STEPTOE & JOHNSON
ATTORNEYS AT LAW
1330 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036

ROBERT J. CORBER
(202) 429-8108

December 19, 1988

INTERSTATE COMMERCE COMMISSION
DEC 19 1988 10-25 AM
RECORDATION NO 16092-A Filed 1425

8-354A070
No.
Date DEC 19 1988
Fee $ 39.00
ICC Washington, D.C.

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Room 2215
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. §11303 are the original and three (3) copies of the documents hereinafter described. They relate to the railroad equipment identified below.

1. Lease Agreement dated as of October 11, 1982 between BRAE Corporation, lessor, and Little Rock & Western Railway Corporation, lessee.

2. Amendment No. 1 dated as of April 25, 1983 between BRAE Corporation and Little Rock & Western Railway Corporation.

3. Equipment Schedule No. 5 dated as of August 6, 1984 between BRAE Corporation and Little Rock & Western Railway Corporation.

The equipment subject to these documents consists of 381 railroad cars bearing the marks LRWN 1001 - 1025, 1151 - 1177, 2001 - 2179, 3001 - 3050, 1301 - 1342, 1001 - 1025, 1201 - 1212, and 1151 - 1171, 5000 - 5099, inclusive.

The names and addresses of the parties to the documents are as follows:

Lessor: BRAE Corporation
One Hundred Sixty Spear St.
San Francisco, CA 94105

Lessee: Little Rock & Western
Railway Corporation
P. O. Box 386
Perry Arkansas 72125

A fee of $39.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the person presenting this letter.

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

1. Lease Agreement dated as of October 11, 1982, between BRAE Corporation and Little Rock & Western Railway Corporation covering railroad cars marked LRWN 1001 - 1025, 1151 - 1177, 2001 - 2179, 3001 - 3050, 1301 - 1342, 1001 - 1025, 1201 - 1212, and 1151 - 1171, 5000 - 5099, inclusive.

2. Amendment No. 1 dated April 25, 1983 between BRAE Corporation and Little Rock & Western Railway Corporation covering railroad cars marked as stated in the document.

3. Equipment Schedule No. 5 dated as of August 6, 1984 between BRAE Corporation and Little Rock & Western Railway Corporation covering railroad cars marked as stated in the document.

Since these documents are also related to the documents previously recorded under Recordation Nos. 10203 and 11241B, it is requested that these documents be cross-indexed under Recordation Numbers 10203 and 11241.

Very truly yours,

Robert J. Corber
Attorney for
BRAE Corporation

Enclosures as stated

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

12/19/88

Robert J. Cober
Attn. For Brae Corp.
1330 Connecticut Ave. N.W
Washington, D.C. 20036

Dear Sir

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/19/88 at 10:25AM, and assigned recordation number(s). 16092 Lead, 16092-A & 16092-B

Sincerely yours,

Noreta R. McGee

Secretary

Enclosure(s)

SE-30
(7/79)

BRAE CORPORATION

LEASE AGREEMENT

COPY
INTERSTATE COMMERCE COMMISSION
DEC 19 1988 10-25 AM
RECORDATION NO. 16092

LEASE AGREEMENT, dated as of this 11th day of October, 1982, between BRAE CORPORATION, a Delaware corporation, Four Embarcadero Center, San Francisco, California 94111 ("BRAE"), as Lessor, and Little Rock & Western Railway Corporation, an Arkansas corporation ("Lessee"), as Lessee.

1. Scope of Agreement

A. BRAE agrees to lease to Lessee, and Lessee agrees to lease from BRAE, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement 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

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The lease pursuant to this Agreement with respect to each Car shall commence when such Car has been delivered, as provided in Section 3A hereof, and shall continue until (the "Lease Term") have expired from the date of delivery, as provided in Section 3A hereof, for the last of the Cars described on the Schedule on which such Car is described.

B. At any time after the first thirty-six months of the Lease Term, the parties hereto may mutually agree to terminate this Lease, in which case, BRAE would thereafter deliver to Lessee a mutually agreed upon number of railcars listed on Equipment Schedule No. 1 to the Lease Agreement between BRAE and Lessee dated as of August 11, 1980 (the "Prior Lease"). If the parties hereto do so elect to have BRAE deliver such railcars to Lessee, it is hereby agreed that:

A. The Prior Lease shall become effective upon delivery of cars described in the Prior Lease and shall commence with respect to each such car in accordance with the provisions thereof; and

B. This Lease shall immediately terminate upon the commencement of the term of the Prior Lease with respect to the last car delivered thereunder; and

C. When the term of the Prior Lease shall have commenced as provided therein, then all schedules and dates of said Prior Lease shall be adjusted to reflect the new commencement date; and

D. Section 6A of the Prior Lease shall be modified so that whenever the figure 82.5 appears in such Section, the figure 80 shall appear.

It is understood and hereby agreed that the parties shall coordinate the delivery of the above referenced railcars so as to provide an uninterrupted supply of said equipment to the Lessee.

3. Supply Provisions

A. BRAE will inspect a representative sample of the Cars. Upon BRAE's determination that the Cars conform to all applicable governmental regulatory specifications, and if this Agreement has not then been terminated, BRAE will accept delivery thereof and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed to be delivered to Lessee upon acceptance by BRAE. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance by BRAE as is consistent with mutual convenience and economy. Due to the nature of the railroad operations in the United States, BRAE can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of a Car, the lease hereunder with respect thereto shall commence and Lessee shall pay to BRAE the rent for such Car set forth in this Agreement, all upon acceptance of such Car by BRAE. In order to move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car on the railroad line of Lessee (the "Initial Loading"), BRAE agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and BRAE, to issue movement orders with respect to such Cars to other railroad lines in accordance with Interstate Commerce Commission ("ICC") and Association of American Railroads ("AAR") interchange agreements and rules. Hereinafter, Interchange Rules shall mean all codes, rules, interpretations, laws or orders governing hire, service, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the AAR and any other organization, association, agency or governmental authority, including the ICC and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

B. Lessee agrees that so long as it shall have on lease any Cars, it shall not lease freight cars from any other party until it shall have received all of the Cars on the Schedule or Schedules. Lessee shall load, or order the loading of, all Cars on its tracks prior to loading, or ordering the loading of, (i) any substantially similar freight cars of other railroads interchanged onto Lessee's tracks; (ii) any substantially similar freight cars placed in assigned service on Lessee's tracks subsequent to the date hereof, or (iii) any substantially similar freight cars purchased or leased by Lessee subsequent to the date hereof; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its common carrier obligations to provide transportation and services upon reasonable request therefor to shippers on its railroad tracks. Lessee further agrees that railcars leased to Lessee under the Prior Lease shall have the same priority as accorded the Cars pursuant to this Section 2B. Lessee shall maintain sufficient records with respect to loadings and shipments to verify that it is priority loading the Cars as herein provided. Lessee shall, upon reasonable request by BRAE, furnish to BRAE its records with respect to loadings and shipments.

C. Additional Cars may be leased from BRAE by Lessee only upon the mutual agreement of the parties hereto. Such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by BRAE and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Cars, the delivery of any Car to Lessee shall be subject

to the mutual acknowledgement of the parties that the addition of such Cars is not likely to reduce Utilization (as defined in Section 6E hereof) of all Cars on lease to Lessee to less than 70%. If, due to any of the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the Initial Lease Term shall terminate three (3) years from the delivery date for the final Car actually delivered, as provided in Section 3A hereof.

4. Railroad Markings and Record Keeping

A. BRAE and Lessee agree that on or before delivery of any Cars to Lessee, such Cars will be lettered with the railroad markings of Lessee. BRAE and Lessee further agree that any Car may also be marked with the name of BRAE and any other information required by an owner or secured party under a financing agreement entered into by BRAE in connection with the acquisition of such Car. All such names and other information shall comply with all applicable regulations.

B. At no cost to Lessee, BRAE shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include but shall not be limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2 or for rescission from such relief; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies. Lessee agrees to take such action, including but not limited to, the execution and delivery of appropriate AAR documents as are required to designate some or all of the Cars as exempted from AAR Car Service Rules 1 and 2 or as may be required to rescind such designation.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; provided, however, that BRAE shall not be responsible for any fee assessed by such publication for the listing or registration of Lessee itself, as distinguished from the registration of additional equipment to Lessee. BRAE shall, on behalf of Lessee, perform all record-keeping functions related to the use of the Cars by Lessee and other railroads in accordance with the Interchange Rules and AAR railroad interchange agreements, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as BRAE shall select. Lessee and BRAE agree that BRAE shall continue to provide such record keeping functions until such time as BRAE gives Lessee written notice of discontinuance and Lessee approves such discontinuance.

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

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, BRAE will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during

its Initial Lease Term and any Extended Lease Term, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall, pursuant to the Interchange Rules, inspect all Cars interchanged to it to insure that such Cars do not contain refuse, and are in good repair, condition and working order. Lessee shall also secure from interchanging lines any documentation prescribed by the Interchange Rules for damaged Cars and promptly mail such documentation to BRAE. Lessee shall be liable to BRAE for any cleaning, servicing, or repairs required but not noted at the time of interchange. Lessee shall promptly report to BRAE any damage or other condition of any Car which Lessee considers will make such Car unsuitable for use. Lessee hereby transfers and assigns to BRAE all of its right, title and interest in any warranty in respect of the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by BRAE at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to BRAE.

B. Except as provided in Section 5A hereof, BRAE, at its sole expense, shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of BRAE, and at BRAE's sole expense, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks, in accordance with the Interchange Rules, and at rates not in excess of those published by the AAR for labor and materials, as may be reasonably requested by BRAE; if it is not reasonably possible for Lessee to perform such maintenance and repairs on Lessee's tracks, Lessee shall so advise BRAE and cooperate with BRAE in transporting, at BRAE's sole expense, Cars to a facility designated by BRAE. BRAE shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee may make running repairs, in accordance with the Interchange Rules and standards, at BRAE's expense, to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without BRAE's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without BRAE's prior written consent, Lessee shall be liable to BRAE for any revenues lost due to such alteration and any costs reasonably incurred by BRAE to restore any Car to its condition prior to such Lessee change. Title to any such alteration, improvement or addition shall be and remain with BRAE (or its assignee).

C. Lessee will, at all times while this Agreement is in effect, be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under the Interchange Rules for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance. Lessee shall also maintain bodily injury and property damage liability insurance. Lessee shall furnish to BRAE concurrently with the execution hereof, and thereafter at intervals of not more than 12 months, certificates of insurance with respect to such insurance signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and BRAE (or its assignee) as their interests may appear.

D. BRAE agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind of character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the term hereof, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. BRAE and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. Lessee will send to BRAE, within five business days after receipt by Lessee

from the taxing authorities, any notice of assessment of a tax which BRAE is obligated to pay pursuant hereto. BRAE shall review all applicable tax returns prior to filing.

6. Lease Rental

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7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by BRAE in connection with the acquisition of some or all of the Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be paid directly to such party and/or that Cars immediately be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations, and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either BRAE or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly create, incur, assume, or suffer to exist (except as provided in Section 7A) any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or any Schedule hereto. Lessee will promptly, at its expense, take such action as may be necessary duly to discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten (10) days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within ten (10) days thereafter.

(iii) Any act of insolvency 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 or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the laws of the United States of America or of any state.

(vii) Lessee shall be merged with or consolidated into another corporation which after such merger or consolidation shall have a net worth less than that of Lessee immediately prior thereto.

(viii) Any representation or warranty made by Lessee herein or any other document delivered to BRAE by Lessee related to this Lease shall prove to have been false or incorrect in any material respect on the date when made and such breach or default shall continue for a period of thirty (30) days after written notice to Lessee of such default has been received.

B. Upon the occurrence of any such Event of Default, BRAE may, at its option:

(i) Terminate this Agreement, proceed by any lawful means to recover damages for a breach hereof, and terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate and thereupon BRAE may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee, provided that BRAE shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to the date on which BRAE took such possession; or

(ii) Proceed by any lawful means to enforce performance by Lessee of this Agreement. Lessee agrees to bear the costs and expenses, including without limitation reasonable attorneys' fees, incurred by BRAE should BRAE prevail in the exercise of its remedies pursuant to this Section 8B.

9. - Termination

At the expiration of this Agreement as to any Car, Lessee will surrender possession of such Car to BRAE free of refuse, and in good repair, condition and working order, by delivering the same to BRAE at such place reasonably convenient to Lessee as BRAE shall designate. For any Car not returned in the condition required hereby, Lessee shall be liable to BRAE for any and all cleaning, repair or servicing costs required to place such Car in such proper condition. A Car shall be no longer subject to this Agreement upon, at Lessee's expense, the removal of Lessee's railroad markings from such Car and the placing thereon of such markings as may be designated by BRAE, either at the option

of BRAE, (1) by Lessee upon return of such Car to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car; provided, however, that BRAE may make reasonable selection of a private contractor for the removal of Lessee's markings and application of new markings in lieu of removal and application by Lessee or such railroad line, at Lessee's expense. If such Car is not on the railroad line of Lessee upon termination, any cost of assembling, delivering storing, and transporting such Car to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by BRAE.After the removal and replacement of markings, Lessee shall use its best efforts to load such Car with freight and deliver it to a connecting carrier for shipment. Lessee shall provide up to thirty (30) days free storage on its railroad tracks for BRAE or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to Sections 6E, 6F or 8 hereof, or if BRAE agrees to the transfer of such Car to any railroad, as lessee or sublessee, which is an affiliate of Lessee, prior to the end of its lease term, Lessee shall be liable to BRAE for all costs and expenses incurred by BRAE to move any such Car to BRAE's subsequent lessee and to repaint such Car and place thereon the markings and name or other insignia of BRAE's subsequent lessee.

10. **Indemnities**

BRAE will defend, indemnify and hold Lessee harmless from and against (1) any and all claims based upon loss or damage to the Cars, unless occurring while Lessee has physical possession of the Cars and (2) any other type of claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (unless occurring through the fault of Lessee), including without limitation claims with respect to the construction, purchase, delivery to Lessee's railroad line, ownership, leasing, return, use, maintenance, repair, replacement, operation or condition of the Cars, and claims caused by defects in the manufacture or workmanship of the Cars or any component thereof, or any material incorporated therein, which defects could not have been discovered upon reasonable inspection by Lessee.

11. **Representations, Warranties and Covenants**

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated, has all necessary corporate power and authority, permits and licenses to perform its obligations under this Agreement, and has permanent operating authority as common carrier by rail.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to BRAE in writing, nor is Lessee a party to any agreement or instrument nor subject to any charter or other

corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Lessee to perform its obligations under this Agreement.

(v) There is no fact or other matter represented by the Lessee in written or other form and delivered to BRAE which is false or incorrect in any material respect as of the date made.

12. Inspection.

BRAE shall at any time during normal business hours have the right to enter the premises of Lessee where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee agrees to use its best efforts to arrange for such inspections by BRAE of any Cars which may be located on property not owned by Lessee. Lessee shall immediately notify BRAE of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify BRAE in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to BRAE promptly upon its becoming available, a copy of its annual report submitted to the ICC, if any.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not, without the prior written consent of BRAE, assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void. It is understood and agreed that BRAE may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which BRAE or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which BRAE or one of its wholly-owned subsidiaries is a stockholder, or to any other owner of such Cars (each hereinafter a "Lease Assignee"), provided that BRAE or one of its wholly-owned subsidiaries enters into a management agreement with such Lease Assignee with respect to the Cars. Upon delivery of a notice of assignment to Lessee, the term "BRAE" as used herein shall mean such Lease Assignee, and BRAE shall be relieved of all of its obligations and liabilities under this Agreement relating to such Cars. Lessee agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by BRAE. BRAE warrants that any Lease Assignee of the Cars will subject such Cars to all the terms and conditions of this Lease.

Lessee also agrees to acknowledge, upon receipt, any security assignment of this Agreement by BRAE, or by any Lease Assignee, to an owner or secured party under any financing agreement or lease entered into by BRAE or such Lease Assignee in connection with the acquisition of all or part of the Cars leased hereunder. Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by BRAE or any Lease Assignee to an owner or secured party shall not subject that owner or secured party to any of BRAE's or such Lease Assignee's obligations hereunder. Those obligations shall remain enforceable by Lessee solely against BRAE or such Lease Assignee, as the case may be.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by BRAE in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 hereof and in furtherance of this Agreement. BRAE is expressly authorized to insert the appropriate railcar reporting markings and Car description on the Schedule(s) at such time as notice is delivered to BRAE by Lessee as to the correct reporting marks and physical description to be utilized.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by BRAE shall constitute a waiver or otherwise affect or impair any right, power or remedy available to BRAE nor shall any waiver or indulgence by BRAE or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or three days after deposit in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth in the preamble to this Agreement.

14. Consent to Reload Programs

BRAE has entered into reload programs with several major Class I railroads, under which such railroads have agreed to reload railcars leased by BRAE to other lessee railroads. For so long as BRAE continues such reload programs, Lessee consents to the use of the Cars in such reload programs, and specifically consents to the reloading of the Cars by all such major Class I railroads with whom BRAE has entered into such reload programs, and to the granting, by BRAE in its sole discretion, of any car-hire reclaim with respect to any Cars loaded by such major Class I railroads. However, at anytime upon 60 days written notice to BRAE, the Lessee may terminate any reload program.

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

BRAE CORPORATION	LITTLE ROCK & WESTERN RAILWAY CORPORATION
By-	By
Title President	Title President
Date Dec. 9, 1982	Date 12/1/82

EQUIPMENT SCHEDULE 1

BRAE CORPORATION ("BRAE) hereby leases the following railcars to Little Rock & Western Railway Corporation ("Lessee"), pursuant to that certain Lease Agreement dated as of October 11, 1982 (the "Lease").

1.	Number of Cars	Description	Designation	Car Numbers	Dimensions
	274 to 329	Type: Single Ten (10) Foot Sliding Doors	XM	~~(XXXXXXX)~~ LRWN 2001 to 2329	50'6" in length

2. 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 have each caused their respective duly authorized officers to have executed this Schedule as of the date first written above.

BRAE CORPORATION

By _____

Title President

Date Dec. 9, 1982

LITTLE ROCK & WESTERN RAILWAY CORPORATION

By _____

Title President

Date 12/1/82

EQUIPMENT SCHEDULE 2

BRAE CORPORATION ("BRAE) hereby leases the following railcars to Little Rock & Western Railway Corporation ("Lessee"), pursuant to that certain Lease Agreement dated as of October 11, 1982 (the "Lease").

1. Number of Cars	Description	Designation	Car Numbers	Dimensions
0 to 55	Type: Double Eight (8) Foot Plugged Doors	XM	~~xxxxxxxx~~ LRWN 2001 to 2329	50'6" in length

2. 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 have each caused their respective duly authorized officers to have executed this Schedule as of the date first written above.

BRAE CORPORATION

By [signature]

Title President

Date Dec. 9, 1982

LITTLE ROCK & WESTERN RAILWAY CORPORATION

By [signature]

Title President

Date 12/1/82

0288L-12

STATE OF Wisconsin)
) SS
COUNTY OF Brown)

On this 1st day of December, 19 82, before me personally appeared Leo N. Crowley, to me personally known, who being by me duly sworn says that such person is President of Little Rock & Western Railway Corp and that the foregoing Lease Agreement, and Equipment Schedule(s) No. 1-2 were 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.

Janice M. Van Wychen (seal)
Notary Public

My Commission Expires August 28, 1983

STATE OF California)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 9th day of Dec., 19 82, before me personally appeared William J. Texido, to me personally known, who being by me duly sworn says that such person is President of BRAE Corporation, and that the foregoing Lease Agreement, and Equipment Schedule(s) No. 1 + 2 were 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.

Connie J. Stephan (seal)
Notary Public

OFFICIAL SEAL
CONNIE J. STEPHAN
NOTARY PUBLIC-CALIFORNIA
City and County of San Francisco
My Commission Expires Aug. 10, 1984

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