The CIT Group/
Equipment Financing, Inc.

650 CIT Drive
P.O. Box 490
Livingston, NJ 07039-0490
201 535-3583

THE CIT GROUP
Equipment Financing

RECORDATION NO. 5775 FILED 1988

AUG 12 1988 - 8 AM

INTERSTATE COMMERCE COMMISSION

Robert W. Ihne
Attorney-at-Law

August 12, 1988

8-224A011

AUG 12 1988

Fee $ 13.00

ICC Washington, D. C.

The Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

RE: Documents for Recordation

Dear Ms. McGee:

$13.00 filing fee

I have enclosed three originally executed copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

This document, entitled Purchase and Sale Agreement and dated as of August 12, 1988, contains therein a grant of a security interest by Debtor to Secured Party in the below-referenced equipment and functions as a primary document.

New Rec. Number

The names and addresses of the parties to the Purchase and Sale Agreement are as follows:

(Secured Party)	Manufacturers Hanover Leasing Corporation 270 Park Avenue (30th Floor) New York, New York 10017
(Debtor)	Itel Rail Corporation 55 Francisco Street San Francisco, California 94133

ICC OFFICE OF THE SECRETARY
AUG 12 8 47 AM '88
MOTOR OPERATING UNIT

A description of the equipment covered by the Purchase and Sale Agreement follows:

245 single sheath boxcars (Association of American Railroads mechanical designation XM) manufactured by FMC Corporation, each weighing 70 tons and being 50'6" long, and bearing the following identifying numbers:

MTW 4200 through 4239, 4241 through 4268,
4270 through 4299;
VSO 6250 through 6299;
SRN 5200 through 5209, 5211 through 5224,
5226 through 5287, 5289 through 5299.

Counterpart - E H Hanover

a company of
MANUFACTURERS HANOVER

A fee of $13.00 is enclosed. Please return all copies of the Purchase and Sale Agreement not needed by the Commission for recordation to Robert W. Ihne, Esq., The CIT Group/Equipment Financing, Inc., 650 CIT Drive (Room 3327), Livingston, New Jersey 07039.

A short summary of the document to appear in the index follows:

245 boxcars: MTW, VSO and SRN numbers.

Very truly yours,

Robert W. Ihne

Robert W. Ihne

Enclosures

New number

See #13 page 12

1 5775

RECORDATION NO. FILED

AUG 12 1988 8 55 AM

INTERSTATE COMMERCE COMMISSION

PURCHASE AND SALE AGREEMENT

This AGREEMENT made as of this 12 day of August, 1988 (the "Agreement") by and between MANUFACTURERS HANOVER LEASING CORPORATION, a New York corporation, having a place of business at 270 Park Avenue, New York, New York 10017 (hereinafter referred to as the "SELLER") and Itel Rail Corporation, a Delaware corporation, having its principal place of business at 55 Francisco Street, San Francisco, California 94133 (hereinafter referred to as the "BUYER").

W I T N E S S E T H:

WHEREAS, BUYER currently leases the 245 railcars identified on Schedule A attached hereto and made a part hereof (the "Railcars") from SELLER pursuant to that certain Railroad Equipment Lease Agreement dated June 28, 1977, as amended (the "Lease Agreement"), between BUYER AND SELLER;

WHEREAS, upon the terms and subject to the conditions herein set forth, SELLER desires to sell and BUYER desires to purchase from SELLER all of SELLER'S right, title and interest in and to the Railcars;

WHEREAS, SELLER'S affiliate, The CIT Group/Equipment Financing, Inc. ("CIT"), has agreed on the terms and conditions set forth in that certain Loan and Security Agreement of even date herewith between CIT and BUYER (the "Loan Agreement") to make a loan (the "Loan") to BUYER in an amount equal to of the purchase price of the Railcars;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereto agree as follows:

1. AGREEMENT TO PURCHASE: Upon the terms herein set forth, SELLER agrees to sell and BUYER agrees to purchase from SELLER the Railcars, together

with all parts, fixtures, equipment and appurtenances attached thereto and all records, files and drawings related thereto, if any, in the possession of SELLER.

2. PURCHASE PRICE: The purchase price for the Railcars shall be . The BUYER agrees to buy the Railcars by delivery of the purchase price by wire transfer in immediately available funds to SELLER on or before August 12, 1988. It is understood that of the purchase price shall be derived from the proceeds of the Loan from CIT to BUYER.

3. CLOSING: The closing of the sale of the Railcars (the "Closing") will take place at the offices of BUYER in San Francisco, California at 10:00 a.m. on August 12, 1988, or at such other time and place as the parties may agree. The Closing is conditioned upon delivery of the documents, instruments and funds provided for in Section 4 hereof and upon the consummation of the Loan.

4. DELIVERIES AT CLOSING:

(A) At Closing SELLER shall execute and delivery to BUYER the following:

(i) a Bill of Sale (the "Bill of Sale"), substantially in the form attached hereto as Exhibit A; and

(ii) a Termination Agreement (the "Termination Agreement"), substantially in the form attached hereto as Exhibit B.

(B) At Closing BUYER shall deliver to SELLER the following:

(i) a wire transfer in immediately available funds in payment of the purchase price, as provided in Section 2 hereof;

(ii) a wire transfer in immediately available funds representing payment of daily rent in the amounts set forth below with

respect to the Railcars leased under each of the three Acceptance Supplements to the Lease Agreement for each day from and including the date set forth below with respect to each of said Acceptance Supplements to and including the date SELLER receives payment in full of the purchase price for the Railcars:

$ with respect to the Railcars listed on Acceptance Supplement dated July 29, 1977, for each day from and including July 29, 1988,

$ with respect to the Railcars listed on Acceptance Supplement dated August 12, 1977, for each day from and including May 12, 1988,

$ with respect to the Railcars listed on Acceptance Supplement dated October 20, 1977, for each day from and including July 20, 1988;

(iii) evidence satisfactory to SELLER that the Railcars are being used in interstate commerce;

(iv) the Termination Agreement executed by BUYER; and

(v) a copy of all corporate proceedings of BUYER, certified by the Secretary or an Assistant Secretary of BUYER, evidencing that all action required to be taken in connection with the authorization, execution, delivery and performance of this Agreement and the transactions contemplated hereby has been duly taken, and a certificate of incumbency of BUYER

signed by the Secretary or an Assistant Secretary of BUYER, which certificate shall certify the names of the officers of BUYER authorized to execute this Agreement and any related agreement on behalf of BUYER, together with specimen signatures of such officers.

5. TITLE: Title to the Railcars shall be conveyed without representation or warranty of any kind whatsoever except that the SELLER represents and warrants that the Railcars are free and clear of any and all liens, pledges, security interests or encumbrances created by or through the SELLER; provided, however, that BUYER (a) acknowledges that (i) the Railcars are subject to those certain sublease agreements identified on Schedule B attached hereto and made a part hereof (the "Sublease Agreements"), (ii) BUYER has in its possession a copy of the Sublease Agreements, and (iii) as the lessor thereunder, BUYER is fully familiar with the terms and conditions thereof, and (b) agrees that the interests of the lessees under the Sublease Agreements or of any other party arising out of the Sublease Agreements and any materialmen's, mechanics', workmen's, repairmen's, and other similar liens existing with respect to the Railcars shall not be deemed to be a lien, pledge, security interest or encumbrance created by or through SELLER.

6. REPRESENTATIONS OF SELLER: SELLER hereby makes the following representations to BUYER, each of which shall survive the execution and delivery of this Agreement:

(A) SELLER is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, and has all requisite corporate power and authority necessary to enter into this Agreement, the Bill of Sale, the Termination Agreement of even date herewith between BUYER and SELLER (the "Termination Agreement") and all other documents contemplated

hereby or thereby, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

(B) The execution, delivery and performance of this Agreement, the Bill of Sale and the Termination Agreement and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of Seller; and this Agreement, the Bill of Sale and the Termination Agreement are valid and binding obligations of SELLER, in each case enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by equitable limitations on the availability of remedies. The execution, delivery and performance of this Agreement, the Bill of Sale and the Termination Agreement by SELLER and the consummation by SELLER of the transactions contemplated hereby or thereby, will not (i) conflict with or result in a breach of any provisions of the Certificate of Incorporation or bylaws of SELLER; (ii) violate the provisions of any agreement or contract binding upon SELLER, whether or not affecting the Railcars, or (iii) violate any statute, rule, regulation, judgment, order, writ, injunction or decree of any court, administrative agency or governmental body applicable to SELLER, whether or not affecting the Railcars.

(C) SELLER is not required to make any filing with, or to obtain any permit, authorization, consent or approval of, any authority or agency or third party for the consummation by SELLER of the transactions contemplated by this Agreement, the Bill of Sale and the Termination Agreement.

(D) The sale to BUYER of the Railcars pursuant to this Agreement is not a "bulk transfer" within the meaning of Article 6 of the Uniform Commercial Code, as enacted by any jurisdiction having authority over SELLER or the Railcars.

(E) SELLER has not employed any broker or finder or incurred any liability for brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.

7. REPRESENTATIONS OF BUYER: BUYER makes the following representations to SELLER, each of which shall survive the execution and delivery of this Agreement:

(A) BUYER is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority necessary to enter this Agreement, the Termination Agreement and all other documents contemplated hereby and thereby, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

(B) The execution, delivery and performance of this Agreement and the Termination Agreement and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of BUYER; and this Agreement and the Termination Agreement are valid and binding obligations of BUYER, in each case enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally or by equitable limitations on the availability of remedies. The execution, delivery and performance of this Agreement and the Termination Agreement by BUYER and the consummation by BUYER of the transactions contemplated hereby or thereby, will not (i) conflict with or result in a breach of any provisions of the Certificate of Incorporation or bylaws of BUYER; (ii) violate the provisions of any agreement or contract (a) binding upon BUYER or (b) which affects the Railcars and to which SELLER is not a party; or (iii) violate any statute, rule, regulation, judgment, order, writ, injunction or decree of any court, administrative agency or governmental body

(a) applicable to BUYER or (b) which affects the Railcars and is not solely applicable to SELLER.

(C) No filing with, or permit, authorization, consent or approval of, any authority or agency or third party is necessary for the consummation by BUYER of the transactions contemplated by this Agreement and the Termination Agreement.

(D) BUYER has not employed any broker or finder or incurred any liability for brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.

(E) No state or local sales, use or other tax is due or payable as a result of the consummation of the transactions described herein.

(F) The Railcars are free and clear of (i) all liens, pledges, security interests and encumbrances created by or through BUYER or by or through any sublessee of BUYER and (ii) all materialmen's, mechanics', workmen's, repairmen's and other similar liens with respect to which provision for payment has not been made by BUYER in the ordinary course of its business; and all taxes, fees and other charges relating to the Railcars have been duly paid.

8. DELIVERY OF THE RAILCARS: Seller shall be deemed to have delivered the Railcars to BUYER, and BUYER shall be deemed to have taken delivery of and accepted the Railcars from SELLER, immediately upon the Closing, without any further action on the part of BUYER or SELLER. Title to the Railcars shall be deemed to pass in San Francisco, California.

9. WARRANTY DISCLAIMER: SELLER DOES NOT WARRANT THE RAILCARS IN ANY WAY, EITHER EXPRESSLY OR BY IMPLICATION, THE CONVEYANCE OF THE RAILCARS BEING MADE HEREBY ON AN "AS-IS, WHERE-IS" BASIS, WITHOUT RECOURSE TO SELLER, AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS OR ADEQUACY FOR ANY PURPOSE OR USE, QUALITY, PRODUCTIVENESS OR CAPACITY. SELLER HEREBY ASSIGNS TO BUYER (TO

THE EXTENT TO WHICH THE SAME MAY BE ASSIGNABLE), ANY APPLICABLE WARRANTY OF THE MANUFACTURER OF THE RAILCARS AND CLAIMS, CAUSES OF ACTION AND OTHER RIGHTS AS MAY EXIST WITH RESPECT TO THE RAILCARS.

10. BUYER'S REMEDIES: In the event of a breach by SELLER of any representation, warranty or agreement of SELLER contained herein, BUYER shall have all the rights and remedies available to it at law or in equity; provided, however, that in no event shall SELLER be liable for prospective profits or special, indirect, incidental or consequential damages of any kind or in any amount other than with respect to the Existing Permitted Leases (as defined in the Loan Agreement).

11. SELLER'S REMEDIES: In the event of a breach by BUYER of any representation, warranty, agreement or obligation of BUYER contained herein, SELLER shall have all the rights and remedies available to it at law or in equity, including, without limitation, all the rights of secured parties under the Interstate Commerce Act, the Uniform Commercial Code and any other applicable law, provided, however, that lessees under Permitted Leases (as defined in the Loan Agreement) shall be entitled to possession and quiet enjoyment of the Railcars pursuant to the terms of such Permitted Leases so long as such lessees are not in default thereunder and all payments thereunder are made in accordance with the instructions of CIT.

12. INDEMNITIES:

(A) BUYER agrees that all payments to SELLER hereunder shall be free of expense to SELLER with respect to the amount of any local, state, federal, or foreign taxes (other than those measured by SELLER'S net income or capital or franchise taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title with respect to any of the Railcars, all of which BUYER

assumes and agrees to pay in addition to the payments provided for herein. Specifically, BUYER agrees to pay, and to indemnify and save SELLER harmless from any delay (unless caused by SELLER) in paying, all sales, use, stamp and personal property taxes, if any, which may be payable or determined to be payable in connection with this Agreement and the transactions contemplated herein.

(B) If any claim shall be made, or any proceeding commenced (including a written notice of such proceeding), asserting the liability of SELLER for any taxes as to which BUYER shall have an indemnity obligation pursuant to Section 12(A) or 12(C) hereof, SELLER shall notify BUYER promptly of such claim or proceeding and shall forbear payment of the taxes claimed for at least fifteen (15) days after giving such notice if such forbearance is permitted by law. If BUYER shall, within fifteen (15) days after receipt of such notice, or within such shorter time period as required by the taxing authority in order to contest, request in writing that any such asserted liability be contested, SELLER shall, at its sole option, either (i) allow BUYER to conduct such contest in the name of SELLER in a manner reasonably satisfactory to SELLER and at BUYER's sole expense, or (ii) in good faith contest, at BUYER'S sole expense, the validity, applicability or amount of such taxes by, in SELLER'S sole discretion, (a) resisting payment thereof, (b) paying the same under protest, if protest shall be necessary and proper, or (c) paying such taxes and using reasonable efforts to obtain a refund thereof in appropriate administrative proceedings; provided, however, in no event shall SELLER be required to contest the imposition of any such taxes (1) beyond the level of administrative proceedings, (2) unless BUYER shall have agreed to pay, and shall pay, SELLER on demand from time to time all reasonable costs and expenses that SELLER may incur in connection with contesting such asserted liability for taxes, including, without limitation, all attorneys' and accountants' fees and

disbursements and the amount of any interest or penalty which may ultimately be payable relating to such taxes, (3) unless BUYER shall cooperate in good faith with SELLER by promptly obtaining and providing to SELLER information and documentation reasonably necessary or desirable to assist SELLER in contesting such asserted liability, (4) unless BUYER shall have acknowledged in writing to SELLER its obligation to indemnify SELLER fully for such taxes pursuant to this Agreement, and (5) unless SELLER shall have reasonably determined that the action to be taken will be conducted in a manner so as to prevent the sale, forfeiture or loss of, or the creation of a lien (other than a lien that is not capable of being foreclosed) on any of the Railcars.

SELLER will keep BUYER fully informed of the progress of any proceeding, including actions proposed to be taken by SELLER and actions taken by the relevant tax authorities. In the event either SELLER shall elect to pay the contested taxes and attempt to obtain a refund thereof or the taxing authority shall require payment to be made before allowing a contest, BUYER shall advance the amount thereof plus interest, penalties and any other additions to tax with respect thereto to SELLER on an interest-free basis. SELLER promptly shall inform BUYER of any offers of settlement proposed by the taxing authority making such claim and may agree to settle such claim unless BUYER, within fifteen (15) days after receipt of notice from SELLER of such settlement offer, shall direct SELLER not to agree to such settlement offer.

If SELLER shall receive a refund or a credit of all or any part of any of such taxes paid, reimbursed or advanced by BUYER, SELLER shall pay to BUYER, within ten (10) days of such receipt, an amount equal to the amount of such refund or credit plus any interest received thereon, reduced by all taxes required to be paid by SELLER in respect thereof, provided, however, that

such amount shall not be payable by SELLER before such time as BUYER shall have satisfied any obligations that might then be due and payable to SELLER hereunder.

If SELLER shall realize any tax saving or credit from any amount with respect to which BUYER shall have made indemnification payments to SELLER pursuant to Section 12(A) or 12(C) hereof, SELLER shall pay to BUYER within ten (10) days after SELLER shall have realized such tax saving or credit the amount of such saving or credit; provided, however, that such amount shall not be payable before such time as BUYER shall have satisfied any obligations that might then be due and payable to SELLER hereunder.

Any amount payable to SELLER pursuant to this Section 12 shall be paid by BUYER immediately upon receipt of a written demand therefor from SELLER regardless of whether (i) SELLER shall have elected to pay such taxes under protest, (ii) SELLER shall have elected to pay such taxes and to attempt to obtain a refund, (iii) a settlement shall have been reached with the taxing authority claiming such taxes, (iv) a determination shall have been made that such taxes are payable at the conclusion of administrative proceedings, or (v) BUYER shall not elect to contest the payment of such taxes in a timely manner. Any such payment shall be made directly to SELLER in immediately available funds at such bank or to such account as specified by SELLER in written directions to BUYER, or, if no such directions shall have been given, by check of BUYER payable to the order of SELLER and mailed to the SELLER by certified mail, postage prepaid at its address set forth in the introductory paragraph of this Agreement, to the attention of "Senior Credit Officer". Any amount payable under this Section 12 which is not paid when due shall bear interest at the Late Charge Rate (as defined in the Loan Agreement).

(C) BUYER hereby agrees to indemnify, defend and hold harmless SELLER from any and all claims, liabilities, losses, damages, costs and expenses, including

attorneys' fees and disbursements (collectively, "Damages") caused by, resulting from or arising out of (i) the Permitted Leases (as defined in the Loan Agreement), or the ownership, leasing, possession, operation, use or maintenance of the Railcars from and after the Closing; provided, however, that nothing contained herein shall limit in any way BUYER'S obligations with respect to indemnification of SELLER provided in the Lease Agreement, (ii) the untruth, inaccuracy or breach of any representations, warranties or agreements of BUYER contained herein or in the Termination Agreement or in any other documents contemplated hereby or thereby, and (iii) any materialmen's, mechanics', workmen's, repairmen's and other similar liens with respect to the Railcars.

(D) Except as limited by Section 10 hereof, SELLER hereby agrees to indemnify, defend and hold harmless BUYER from any and all Damages caused by, resulting from or arising out of the untruth, inaccuracy or breach of any representations, warranties or agreements of the SELLER contained herein or in the Bill of Sale or in any documents contemplated hereby or thereby.

(E) Each of BUYER and SELLER further agrees and confirms that its obligations and agreements with respect to indemnification set forth herein shall survive the execution and delivery of this Agreement and the payment of the purchase price for the Railcars hereunder.

13. GRANT OF SECURITY INTEREST:

As collateral security for the prompt and complete payment and performance when due of all the obligations of BUYER under and with respect to this Agreement and in order to induce SELLER to enter into this Agreement and to sell the Railcars to BUYER, BUYER hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to SELLER and hereby grants to SELLER a security interest (junior only to the security interest of CIT therein) in all BUYER's right, title and interest in, to and under the Collateral (as defined in the

Loan Agreement), including without limitation, all right, title and interest of BUYER in and to all rents, issues, profits, revenues, and other moneys due and to become due to BUYER under, all proceeds of, and all claims for damages arising out of the breach of, any Permitted Lease (as defined in the Loan Agreement) to the extent such Permitted Lease relates to the Railcars, the right of BUYER to terminate the same, to perform thereunder, and to compel performance of the terms thereof; provided, however, that at such time as BUYER shall satisfy all the obligations it owes to CIT under the Loan Agreement, including payment of all indebtedness thereunder, whether prepaid in advance of the maturity thereof in accordance with the terms of the Loan Agreement or by payment in full of all the scheduled quarterly installment payments thereunder as they become due, the security interest granted to SELLER hereunder shall automatically, without the necessity of any action on the part of BUYER or SELLER, terminate and SELLER agrees to execute any documents reasonably requested by BUYER in order to evidence such termination; provided further, however, that if at such time as BUYER shall satisfy all its obligations to CIT, there shall exist or be continuing an Event of Default (as defined in the Loan Agreement) under the Loan Agreement as a result of which CIT shall elect or shall have elected to accelerate the Loan, then the security interest granted to SELLER hereunder shall continue in full force and effect.

14. MISCELLANEOUS:

(A) This Agreement together with the Bill of Sale relating hereto and the Termination Agreement constitute the entire agreement between SELLER and BUYER with respect to the purchase and sale of the Railcars and no representation or statement not contained, or referred to, herein, in said Bill of Sale or in said Termination Agreement shall be binding upon SELLER or BUYER as a warranty or otherwise.

(B) This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, including all matters of construction, validity, performance and enforcement but without regard to its conflict of laws provisions; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303.

(C) The headings appearing in this Agreement and in any other documents relating to this transaction are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of such sections or articles nor in any way affect this Agreement or any other documents relating to this transaction.

(D) The parties hereto agree to execute and deliver, or cause to be executed and delivered, such further instruments or documents and take such other action as may be required effectively to carry out the transaction contemplated herein.

(E) This Agreement can be modified only by a writing signed by BUYER and SELLER.

(F) All notices, requests and demands to or upon any party hereto shall be deemed to have been duly given, made or received (i) three (3) days after deposit in the United States mail, first class postage prepaid, or (ii) one (1) day after deposit with an overnight air carrier, addressed to such party at the address set forth in the introductory paragraph of this Agreement, in the case of BUYER, to the attention of Vice President-Finance, and in the case of SELLER, to the attention of "Senior Credit Officer", or to such party at such other address as may be hereafter designated in writing by such party to the other party hereto.

(G) This Agreement may be executed in two or more counterparts, and such counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and do each hereby warrant and represent that their respective signatories whose signatures appear below have been and are on the date of this Agreement duly authorized by all necessary and appropriate action to execute this Agreement.

ITEL RAIL CORPORATION	MANUFACTURERS HANOVER LEASING CORPORATION
(BUYER)	(SELLER)
BY: Robert Kiehnle	BY:
Name: ROBERT C. KIEHNLE	Name: T.C. BLOCH
Title: VICE PRESIDENT-FINANCE	Title: S.V.P.

SCHEDULE A

245 single sheath boxcars (Association of American Railroads mechanical designation XM) manufactured by FMC Corporation, each weighing 70 tons and being 50'6" long, bearing identifying numbers MTW 4200 through 4239, 4241 through 4268, 4270 through 4299; VSO 6250 through 6299; SRN 5200 through 5209, 5211 through 5224, 5226 through 5287, 5289 through 5299; together with all accessories, parts, repairs, replacements, substitutions, attachments, modifications, renewals, additions, improvements, upgrades and accessions of, to or upon such boxcars.

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

On this 8TH day of AUGUST, 1988, before me personally appeared ROBERT C. KIEHNLE, to me known, who being by me duly sworn, says that such person is VICE PRESIDENT-FINANCE of Itel Rail Corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and such person acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

OFFICIAL SEAL
PATRICIA SCHUMACKER
Notary Public-California
SAN FRANCISCO COUNTY
My Comm. Exp. Feb. 4, 1991

Patricia Schumacker
Signature of Notary Public

My Commission Expires 2-4-91

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this _____ day of _____, 1988, before me personally appeared _____, to me known, who being by me duly sworn, says that such person is _____ of Manufacturers Hanover Leasing Corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and such person acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Signature of Notary Public

My Commission Expires_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On August 9, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS COLEMAN BLOCH, proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as Senior Vice President on behalf of MANUFACTURERS HANOVER LEASING CORPORATION, the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: Jeana Garcia

[Notarial Seal]

OFFICIAL SEAL
JEANA GARCIA
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires April 12, 1991

EXHIBIT A

BILL OF SALE

FROM

MANUFACTURERS HANOVER LEASING CORPORATION

KNOW ALL PERSONS BY THESE PRESENTS THAT: The Undersigned, MANUFACTURERS HANOVER LEASING CORPORATION, a New York corporation (herein called the "Seller"), for and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby sell, grant, transfer and deliver unto Itel Rail Corporation, a Delaware corporation with a place of business at 55 Francisco Street, San Francisco, California 94133 (herein called the "Buyer"), its successors and assigns, all right, title and interest of Seller in and to the personal property listed and described in Schedule A annexed hereto and made a part hereof, together with all parts, fixtures, equipment and appurtenances attached thereto (all such personal property, parts, fixtures, equipment and appurtenances being herein collectively called the "Railcars"), and all records, files and drawings, if any, in the possession of SELLER,

TO HAVE AND TO HOLD forever.

SELLER DOES NOT WARRANT THE RAILCARS IN ANY WAY, EITHER EXPRESSLY OR BY IMPLICATION, THE CONVEYANCE OF THE RAILCARS BEING MADE HEREBY ON AN "AS-IS, WHERE-IS" BASIS, WITHOUT RECOURSE TO SELLER, AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS OR ADEQUACY FOR ANY PURPOSE OR USE, QUALITY, PRODUCTIVENESS OR CAPACITY, except that SELLER represents and warrants that the Railcars are free and clear of any and all liens, pledges, security interests or encumbrances created by or through Seller; provided, however, that Buyer (a) acknowledges that (i) the Railcars are subject to those certain sublease agreements identified on Schedule B attached hereto and made a part hereof (the

"Sublease Agreements"), (ii) Buyer has in its possession a copy of the Sublease Agreements, and (iii) as the lessor thereunder, Buyer is fully familiar with the terms and conditions thereof, and (b) agrees that the interests of the lessees under the Sublease Agreements or of any other party arising out of or relating to the Sublease Agreements and any materialmen's, mechanics', workmen's, repairmen's and other similiar liens existing with respect to the Railcars shall not be deemed to be a lien, pledge, security interest or encumbrance created by or through Seller.

Seller hereby assigns to Buyer (to the extent to which the same may be assignable) any applicable warranty of the manufacturer of the Railcars and claims, causes of action and other rights as may exist with respect to the Railcars.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed and delivered by its duly authorized officer as of this ____ day of August, 1988.

MANUFACTURERS HANOVER LEASING CORPORATION

BY:_____

Name:_____

Title:_____

SCHEDULE A

245 single sheath boxcars (Association of American Railroads mechanical designation XM) manufactured by FMC Corporation, each weighing 70 tons and being 50'6" long, bearing identifying numbers MTW 4200 through 4239, 4241 through 4268, 4270 through 4299; VSO 6250 through 6299; SRN 5200 through 5209, 5211 through 5224, 5226 through 5287, 5289 through 5299; together with all accessories, parts, repairs, replacements, substitutions, attachments, modifications, renewals, additions, improvements, upgrades and accessions of, to or upon such boxcars.

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On this _____ day of _____, 1988, before me personally appeared _____, to me known, who being by me duly sworn, says that such person is _____of Manufacturers Hanover Leasing Corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and such person acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

_____

Signature of Notary Public

My Commission Expires_____

EXHIBIT B

TERMINATION, DATED AS OF AUGUST __, 1988, OF RAILROAD EQUIPMENT LEASE AGREEMENT BETWEEN ITEL RAIL CORPORATION, AS SUCCESSOR IN INTEREST TO SSI RAIL CORP. AND ITEL CORPORATION (THE "LESSEE") AND MANUFACTURERS HANOVER LEASING CORPORATION (THE "LESSOR")

WHEREAS, Lessee and Lessor are parties to a Railroad Equipment Lease Agreement dated June 28, 1977, as amended (as amended, the "Lease") pursuant to which Lessor has leased to Lessee certain units of railroad equipment scheduled and described therein (the "Cars"); and

WHEREAS, Lessor as seller, and Lessee as purchaser, are parties to a purchase and sale agreement (the "Purchase and Sale Agreement") dated as of the date hereof, pursuant to which Lessor has agreed to sell to Lessee all of the Cars which exist as of the date hereof; and

WHEREAS, Lessor and Lessee desire to terminate the Lease.

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

1. The Lease is hereby terminated, effective as of the date hereof, and Lessee shall have no obligations thereunder after the date hereof, except that all obligations of Lessee, the terms of which expressly provide that such obligations shall survive any termination of the Lease, shall survive. Lessor hereby acknowledges that Lessee has performed all its rent payment obligations under the Lease and, to the best of Lessor's knowledge, all Lessee's other obligations under the Lease (including indemnity obligations), through and including the date hereof. Lessee hereby acknowledges that, to the best of Lessee's knowledge, Lessor has performed all its obligations under the Lease through and including the date hereof.

2. This Termination shall be governed by the laws of the State of New York without regard to its conflict of laws provisions, but the parties shall be entitled to all rights conferred by the Interstate Commerce Act.

ITEL RAIL CORPORATION	**MANUFACTURERS HANOVER LEASING CORPORATION**
By _____	By _____
Title _____	Title _____

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

On this ____ day of _____, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Termination of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

STATE OF)
) ss.
COUNTY OF)

On this ____ day of _____, 1988, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ _____ of Manufacturer's Hanover Leasing Corporation, that the foregoing Termination of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public