

NEW No.

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LAW OFFICES

ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D. C.

20006-2973

August 18, 1983

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AUG 18 1983 - 1 25 PM

INTERSTATE COMMERCE COMMISSION 2-230A017

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

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE
MILTON C. GRACE*
GEORGE JOHN KETO**
RICHARD N. BAGENSTOS

* NOT A MEMBER OF D. C. BAR
** ALSO A MEMBER OF OHIO BAR

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C.

REGISTRATION NO. 14125

AUG 18 1983 - 1 25 PM

INTERSTATE COMMERCE COMMISSION

No.

Date

Fee \$ 100.00

ICC Washington, D. C.

Dear Ms. Mergenovich

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 and the Rules for the Recordation of Documents (as revised) are four (4) fully executed copies each of 1) a Flatcar Purchase Agreement dated as of August 1, 1983 and 2) a Security Agreement dated as of August 1, 1983, both of which are primary documents under the Rules for the Recordation of Documents (as revised).

A general description of the railroad equipment covered by the enclosed documents is one hundred (100) TOFC/COFC Railroad Flatcars to be marked SP-900480 through SP-900579.

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

Seller/
Secured Party: Wells Fargo Leasing Corporation
101 California Street
Suite 2800
San Francisco, California 94111

Purchaser/
Debtor: James-Furman & Company
503 High Street
P.O. Box 568
Oregon City, Oregon 97045

The undersigned is agent for the Seller/Secured Party named above for the purpose of submitting the enclosed documents for filing and recordation

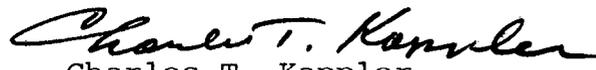
C. T. Kowler
Charles Furman

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
August 18, 1983
Page Two

Kindly return the stamped copies of the enclosed documents not needed for your recordation files to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006

Also enclosed is a check in the amount of \$100 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Very truly yours,


Charles T. Kappler

Interstate Commerce Commission
Washington, D.C. 20423

8/18/83

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord.
200 World Center Building
918 16th St. N.W.
Washington, D.C. 20006-2973

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 **8/18/83** at **1:25pm**, and assigned re-
recording number(s). **14125 & 14125-A**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

14125
RECORDATION NO. Filed 1426

AUG 19 1983 - 1 25 PM

INVESTMENT COMMERCE COMMISSION

FLATCAR PURCHASE AGREEMENT

Dated as of August 1, 1983

among

WELLS FARGO LEASING CORPORATION, as Seller

JAMES-FURMAN & COMPANY, as Purchaser

GREENBRIER LEASING CORPORATION, as Guarantor

Purchase of
100 TOFC/COFC Railroad Flatcars

TABLE OF CONTENTS

	<u>Page</u>
<u>RECITALS</u>	1
<u>AGREEMENT</u>	2
1. Purchase and Sale; Closing Dates	2
2. Purchase Price	2
(a) Fixed Purchase Price	2
(b) Contingent Purchase Price	3
(c) Additonal Interest	3
3. Acceptance of the Cars	4
4. Car Modification Work and Financing	5
5. Use, Location, Maintenance and Operation; Identifying Mark	6
6. Inspection	8
7. Liens	8
8. Taxes	9
9. Loss or Destruction; Insurance	9
10. Disclaimer of Warranties; Indemnification	12
11. Representations and Warranties of Purchaser and Guarantor	14
12. Recording	16
13. Return of the Cars	16
(a) Delivery and Storage	16
(b) Default	16
(c) General	17
14. Option of Purchaser to Sell Cars	17
15. Sale of Cars; WFLC's Right of First Refusal	19
16. Opinions of Counsel and Closing Documents	20
17. Events of Default; Remedies	20

	<u>Page</u>
18. Obligations Unconditional	22
19. No Partnership	22
20. Notices; Financial Statements	22
21. Parties in Interest; Amendment	23
22. Headings	24
23. Entire Agreement	24
24. Governing Law	24
25. Counterparts	24

EXHIBITS

EXHIBIT A:	Bill of Sale
EXHIBIT B:	First Recourse Grid Note
EXHIBIT C:	Second Recourse Grid Note
EXHIBIT D:	Acceptance Certificate
EXHIBIT E:	Flatcar Plans and Specifications
EXHIBIT F:	Southern Pacific Transportation Company Certificate
EXHIBIT G:	Third Recourse Grid Note
EXHIBIT H:	Car Markings and Numbers
EXHIBIT I:	Casualty Value Schedule
EXHIBIT J:	Schedule of Pending Litigation

FLATCAR PURCHASE AGREEMENT

THIS AGREEMENT is dated as of August 1, 1983 among WELLS FARGO LEASING CORPORATION, a California corporation ("WFLC"), JAMES-FURMAN & COMPANY, a general partnership organized under the laws of the State of Oregon ("Purchaser"), and GREENBRIER LEASING CORPORATION, a Delaware corporation ("Guarantor").

RECITALS

1. WFLC is the owner of 100 TOFC/COFC 89'4" railroad flatcars (together with all accessions, substitutes, replacements and repairs hereafter referred to, hereinafter called the "Cars") manufactured by ACF Industries Incorporated and originally placed in service by WFLC in 1978.

2. As of the date hereof, approximately eighty-three of the Cars are stored in Gary, Indiana, and the remaining Cars are either in transit to Gary, Indiana or located on the tracks of the Maine Central Railway.

3. WFLC desires to sell the Cars to Purchaser, and Purchaser desires to purchase the Cars from WFLC, all on the terms and conditions set forth in this Agreement.

4. As an integral part of its purchase of the Cars, Purchaser intends to modify, convert, recondition and refurbish the Cars in accordance with design plans and specifications attached hereto as Exhibit E, in order to enhance the Cars' value and to make the Cars more desirable for eventual lease by the Purchaser to third party users.

5. WFLC is willing to provide financing in the form of recourse promissory notes (Exhibits B, C and G attached hereto) to assist Purchaser in purchasing and reconditioning the Cars in exchange for which WFLC and Purchaser will share in certain rental, casualty and disposition proceeds, all as more fully described in this Agreement.

6. As an additional inducement to WFLC for providing financing to purchaser, WFLC will receive separate unconditional and irrevocable guarantys issued by (i) Guarantor, (ii) Schroder Leasing Corporation, and (iii) J. Henry Schroder Bank & Trust Company, all dated as of the date hereof.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Purchase and Sale; Closing Dates

(a) In consideration of the Purchase Price (as defined in Section 2 below), on one or more Closing Dates (as hereafter defined), WFLC agrees to sell, assign, transfer and convey to Purchaser all of WFLC's right, title and interest in and to the Cars, in an as-is, where-is condition and, concurrently with the purchase and sale of the Cars on each Closing Date, WFLC agrees to deliver to Purchaser a bill of sale (the "Bill of Sale") with respect to each of the Cars accepted and paid for by the Purchaser on each such Closing Date. The Bill of Sale to be issued by WFLC will take the form of Exhibit A attached hereto.

(b) WFLC and Purchaser agree to arrange Closing Dates on up to four (4) mutually agreeable business days between the execution of this Agreement and December 15, 1983. Each Closing Date shall occur on the earlier of (i) commencement of Car Modification Work (as defined in Section 4(a) below) at Southern Pacific Transportation Company's ("Southern Pacific") refurbishment facility at Roseville, California with respect to each Car being purchased, and (ii) December 15, 1983. The first Closing Date shall be referred to as the Initial Closing Date, and the Final Closing Date shall occur no later than December 15, 1983 for each of the Cars purchased and sold hereunder. Purchaser agrees to complete its purchase of all of the Cars no later than the Final Closing Date. Subject only to the availability of Southern Pacific shop space at its refurbishment facility in Roseville, California, Purchaser and Guarantor agree to complete all Car Modification Work on or prior to four (4) calendar months following the Final Closing Date.

2. Purchase Price. The Purchase Price for the sale shall be \$16,000 per Car, consisting of a Fixed Purchase Price and a Contingent Purchase Price described as follows:

(a) Fixed Purchase Price. The Fixed Purchase Price shall be \$7,500 per Car, represented by a promissory note in substantially the form of Exhibit B attached hereto (hereafter the "First Recourse Grid Note") payable to the order of WFLC in the approximate principal amount of \$750,000 (plus accrued interest) and bearing interest monthly in arrears at the rate of 12.50% per annum, starting on the Closing Date with respect to each Car. Monthly payments with respect to all Cars under the First Recourse Grid Note will commence ninety (90) days following the Final Closing Date (hereafter, for purposes of the First Recourse Grid Note, referred to as the "First Payment Date"), and will end for all of the Cars seventy-two (72) months thereafter, each monthly installment date for payment by Purchaser

of principal and interest being referred to as a Payment Date. The First Recourse Grid Note will be executed by Purchaser and delivered to WFLC on or prior to the Initial Closing Date. Purchaser's obligation to pay the Fixed Purchase Price shall be absolute and unconditional, and the Purchaser shall not be entitled to any reduction or abatement in the monthly payment owed to WFLC by reason of any past, present or future claims of the Purchaser or the Guarantor against WFLC, whether related to this Agreement or otherwise or by reason of any defect in or damage to or loss of possession, loss of use or destruction of all or any of the Cars for whatsoever cause, any Liens (as defined in Section 7 below), encumbrances or rights of others with respect to the Cars, the prohibition of or other restriction against the Purchaser's use of all or any of the Cars, the interference of such use by any person or entity, any present or future insolvency, bankruptcy, reorganization or similar proceeding against the Purchaser, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding.

(b) Contingent Purchase Price. The Contingent Purchase Price shall be \$8,500 per Car, represented by a promissory note in substantially the form of Exhibit C attached hereto (the "Second Recourse Grid Note") payable to the order of WFLC in the approximate principal amount of \$850,000 (plus accrued interest) and bearing interest monthly in arrears at the rate of 12.50% per annum, starting on the Closing Date with respect to each Car. Monthly payments under the Second Recourse Grid Note will commence seventy-two (72) months following the First Payment Date under the First Recourse Grid Note (hereafter, for purposes of the Second Recourse Grid Note, referred to as the "First Payment Date") and will end forty-eight (48) months thereafter, each monthly installment date for payment by Purchaser of principal and interest being referred to as a Payment Date. Purchaser agrees to execute and deliver to WFLC the Second Recourse Grid Note on or prior to the Initial Closing Date under this Agreement. Purchaser and WFLC acknowledge and confirm that as of the date of execution of this Agreement, Purchaser has made no decision or commitment with respect to retention, or resale to WFLC, of the Cars following repayment by Purchaser to WFLC of all principal and interest owed under the First and Third Recourse Grid Notes.

(c) Additional Interest. As additional consideration for the financing provided in this Section 2 and in Section 4 hereof, Purchaser agrees to pay to WFLC ten percent (10%) of all Gross Rental Proceeds earned by the Cars on and after the tenth anniversary of the Initial Closing Date (the "Rental Sharing Date"). For purposes of this Agreement, Gross Rental Proceeds shall mean all payments made by any lessee, sublessee or other user of any of the Cars for the lease, rental or other use of such Cars on or after the Rental Sharing Date, all as certified to WFLC on annual anniversary dates of the Rental Sharing Date by Purchaser's independent public accountants.

In connection with this rental sharing agreement, Purchaser and Guarantor agree to give priority to the lease, sublease and release of the Cars subsequent to the Rental Sharing Date relative to all other TOFC/COFC flatcars owned, managed or controlled by Purchaser or Guarantor. For purposes of establishing such priority, it is understood and agreed that costs and revenues inherent to the Cars (e.g., costs and expenses associated with maintenance, operation, interest or debt service, rental or lease rates, and the rental sharing agreement with WFLC) will not be considered by Purchaser or Guarantor whereas costs extrinsic to the Cars (e.g., costs and expenses associated with movement of the Cars to the geographic point of acceptance by a subsequent lessee or user of the Cars and suitability or configuration of the Cars for a particular customer's requirements) may be considered. Purchaser and WFLC agree that payment to WFLC of its share of Gross Rental Proceeds shall continue from the Rental Sharing Date for so long as Purchaser, Guarantor or any entity associated or affiliated with Purchaser or Guarantor continues as owner or beneficial owner of the Cars.

3. Acceptance of the Cars.

(a) Prior to the Closing Date with respect to each Car, the Purchaser will be responsible at its own cost and expense for any inspection, including final inspection, of the Cars. WFLC agrees to assume responsibility for transportation of the Cars to Gary, Indiana, where Purchaser will accept the Cars for purchase under this Agreement by completion, execution and delivery to WFLC of an Acceptance Certificate in the form of Exhibit D attached hereto. The date of each Acceptance Certificate shall be referred to as an Acceptance Date. Following acceptance of each Car, Purchaser agrees to arrange, and will be responsible at its own cost and expense, for movement of the Cars in a prompt and expeditious manner to Southern Pacific's refurbishment facility at Roseville, California. In addition, Purchaser will be responsible for all Car storage costs incurred, and for arrangement of all necessary Car storage, with Southern Pacific at the refurbishment facility. Risk of loss will pass with respect to the Cars from WFLC to Purchaser on the Closing Date for each Car.

(b) Purchaser hereby confirms and certifies that it has inspected eighty-three (83) of the Cars, currently located in Gary, Indiana, and, concurrent with execution of this Agreement, Purchaser will execute and deliver to WFLC an Acceptance Certificate with respect to no less than ten (10) of such Cars. Purchaser agrees to accept the remaining Cars in lots of no less than ten (10) Cars each at intervals no more than thirty (30) days apart. Until the Acceptance Date of any of the Cars, Purchaser reserves the right to reject, and not accept for purchase under this Agreement, any such Car that Purchaser finds mechanically or structurally unsatisfactory. Following the Acceptance Date but prior to the Closing Date, WFLC and Purchaser agree that a Car may only be rejected if found by Southern Pacific, acting in good faith, to contain

an irremediable defect rendering such Car unsuitable for Car Modification Work (as defined in Section 4(a) below). In the event of rejection of any such Car, Purchaser agrees to provide prompt written notice thereof to WFLC, including the reason or reasons for Purchaser's rejection, and Purchaser further agrees at its exclusive cost and expense to transport any such rejected Car to the original location where Purchaser initially inspected such Car or, at WFLC's option, to any other location designated by WFLC within 1500 miles of San Francisco, California. Purchaser shall not assume liability for risk or casualty loss for any property damage resulting to any Car that occurs prior to the Closing Date for such Car.

4. Car Modification Work and Financing.

(a) Following delivery of each Car to Southern Pacific's refurbishment facility at Roseville, California, Purchaser and Guarantor agree to supervise all work performed by employees, agents and contractors of such refurbishment facility, and Guarantor will serve as general contractor for the performance of all work necessary to modify and convert each of the Cars to a dual capability allowing the carriage of either two 45' trailers or two 40' containers. All work to be performed at such refurbishment facility shall be in strict accordance with the plans and specifications prepared by Guarantor (the "Flatcar Plans and Specifications"), a true and correct copy of which is attached hereto as Exhibit E and shall, for purposes of this Agreement, hereinafter be referred to as Car Modification Work. At all times during the performance of Car Modification Work, WFLC shall have the right to inspect any of the Cars and the opportunity to send agents or representatives for the same purpose during normal business hours. With respect to completion of Car Modification Work, Purchaser and Guarantor agree that time is of the essence, and Purchaser and Guarantor further agree to use their respective best efforts to manage, supervise, oversee and complete all provisions of the Car Modification Work.

(b) Provided that all Car Modification Work is performed in compliance with the Flatcar Plans and Specifications (as certified on each Disbursement Date (as hereinbelow defined) by a duly authorized officer of Southern Pacific in the form of a Southern Pacific Certificate in the form of Exhibit F attached hereto and delivered to WFLC), WFLC agrees to finance the cost of such Car Modification Work by paying against invoices prepared by and payable to Southern Pacific, in an aggregate amount not to exceed \$10,000 per Car. WFLC agrees to finance costs and expenses associated with appraisal, legal and inspection services with respect to the Cars and the cost of transportation of the Cars to Southern Pacific's refurbishment facility at Roseville, California in an aggregate amount not to exceed the greater of (i) \$1,000 or (ii) 10% of the aggregate expense of Car Modification Work for each Car, against invoices prepared by and payable to Guarantor and approved in advance and in writing by Schroder Leasing Corporation. It is specifically agreed that WFLC's obligation to finance Car Modification Work and all appraisal, legal, inspection and transportation costs shall not in the aggregate exceed \$10,000

per car. Subject only to availability of Southern Pacific shop space at its refurbishment facility in Roseville, California, Purchaser and Guarantor agree that all Car Modification Work shall be completed no later than four (4) calendar months following the Final Closing Date. Payments made by WFLC for Car Modification Work shall occur no more frequently than three (3) times prior to completion of all such Car Modification Work (such payment dates hereafter referred to as "Disbursement Dates"). The obligation of Purchaser and Guarantor to perform, supervise and complete all Car Modification Work in strict compliance with the Flatcar Plans and Specifications is absolute, unconditional and irrespective of whether the total cost of Car Modification Work, plus appraisal, legal, inspection and transportation costs, exceed \$10,000 for any Car. It is agreed that WFLC will have no obligation to finance any costs for overhead or profit earned, charged or attributed to Purchaser or Guarantor for the Car Modification Work.

(c) All payments for Car Modification Work made by WFLC shall be evidenced by a recourse grid note in substantially the form of Exhibit G attached hereto (the "Third Recourse Grid Note") payable to the order of WFLC in the principal amount of the aggregate of all Car Modification Work costs, not to exceed \$1,000,000 (plus accrued interest), and bearing interest monthly in arrears at the rate of 13.25% per annum, starting on each respective Disbursement Date. Constant monthly payments to WFLC under the Third Recourse Grid Note will commence four (4) calendar months following the Final Closing Date (for purposes of the Third Recourse Grid Note, hereafter referred to as the "First Payment Date") and will end forty-eight (48) months thereafter, each monthly installment date for payment by Purchaser of principal and interest being referred to as a Payment Date. Purchaser agrees to execute and deliver to WFLC the Third Recourse Grid Note on or prior to the Initial Closing Date under this Agreement.

5. Use, Location, Maintenance and Operation; Identifying Marks.

(a) The Purchaser agrees, for the benefit of WFLC, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Car) with all laws in the jurisdictions which its operations involving the Cars may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Cars, to the extent that such applicable laws and rules affect the title, operation or use of the Cars. In case any equipment or appliance on any Car shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and rules, Purchaser agrees to make such changes, additions and replacements at its own expense. Purchaser agrees that the Cars will not be used outside the continental United States unless the Purchaser shall first obtain WFLC's written consent, which shall not be unreasonably withheld.

WFLC may condition its consent on, among other things, (i) the Purchaser's executing and filing at the Purchaser's expense any documents necessary to perfect, protect and preserve in the appropriate jurisdictions, in the reasonable opinion of WFLC, the security interest of WFLC in each of the Cars, and (ii) the Purchaser's reporting the extent of such foreign usage to WFLC. Following the Closing Date with respect to each Car and throughout the term of this Agreement, the possession, use and maintenance of the Cars shall be at the exclusive risk and expense of Purchaser.

(b) Purchaser will cause the Cars to be used only in the manner for which they were designed and intended and will, without cost or expense to WFLC, install or otherwise provide all mechanisms, modifications and improvements required for the Cars to be in compliance with Section 5(a) hereof, and Purchaser will repair and maintain each Car so as to keep it in as good condition as when redelivered to Purchaser by the refurbishment facility following completion of Car Modification Work, ordinary wear and tear excepted, and in good working order.

(c) Purchaser will not, without the prior written consent of WFLC, fix or install any accessory, equipment or device on any of the Cars that will (i) impair the originally intended function or use of any of the Cars or (ii) adversely affect the commercial value of any of the Cars.

(d) Purchaser agrees, at its own cost and expense, to:

(i) cause each of the Cars to be kept numbered with the marks and numbers specified in Exhibit H therefor, or with the marks and numbers of any lessee, sublessee or user thereof provided the Purchaser will not change the marks and numbers of any of the Cars except in accordance with a statement of new marks and numbers to be substituted therefor, which statement previously shall have been delivered to WFLC by the Purchaser and filed, recorded or deposited in all public offices where this Agreement or the Security Agreement shall have been filed, recorded or deposited;

(ii) keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil provided to Purchaser by WFLC and printed in contrasting colors upon each side of each Car in letters not less than one inch in height to the effect that each Car is subject to interests recorded with the Interstate Commerce Commission and containing such specific provisions as from time to time may be required by law in order to protect the security interest of WFLC in and to the Cars, its rights under this Agreement and the rights of any assignee; and

(iii) keep and maintain such other markings as from time to time may be required by law or otherwise deemed reasonably necessary by WFLC in order to protect the security

interest of WFLC in the Cars and the rights of WFLC under this Agreement.

Purchaser will not place any of the Cars in operation or exercise any control or dominion over the same until the requirements of this Subsection 5(d) have been met.

6. Inspection. WFLC shall have the right, but not the duty, to inspect the Cars at any time subsequent to the Closing Date with respect to each Car. Upon the request of WFLC, the Purchaser shall inform WFLC of the last known location of each Car and, as to all Cars in the possession of Purchaser, shall make Purchaser's records, including copies of all leases and subleases pertaining to the Cars, available to WFLC for inspection at any reasonable time at such location. In providing WFLC with copies of leases or subleases for the Cars, it is understood that Purchaser regards certain information contained therein (e.g., terms related to pricing and tax indemnity) as proprietary, and Purchaser may elect to excise such information from the copies of leases or subleases furnished to WFLC. Notwithstanding the foregoing, Purchaser agrees to provide WFLC with an annual summary of operating costs and revenues with respect to each Car for each calendar year (starting with calendar year 1984), and to deliver a copy of each such summary to WFLC within ninety (90) days following the end of each such calendar year. As to any Cars leased, subleased or rented by the Purchaser to others, the Purchaser will, within a reasonable time, make arrangements for WFLC to inspect such Cars and will use its best efforts to make the user's maintenance and other records pertaining to such Cars available to WFLC in a manner which does not interfere with the use of such Cars by the Purchaser's leasing, subleasing or rental customer.

7. Liens. The Purchaser will not mortgage, encumber or directly or indirectly create, incur, assume or suffer to exist any liens (hereafter called "Liens") on or with respect to the Cars, title thereto or any interest therein (and the Purchaser will promptly, at its own expense, take such action as may be necessary to discharge any such Lien) except

(a) the rights of WFLC under this Agreement and the Security Agreement and under leases or subleases made by the Purchaser, as herein provided;

(b) Liens for taxes not yet due or being contested in good faith and by appropriate proceedings, but the Purchaser will promptly, at its own expense, discharge any such Lien being contested if, in WFLC's reasonable opinion, continued existence of such Lien adversely affects the security interest or rights of WFLC under the Security Agreement;

(c) Liens arising from events occurring prior to the date of this Agreement or from any person claiming through or under WFLC; and

(d) inchoate materialman's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business of the Purchaser and not delinquent.

8. Taxes. Purchaser agrees to pay when due and to indemnify WFLC, and to hold WFLC harmless from and against, all income, franchise, use, personal property, ad valorem, value added, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature, licensing or registration fees, together with any penalties, fines or interest thereon or reasonable attorneys' fees incurred by WFLC with respect thereto ("Impositions"), arising out of the transactions contemplated by this Agreement and the Security Agreement and imposed against WFLC, the Purchaser, any lessee, sublessee or user of the Cars by any federal, state, local or foreign government or taxing authority upon or with respect to the Cars, including the sale, purchase, ownership, delivery, leasing, subleasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or in respect of this Agreement; provided that Purchaser shall not be liable to WFLC for federal, state or local taxes based upon or measured by the net income of WFLC. So long as the Purchaser has complied with Section 7 hereof, Purchaser may contest any Imposition, at its own expense, if it shall have given to WFLC written notice thirty days prior to the date for payment of any such Imposition, which notice shall state that such Imposition is being contested by the Purchaser in good faith and by appropriate proceedings; provided that if independent counsel for WFLC (who may be WFLC's regularly retained general counsel) determines at any time (the Purchaser hereby agreeing to pay all reasonable fees and expenses of such counsel) that the non-payment thereof or the contest thereof in such proceedings in the reasonable opinion of such counsel adversely affects the security interest or rights of WFLC under the Security Agreement, WFLC may require the Purchaser to pay such Imposition. All amounts payable by the Purchaser under this Section 8 shall be payable to the extent not theretofore paid, on written demand of WFLC. If a claim is made against either the Purchaser or WFLC for an Imposition, the party receiving notice for such a claim shall promptly notify the other, but the giving of such notice shall not be a condition to the Purchaser's obligations under this Section 8.

9. Loss or Destruction; Insurance.

(a) In the event that any Car shall be or become worn out, lost, stolen, destroyed, irreparably damaged or permanently rendered unserviceable for any reason whatsoever, or title thereto shall be requisitioned or otherwise taken by any governmental authority under power of eminent domain or otherwise (such occurrences being hereinafter called an "Event of Loss"), Purchaser shall promptly and fully notify WFLC with respect thereto. On or prior to the next monthly Payment Date following the date of such Event of Loss, Purchaser shall pay to WFLC, as of such

Payment Date, the full payment of principal and interest due under the Notes and any other amounts then due with respect to such Car (hereinafter referred to as the Casualty Value and set forth in Exhibit I attached hereto). Upon making such Casualty Value payment with respect to such Car, Purchaser's obligation to make any further payment of principal or interest under the Notes shall cease. Purchaser shall be entitled to recover possession of such Car, unless possession of such Car is required to be delivered to an insurance carrier providing insurance with respect to the Car in order to settle an insurance claim arising out of the Event of Loss. WFLC shall be under no duty to Purchaser to pursue any claim relating to the Event of Loss or against any governmental authority, but Purchaser may at its own cost and expense pursue the same in such manner as may be reasonably satisfactory to WFLC.

(b) Following the making of the Casualty Value payment with respect to any Car, Purchaser shall dispose of such Car as soon as it is able to do so for the best price obtainable. Regardless of whether the Car suffering the Event of Loss shall be disposed of finally by sale, surrender to an insurance carrier, salvage or abandonment, WFLC and Purchaser agree that whatever proceeds, including without limitation proceeds from insurance, manufacturer or supplier and claims against third parties, which may be realized relating to an Event of Loss (provided Purchaser has paid WFLC the amount that it is required to pay under this Section and no Event of Default or other event which with the lapse of time or the giving of notice or both would constitute an Event of Default, has occurred or is continuing under this Agreement), shall be paid to and retained by the Purchaser up to the sum of the Casualty Value of such Car, and the excess, if any, shall be divided between WFLC and the Purchaser as follows: twenty percent (20%) to WFLC, and the balance to the Purchaser. For purposes of calculating proceeds under this Subsection 9(b), no discount or reduction shall be made for any sales commission or fee, broker's, referral or finder's fee or any related commission or fee paid by or to an affiliate of Purchaser or Guarantor.

(c) Purchaser shall bear the risk of loss and shall not be released from its obligations hereunder in the event of any damage or Event of Loss to any Car after the Acceptance Date hereunder.

(d) Purchaser will at all times on and after the Initial Closing Date at its sole expense, keep or cause to be kept each Car insured against loss on an "all risk" basis in an amount at least equal to the Casualty Value for such Car. Purchaser shall also maintain general public liability insurance with respect to the Cars against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$25,000,000 per occurrence combined single limit or such greater amount as WFLC shall reasonably require. All such insurance shall cover the interest of WFLC and Purchaser in the Cars, and liability

insurance shall name WFLC as additional insured in respect of risks arising out of the condition, the maintenance, use or ownership of the Cars and shall provide that losses, if any, in respect of the Cars shall be payable to Purchaser and WFLC, as their respective interests may appear. All policies of insurance maintained pursuant to this Section 9 shall provide that the insurer thereunder waives all rights of subrogation against Purchaser and WFLC, that 30 days' prior written notice of expiration or termination shall be given to WFLC and that such insurance as to the interest of WFLC therein shall not be impaired or invalidated by any act or neglect of WFLC, Purchaser or Guarantor or by any foreclosure or other remedial proceedings or notices thereof relating to the Cars or any interest therein nor by any change in the title or ownership of the Cars or any interest therein or with respect thereto, nor by the use or operation of the Cars for purposes more hazardous or in a manner more hazardous than is permitted by such policy. No such policy shall contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Cars against the peril involved, whether collectible or not; provided, however, that such policy may relieve the insurer thereunder of such liability to the extent that payment is made by a railroad company as compensation for the destruction beyond repair of a Car pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the American Association of Railroads. The loss, if any, under any policy covering the Cars shall be adjusted with the insurance companies by Purchaser, subject to the approval of WFLC if the loss exceeds \$50,000. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Agreement. Purchaser shall furnish WFLC with certificates of insurance or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All such policies shall provide that the same shall not be cancelled or materially changed without at least 30 days' prior written notice to Purchaser, WFLC and each assured named therein. The proceeds of any insurance received by WFLC on account of or for any loss or casualty in respect of any Car shall be applied as follows: (i) if such Car has been repaired, such proceeds shall be paid to Purchaser upon a written application signed by any authorized officer of Purchaser for the payment of, or to reimburse Purchaser for the payment of, the cost of repairing such Car so long as the repair parts become immediately subject to all of the terms and conditions of this Agreement, and all public filings, recordings and registrations necessary or expedient to vest title thereto in WFLC are accomplished by Purchaser at its sole expense (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair) or (ii) if any Car suffers an Event of Loss, such proceeds shall be applied in accordance with Section 9(b) hereof; provided that, if Purchaser is at the time of the application in default in the payment

of any other liability of Purchaser to WFLC hereunder, such proceeds shall be applied against such liability.

(e) For so long as any lessee or any sublessee whose credit has been approved in writing by WFLC (which approval shall not be unreasonably withheld) remains a qualified self-insurer under the applicable laws of the states within which it operates, the provisions of Section 9(d) requiring Purchaser to maintain insurance policies in the form and amounts set forth shall be waived provided Purchaser, upon the request of WFLC, promptly furnishes to WFLC an opinion of counsel, in form and substance satisfactory to WFLC, to the effect that the lessee or sublessee is obligated to indemnify WFLC in a manner satisfactory to WFLC and consistent with the provisions of this Section 9. Such opinion shall have attached to it all documents which serve as the basis for such counsel's opinion.

(f) Purchaser and WFLC agree that, if according to any generally accepted industry standards for owners and lenders of railroad rolling stock similar to the Cars, broader insurance coverage becomes appropriate, insurance coverage in this Agreement will be modified to conform with that standard. Purchaser and WFLC further agree that WFLC may maintain such policies of excess or additional insurance on, or with respect to, the Cars as WFLC may elect and that premium costs and recoveries allowed to WFLC under such policies shall be for the exclusive account of WFLC.

10. Disclaimer of Warranties; Indemnification.

(a) WFLC DOES NOT MAKE, HAS NOT MADE ANY AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE CARS OR ANY COMPONENT THEREOF DELIVERED TO THE PURCHASER HEREUNDER, AND WFLC MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE CARS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE, NOR ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY CAR OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE PURCHASER, UPON COMPLETION OF CAR MODIFICATION WORK AS PROVIDED HEREIN OR OTHERWISE), it being agreed that all such risks, as between WFLC and the Purchaser, are to be borne by the Purchaser. WFLC hereby authorizes and appoints the Purchaser to act as its agent and attorney-in-fact during the term of this Agreement to assert and enforce from time to time, in the name of and for the account of WFLC and/or the Purchaser, as their interests may appear, at the Purchaser's sole cost and expense, whatever claims and rights WFLC may have against (i) the original manufacturer of the Cars, (ii) the refurbishment facility providing Car Modification Work or (iii) any third party vendors of components supplied to the Cars. WFLC shall have no responsibility or liability to the Purchaser or any other person with respect to any of the following:

(i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Cars or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith;

(ii) the use, operation or performance of any Cars or risks relating thereto;

(iii) any interruption of service, loss of business or anticipated profits or consequential damages; or

(iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any of the Cars. Purchaser's delivery of an Acceptance Certificate shall be conclusive evidence as between the Purchaser, on the one hand, and WFLC, on the other hand, that the Cars described therein are in all the foregoing respects satisfactory to the Purchaser; and the Purchaser will not assert any claim of any nature whatsoever against WFLC based on any of the foregoing matters.

(b) Purchaser agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless WFLC and its agents, employees, shareholders, officers and directors from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability), actions, suits, costs, expenses and disbursements (including, without limitation, reasonable legal fees and expenses) of any kind and nature whatsoever (hereafter referred to as "Claims") which may be imposed on, incurred or asserted against WFLC or such other persons, whether or not WFLC or such other persons shall also be indemnified as to any such Claim by any other person, in any way relating to or arising out of this Agreement or any document contemplated hereby, by the performance or enforcement and any of the terms hereof and thereof, or in any way relating to or arising solely out of the Cars, including, without limitation, the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, Car Modification Work, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of any Car or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement); provided, however, that Purchaser shall not be required to indemnify WFLC or any other such persons with respect to (i) any Claim in respect of any of the Cars arising solely from acts or events that occur prior to the Acceptance Date with respect to each Car or after possession of the Cars has been redelivered to WFLC following the exercise by Purchaser of its option pursuant to Section 14 hereof as to the Cars in respect of which the Claim arises, or (ii) any Claim resulting from the willful misconduct or gross negligence of WFLC as indemnified party. Purchaser agrees that WFLC shall not be liable to Purchaser for any Claim caused directly or indirectly by the inadequacy of any Car for any purpose or any deficiency or defect therein

or for the use or maintenance thereof of any repairs, servicing or adjustments thereto, all of which shall be the risk and responsibility of Purchaser. The rights and indemnities of the Purchaser are expressly made for the benefit of, and shall be enforced by, WFLC (and any successor or assign of WFLC) notwithstanding the fact that WFLC is not a party to any lease, sublease or other use agreement with respect to the Cars entered into by the Purchaser. Any party indemnified hereby shall give the party obligated to defend or indemnify it prompt written notice of any claim or occurrence under this Section, but the giving of such notice shall not be a condition to the Purchaser's obligations under this Section.

11. Representations and Warranties of Purchaser and Guarantor. Purchaser and Guarantor jointly and severally represent and warrant to WFLC as follows:

(a) The Purchaser is a general partnership duly organized, validly existing and in good standing under the laws of the State of Oregon. Purchaser has the requisite power and authority to enter into this Agreement, the Notes and the Security Agreement and to carry out the transactions contemplated hereby and thereby. Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Guarantor has the requisite power and authority to enter into this Agreement and the Guaranty, to carry out the transactions contemplated hereby and to perform the Guaranty. Purchaser and Guarantor are duly qualified to do business in all jurisdictions where the failure to so qualify would have an adverse effect upon Purchaser or Guarantor.

(b) The execution, delivery and performance of this Agreement, the Notes, the Security Agreement and the Guaranty have been duly authorized by all necessary action on the part of the Purchaser and Guarantor. This Agreement, the Notes and the Security Agreement constitute the legal, valid and binding instruments of Purchaser enforceable against Purchaser in accordance with their respective terms. This Agreement and the Guaranty constitute the legal, valid and binding agreements of the Guarantor, enforceable against Guarantor in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement, the Notes and the Security Agreement by Purchaser and of this Agreement and the Guaranty by the Guarantor will neither (i) conflict with, violate or breach any provision of the partnership agreement, certificate of partnership or related agreements among the principals of the Purchaser or the corporate charter or by-laws of Guarantor or any order, writ, injunction, decree, law or regulation applicable to Purchaser or Guarantor or any of their respective property nor (ii) after a lapse of time, due notice or otherwise, violate, conflict with, require consent under, breach, cause a default or acceleration of performance in respect of, result in the creation of any Lien pursuant to,

any agreement, contract, understanding, license, franchise, note, mortgage, bond or any obligation to which Purchaser or Guarantor is a party or by which either of them or their assets may be bound.

(d) Except for filings with the Interstate Commerce Commission ("ICC") and filings under the Uniform Commercial Code, no consent, approval or authorization of, or declaration or filing with, any federal, state, local or foreign government or regulatory authority on the part of Purchaser or Guarantor is required in connection with the valid execution and delivery of this Agreement, the Notes, the Security Agreement and the Guaranty or the performance by Purchaser and the Guarantor of the transactions contemplated hereby or thereby.

(e) Other than as fully disclosed in Exhibit J hereto, there are no actions or suits at law or in equity, or to the best knowledge of Purchaser and Guarantor any investigations or proceedings pending against Purchaser or Guarantor by or before any federal, state or local governmental agency or authority which if adversely determined against Purchaser or Guarantor would materially or adversely affect the business, property or assets, or the financial condition of Purchaser or Guarantor or the transactions herein contemplated, nor, to the best knowledge of Purchaser or Guarantor, are any such actions, suits, investigations or proceedings threatened.

(f) Neither Purchaser nor anyone acting on its behalf has, directly or indirectly, offered the Notes to, or solicited an offer to acquire the Notes from, or otherwise approached, negotiated or communicated in respect of the Notes with, anyone other than WFLC.

(g) Financing Statements or similar notices in respect of the Collateral (as such term is defined in the Security Agreement), naming WFLC as secured party and Purchaser as debtor, shall have been duly filed under the Uniform Commercial Code in all places within the State of Oregon as instructed by WFLC, and such other states as are reasonably requested by WFLC as are reasonably necessary in order to perfect the purchase money security interest in the Cars created by the Security Agreement. True and correct duplicate copies of this Agreement and the Security Agreement have been duly filed and recorded with the Interstate Commerce Commission.

(h) All financial statements of Guarantor heretofore delivered to WFLC in connection with this Agreement have been prepared in accordance with generally accepted accounting principles, are true and correct in all material respects and fairly present the financial condition and the results of the operations of Guarantor as of the dates and for the periods reflected therein. All financial statements of Purchaser heretofore delivered to WFLC are true and correct in all material respects and fairly present the financial condition and the results of the operations

of Purchaser as of the dates and for the periods reflected therein. Further, since the date or dates of such financial statements, no material adverse change has occurred in the financial condition or operations of Purchaser or Guarantor.

12. Recording. Purchaser, at its own expense, will cause this Agreement and the Security Agreement to be filed with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303. Purchaser will, at its own expense, undertake every filing, registering, deposit and recording required of WFLC, the Purchaser or any lessee, sublessee or user of the Cars (to the extent relating to this Agreement or the Cars) and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by WFLC, for the purpose of proper protection, to its satisfaction, of WFLC's interest in the Cars, or (to the extent relating to this Agreement or the Cars) for the purpose of carrying out the intention of this Agreement.

13. Return of the Cars.

(a) Delivery and Storage. If pursuant to any provision of this Agreement (except as provided in Section 13(b) below) Purchaser shall deliver the Cars to WFLC, Purchaser agrees to deliver possession of such Cars upon the storage tracks of any Class I railroad or such other tracks within the continental United States as WFLC may designate, and permit WFLC to store such Car on such tracks for a period not exceeding the lesser of (i) 60 days after all Cars hereunder are delivered to such tracks or (ii) 210 days and transport the same at any time within such period to any reasonable place on any railroad lines in the continental United States designated by WFLC upon not less than 30 days' written notice to Purchaser. All such movement (but not to exceed one movement for each Car to the storage tracks described above and from such storage tracks to the redelivery location designated by WFLC as described above) and storage of each such Car is to be at the exclusive risk and expense of Purchaser.

(b) Default. If this Agreement shall terminate in respect of any of the Cars pursuant to Section 17 hereof, Purchaser shall, subject to the rights of a lessee or sublessee, forthwith deliver possession of such Cars to WFLC and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroad having possession of any Car so to return such Cars. For the purpose of delivering possession of any Car or Cars to WFLC as above required, Purchaser will, at its own expense and risk: (i) forthwith and in the usual manner cause such Cars to be transported to such storage tracks of any Class I railroad as shall be designated by WFLC, or in the absence of such designation (within fifteen (15) business days following the giving of notice as required hereinabove),

as Purchaser may select, and there assembled; (ii) furnish or arrange for WFLC to store such Cars on any lines of railroad or premises approved by WFLC until such Cars have been sold, leased or otherwise disposed of by WFLC; and (iii) cause such Cars to be transported to such interchange point or points as shall be designated by WFLC upon any sale, lease or other disposition of all or any of such Cars. All movement and storage of each Car is to be at the risk and expense of Purchaser.

(c) General. All Cars returned to WFLC under this Agreement shall be in the condition in which such Cars are required to be maintained pursuant to Section 5 hereof and shall be free and clear of all Liens other than those created by, or existing in favor of, WFLC; Purchaser shall pay for any necessary repairs to place such Cars in such condition and will pay and discharge all such Liens. The assembling, delivery, storage and transporting of the Cars as hereinbefore provided shall be at the expense and risk of Purchaser and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises WFLC shall be entitled to a decree against Purchaser requiring specific performance of the covenants of Purchaser so to assemble, deliver, store and transport the Cars. During any storage period, Purchaser will, at its own expense and risk, maintain and keep the Cars in good order and repair, will keep and maintain insurance in respect thereof in the manner provided in Section 9 hereof and will permit WFLC or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Car, to inspect the same. All amounts earned in respect of Cars after the date of termination of this Agreement with respect to such Cars shall belong to WFLC and, if received by Purchaser shall be promptly turned over to WFLC. In the event any Car is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, Purchaser shall, in addition, pay Overdue Interest to WFLC for each day thereafter. For purposes of this Agreement, the term Overdue Interest shall mean 1% over the prime rate from time to time announced by Wells Fargo Bank, N.A. at its principal place of business, calculated on the original purchase price of each Car purchased and sold hereunder.

14. Option of Purchaser to Sell Cars.

(a) Provided that no Event of Default or an occurrence which with a lapse of time or the giving of notice or both, would constitute an Event of Default, has occurred or is continuing and the Purchaser has completed payment in full (by prepayment, if necessary) of the First Recourse Grid Note and the Third Recourse Grid Note, Purchaser shall have the right at any time on or after the sixth anniversary date of the Initial Closing Date but prior to the tenth anniversary date of the Initial Closing Date, upon the giving of at least one hundred twenty (120) days' prior written notice to WFLC, to sell all, but not less than all, of the Cars then subject

to this Agreement, to WFLC, such sale to be effective on the Payment Date next following the expiration of the 120-day notice period (hereafter referred to as the "Sale Option Date"). The sales price for the Cars shall be determined as hereinafter described in Section 14(b). On the Sale Option Date, Purchaser shall deliver all of the Cars to WFLC at one or more locations (not to exceed four (4) separate locations) designated by WFLC within 1,500 miles of San Francisco, California (i) unencumbered by any Liens or third party claims as required by Section 6 of this Agreement, (ii) in the same operating order, repair and condition as when originally accepted by the Purchaser, modified only by the Car Modification Work completed in accordance with the Flatcar Plans and Specifications, reasonable wear and tear excepted, (iii) in compliance with the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as then in effect, and (iv) in accordance with the return provisions set forth in Section 13 of this Agreement. In addition, on or prior to the Sale Option Date, Purchaser shall transfer all right, title and interest in and to the Cars to WFLC by executing a standard bill of sale reciting, without limitation, each of the items required by this Section 14(a).

(b) The price of the Cars sold to WFLC pursuant to this Section 14 shall be the greater of the (i) then-applicable Casualty Value set forth in Exhibit I hereto and (ii) Fair Market Value. For purposes of this Section 14, Fair Market Value shall be determined by Purchaser and WFLC by mutual agreement acting in good faith. However, if Purchaser and WFLC cannot agree upon a Fair Market Value for the Cars within thirty (30) days following receipt by WFLC of written notice from Purchaser, then such value shall be determined by a qualified independent appraiser selected by mutual agreement of WFLC and Purchaser or, failing such agreement, by a panel of three (3) qualified independent appraisers, one of whom shall be selected by WFLC, the second by Purchaser and the third by the first two selected. If no appraiser can be agreed upon by the first two appraisers, such appraiser shall be selected in accordance with the rules for commercial arbitration of the American Arbitration Association. The appraisers shall be instructed to make a determination within a period of 20 days following appointment, and shall promptly communicate their determinations in writing to WFLC and Purchaser in no event later than 45 days prior to the Sale Option Date. In calculating Fair Market Value for purposes of this Section 14, the parties hereto and the appraiser, if any, shall determine value as if the Cars were required to be sold on the open market for all cash within a period of time not to exceed thirty (30) days. If each appraiser makes a different determination, any single determination that differs most from the other two shall be excluded, the remaining appraisals shall be averaged, and such average shall be final and binding on both WFLC and Purchaser. In the event no single determination differs most from the other two, all three appraisals shall be averaged, and such average shall be final and binding on both WFLC and Purchaser. All fees and expenses of such appraisal work shall be paid by Purchaser.

EXHIBIT H

CAR MARKINGS AND NUMBERS

The markings for each of the Cars will be Series SP-900480 through
SP-900579.

(c) In the event Purchaser exercises its option to sell the Cars in accordance with this Section 14, that portion of the purchase price represented by Casualty Value may be paid by WFLC by cancellation of the Second Recourse Grid Note. WFLC and Purchaser agree that in the event WFLC resells some or all of the Cars to a third party following purchase hereunder by WFLC, neither Purchaser, Guarantor nor any entity affiliated with Purchaser or Guarantor shall thereafter lease, sublease, broker or participate in the lease, sublease or brokerage of any of the Cars for a period of five (5) calendar years following the Sale Option Date without the prior written consent of WFLC.

15. Sale of Cars; WFLC's Right of First Refusal.

(a) Provided that this Agreement has not been terminated and provided that no Event of Default shall have occurred and be continuing hereunder, Purchaser shall have the option at any time during the term of this Agreement upon the giving of ninety (90) days' prior written notice to WFLC, to sell any or all of the Cars to a third party purchaser provided that the purchase price for each Car shall at least equal the then applicable Casualty Value and that WFLC shall have the right of first refusal with respect to any sale or other disposition of the Cars that Purchaser is willing to accept on or prior to the effective date of such proposed sale. In the event that Purchaser shall receive a bona fide offer from a third party to purchase all or any of the Cars, WFLC shall be given prior written notice promptly after such offer is received by Purchaser, including, without limitation, such information as the price and other terms and conditions offered by the third party to Purchaser. WFLC shall have the sole right and option, for a period of thirty (30) days from the giving of such notice, to indicate its intention to purchase the Cars at the price and on the same terms and conditions as those at which the Cars shall have been proposed to be sold to a third party. WFLC shall exercise any such right of first refusal by delivery to Purchaser of a written notice of its intention to purchase and specifying a date no later than the date for purchase set forth in Purchaser's notice to WFLC. In the event WFLC exercises its right of first refusal to purchase any Cars, then upon payment of the purchase price, Purchaser shall execute and deliver to WFLC a standard form bill of sale for such Cars, and such other documents as may be required to release the Cars from the terms and scope of this Agreement and to transfer title thereto to WFLC, in such form as may reasonably be requested by WFLC.

(b) In the event WFLC declines to exercise its right of first refusal with respect to any of the Cars, Purchaser shall be free to conclude a purchase and sale transaction with a third party purchaser on the terms and conditions described in the written notice to WFLC. Net Sales Proceeds shall be sufficient to reimburse WFLC for the then applicable Casualty Value of each Car being sold, and any excess shall be divided between WFLC and Purchaser as follows: 20% of all excess Net

Sales Proceeds to WFLC and the balance to Purchaser. For purposes of this Agreement, Net Sales Proceeds shall mean the gross sales price realized upon disposition of any Car less the reasonable costs incurred by Purchaser in arranging said disposition, but without reduction for sales commissions or fees, broker's referral or finder's fees, or amounts paid by or to any affiliate of Purchaser or Guarantor.

16. Opinions of Counsel and Closing Documents. In connection with the consummation of the purchase transaction contemplated by this Agreement, Purchaser and Guarantor shall deliver to WFLC (i) an opinion, in form and substance satisfactory to WFLC, of Norriss M. Webb, Esq., counsel for Purchaser and Guarantor, with respect to the matters set forth in Section 11(a)-(g) of this Agreement, and (ii) such other customary closing documents, certificates and instruments as WFLC may reasonably request.

17. Events of Default; Remedies. Upon the happening of any of the following Events of Default:

(a) Purchaser shall fail to pay, when due, any part of the principal of, or interest on, any of the three Notes and in the case of interest such failure to pay shall have continued for 10 days;

(b) an Event of Default as defined in Section 6.1 of the Security Agreement shall have occurred and shall not have been remedied;

(c) any statement, representation or warranty made by Purchaser or Guarantor herein, in the Security Agreement, in the Guaranty or in any financial statement, certificate or other instrument delivered under or pursuant to any provision hereof or thereof shall prove to have been false or incorrect on the date as of which made;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement on the part of Purchaser to be observed or performed pursuant to the terms hereof and such default shall not have been remedied to the satisfaction of WFLC within twenty (20) days after notice thereof shall have been given to Purchaser by WFLC;

(e) Purchaser or Guarantor shall default in respect of any obligation to pay money under any bond, debenture, note or other similar evidence of indebtedness then outstanding (other than the Notes) of, or assumed by, Purchaser or Guarantor, or under any agreement under which such bond, debenture, note or similar evidence of indebtedness is issued or any guarantee (other than the Guaranty) thereof by Purchaser or Guarantor, or in the due observance or performance of any covenant, condition or agreement on the part of Purchaser or Guarantor contained in any of the foregoing, if the effect of such default is to

cause or to permit the holder or any trustee or similar person on the behalf of such holder to cause such indebtedness to become due prior to its stated maturity, or if any such indebtedness shall mature and remain unpaid;

(f) Purchaser or Guarantor shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against Purchaser or Guarantor or the petition is controverted but is not dismissed within 60 days after the commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of Purchaser or Guarantor, or Purchaser or Guarantor commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Purchaser or Guarantor or there is commenced against Purchaser or Guarantor any such proceeding which remains undismissed for a period of 60 days or Purchaser or Guarantor is adjudicated insolvent or bankrupt; or Purchaser or Guarantor fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order of relief or other order approving any such case or proceeding is entered; or Purchaser or Guarantor by any act or failure to act indicates its consent to, approval of or acquiescence in any such case or proceeding or in the appointment of any custodian or the like of or for it or any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of 60 days; or Purchaser or Guarantor makes a general assignment for the benefit of creditors; or any partnership action by Purchaser or corporate action by Guarantor is taken for the purpose of effecting any of the foregoing;

(g) final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against Purchaser or Guarantor and Purchaser or Guarantor, as the case may be, shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within 60 days from the date of entry thereof and within said period of 60 days, or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, WFLC may declare the principal of and accrued interest in respect of the Notes to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Purchaser; provided, that if an Event of Default specified in paragraph (f) of this Section 17 shall occur, the result which would occur

upon the giving of written notice by WFLC to Purchaser, as specified above, such Event of Default shall be deemed to have occurred automatically without the giving of any such notice.

18. Obligations Unconditional. Purchaser's obligations to pay the principal of and interest on the Notes shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation, (i) any set-off, counterclaim, recoupment, defense or other right that Purchaser or Guarantor may have against WFLC or anyone else for any reason whatsoever, (ii) any defect in the mechanical or structural integrity, condition, design, operation or fitness for use of, or any damage to or loss or destruction or decline in value of, the Cars, whether or not insured, or any interruption or cessation in the use or possession thereof by Purchaser or Guarantor for any reason whatsoever, (iii) any failure by a lessee or sublessee of the Cars to pay rent or any other default by a lessee or sublessee under any lease or sublease. Each payment by Purchaser or Guarantor of principal of or interest on the Note shall be final, and Purchaser and Guarantor will not seek to recover all or any part of such payment from WFLC for any reason whatsoever.

19. No Partnership. Nothing contained in this Agreement shall be construed to constitute a partnership or joint venture for income tax purposes or otherwise between WFLC on the one hand and Purchaser and/or Guarantor on the other, nor shall either party represent itself as an employee, partner, joint venturer or associate of the other. No party shall be or become liable by or because of any representation, act or omission of the other which is contrary to this Section.

20. Notices; Financial Statements.

(a) Any notice or other communication required under this Agreement, under the Notes or under the Guaranty shall be effective only if it is in writing and delivered personally or sent by registered or certified mail, postage prepaid, addressed as follows:

If to WFLC:

Wells Fargo Leasing Corporation
101 California Street
Suite 2800
San Francisco, California 94111

Attention: General Counsel

If to Purchaser:

James-Furman & Company
503 High Street
P.O. Box 568
Oregon City, Oregon 97045

Attention: General Counsel

If to Guarantor:

Greenbrier Leasing Corporation
503 High Street
P.O. Box 568
Oregon City, Oregon 97045

Attention: General Counsel

or such other address as any party may designate by notice to the other parties, and shall be deemed to have been given as of the date so personally delivered or mailed.

(b) During the term of this Agreement and until repayment in full of the Notes, Purchaser and Guarantor agree to furnish WFLC with annual audited financial statements of Guarantor within 120 days after the end of its fiscal year, quarterly financial statements of Guarantor within 45 days after the end of each of its fiscal quarters, certified financial statements of each of the general partners of Purchaser within 90 days after the end of each calendar year, and such other financial information and reports, including reports filed with federal or state regulatory agencies, as WFLC may reasonably request. In addition, Purchaser agrees to give WFLC prompt written notice of the death of any general partner of Purchaser, the withdrawal or removal of any general partner of Purchaser, or the dissolution, liquidation or winding up of the partnership affairs of Purchaser.

21. Parties in Interest; Amendment. This Agreement is binding upon and is for the benefit of the parties hereto and their respective successors. This Agreement is not made for the benefit of any person, firm, corporation or association not a party hereto (or their respective successors), and no person, firm, corporation or association other than the parties hereto or the successors of either of them shall acquire or have any right under or by virtue of this Agreement. This Agreement cannot be amended or modified except by a written agreement executed by the parties hereto.

22. Headings. The headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of or to effect the meaning or interpretation of this Agreement.

23. Entire Agreement. This Agreement supersedes any and all oral or written agreements, letters of intent and understandings heretofore made relating to the subject matter hereof and contains the entire agreement of the parties relating to the subject matter hereof, except for the agreements contained in the Notes, the Security Agreement and the Guaranty.

24. Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of California.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective principals and officers thereunto duly authorized as of the date first above written.

WELLS FARGO LEASING CORPORATION

JAMES-FURMAN & COMPANY

By Neal H. Ball
Its SVP

By W. A. Furman
Its General Partner

By Edwin W. Clock
Its Vice President

By Norris M. Webb
Its General Counsel

GREENBRIER LEASING CORPORATION

By W. A. Furman
Its President

By Norris M. Webb
Its Vice President

EXHIBIT A

BILL OF SALE

To Purchaser:

James-Furman & Company
503 High Street
P.O. Box 568
Oregon City, OR 97445

Wells Fargo Leasing Corporation ("Seller") for good and valuable consideration, the receipt of which is hereby acknowledged, hereby sells, transfers, conveys and delivers the railroad equipment listed in Schedule I attached hereto (the "Equipment") and all of Seller's right, title and interest therein and thereto, to you as purchaser ("Purchaser"), your successors and assigns, to have and to hold each and every item of such Equipment.

Seller hereby warrants that on the date hereof, Seller is the lawful owner of the Equipment and that Seller has a good and lawful right to sell the same and that title to the same is free from any lien, charge or encumbrance whatsoever, and that Seller will defend said title.

SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO DESIGN, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE EQUIPMENT. SELLER MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE AS SET FORTH ABOVE. SELLER SHALL IN NO EVENT BE RESPONSIBLE FOR DAMAGES ARISING IN STRICT LIABILITY OR OTHERWISE, OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, HOWEVER ARISING.

This instrument shall be governed by, and construed in accordance with, the substantive laws of the State of California.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed in its name by a duly authorized representative on the _____ day of _____, 198__.

WELLS FARGO LEASING CORPORATION

By _____

Its _____

By _____

Its _____

SCHEDULE I

TO BILL OF SALE

DESCRIPTION OF EQUIPMENT

EXHIBIT B

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NO TRANSFER HEREOF MAY BE EFFECTED UNLESS THE TRANSACTION RELATING THERETO SHALL BE EXEMPT WITHIN THE MEANING OF SUCH ACT AND THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION ADOPTED THEREUNDER.

JAMES-FURMAN & COMPANY
12.50% FIRST RECOURSE SECURED GRID NOTE

\$750,000

_____, 1983

No. _____

FOR VALUE RECEIVED, the undersigned, JAMES-FURMAN & COMPANY (the "Borrower"), promises to pay to the order of WELLS FARGO LEASING CORPORATION (the "Lender"), or order, the principal sum equal to the Aggregate Unpaid Amount (see Annex I hereto) and to accrue interest from the date hereof on the Aggregate Unpaid Principal Amount at the rate of 12.50% per annum, such principal and interest to be payable in accordance with the amortization schedule of principal and interest attached hereto as Annex II, in such coin or currency as shall at the time of payment be legal tender for the payment of public and private debts in the United States of America.

Any advances made hereunder by the Lender shall be conclusively presumed to have been made when said advances are (i) noted on Annex I hereto as an Unpaid Principal Amount on any Closing Date or Final Closing Date (as such terms are defined in the Flatcar Purchase Agreement) by an officer of the Lender and (ii) evidenced by a cross-receipt executed by any officer of the Borrower and delivered to the Lender.

Any installment made hereunder shall be first applied to outstanding interest and then to principal. Any installment of principal and interest not paid when due shall bear interest (to the extent legally permissible) from its due date until paid at the rate equal to the higher of (i) 1% over the rate borne by this Note and (ii) 1% over the prime rate of Wells Fargo Bank, N.A. from time to time published by said bank as its "prime rate" and as in effect (hereafter referred to as the "Overdue Rate"). All payments of principal of and interest on this Note shall be made at the principal office of the Lender,

101 California Street, Suite 2800, San Francisco, California
94111 or at such other place as the holder thereof shall designate
in writing to the Borrower.

This Note is issued under that certain Flatcar Purchase Agreement dated as of August 1, 1983 (the "Flatcar Purchase Agreement") between the Borrower and the Lender and is secured by that certain Security Agreement dated as of August 1, 1983 (the "Security Agreement") from the Borrower to the Lender. This Note and the holder hereof are entitled to all of the benefits and security provided for or referred to in the Flatcar Purchase Agreement and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the Collateral, the nature and extent of the security and the rights of the holder or holders of the Notes and of the Borrower in respect thereof.

The Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including reasonable attorney's fees.

The provisions of this Note shall inure to the benefit of and be binding upon any and all successors to the Borrower and shall extend to any holder hereof.

This Note shall be governed by, and construed in accordance with, the substantive laws of the State of California.

JAMES-FURMAN & COMPANY

By _____

Its _____

By _____

Its _____

ANNEX I

LOANS AND PAYMENTS OF PRINCIPAL

<u>Closing Date (s)</u>	<u>Unpaid Principal Amount</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		12.50%	

<u>First Payment Date</u>	<u>Aggregate Unpaid Amount (Aggregate Unpaid Principal Amount Plus Accrued Interest</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		12.50%	

ACCEPTANCE CERTIFICATE

No. _____

James-Furman & Company ("Purchaser") hereby accepts the flatcar railroad equipment (the "Cars") identified on Schedule I hereto on the terms and conditions of the Flatcar Purchase Agreement dated as of August 1, 1983 (the "Purchase Agreement"). Capitalized terms used in this Acceptance Certificate and not specifically defined herein shall have the meaning set forth in the Purchase Agreement.

In accepting the Cars, Purchaser hereby represents and warrants as follows:

1. The representations and warranties contained in Section 11 of the Purchase Agreement are true and accurate on and as of the date of this Acceptance Certificate as though made on and as of such date.

2. No Event of Default as defined in Section 17 of the Purchase Agreement (or event which, with the lapse of time and/or the giving of notice would become an Event of Default) has occurred or is continuing.

3. The Cars are in good condition and operating order, are fit for their intended use and purpose and meet all specifications required by the Purchaser, excepting only Southern Pacific Transportation Company's right of final inspection and performance of the Car Modification Work, both as referred to in the Purchase Agreement.

4. The Cars described in Schedule I hereto are located as of the date hereof in _____ (City) _____, _____ (State) _____, have been inspected by authorized representatives of Purchaser, have been accepted by Purchaser under the Purchase Agreement, and will be delivered at Purchaser's own cost to the Southern Pacific refurbishment facility at Roseville, California.

Dated: _____, 198_____

JAMES-FURMAN & COMPANY

By _____

Its _____

By _____

Its _____

ANNEX II

DEBT AMORTIZATION SCHEDULE

Date

Payment

EXHIBIT C

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NO TRANSFER HEREOF MAY BE EFFECTED UNLESS THE TRANSACTION RELATING THERETO SHALL BE EXEMPT WITHIN THE MEANING OF SUCH ACT AND THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION ADOPTED THEREUNDER.

JAMES-FURMAN & COMPANY
12.50% SECOND RECOURSE SECURED GRID NOTE

\$850,000

_____, 1983

No. _____

FOR VALUE RECEIVED, the undersigned, JAMES-FURMAN & COMPANY (the "Borrower"), promises to pay to the order of WELLS FARGO LEASING CORPORATION (the "Lender"), or order, the principal sum equal to the Aggregate Unpaid Amount (see Annex I hereto) and to accrue interest from the date hereof on the Aggregate Unpaid Principal Amount at the rate of 12.50% per annum, such principal and interest to be payable in accordance with the amortization schedule of principal and interest attached hereto as Annex II, in such coin or currency as shall at the time of payment be legal tender for the payment of public and private debts in the United States of America.

Any advances made hereunder by the Lender shall be conclusively presumed to have been made when said advances are (i) noted on Annex I hereto as an Unpaid Principal Amount on any Closing Date or Final Closing Date (as such terms are defined in the Flatcar Purchase Agreement) by an officer of the Lender and (ii) evidenced by a cross-receipt executed by any officer of the Borrower and delivered to the Lender.

Any installment made hereunder shall be first applied to outstanding interest and then to principal. Any installment of principal and interest not paid when due shall bear interest (to the extent legally permissible) from its due date until paid at the rate equal to the higher of (i) 1% over the rate borne by this Note and (ii) 1% over the prime rate of Wells Fargo Bank, N.A. from time to time published by said bank as its "prime rate" and as in effect (hereafter referred to as the "Overdue Rate"). All payments of principal of and interest on this Note shall be made at the principal office of the Lender, 101 California Street, Suite 2800, San Francisco, California

94111 or at such other place as the holder thereof shall designate in writing to the Borrower.

This Note is issued under that certain Flatcar Purchase Agreement dated as of August 1, 1983 (the "Flatcar Purchase Agreement") between the Borrower and the Lender and is secured by that certain Security Agreement dated as of August 1, 1983 (the "Security Agreement") from the Borrower to the Lender. This Note and the holder hereof are entitled to all of the benefits and security provided for or referred to in the Flatcar Purchase Agreement and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the Collateral, the nature and extent of the security and the rights of the holder or holders of the Notes and of the Borrower in respect thereof.

The Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including reasonable attorney's fees.

The provisions of this Note shall inure to the benefit of and be binding upon any and all successors to the Borrower and shall extend to any holder hereof.

This Note shall be governed by, and construed in accordance with, the substantive laws of the State of California.

JAMES-FURMAN & COMPANY

By _____

Its _____

By _____

Its _____

ANNEX I

LOANS AND PAYMENTS OF PRINCIPAL

<u>Closing Date(s)</u>	<u>Unpaid Principal Amount</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		12.50%	

<u>First Payment Date</u>	<u>Aggregate Unpaid Amount (Aggregate Unpaid Principal Amount Plus Accrued Interest</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		12.50%	

SCHEDULE I

TO ACCEPTANCE CERTIFICATE

DESCRIPTION OF EQUIPMENT

GREENBRIER LEASING CORPORATION

DIMENSIONAL DESCRIPTION OF 70 TON TOFC/COFC RAILCARS

Length Over End Sills -----	89'-4"
Length Over Strikers -----	90'-0"
Length Over Pulling Faces of Coupler ----- (EOCC in normal position)	94'-8"
Width Over Side Sills -----	9'-0"
Height Rail to Top of Platform -----	3'-5 1/2"
Height Rail to Centerline of Coupler -----	2'-10 1/2"
Distance Center to Center of Trucks -----	66'-0"
Truck Wheel Base -----	5'-8"
Light Weight - Estimated Average -----	69,600 pounds
Rail Limit -----	220,000 pounds
Center of Gravity (light car) -----	31" ATR
Built Date -----	1978
Car Builder -----	ACF

GENERAL OUTLINE

This outline describes design and construction of the subject 89'-4" long piggyback flat cars having 70 ton nominal capacity, with 41-1/2" platform height. The all steel flush deck cars are equipped with 15" hydraulic end-of-car cushioning units and two Model #5 rigid hitches with twenty-two bushings each. In addition, each car is equipped with sixteen container pedestals.

The design and construction of the cars meet and/or exceed the requirements outlined in the latest AAR Specification and Standards as adopted September 1, 1964, Section 4.1, Loads and Forces for Flat Car Trailer Transport.

Superstructure of the car is designed to transport highway trailers and/or cargo containers of the following dimensions and weights:

- (a) Two (2) highway trailers of 65,000 pounds maximum gross individual weight; one (1) up to 45'-0" maximum length and one (1) up to 40'-0" maximum length.
- (b) Two (2) U.S.A.S.I. - I.S.O. containers 40'-0" long of 67,500 pounds maximum gross individual weight.
- (c) Two (2) 35'-0" long containers of 61,600 pounds maximum gross individual weight.
- (d) Two (2) U.S.A.S.I. - I.S.O. 30'0" long containers of 56,000 pounds maximum gross individual weight.
- (e) Three (3) 27'-0" long containers of 50,000 pounds maximum gross individual weight.
- (f) Three (3) 24'-0" long containers of 50,000 pounds maximum gross individual weight.
- (g) Four (4) U.S.A.S.I. - I.S.O. containers 20'-0" long of 37,500 pounds maximum gross individual weight.
- (h) Three (3) U.S.A.S.I. - I.S.O. containers nominal 20' length of 44,800 pounds maximum gross individual weight placed on car so that two containers are always at opposite ends of cars.
- (i) Two (2) U.S.A.S.I. - I.S.O. containers nominal 20' length of 44,800 pounds maximum gross individual weight placed on the car at opposite ends.
- (j) Any combination of the above where the combined overall lengths do not exceed the design capability of container pedestal track configuration and gross weight not exceeding 110,000 pounds per truck.

The cars meet AAR and DOT requirements for interchange service with AAR Clearance requirements Plate B-1 and Plate D of AAR Specifications except as noted below:

Cars do not conform to AAR loading rules for General Service flat cars.

Project Specifications for Maintenance and Alteration
of 100 ACF Built 70-Ton TOFC/COFC Railcars

WORK REQUIRED:

MAINTENANCE:

Following maintenance is to be performed utilizing Maintenance Procedures listed under Car Maintenance Procedures as required:

1. Brake System

- a. Observe air date and perform COT&S if due within four (4) years from outshop date. If air brakes are in date, perform single car test and adjust piston travel to 7".
- b. Replace angle cock if defective or inoperative.
- c. Ensure that angle cock location is in accordance with AAR Rule 4.
- d. Observe air brake hose date and replace if due within four (4) years from outshop date. Inspect flexible train line hoses for damage and replace per AAR specification M618 and Rule 4, AAR field manual instructions.
- e. Make necessary repairs to slack adjuster, brake rods and brake levers. Existing brake arrangement that is causing dead lever rods to come into contact with brake beams and also resulting in interference/wear at connecting pin/actuator lever must be modified to eliminate conditions causing these problems.
- f. Hand brakes must be tested by setting and releasing at least three times and must be lubricated per AAR Rule 13E5. Defective hand brakes must be replaced with new or reconditioned hand brake.

2. Car Body

- a. Underframe must be inspected to insure no cracks in sills, bolsters, crossbearers or crossties. Any cracks found must be repaired in accordance with AAR Rules 57 or 58. Close attention should be paid to center sill transition and deck area failures and repairs made where defects exist - including upgrading prior repairs where determined to be insufficient.
- b. Broken center plates must be replaced. Center plates worn to the extent that bowl diameter is reduced to 13-5/16" or less at any point or bowl height is reduced more than 1/4", must be replaced. AAR Rule 60 A1 and 1.

EXHIBIT F

ACCEPTANCE CERTIFICATE

Certificate No. _____

Date: _____

THIS ACCEPTANCE CERTIFICATE supplements that certain Supplemental Agreement ("Agreement") dated June 3, 1983 between Greenbrier Leasing Corporation ("Greenbrier"), Southern Pacific Transportation Company ("SP") and St. Louis Southwestern Railway Company ("SSW").

The terms used herein shall have the meaning given to such terms in the Agreement and the term Unit or Units shall mean one or more 70 ton TOFC/COFC railroad flatcars.

Greenbrier hereby confirms that the Unit or Units described on Schedule "A" attached hereto have this date been delivered to and accepted by Greenbrier under the Agreement and that the effective date for the Term of that particular Amendment and supplement to Railroad Equipment Lease dated as of June 3, 1983 ("Lease") between the parties hereto with respect to such Unit or Units shall be the date hereof.

Greenbrier and SP confirm that, as to each Unit and as of the date of this Acceptance Certificate, (a) such Unit had been examined and accepted by a duly appointed and authorized representative of Greenbrier; (b) such Unit was subsequently duly accepted on the same date by SP as a Unit for leasing under the Lease; (c) such Unit became subject to and governed by the terms of the Lease; (d) such Unit complies in all respects with the flatcar plans and specifications attached hereto as Schedule "B"; and (e) SP became obligated to pay to Greenbrier the rent and all other amounts provided for in the Lease with respect to such Unit.

SP and SSW represent and warrant that (i) no default or event which, with the giving of notice or the lapse of time, or both, would become such a default under the Agreement or the Lease has occurred or is continuing, and (ii) the representations and warranties of SP and SSW contained in the Lease and any agreement relating thereto are true and correct on as of the date hereof.

GREENBRIER LEASING CORPORATION

By _____

Its _____

ST. LOUIS SOUTHWESTERN
RAILWAY COMPANY

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By _____

Its _____

By _____

Its _____

- c. Broken or defective body side bearings must be replaced. Side bearing clearance must be adjusted per manufacturer's instructions for constant contact side bearings and in accordance with AAR Rule 47.
- d. Handholds and sill steps are to be replaced if required or straightened to meet the requirements of the United States Safety Appliance Standards.

3. Draft Rigging

- a. Couplers that are cracked, bent or worn to limits specified in Rule 17 are to be replaced.
- b. Coupler carrier wear plates must be 11-14% manganese as shown in CMP-F-CD7, latest revision. Wear plate weld failures must be repaired by removing existing weld and applying new weld.
- c. End-of-car cushioning devices must be inspected for leaks and be repaired or replaced as required, per AAR Rule 59 and CMP-F-CD-3A.
- d. Return spring mechanisms must be repaired or replaced if found broken or defective.
- e. Cushion unit support plates and attachments must be repaired or replaced as required.
- f. Coupler height must be adjusted to 33-1/2" minimum or 34-1/2" maximum as shown in AAR Rule 16E12.

4. Trucks

- a. Wheel sets must be inspected for tread wear and be replaced when finger on standard steel wheel gauge is 5 or greater on the scale on either wheel.
- b. Wheels having defects listed in AAR Rule 41 Section A must be replaced.
- c. Replace wheel sets with new or reconditioned roller bearing wheel and axle assembly if the following conditions are found while inspecting roller bearings:
 - (1) Damage from overheating or one or more visibly loose or missing cap screws, welding arc found by hand rotating.
 - (2) Loose backing ring -- A backing ring that can be moved by hand is considered to be loose.

(3) Loose or defective seals and excessive grease leakage as described below:

- Seal can be rotated by hand, with use of suitable probe.
 - Seal is cocked out of position.
 - If bearing shows grease coming out where the seal fits into the counterbore of bearing outer ring, check to see if seal is loose per 3A above. If seal is not loose in counterbore of bearing outer ring, wipe off any grease and continue bearing in service.
- d. Replace roller bearing adapters when cracked, broken, missing or worn per AAR Rule 37A2 or 37A3a through f.
- e. Worn areas in truck bolster slopes and gibs must be built up with weld and ground smooth. Truck bolster center plate rims must be built up with weld and machined to contour when rims are worn to diameter of 14-3/4" or more.
- f. Side frame column guides and pedestal roofs must be built up with weld as required, per AAR Rule 48.
- g. Side frame wear plates must be replaced when broken, missing or worn to 1/4" or less.
- h. Truck friction castings must be replaced if depth of wear indicator is 3/16" or less.
- i. Truck springs must be replaced when broken or missing; balance of springs in group must be gauged for free height of 9-1/16" or less for D4 springs or 9-5/8" or less for D5 springs.
- j. Brake beams must be replaced when missing, worn, bent, wrong for type of brake shoes stenciled on car or if tension rods cut or worn 5/16" or more.
- k. Brake shoes must be replaced if worn to 3/4" thick or less.

NOTE: Maintenance requirement guidelines have been established on basis of car inspection results which were derived from a statistical sampling of the total number of subject cars.

ALTERATIONS:

Modify cars to accept two (2) 45' (foot) trailers while retaining capability of carrying cargo containers. Existing trailer hitches to be removed. Any cuts or gouges in flat car deck caused by airarc must be filled with weld metal and ground flush.

APPLICATION:

Car decks in area of hitch locations are to be reinforced with 3/8" ASTM A572 Grade 50, type 2 steel gussets as shown on drawings CF-76390 and EF-76391.

New ACF model No. 6 collapsible trailer hitch to be applied on longitudinal center line at B-end of car per dimensions shown on drawing BF-76403 and secondhand ACF model No. 5 rigid wrench operated trailer hitch to be similarly applied at A-end of car, spaced in relationship to B-end hitch in accordance with dimensions shown on drawing BF-76403. Note: Secondhand hitches (ones being removed and reused) must be inspected, tested and lubed and repaired if found defective or inoperable.

Hitches are to be properly aligned, then welded to deck as shown on drawing EF-76392.

Existing bridge plates shall be removed and cars modified, where required, to accommodate portable bridge plate equipment.

Trailer guide rails that have been damaged or separated from deck shall be repaired.

COFC equipment on cars (i.e. pedestal container supports) to be inspected and repaired or replaced if defective.

PAINTING AND STENCILING:

Cars to receive a No. 7 brush-off blast cleaning and one coat of direct to metal freight car paint. Restencil as originally stenciled except as follows:

Cars to be renumbered per special instructions. Apply stencil "Equipped for use with 60 inch portable bridge plates" at both ends on top of deck in 2" letters, as shown on drawing BF-76388.

Apply anti-skid material to surface of deck except at bridge plate stencil, and hitch area.

CHANGE IN LIGHTWEIGHT:

Subject cars are to be reweighed and restenciled in accordance with AAR Rule 70, reporting on Form CS-7160.

DM:cn

G5.25.83.1

GREENBRIER LEASING CORPORATION

DIMENSIONAL DESCRIPTION OF 70 TON TOFC/COFC RAILCARS

Length Over End Sills -----	89'-4"
Length Over Strikers -----	90'-0"
Length Over Pulling Faces of Coupler ----- (EOCC in normal position)	94'-8"
Width Over Side Sills -----	9'-0"
Height Rail to Top of Platform -----	3'-5 1/2"
Height Rail to Centerline of Coupler -----	2'-10 1/2"
Distance Center to Center of Trucks -----	66'-0"
Truck Wheel Base -----	5'-8"
Light Weight - Estimated Average -----	69,600 pounds
Rail Limit -----	220,000 pounds
Center of Gravity (light car) -----	31" ATR
Built Date -----	1978
Car Builder -----	ACF

GENERAL OUTLINE

This outline describes design and construction of the subject 89'-4" long piggyback flat cars having 70 ton nominal capacity, with 41-1/2" platform height. The all steel flush deck cars are equipped with 15" hydraulic end-of-car cushioning units and two Model #5 rigid hitches with twenty-two bushings each. In addition, each car is equipped with sixteen container pedestals.

The design and construction of the cars meet and/or exceed the requirements outlined in the latest AAR Specification and Standards as adopted September 1, 1964, Section 4.1, Loads and Forces for Flat Car Trailer Transport.

Superstructure of the car is designed to transport highway trailers and/or cargo containers of the following dimensions and weights:

- (a) Two (2) highway trailers of 65,000 pounds maximum gross individual weight; one (1) up to 45'-0" maximum length and one (1) up to 40'-0" maximum length.
- (b) Two (2) U.S.A.S.I. - I.S.O. containers 40'-0" long of 67,500 pounds maximum gross individual weight.
- (c) Two (2) 35'-0" long containers of 61,600 pounds maximum gross individual weight.
- (d) Two (2) U.S.A.S.I. - I.S.O. 30'0" long containers of 56,000 pounds maximum gross individual weight.
- (e) Three (3) 27'-0" long containers of 50,000 pounds maximum gross individual weight.
- (f) Three (3) 24'-0" long containers of 50,000 pounds maximum gross individual weight.
- (g) Four (4) U.S.A.S.I. - I.S.O. containers 20'-0" long of 37,500 pounds maximum gross individual weight.
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- (i) Two (2) U.S.A.S.I. - I.S.O. containers nominal 20' length of 44,800 pounds maximum gross individual weight placed on the car at opposite ends.
- (j) Any combination of the above where the combined overall lengths do not exceed the design capability of container pedestal track configuration and gross weight not exceeding 110,000 pounds per truck.

The cars meet AAR and DOT requirements for interchange service with AAR Clearance requirements Plate B-1 and Plate D of AAR Specifications except as noted below:

Cars do not conform to AAR loading rules for General Service flat cars.

Project Specifications for Maintenance and Alteration
of 100 ACF Built 70-Ton TOFC/COFC Railcars

WORK REQUIRED:

MAINTENANCE:

Following maintenance is to be performed utilizing Maintenance Procedures listed under Car Maintenance Procedures as required:

1. Brake System

- a. Observe air date and perform COT&S if due within four (4) years from outshop date. If air brakes are in date, perform single car test and adjust piston travel to 7".
- b. Replace angle cock if defective or inoperative.
- c. Ensure that angle cock location is in accordance with AAR Rule 4.
- d. Observe air brake hose date and replace if due within four (4) years from outshop date. Inspect flexible train line hoses for damage and replace per AAR specification M618 and Rule 4, AAR field manual instructions.
- e. Make necessary repairs to slack adjuster, brake rods and brake levers. Existing brake arrangement that is causing dead lever rods to come into contact with brake beams and also resulting in interference/wear at connecting pin/actuator lever must be modified to eliminate conditions causing these problems.
- f. Hand brakes must be tested by setting and releasing at least three times and must be lubricated per AAR Rule 13E5. Defective hand brakes must be replaced with new or reconditioned hand brake.

2. Car Body

- a. Underframe must be inspected to insure no cracks in sills, bolsters, crossbearers or crossties. Any cracks found must be repaired in accordance with AAR Rules 57 or 58. Close attention should be paid to center sill transition and deck area failures and repairs made where defects exist - including upgrading prior repairs where determined to be insufficient.
- b. Broken center plates must be replaced. Center plates worn to the extent that bowl diameter is reduced to 13-5/16" or less at any point or bowl height is reduced more than 1/4", must be replaced. AAR Rule 60 A1 and 1.

- c. Broken or defective body side bearings must be replaced. Side bearing clearance must be adjusted per manufacturer's instructions for constant contact side bearings and in accordance with AAR Rule 47.
- d. Handholds and sill steps are to be replaced if required or straightened to meet the requirements of the United States Safety Appliance Standards.

3. Draft Rigging

- a. Couplers that are cracked, bent or worn to limits specified in Rule 17 are to be replaced.
- b. Coupler carrier wear plates must be 11-14% manganese as shown in CMP-F-CD7, latest revision. Wear plate weld failures must be repaired by removing existing weld and applying new weld.
- c. End-of-car cushioning devices must be inspected for leaks and be repaired or replaced as required, per AAR Rule 59 and CMP-F-CD-3A.
- d. Return spring mechanisms must be repaired or replaced if found broken or defective.
- e. Cushion unit support plates and attachments must be repaired or replaced as required.
- f. Coupler height must be adjusted to 33-1/2" minimum or 34-1/2" maximum as shown in AAR Rule 16E12.

4. Trucks

- a. Wheel sets must be inspected for tread wear and be replaced when finger on standard steel wheel gauge is 5 or greater on the scale on either wheel.
- b. Wheels having defects listed in AAR Rule 41 Section A must be replaced.
- c. Replace wheel sets with new or reconditioned roller bearing wheel and axle assembly if the following conditions are found while inspecting roller bearings:
 - (1) Damage from overheating or one or more visibly loose or missing cap screws, welding arc found by hand rotating.
 - (2) Loose backing ring -- A backing ring that can be moved by hand is considered to be loose.

- (3) Loose or defective seals and excessive grease leakage as described below:
- Seal can be rotated by hand, with use of suitable probe.
 - Seal is cocked out of position.
 - If bearing shows grease coming out where the seal fits into the counterbore of bearing outer ring, check to see if seal is loose per 3A above. If seal is not loose in counterbore of bearing outer ring, wipe off any grease and continue bearing in service.
- d. Replace roller bearing adapters when cracked, broken, missing or worn per AAR Rule 37A2 or 37A3a through f.
- e. Worn areas in truck bolster slopes and gibs must be built up with weld and ground smooth. Truck bolster center plate rims must be built up with weld and machined to contour when rims are worn to diameter of 14-3/4" or more.
- f. Side frame column guides and pedestal roofs must be built up with weld as required, per AAR Rule 48.
- g. Side frame wear plates must be replaced when broken, missing or worn to 1/4" or less.
- h. Truck friction castings must be replaced if depth of wear indicator is 3/16" or less.
- i. Truck springs must be replaced when broken or missing; balance of springs in group must be gauged for free height of 9-1/16" or less for D4 springs or 9-5/8" or less for D5 springs.
- j. Brake beams must be replaced when missing, worn, bent, wrong for type of brake shoes stenciled on car or if tension rods cut or worn 5/16" or more.
- k. Brake shoes must be replaced if worn to 3/4" thick or less.

NOTE: Maintenance requirement guidelines have been established on basis of car inspection results which were derived from a statistical sampling of the total number of subject cars.

ALTERATIONS:

Modify cars to accept two (2) 45' (foot) trailers while retaining capability of carrying cargo containers. Existing trailer hitches to be removed. Any cuts or gouges in flat car deck caused by airarc must be filled with weld metal and ground flush.

APPLICATION:

Car decks in area of hitch locations are to be reinforced with 3/8" ASTM A572 Grade 50, type 2 steel gussets as shown on drawings CF-76390 and EF-76391.

New ACF model No. 6 collapsible trailer hitch to be applied on longitudinal center line at B-end of car per dimensions shown on drawing BF-76403 and secondhand ACF model No. 5 rigid wrench operated trailer hitch to be similarly applied at A-end of car, spaced in relationship to B-end hitch in accordance with dimensions shown on drawing BF-76403. Note: Secondhand hitches (ones being removed and reused) must be inspected, tested and lubed and repaired if found defective or inoperable.

Hitches are to be properly aligned, then welded to deck as shown on drawing EF-76392.

Existing bridge plates shall be removed and cars modified, where required, to accommodate portable bridge plate equipment.

Trailer guide rails that have been damaged or separated from deck shall be repaired.

COFC equipment on cars (i.e. pedestal container supports) to be inspected and repaired or replaced if defective.

PAINTING AND STENCILING:

Cars to receive a No. 7 brush-off blast cleaning and one coat of direct to metal freight car paint. Restencil as originally stenciled except as follows:

Cars to be renumbered per special instructions. Apply stencil "Equipped for use with 60 inch portable bridge plates" at both ends on top of deck in 2" letters, as shown on drawing BF-76388.

Apply anti-skid material to surface of deck except at bridge plate stencil, and hitch area.

CHANGE IN LIGHTWEIGHT:

Subject cars are to be reweighed and restenciled in accordance with AAR Rule 70, reporting on Form CS-7160.

DM:cn

G5.25.83.1

EXHIBIT G

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NO TRANSFER HEREOF MAY BE EFFECTED UNLESS THE TRANSACTION RELATING THERETO SHALL BE EXEMPT WITHIN THE MEANING OF SUCH ACT AND THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION ADOPTED THEREUNDER.

JAMES-FURMAN & COMPANY
13.25% THIRD RECOURSE SECURED GRID NOTE

\$1,000,000

_____, 1983

No. _____

FOR VALUE RECEIVED, the undersigned, JAMES-FURMAN & COMPANY (the "Borrower"), promises to pay to the order of WELLS FARGO LEASING CORPORATION (the "Lender"), or order, the principal sum equal to the Aggregate Unpaid Amount (see Annex I hereto) and to accrue interest from the date hereof on the Aggregate Unpaid Principal Amount at the rate of 12.50% per annum, such principal and interest to be payable in accordance with the amortization schedule of principal and interest attached hereto as Annex II, in such coin or currency as shall at the time of payment be legal tender for the payment of public and private debts in the United States of America.

Any advances made hereunder by the Lender shall be conclusively presumed to have been made when said advances are (i) noted on Annex I hereto as an Unpaid Principal Amount on any Closing Date or Final Closing Date (as such terms are defined in the Flatcar Purchase Agreement) by an officer of the Lender and (ii) evidenced by a cross-receipt executed by any officer of the Borrower and delivered to the Lender.

Any installment made hereunder shall be first applied to outstanding interest and then to principal. Any installment of principal and interest not paid when due shall bear interest (to the extent legally permissible) from its due date until paid at the rate equal to the higher of (i) 1% over the rate borne by this Note and (ii) 1% over the prime rate of Wells Fargo Bank, N.A. from time to time published by said bank as its "prime rate" and as in effect (hereafter referred to as the "Overdue Rate"). All payments of principal of and interest on this Note shall be made at the principal office of the Lender, 101 California Street, Suite 2800, San Francisco, California

94111 or at such other place as the holder thereof shall designate in writing to the Borrower.

This Note is issued under that certain Flatcar Purchase Agreement dated as of August 1, 1983 (the "Flatcar Purchase Agreement") between the Borrower and the Lender and is secured by that certain Security Agreement dated as of August 1, 1983 (the "Security Agreement") from the Borrower to the Lender. This Note and the holder hereof are entitled to all of the benefits and security provided for or referred to in the Flatcar Purchase Agreement and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the Collateral, the nature and extent of the security and the rights of the holder or holders of the Notes and of the Borrower in respect thereof.

The Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including reasonable attorney's fees.

The provisions of this Note shall inure to the benefit of and be binding upon any and all successors to the Borrower and shall extend to any holder hereof.

This Note shall be governed by, and construed in accordance with, the substantive laws of the State of California.

JAMES-FURMAN & COMPANY

By _____

Its _____

By _____

Its _____

ANNEX I

LOANS AND PAYMENTS OF PRINCIPAL

<u>Closing Date(s)</u>	<u>Unpaid Principal Amount</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		13.25%	

<u>First Payment Date</u>	<u>Aggregate Unpaid Amount (Aggregate Unpaid Principal Amount Plus Accrued Interest</u>	<u>Interest Rate</u>	<u>Notation Made By</u>
		13.25%	

ANNEX II

DEBT AMORTIZATION SCHEDULE

Date

Payment

EXHIBIT J

PENDING LITIGATION

Intercapital Corporation of Oregon (Intercapital) is an Oregon Corporation which was established in 1974. All of its common stock is owned by Alan James and William A. Furman, and this has been the case since the company's inception. Intercapitals' business is the providing of financing services to corporate clients.

In October, 1980, Intercapital filed suit against a former sister company, Intercapital of Washington (ICW) in the Superior Court of the State of Washington in and for Clark County in Vancouver, Washington. Intercapital seeks in this litigation to have a receiver appointed for ICW and for judgement for immediate payment of \$550,000 of ICW's 8% cumulative Class C preferred stock, plus dividends, which was issued to Intercapital in 1978 and was redeemable over a seven year period beginning in July, 1979. Intercapital held none of the common stock of ICW and shares which were originally owned by Alan James and William A. Furman were sold to private individuals in 1979.

In November, 1980, ICW's parent filed suit in the same court against Intercapital and Messrs. James and Furman individually, and their partnership, seeking to have the court enforce an alleged option to acquire 63% of Intercapital's stock, and seeking damages in unspecified amounts. Defense of this action has been financed by the James-Furman partnership because of the limited liquid assets available to Intercapital.

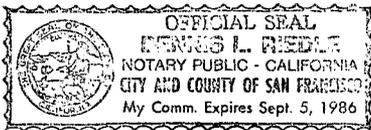
Intercapital and James-Furman have been advised by counsel that their claims have merit, and that they are likely to prevail in this litigation. The management of Intercapital and James-Furman believe their cases have extreme merit and that the litigation will result in monetary judgement and damages awarded to Intercapital and James and Furman in substantial amounts.

Should the results of the litigation be unfavorable to Intercapital and James-Furman, it is the opinion of James-Furman that such unfavorable results will not be materially adverse to the financial position of James-Furman.

Trial is set for September, 1983 and summer of 1984. Heavy legal expenses will continue through trial. Legal expenses to date exceed \$100,000.

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared William A. Furman, general partner of James-Furman & Company and president of Greenbrier Leasing Corporation, proved to me on the basis of satisfactory evidence to be the person who executed the within instrument on behalf of the general partnership and the corporation therein named and acknowledged to me that the general partnership and the corporation executed it.

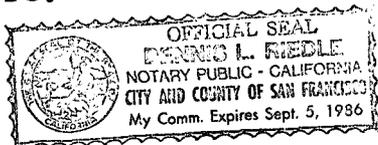


(Notary Seal)

Dennis L. Riedle
Notary Public

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Norriss M. Webb, general counsel of James-Furman & Company and vice president of Greenbrier Leasing Corporation, proved to me on the basis of satisfactory evidence to be the person who executed the within instrument on behalf of the general partnership and the corporation therein named and acknowledged to me that the general partnership and the corporation executed it.

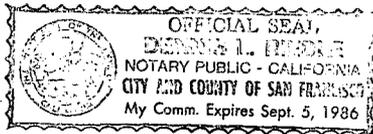


(Notary Seal)

Dennis L. Riedle
Notary Public

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Gene H. Ball, senior vice president of Wells Fargo Leasing Corporation, personally known to me to be the person who executed the within instrument as senior vice president and on behalf of the corporation therein named and acknowledged to me that the corporation executed it.



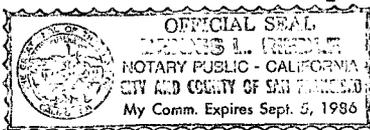
(Notary Seal)

Dennis L. Riedle

Notary Public

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Edwin H. Clock, vice president of Wells Fargo Leasing Corporation, personally known to me to be the person who executed the within instrument as vice president and on behalf of the corporation therein named and acknowledged to me that the corporation executed it.



(Notary Seal)

Dennis L. Riedle

Notary Public