service. Lessee agrees not to use any Cars domestically in Canada with the exception of that service outlined in the preceding sentence; Lessor agrees to indemnify and hold Lessee harmless from any loss of Lessor's investment tax credit.

(d) Lessee agrees that, to the extent it has physical possession or can control use of any Car, such Car shall be used and operated in compliance with the laws of the jurisdiction in which it is located and with all lawful acts, rules, regulations and orders of any governmental bodies or offices having power to regulate or supervise the use of that Car, except that Lessee may in good faith and by appropriate proceedings or in any other reasonable manner, not jeopardizing the ownership, use or operation of that Car, contest the application of such act, rule, regulation or order at its expense. Lessee shall operate the Cars in accordance with its management practices as it would railroad cars of its ownership.

(e) Lessee shall not directly or indirectly create or allow to exist any claim, lien, security interest or encumbrance with respect to any Car, and shall promptly discharge the same should it arise. Lessee's obligations hereunder shall not arise if any such claim, lien, security interest or encumbrance arose solely through the action or inaction of Lessor or any owner of the Cars of any other person, corporation, railroad company or government, whether federal, state, provincial or municipal. *f*

8. Substitution of Cars: Earlier Termination

(a) Lessor shall have the right at any time and from time to time to substitute in place of any Car or Cars one or more boxcars of similar design, age and quality upon at least 60 days' notice thereof, all at the expense of Lessor both for the displaced Car and its replacement. The parties shall cooperate with each other to effectuate such substitution at a mutually agreeable point without unduly burdening Lessee's operations hereunder. Upon such substitution this Lease shall terminate as to the Car being substituted for and the boxcar substituted in place of that Car shall thereupon become a "Car" for all purposes of this Lease.

(b) Any Car (i) which is destroyed shall, upon notification to Lessor thereof, no longer be subject to this Lease; and any Car (ii), with respect to which Lessee has notified Lessor in writing that a repair is needed or an improvement must be installed, shall no longer be subject to this Lease after expiration of a 30 day period from the date such Car is taken out of service until such Car is returned to Lessee for service. During the initial term of this Lease, only transportation expenses to or from such repair shop not on Lessee's Trackage shall be borne by Lessor (unless such improvement or alteration is at Lessee's voluntary discretion).

9. Defaults and Remedies

(a) Any of the following events shall constitute an event of default:

- (1) Non-payment when due of any amount required to be paid by Lessee;
- (2) Failure to promptly redeliver any Car required to be returned to Lessor hereunder;
- (3) Failure to cure a breach by Lessee of any material term, covenant or condition within 90 days of such breach;
- (4) Any act of insolvency or bankruptcy by Lessee or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of debtors, or the filing of any such petition or action against Lessee not dismissed within 60 days;
- (5) Appointment of any receiver or trustee to take possession of a substantial portion of Lessee's properties not set aside within 60 days;
- (6) Levy upon, seizure, assignment, or sale of any Car, or the imminency of such an event; or
- (7) Discontinuance of rail service on all or any major portion of Lessee's Trackage.

(b) Upon occurrence of any Event of Default, Lessor may, at its option, terminate this Lease (which shall not release Lessee from any obligations incurred through such date or from thereafter paying rentals upon the Cars until they are returned to Lessor). In such an event, Lessor may proceed by any lawful means to recover damage for Lessee's breach (to include transportation, reasonable attorney's fees and court costs and other expense) and to take possession of the Cars wherever they are located free and clear of Lessee's interest. *K*

10. Indemnities

Lessee agrees to indemnify and hold Lessor harmless from and against all losses, damages, injuries, claims and liabilities of whatever nature and regardless of the cause thereof arising out of or in connection with the use of operation of the Cars during the term of this Lease, except for losses, damages, injuries claims and liabilities resulting from Lessor's acts or failures to act. Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Cars, and Lessee agrees to assume responsibility for and to indemnify and hold Lessor harmless from and against any such loss and damage and from and against any damage to any Car caused by such commodities. The provisions of this paragraph 10 are subject to the requirements of paragraph 9(b).

11. Return of Cars Upon Termination

Upon termination of this Lease as to any Car, Lessee shall return each such Car to Lessor by using its best efforts to load such Car to a destination within the United States; provided, however, if Lessee is unable to load such Car to a destination within the United States within 30 days after such termination, Lessee shall, upon reasonable request from Lessor, move each such Car to any point on Lessee's Trackage specified by Lessor, free of transportation charges. Prior to such return, Lessee shall, if requested by Lessor, and at Lessee's expense, remove its railroad markings from the Car being returned and shall place thereon such marks as shall be reasonable designated by Lessor. All Cars so returned shall be free of debris and in good operating condition, ordinary wear and tear excepted. Lessee shall further provide Lessor 30 days' free storage on Lessee's Trackage for any terminated Car in order to arrange disposal thereof, after which such storage shall be provided at Lessee's customary rates.

12. Notices

Any notice required or permitted to be given hereunder shall be given in writing either by telex or by mail and, if mailed, shall be sent, postage prepaid, addressed as follows:

If to Lessor:

BRAE International Ltd.
P. O. Box 77
Toronto Dominion Bank Tower
Toronto, Ontario CANADA
M5K 1E7

If to Lessee:

Canadian Pacific Limited
Windsor Station
Montreal, Quebec CANADA
H3C 3E4
Attention: Chief of Transportation

All payments made to Lessor shall be sent to its address as listed hereinabove. Either party hereto may change the address to which notice is to be mailed by written notice thereof to the other. 4:

13. Arbitration

The Lease shall be governed by and construed in accordance with the laws of the Province of Ontario, Canada. The parties agree, that if any controversy, dispute or claim shall arise out of this Lease, its interpretation or breach, the parties hereto shall consult with each other in good faith to settle such controversy, dispute or claim. In the event a settlement cannot be reached within 2 months after such consultation is commenced or such consultation is not commenced promptly or is discontinued, and any party hereto shall request that such matter be settled by arbitration, then the matter shall be settled exclusively by arbitration in accordance with the following procedure: The party desiring such reference shall appoint an arbitrator and give notice thereof and of intention to refer to the other party who shall, within 30 days after receipt of such notice, appoint on its behalf an arbitrator, in default of which, an arbitrator on behalf of such other party may be appointed by one of the judges of the Supreme Court of Ontario, upon the application of the party desiring such reference after twenty days' notice to the other party. The two arbitrators so appointed shall select a third, and the award of the said three arbitrators or a majority of them made after due notice to both parties of the time and place of hearing the matter referred and hearing the party or parties who may attend shall be final and binding on both parties who expressly agree to abide thereby. In case the two arbitrators first appointed fail to select a third within ten days after they have both been appointed, then the third arbitrator may be appointed by one of the judges of the Supreme Court of Ontario on application of either party after ten days' notice to the other party. In case of the death or refusal or inability to act of any arbitrator or if for any cause the office of any arbitrator becomes vacant, his successor shall be appointed in the same manner as is provided for his appointment in the first instant, unless the parties otherwise agree. Each party shall pay half the cost of and incidental to any such arbitration. All arbitration processing shall be held in Toronto, Ontario, Canada and each party agrees to comply with, and abide by, in all respects any decision or award made in any such proceeding.

14. Miscellaneous

(a) This Lease shall be binding upon, and inure to the benefit of, the parties hereto, their respective successors and assigns, except that Lessee may not assign this Lease or any of its rights hereunder without the prior written consent of Lessor. Lessor may assign this Lease in whole or in part without the consent of Lessee.

(b) The waiver of any right accruing to any party by failure of that party to exercise that right in a given instance, or delay in exercising that right, shall not be deemed a waiver of that right in future instances of a similar nature or affect any other right, power or remedy available to that party.

(c) Nothing contained herein shall be construed in any way whatsoever so as to constitute or establish a partnership, joint venture or contract of employment between the parties hereto.

(d) This Lease represents the entire agreement of the parties hereto relating to the subject matter hereof and supersedes all proposals, negotiations and representations, made prior to the execution hereof. No modification hereof or addition hereto will be binding upon the parties hereto unless in writing, having direct reference to this Lease and executed by the parties hereto. *k*

(e) If it shall be found that any provision of this Lease or a part thereof is void, prohibited, illegal, unenforceable in Canada or the United States of America or any province or state thereof or other political unit having jurisdiction, such provision or part hereof shall as to such jurisdiction be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability and be of no force or effect in such jurisdiction, without in any way invalidating the remaining terms, conditions and provisions hereof, and this Lease as to such jurisdiction shall be treated as if such provision or part thereof had not been inserted herein; however, any such avoidance, prohibition and unenforceability in any jurisdiction shall not invalidate or render unenforceable such terms, conditions and provisions in any other jurisdiction where the same is not void, prohibited, illegal or unenforceable.

15. Purchase Option

Upon the expiration of the term hereof, Lessee shall, provided it is not in default hereunder, have the option, exercisable upon 120 days prior written notice to Lessor, to purchase all, but not less than all, of the Cars then subject to the Lease from Lessor for an amount equal to the sum of \$20,500 U.S. Dollars ("the Purchase Price"). If Lessee exercises its option to purchase such Cars it agrees to purchase them "AS-IS, WHERE-IS," and agrees to pay the Purchase Price to Lessor in full upon the expiration of the term hereof. Lessor makes no warranties, express or implied, with respect to such Cars, including warranties of merchantability or fitness for any particular purpose. The option granted Lessee hereunder shall not be assignable without Lessor's express prior written consent.

In WITNESS WHEREOF, the parties hereto have caused this Lease to be executed on the day and year first above written.

BRAE INTERNATIONAL LTD.
 By [Signature]
 Printed Name WILLIAM J. TELDO
 Title PRESIDENT

CANADIAN PACIFIC LIMITED
 By [Signature]
 Printed Name J. P. Kelsall
 Title Vice-President

[Signature]

EQUIPMENT SCHEDULE I

BRAE International Ltd. ("BRAE") hereby leases the following railcars to Canadian Pacific Ltd. ("Lessee"), pursuant to that certain Lease Agreement dated as of October 16, 1983 (the "Lease").

<u>Number of Cars</u>	<u>Description</u>	<u>Designation</u>	<u>Car Numbers</u>	<u>Dimensions</u>
100	Boxcars	XM	(see Exhibit A attached)	

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

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

BRAE INTERNATIONAL LTD.
 By [Signature]
 Printed Name WILLIAM J. TEXIDO
 Title PRESIDENT

CANADIAN PACIFIC LIMITED
 By [Signature]
 Printed Name J. P. Keisall
 Title Vice-President

[Signature]

EXHIBIT A

Car Series*	QC 74825 - 74924
Number of Cars	99
Mechanical Designation	XM
AAR Plate Clearance	Plate C
Nominal Capacity	70 ton
Cubic Capacity	5,344 cubic feet
Cushioning	10" E.O.C.
Length, Inside	50'-6"
Width, Inside	9'-6"
Height, Inside	11' 1" 11/16"
Clear Door Opening:	
Height	10'-5"
Width	10'-0"

* These cars will be supplied from the cars currently marked GMRC 11000-11099. *K*

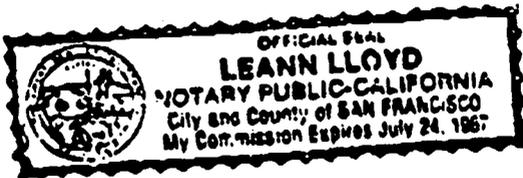
**EXHIBIT A
(continued)**

Car Series*	QC 74825-74924
Number of Cars	1
Mechanical Designation	XM
AAR Plate Clearance	Plate C
Nominal Capacity	70 ton
Cubic Capacity	5,317 cubic feet
Cushioning	10" E.O.C.
Length, Inside	50' 6"
Width, Inside	9' 6"
Height, Inside	11' 1
Clear Door Opening:	
Height	10' - 4 1/2"
Width	10' - 0"

* This car will be supplied from the cars currently marked BMS 201-500, and owned by BRAE Corporation. *K*

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN FRANCISCO)

On this 24 day of November, 1983, before me personally appeared WILLIAM J. TEXIDO, to me personally known, who, being by me duly sworn, did depose and say that he is President of BRAE International Ltd., the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.



Leann Lloyd
Notary Public

(SEAL)

My commission Expires: July 24, 1987

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did depose and say that he is the _____ of _____, the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.

Notary Public

(SEAL)

My commission Expires:

**C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COUNTY OF HOCHELAGA**

**On this 16th day of January 1984, before
me personally appeared**

DEREK JAMES DEEGAN

**to me personally known, who, being by me duly sworn,
did depose and say that he is an Assistant Secretary of**

Canadian Pacific Limited

**the corporation which executed the above instrument,
that he signed his name to the above instrument by
authority of the Board of Directors of said corporation,
and that he acknowledged that the execution of the
above instrument was the free act and deed of such
corporation.**

**IN WITNESS WHEREOF I have signed and hereunto
affixed my seal on this 16th day of January 1984.**

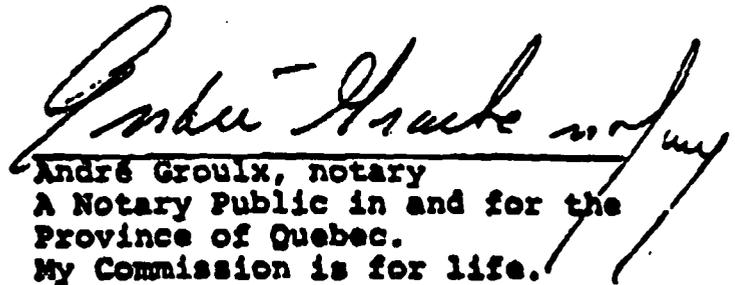

**André Groulx, notary
A Notary Public in and for the
Province of Quebec.
My Commission is for life.**

EXHIBIT B

DESCRIPTION OF EQUIPMENT

<u>Number of Cars</u>	<u>Description</u>	<u>Original Mark</u>	<u>Current Mark</u>
49	70-ton, 56'6" general purpose XM type boxcars manufactured by Pullman Incorporated (Pullman Standard Division)	GMRC 11000 GMRC 11001 GMRC 11002 GMRC 11003 GMRC 11004 GMRC 11005 GMRC 11006 GMRC 11007 GMRC 11008 GMRC 11009 GMRC 11010 GMRC 11011 GMRC 11012 GMRC 11013 GMRC 11014 GMRC 11015 GMRC 11016 GMRC 11017 GMRC 11018 GMRC 11019 GMRC 11020 GMRC 11021 GMRC 11022 GMRC 11023 GMRC 11024 GMRC 11025 GMRC 11026 GMRC 11027 GMRC 11028 GMRC 11029 GMRC 11031 GMRC 11032 GMRC 11033 GMRC 11034 GMRC 11035 GMRC 11036 GMRC 11037 GMRC 11038 GMRC 11039 GMRC 11040 GMRC 11041 GMRC 11042 GMRC 11043 GMRC 11044 GMRC 11045 GMRC 11046 GMRC 11047 GMRC 11048 GMRC 11049	QC 74924 QC 74913 QC 74840 QC 74863 QC 74877 QC 74911 QC 74833 QC 74904 QC 74830 QC 74835 QC 74845 QC 74826 QC 74910 QC 74847 QC 74836 QC 74893 QC 74923 QC 74851 QC 74870 QC 74834 QC 74908 QC 74909 QC 74887 QC 74842 QC 74906 QC 74901 QC 74898 QC 74874 QC 74915 QC 74829 QC 74843 QC 74882 QC 74884 QC 74903 QC 74853 QC 74871 QC 74865 QC 74922 QC 74839 QC 74867 QC 74827 QC 74878 QC 74866 QC 74841 QC 74876 QC 74895 QC 78917 QC 74834 QC 74828

EXHIBIT C

LEASE ASSIGNMENT AND AGENCY AGREEMENT

*Warwick
50 km Dev cars*

DATE: November 1, 1983

PARTIES: BRAE International, Ltd., P.O. Box 77, Toronto Dominion Bank Tower, Toronto, Ontario, Canada M5K 1E7 ("BRAE"), BRAE Railcar Management, Inc. (the "Corporation"), and Warwick Properties, Inc., c/o Arthur Rubloff, 69 West Washington Street, Chicago, IL 60602 ("Warwick").

RECITALS:

- A. The Corporation and Warwick are parties to a Management Agreement dated October 15, 1979 (the "Management Agreement") under which the Corporation is managing 50 railcars on behalf of Warwick (the "Warwick Cars"). The Warwick Cars are currently marked GMRC 11000 through 11049, inclusive.
- B. Under the Management Agreement the Corporation is obligated to use its best efforts to keep the Warwick Cars under lease.
- C. BRAE and Canadian Pacific, Ltd. ("CP Rail") have entered into a Lease Agreement dated as of October 1, 1983 (the "Lease"), with BRAE as lessor and CP Rail as lessee, relating to 125 railcars (the "Cars").
- D. Pursuant to the terms of the Lease, BRAE may assign the Lease in whole or in part without the consent of Lessee.
- E. BRAE and the Corporation are affiliated companies under common control.
- F. In order to satisfy its obligation to keep the Warwick Cars under lease, the Corporation desires to cause BRAE to assign the Lease to Warwick insofar as it will relate to the Warwick Cars which shall be made subject to the Lease.
- G. BRAE desires to assign to Warwick all of its right, title and interest in the Lease, insofar as it will relate to the Warwick Cars, which will be remarked with CP Rail markings and delivered to CP under the Lease, and Warwick desires to accept such assignment of the Lease insofar as it will relate to the Warwick Cars.
- H. Warwick desires to retain BRAE as its agent to collect rental payments due from CP Rail under the Lease insofar as it will relate to the Warwick Cars, and BRAE desires to act as agent on behalf of Warwick for this purpose.
- I. In consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

AGREEMENTS:

1. BRAE to Assign Lease to Warwick. BRAE hereby sells, assigns, conveys, transfers and delivers to Warwick all of its right, title and interest in the Lease insofar as it will relate to the Warwick Cars, and consents and agrees that the Warwick Cars will be delivered to CP Rail under the Lease.
2. BRAE to Take all Required Actions to Effectuate Assignment of Lease. BRAE covenants and agrees that it shall take all required actions under the Lease in order to effectuate the assignment of the Lease to Warwick hereunder.
3. Warwick to Assume Lease Obligations. Warwick hereby accepts the assignment of the Lease insofar as it will relate to the Warwick Cars, and covenants with BRAE to assume, faithfully perform, satisfy and/or discharge all of the terms and conditions, obligations and/or responsibilities which were to have been performed, satisfied or discharged by BRAE under the Lease insofar as it will relate to the Warwick Cars.
4. BRAE to Collect Rent. BRAE hereby agrees to act as agent on behalf of Warwick to collect all rentals due to Warwick under the Lease insofar as it will relate to the Warwick Cars, and any other revenue due to Warwick with respect to the Warwick Cars under the Lease, identifying itself as agent for that purpose, and BRAE further hereby agrees to account for and remit all such sums to Warwick or its representative on a monthly basis, within 15 days after receipt by BRAE. BRAE hereby further agrees that it shall remit all such sums to Warwick, or its representative, without diminution, abatement or set-off, except as provided in Section 5 hereof.
5. Canadian Withholding Tax. BRAE and Warwick acknowledge that BRAE, as a Canadian resident corporation, is required under Section 215 of the Canadian Income Tax Act to withhold tax on rental income from Canadian sources paid to non-residents of Canada. BRAE shall comply with all applicable Canadian laws regarding Withholding Tax. The parties further acknowledge that Warwick is a corporation resident in the United States, and that BRAE would therefore be required under Article XI of the United States-Canada Treaty to withhold tax at the rate of 15% on rental income from Canadian sources paid to Warwick. In order to determine the proper amount of tax to withhold, BRAE, as agent for Warwick, and identifying itself as such to CP Rail, shall request from CP Rail on a monthly basis, records with respect to the amount of revenue earned by the Cars as a result of their use by CP Rail in Canada. The parties acknowledge that such revenue is Canadian source rental income, and that BRAE shall withhold tax at the rate of 15% on such income and pay such income tax to the appropriate Canadian taxing authorities. Warwick hereby agrees to hold BRAE harmless against any and all cost, liability or expense, including interest, penalties, or additional withholding tax incurred by or imposed upon BRAE which in any way relates to or arises out of or in connection with BRAE's agreement to withhold such tax in such amount, except for any cost, liability or expense, including interest, penalties, or additional withholding tax, which would not otherwise have been incurred or imposed, and which results from any default by BRAE in discharging its obligations as described herein.
6. Indemnification. Warwick hereby waives any obligation the Corporation may have under Section 15 of the Management Agreement to take steps to avoid recapture of any investment tax credit which may have been claimed with respect to the Warwick Cars, and agrees to hold harmless both BRAE and the Corporation against any loss or recapture by Warwick, or any partner of Warwick, of any (i) investment tax credit, (ii) depreciation or (iii) other tax benefit claimed with respect to any or all of the Warwick Cars, as a result of their use in Canada.

7. BRAE to Furnish Records to Warwick. In order to assist Warwick to claim any available foreign tax credits, BRAE shall promptly forward to Warwick, or its representative, upon its reasonable request, records regarding the amount of revenue earned by the Cars as a result of their use by CP Rail in Canada, and the amount of Canadian Withholding Tax paid with respect to such revenue.

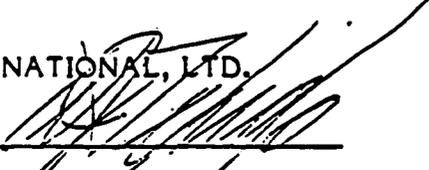
8. Authorization to Cause Warwick Cars to be Made Subject to the Lease. Warwick hereby authorizes the Corporation, as its agent, to cause the Warwick Cars to be remarked with CP Rail markings, to be delivered to CP Rail, and to be made subject to the Lease, and to execute and complete Equipment Schedules to the Lease upon which the Warwick Cars shall be listed and described. Warwick shall cooperate with and assist the Corporation in causing the Warwick Cars to be delivered to CP Rail for use by CP Rail under the Lease.

REASONABLE
Warwick to be Responsible for Remarketing and Movement Costs. Warwick shall be responsible for all costs and expenses incurred to remark the Warwick Cars with the railroad markings of CP Rail and all costs and expenses incurred to deliver the Warwick Cars to CP Rail under the Lease. *REASONABLE*

The parties hereby agree that this Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.

BRAE INTERNATIONAL, LTD.

By 

Printed Name William S. Texido

Title President

WARWICK PROPERTIES, INC.

By 

Printed Name BRUCE A. PROVO

Title TREASURER

BRAE RAILCAR MANAGEMENT, INC.

By 

Printed Name William J. Texido

Title President

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 23RD Day OF NOVEMBER, in the year 1983, before me SHARON SIMS, personally appeared BEVER PROVO, personally known to me (or proved to me on the basis of satisfactory evidence), to be the person who executed the within instrument as ~~president (or Secretary)~~ or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

Sharon Sims
Notary Public

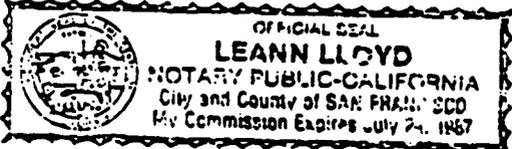
[seal]

My commission expires: 11-3-87



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

On this 30th Day of December, in the year 1983, before me a Notary Public, personally appeared William T. Texido, personally known to me (or proved to me on the basis of satisfactory evidence), to be the person who executed the within instrument as president (or Secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.



Leann Lloyd
Notary Public

[seal]

My commission expires: 7-24-87

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO) ss.

On this 30th Day of December, in the year 1983, before me a
Notary Public, personally appeared William J. Texido, personally
known to me (or proved to me on the basis of satisfactory evidence), to be the person who
executed the within instrument as president (or Secretary) or on behalf of the corporation
therein named and acknowledged to me that the corporation executed it.



[seal]

Leann Lloyd
Notary Public

My commission expires: 7-24-87