2-017A042

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

ROBERT W. ALVORD+
CHARLES T. KAPPLER
JOHN H. DOYLE#
JAMES C. MARTIN, JR.#

+ALSO ADMITTED IN NEW YORK
#ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD
200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
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(202) 393-2266

OF COUNSEL
URBAN A. LESTER

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(202) 393-2156

RECORDATION NO 16341-B FILED 1425
JAN 17 1992 -1 35 PM
INTERSTATE COMMERCE COMMISSION

#16

16341

ICC OPERATING UNIT
'92 JAN 17 PM 1 27

January 13, 1992

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed and acknowledged copies of an Assignment and Assumption Agreement dated as of December 16, 1991, a secondary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed document relates to the Lease of Equipment #9 dated as of March 1, 1989 between SLX Canada Inc., Lessor and Canadian National Railway Company, Lessee, which appears under Recordation Number 16341.

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

Assignor: General Electric Capital Canada Leasing, Inc.
645-7th Avenue S.W., Suite 2500
Calgary, Alberta T2P 4G8 Canada

Assignee: Confederation Leasing Limited
321 Bloor Street East
Toronto, Ontario M4W 1H1 Canada

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

Also enclosed is a check in the amount of $16 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

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

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

Assignment and Assumption Agreement dated as of December 16, 1991 between General Electric Capital Canada Leasing Inc., Assignor, and Confederation Leasing Limited, Assignee.

Very truly yours,

Charles T. Kappler

Enclosures

PROVINCE OF ONTARIO) ASSIGNMENT AND ASSUMPTION
) AGREEMENT dated December 16,
) 1991 between General Electric
) Capital Canada Leasing Inc. and
) Confederation Leasing Limited

On this December 13, 1991, before me personally appeared Gordon W. Herman to me personally known, who, being by me duly sworn, says that he is the Vice President and General Manager of General Electric Capital Canada Leasing Inc., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, that he signed the said instrument on December 13, 1991 on behalf of the Corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public in and for the
Province of Ontario

(Notarial Seal)

PROVINCE OF ONTARIO) ASSIGNMENT AND ASSUMPTION
) AGREEMENT dated December 16,
) 1991 between General Electric
) Capital Canada Leasing Inc. and
) Confederation Leasing Limited

On this December 13, 1991, before me personally appeared James A. Misener to me personally known, who, being by me duly sworn, says that he is a Vice-President of Confederation Leasing Limited, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, that he signed the said instrument on December 13, 1991 on behalf of the Corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public in and for the
Province of Ontario

(Notarial Seal)

Agreement and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained; and

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignee and is a valid and legally binding agreement of the Assignee enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

4. Future Assignments. The Assignee hereby agrees that it shall not assign, transfer or set over the whole or any portion of the Leases or other Assigned Contracts and/or its right, title, benefits, interest and obligations thereunder to any third party without first giving CN and SLX at least 10 days prior written notice of such assignment, transfer or set over.

5. Notice. Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail or telecopier to the following mailing or telecopier address, as applicable:

(1) to the Assignor,

General Electric Capital Canada Leasing Inc.
645 - 7th Avenue S.W.
Suite 2500
Calgary, Alberta T2P 4G8 CANADA
Telecopier Number: (403) 269-6519
Attention: President

With copy to:

General Electric Railcar Leasing Services Corporation
33 West Monroe Street
Chicago, Illinois 60603 USA
Telecopier Number: (312) 853-5035
Attention: Chief Financial Officer

(2) to the Assignee,

Confederation Leasing Limited
321 Bloor Street East
Toronto, Ontario M4W 1H1 CANADA
Telecopier Number: (416) 323-4115
Attention: Vice President, Credit

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

6. Further Assurances. The Assignor covenants and agrees that it will at the request of the Assignee at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Assignee, or for aiding or assisting in the reducing to possession by the Assignee, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

7. Time of Essence. Time shall be of the essence of this Agreement.

8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario.

9. Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement on the day first written above.

CONFEDERATION LEASING LIMITED

By: _____ c/s
Name: ACAD NOLLMEYER
Position: SNR VP & COO

By: _____ c/s
Name: Sr. V.P.
Position:

GENERAL ELECTRIC CAPITAL CANADA LEASING INC.

By: _____ c/s
Name: GORD HERMAN
Position: VICE PRESIDENT AND GENERAL MANAGER

By: _____ c/s
Name: GLENN TOMALTY
Position: VP SALES

Schedule 1 - Equipment
Schedule 2 - Description of Assigned Contracts
Schedule 3 - Copies of Assigned Contracts (except Leases)
Schedule 4 - Copies of Leases

SCHEDULE 1 TO
ASSIGNMENT AND ASSUMPTION AGREEMENT

EQUIPMENT

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER		QUANTITY
70-ton 52'8" straight bulkhead steel flat cars AAR Class FB	CN Specification F-40-12 dated November, 1972 General Arrangement Drawing 9H-37846-A November, 1972 and Spec. SS-1966	Hawker Siddeley Canada Ltd., Trenton, Nova Scotia, 1973 & CN, Transcona, Manitoba 1973	DWC	605000 - 605078 605080 - 605181 605183 - 605249 605251 - 605283 605285 - 605345 605347 - 605391 605393 - 605454 605456 - 605485 605487 - 605555 605557 - 605565 605567 - 605599	590

Group 2

100-ton 62'6" steel flat cars for freight service AAR class FM	CN Specification F-40-11 dated November 1972 General arrangement Drawing 9H-37845-A and Spec. SS-1966	CN, Montreal Quebec, 1973	CN	667100 - 667274	175
100-ton 62'6" steel flat cars for freight service AAR Class FM	CN Specification F-40-11 dated November 1972 General Arrangement Drawing 9H-37848-A [with end of car cushioning] and Spec. SS-1966		CN	667900 - 667924	25

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY
		Group 3		
100-Ton 2,300 cu.ft. capacity cylindrical tank ore hopper cars	C.N.R. Spec. F-70-16 dated May 1972 General arrangement DWG 9H-37751-A and Spec. SS-1966	National Steel Car, Hamilton, Ontario 1973	CN 346500 - 346542 346544 346546 - 346553	52
		Group 4		
3300 cu. ft. pressure flow hopper cars	AAR Specification No. AAR-207A40W Procor General Arrangement Drawing 74647	Procor, Oakville Ontario, 1973	CNIS 374524 - 374555 374557 - 374574	50

DMS:CHART:VWBANK

TYPE:	**SD-60F, 3800 HP, Diesel Electric Locomotives**
SPECIFICATIONS:	**In accordance with Builder's Proposal DDL 1309 dated January 19, 1988 as revised March 16, 1988. Further correspondence between GMD and CN on file.**
BUILDER:	**General Motors of Canada Limited, London, Ontario**
IDENTIFICATION NUMBERS:	**CN 5514 to CN 5523 (inclusive)**
QUANTITY:	**10**

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Box cars	70 ton 50'6", 50 ft compartment, 12 ft door, Class XL and 70 ton 50'6", 52 ft double door, Class XM and 70 ton 50'6", 50 ft compartment, 12 ft door Class XM	National Steel Car Corporation. Built November 1973 through April 1974	CN 410000 - 410002 CN 410004 - 410031 CN 410033 - 410049 CN 410051 - 410055 CN 410058 - 410079 CN 410081 - 410085 CN 410088 CN 410090 - 410096 CN 410098 - 410099 CN 411000 - 411015 CN 411017 - 411020 CN 411022 - 411117 CN 411119 - 411129 CN 411132 - 411153 CN 411156 - 411176 CN 411178 - 411185 CN 411187 - 411193 CN 411195 - 411234 CN 411236 - 411245 CN 411247 - 411250 CN 411252 - 411290 CN 411292 CN 411294 - 411313 CN 411315 - 411336 CN 411338 - 411357 CN 411359 - 411372 CN 411374 - 411399	758	$11,988.93

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Gondola cars	100 ton, fixed sides, fixed ends, Class GB	Hawker Siddeley Canada Limited. Built January 1974.	CN 137350 - 137379 CN 137381 - 137389 CN 137391 - 137406 CN 137408 - 137449 CN 137451 - 137487 CN 137489 - 137542 CN 137544 - 137549	194	$12,620.51

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Steel Container Flat Cars	100 ton, Inside length 80'5", Class FC	Marine Industries Ltd., Sorel, Quebec, built February, 1974	CN 639200 - 639257 CN 639259 - 639276 CN 639278 - 639286 CN 639288 - 639394 CN 639396 - 639444	241	$13,315.39

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
			CN 411932		
			CN 411901		
			CN 411952		
			CN 411974		
			CN 411902		
			CN 411903		
			CN 411904		
			CN 557440 - 557444		
			CN 557446 - 557459		
			CN 557461		
			CN 557463 - 557468		
			CN 557470 - 557514		
			CN 557516 - 557519		
			CN 557521 - 557532		
			CN 557534 - 557545		
			CN 557547		
			CN 557549 - 557571		
			CN 557573 - 557588		
			CN 557590 - 557592		
			CN 557594 - 557604		
			CN 557606 - 557622		
			CN 557624 - 557642		
			CN 557644 - 557647		
			CN 557649 - 557659		
			CN 557661 - 557669		
			CN 557671 - 557678		
			CN 557680 - 557702		
			CN 557704 - 557739		

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Flush deck flat cars	89'4", 50 ton Class FMS	Whitehead & Kales Company, Detroit, built December, 1973	CNA 753200 - 753214	15	$11,013.32

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Bulkhead flat cars	70 ton, 52'8", Class FB	Canadian National, Winnipeg, built December 1973	DWC 605600 - 605660 DWC 605662 - 605679	79	$10,115.50
			DWC 605680 - 605799	120	$9,576.80

Group 6

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
High Cube box cars	100-ton, 86'6", Door size 20', Class XL	Greenville Steel Car Company, Pennsylvania Built April 1974	CNA 795000 - 795028	29	$10,773.90

DSN*LES9SCNA:VVSANK

SCHEDULE 2 TO ASSIGNMENT AND ASSUMPTION AGREEMENT

LIST OF ASSIGNED CONTRACTS

1. SLX No. 1:

   (a) Equipment Purchase Agreement dated as of January 5, 1989 between General Electric Railcar Services Canada Ltd. and SLX Canada Inc.

   (b) Lease of Equipment #5 dated as of January 5, 1989 between SLX Canada Inc. and Canadian National Railway Company.

   (c) Lease Assignment Agreement dated as of Janaury 5, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

   (d) Acknowledgement of Canadian National Railway Company to Lease Assignment Agreement dated as of January 5, 1989.

   (e) Bill of Sale from SLX Canada Inc. to General Electric Railcar Services Canada Ltd.

2. SLX No. 2:

   (a) Equipment Purchase Agreement dated as of March 1, 1989 between General Electric Railcar Services Canada Ltd. and SLX Canada Inc.

   (b) Equipment Purchase Assignment Agreement dated as of March 1, 1989 between Canadian National Railway Company and SLX Canada Inc. (4 separate agreements).

   (c) Acknowledgement of Canadian National Railway Company to the Equipment Purchase Agreement dated as of March 1, 1989.

   (d) Lease of Equipment #9 dated as of March 1, 1989 between SLX Canada Inc. and Canadian National Railway Company.

   (e) Lease Assignment Agreement dated as of March 1, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

   (f) Acknowledgement dated as of March 1, 1989 of Canadian National Railway Company to the Lease Assignment Agreement.

3. SLX No. 3:

(a) Equipment Purchase Agreement dated as of April 10, 1989 between General Electric Railcar Services Canada Ltd. and SLX Canada Inc.

(b) Lease of Equipment #7 dated as of February 22, 1989 between SLX Canada Inc. and Canadian National Railway Company.

(c) Lease Assignment Agreement dated as of April 10, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

(d) Acknowledgement of Canadian National Railway Company to the Lease Assignment Agreement dated as of April 10, 1989.

SCHEDULE 3 OF
ASSIGNMENT AND ASSUMPTION AGREEMENT

COPIES OF ASSIGNED CONTRACTS (EXCEPT LEASES)

EQUIPMENT PURCHASE AGREEMENT

THIS AGREEMENT made as of January 5, 1989

BETWEEN:

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD. (the "Purchaser"),

- and -

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (the "Seller").

WHEREAS the Seller hereby agrees to sell and deliver to the Purchaser and the Purchaser agrees to purchase the equipment (the "Equipment") described in Schedule 1 hereto, subject to the terms and conditions set forth herein;

WHEREAS the Equipment is under lease to Canadian National Railway Company ("CN") pursuant to the lease of equipment #5 dated the date hereof between the Seller and CN (the "Lease") which lease shall be assigned to the Purchaser pursuant to an assignment agreement dated the date hereof (the "Lease Assignment Agreement");

WITNESSES that for valuable consideration, the parties agree as follows:

1. **Sale and Purchase.** Subject to the terms and conditions of this Agreement, the Seller agrees to sell the Equipment and the Purchaser agrees to purchase the Equipment in accordance with the terms and conditions hereof, and the Seller agrees to assign to the Purchaser the Lease and all right, title, benefit and interest of the Seller therein in accordance with the terms of the Lease Assignment Agreement, and in respect thereof the Purchaser agrees to pay to the Seller the amounts set out in section 2 on the date hereof.

2. Amounts Payable.

(a) The purchase price for the Equipment to be paid by the Purchaser to the Seller is $9,708,985.

(b) The Purchaser agrees to pay to the Seller a fee of $130,460 on the date hereof.

(c) The obligation of the Purchaser hereunder to make any payment provided for in this Agreement is hereby expressly conditioned upon the representations and warranties of the Seller contained herein being true as of the date hereof.

3. Seller's Covenants and Warranties. The Seller hereby warrants to and covenants with the Purchaser that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Seller from giving full effect to this Agreement; and the Seller has good and valid title to the Equipment, and the Equipment and all right, title and interest of the Seller therein are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, except for the Lease, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed, and delivered by the Seller and is a valid and legally binding agreement of the Seller enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity; and

(c) the Seller purchased the Equipment from GATX Leasing Corporation, First Security Bank of Utah, N.A. and South Shore Bank pursuant to purchase agreements assigned to the Seller from CN on January 5, 1989 and all terms and conditions thereunder have been satisfied, and the Seller has not received notice of any Casualty Occurrence under the Lease with respect to any of the Equipment.

4. **Purchaser's Covenants and Warranties.** The Purchaser hereby warrants to and covenants with the Seller that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Purchaser from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Purchaser and is a valid and legally binding agreement of the Purchaser and enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity; and

(c) it shall not agree to sell or transfer the Equipment or any interest therein to any party while the Equipment is subject to the Lease, or any subsequent lease with CN, without that party first entering into an agreement with the Seller which maintains the Seller's entitlement to a portion of the residual value of the Equipment in accordance with section 9 of this Agreement.

5. **Condition of Equipment.**

(a) Purchaser acknowledges and agrees that it purchases the Equipment on an "as is", "where is" basis and "with all faults".

(b) The Seller makes no warranty in respect of the Equipment either express or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

(c) The Purchaser acknowledges and agrees that, except to the limited extent otherwise provided herein and the Lease Assignment Agreement and in any instrument or agreement delivered pursuant hereto or thereto by the Seller, there are and will be no agreements, representations, warranties or conditions, expressed

or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Seller respecting or in connection with the Equipment and that the Purchaser has undertaken this transaction strictly in reliance upon the terms, conditions, and provisions of this Agreement, the Lease and the Lease Assignment Agreement and without limiting the generality of the foregoing, the Purchaser agrees that any latent defects in or any failure of the Equipment shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Seller, or a failure of performance or consideration hereunder on the part of the Seller.

6. Taxes.

(a) The Purchaser represents and warrants that the Equipment is being purchased for the purpose of leasing the Equipment to CN pursuant to the Lease.

(b) The Purchaser shall pay all applicable federal, provincial, municipal, local or other sales taxes relating to the sale and purchase of the Equipment hereunder and shall indemnify and hold the Seller harmless with respect thereto.

7. Survival of Representations and Warranties. The representations and warranties of the parties herein shall survive completion of the purchase and sale of the Equipment provided for herein.

8. CN Purchase Option. The parties acknowledge that the Lessee may, under the terms of the Lease, elect to purchase all but not less than all of the Equipment on April 1, 1999 in accordance with the terms and conditions of Schedule F to the Lease attached hereto as Schedule 2 ("Purchase Option").

9. Seller's Entitlement to Residual Value. The Purchaser agrees that the Seller shall remain entitled to a portion of the residual value of the Equipment in accordance with the following (all capitilized terms have the same meaning as in the Lease except as otherwise provided in this Agreement):

(a) if a Unit suffers a Casualty Occurrence during the Term of the Lease, the Purchaser shall pay to the Seller an amount in respect of each such Unit equal to a percentage of the Unit Price for such Unit (as set forth in Schedule A to the Lease), where the applicable percentage is determined from the

following table as the percentage listed for the Casualty Payment Date on which the Purchaser is to receive the Stipulated Loss Value for such Unit pursuant to the terms of the Lease. Payment of the above amount to the Seller shall be made on the date on which the Purchaser receives the Stipulated Loss Value in respect of such Unit from the Lessee;

Casualty Payment Date	Percentage of Unit Price
April 1, 1989	1.1993
April 1, 1990	1.3360
April 1, 1991	1.4883
April 1, 1992	1.6580
April 1, 1993	1.8470
April 1, 1994	2.0575
April 1, 1995	2.2921
April 1, 1996	2.5534
April 1, 1997	2.8445
April 1, 1998	3.1688
April 1, 1999	3.5300

(b) for greater certainty, the Purchaser shall, within 90 days of the Lease Termination Date, pay to the Seller an amount equal to 3.53% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which has suffered a Casualty Occurrence during the Term of the Lease and in respect of which the Purchaser has not previously paid an amount to the Seller pursuant to (a) above; provided, however, that if the Purchaser has not received the Stipulated Loss Value in respect of any Casualty Occurrence, then payment of the above amount to the Seller in relation to that Casualty Occurrence may be delayed until the Purchaser has received the Stipulated Loss Value from the Lessee;

(c) if the Lessee elects to purchase the Equipment pursuant to the Purchase Option, the Seller shall be entitled to a portion of the Option Price (as defined in Schedule F to the Lease) equal to 3.53% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is then subject to the Lease, such portion to be payable on the same date as the Purchaser receives the Option Price from the Lessee;

(d) if the Lessee does not elect to purchase the Equipment pursuant to the Purchase Option, the Seller may, by not less than 170 days prior written notice, irrevocably elect to purchase all but not less than all of the Units (then covered by the Lease) on April 1, 1999 for an amount equal to 30% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is then subject to the Lease. If the Seller elects to purchase all of the Units, upon payment of the applicable amount as set forth above, the Purchaser shall assign all its right, title and interest in and to the Lease for no additional consideration and shall upon the request of the Seller deliver to or upon the order of the Seller a bill of sale for the Units (without recourse, representations or warranties) substantially in the form of Schedule H to the Lease executed by the Purchaser, and such other documents as may reasonably be required in order to transfer to the Seller all the Purchaser's right, title and interest in and to the Equipment and the Lease free and clear of all liens, security interests and other encumbrances created by or arising through the Purchaser;

(e) If neither the Lessee nor the Seller elects to purchase the Equipment at the expiration of the Term, the Seller remains entitled to a portion of any proceeds arising from any re-lease to CN following the expiration of the Term. The portion to which the Seller is entitled as at the Lease Termination Date is equal to 3.53% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is then subject to the Lease, payable in accordance with the following:

(i) the Purchaser shall be entitled to retain any proceeds to the extent that the aggregate present value of such proceeds is not greater than the aggregate of 30% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is subject to the Lease at the Lease Termination Date;

(ii) thereafter, the Purchaser shall pay to the Seller any remaining proceeds upon receipt of same by the Purchaser to the extent that the aggregate present value of the amounts paid to the Seller does not exceed 3.53% of the Unit

Price for each Unit (as set forth in Schedule A to the Lease) which is subject to the Lease at the Lease Termination Date;

(iii) thereafter, all proceeds shall be retained by the Purchaser;

where, for the purposes of (i) and (ii) above, the present value of any proceeds shall be determined by discounting the proceeds from the date of receipt thereof by the Purchaser to the Lease Termination Date at a discount rate to be mutually agreed upon by the Seller and the Purchaser. If the parties are unable to agree on a discount rate within 20 days of the Lease Termination Date the Seller may, not later than 10 days following the expiry of the 20 day period, irrevocably elect to purchase all but not less than all of the remaining Units for an amount equal to 30% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is then remaining. If the Seller elects to purchase all of the Units, upon payment of the applicable amount as set forth above, the Purchaser shall assign all its right, title and interest in and to the Lease for no additional consideration and shall upon the request of the Seller deliver to or upon the order of the Seller a bill of sale for the Units (without recourse, representations or warranties) substantially in the form of Schedule H to the Lease executed by the Purchaser and such other documents as may reasonably be required in order to transfer to the Seller all the Purchaser's right, title and interest in and to the Equipment and the Lease free and clear of all liens, security interests and other encumbrances created by or arising through the Purchaser.

10. **Assignment of Certain Provisions.** The Seller hereby expressly assigns and transfers to the Purchaser the benefit of section 4 in each of the equipment purchase assignment agreements included as Schedule 3 to this Agreement and the Purchaser agrees that, in consideration of such assignment and transfer, it shall have no recourse against the Seller in respect of any claim of any person, including any mortgage, pledge, charge or other encumbrance or title defect in relation to the Equipment, originating prior to the date hereof.

11. Notice. Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Seller,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Purchaser,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

12. Further Assurances. The Seller covenants and agrees that it will at the request of the Purchaser at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Purchaser, or for aiding or assisting in the reducing to possession by the Purchaser, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

13. Time of Essence. Time shall be of the essence of this Agreement.

14. Entire Agreement. Except as expressly contemplated herein this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior negotiations, understandings and agreements between the parties.

15. Applicable Law. This Agreement shall be governed by the laws of the Province of Ontario.

16. Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day first written above.

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position PRESIDENT

By: _____
Name
Position Vice President

SLX CANADA INC.

By: _____
Paul J. D. Miller
Director

c/s

By: _____
Bruce C. Barker
Director

DSM^GEEQPUR:VWBANK

SCHEDULE 1

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER		QUANTITY
70-ton 52'8" straight bulkhead steel flat cars AAR Class FB	CN Specification F-40-12 dated November, 1972 General Arrangement Drawing 9H-37846-A November, 1972 and Spec. SS-1966	Hawker Siddeley Canada Ltd., Trenton, Nova Scotia, 1973 & CN, Transcona, Manitoba 1973	DWC	605000 - 605078 605080 - 605181 605183 - 605249 605251 - 605283 605285 - 605345 605347 - 605391 605393 - 605454 605456 - 605485 605487 - 605555 605557 - 605565 605567 - 605599	590

Group 2

100-ton 62'6" steel flat cars for freight service AAR class FM	CN Specification F-40-11 dated November 1972 General arrangement Drawing 9H-37845-A and Spec. SS-1966	CN, Montreal Quebec, 1973	CN	667100 - 667274	175
100-ton 62'6" steel flat cars for freight service AAR Class FM	CN Specification F-40-11 dated November 1972 General Arrangement Drawing 9H-37848-A [with end of car cushioning] and Spec. SS-1966		CN	667900 - 667924	25

SCHEDULE 1 (continued)

DESCRIPTION OF UNITS

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY
		Group 3		
100-Ton 2,300 cu.ft. capacity cylindrical tank ore hopper cars	C.N.R. Spec. F-70-16 dated May 1972 General arrangement DWG 9H-37751-A and Spec. SS-1966	National Steel Car, Hamilton, Ontario 1973	CN 346500 - 346542 346544 346546 - 346553	52
		Group 4		
3300 cu. ft. pressure flow hopper cars	AAR Specification No. AAR-207A40W Procor General Arrangement Drawing 74647	Procor, Oakville Ontario, 1973	CNIS 374524 - 374555 374557 - 374574	50

DMS:CHART:VUBANK

SCHEDULE 2

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 1999 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following terms have the following meanings:

"Fair Market Value" means with respect to any Unit an amount determined on the basis of, and equal in amount to, the value which would have been obtained in an arm's length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and in such determination, cost of removal from the location of current use shall not be deducted from such value; provided, however, there shall be excluded any value attributable to Temporary Alterations made by the Lessee pursuant to the provisions hereof.

"Option Price" means with respect to April 1, 1999, an amount equal to 33.53% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease, which amount has been determined by the parties at the inception of this Lease to be the expected Fair Market Value of each Unit on such date.

SCHEDULE 3

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT is dated as of the 5th day of January 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 23rd day of August, 1988 ("Purchase Agreement") with GATX Leasing Corporation ("Owner") and First Security Bank of Utah, N.A. ("Owner Trustee") whereby Owner and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. In the event of any claims by the Assignee, its successors or assigns against the Assignor for breach of the Assignor's warranties and covenants under section 4 of this agreement, the Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against the Owner and/or Owner-Trustee in relation to such claims, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against the Owner and/or Owner-Trustee.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

Approved
as to form only
Attorney

By: _____
Senior Vice-President - Marketing

and by: _____
Assistant Secretary

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
326	52'8" 70-Ton Bulkhead Flatcars	DWC 605000 to 605013
		DWC 605200 to 605206
		DWC 605208 to 605212
		DWC 605214 to 605229
		DWC 605231 to 605249
		DWC 605251 to 605267
		DWC 605269 to 605272
		DWC 605274 to 605275
		DWC 605277 to 605283
		DWC 605285 to 605292
		DWC 605294 to 605298
		DWC 605300 to 605308
		DWC 605310 to 605345
		DWC 605347 to 605372
		DWC 605374 to 605391
		DWC 605393 to 605442
		DWC 605444 to 605454
		DWC 605456 to 605463
		DWC 605465 to 605483
		DWC 605485
		DWC 605488 to 605521
		DWC 605525
		DWC 605528 to 605530
		DWC 605532 to 605533
		DWC 605535, 605537
		DWC 605538, 605541

SCHEDULE 3

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT is dated as of the 5th day of January 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 23rd day of August, 1988 ("Purchase Agreement") with GATX Leasing Corporation ("Owner") and First Security Bank of Utah, N.A. ("Owner Trustee") whereby Owner and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. In the event of any claims by the Assignee, its successors or assigns against the Assignor for breach of the Assignor's warranties and covenants under section 4 of this agreement, the Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against the Owner and/or Owner-Trustee in relation to such claims, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against the Owner and/or Owner-Trustee.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form only

By: _____
Senior Vice-President - Marketing

and by: _____
Assistant Secretary

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
264	52'8" 70-Ton Bulkhead Flatcars	DWC 605014 to 605078 DWC 605080 to 605181 DWC 605183 to 605199 DWC 605207, 605213 DWC 605230, 605268 DWC 605273, 605276 DWC 605293, 605299 DWC 605309, 605373 DWC 605443, 605464 DWC 605484, DWC 605487 DWC 605522 to 605524 DWC 605526 to 605527 DWC 605531, 605534 DWC 605536 DWC 605539, 605540 DWC 605542 to 605555 DWC 605557 to 605565 DWC 605567 to 605599
50	3300 cu. ft. Pressure Flow Covered Hoppers	CNIS 374524 to 374555 CNIS 374557 to 374574

SCHEDULE 3

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT is dated as of the 5th day of January 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 23rd day of August, 1988 ("Purchase Agreement") with South Shore Bank and GATX Leasing Corporation ("Owners") and First Security Bank of Utah, N.A. ("Owner Trustee") whereby Owners and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owners have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owners now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. In the event of any claims by the Assignee, its successors or assigns against the Assignor for breach of the Assignor's warranties and covenants under section 4 of this agreement, the Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against the Owners and/or Owner-Trustee in relation to such claims, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against the Owners and/or Owner-Trustee.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form Daly

By: _____
Senior Vice-President - Marketing

and by: _____
Assistant Secretary

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
41	100-Ton Steel Cylindrical Tank Ore Hoppers	CN 346500 to 346505 CN 346507 to 346541
73	62'6" 100-Ton Flatcars	CN 667100 to 667167 CN 667169 to 667170 CN 667174 to 667175 CN 667177

RFE

SCHEDULE 3

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT is dated as of the 5th day of January 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 23rd day of August, 1988 ("Purchase Agreement") with GATX Leasing Corporation ("Owner") and First Security Bank of Utah, N.A. ("Owner Trustee") whereby Owner and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. In the event of any claims by the Assignee, its successors or assigns against the Assignor for breach of the Assignor's warranties and covenants under section 4 of this agreement, the Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against the Owner and/or Owner-Trustee in relation to such claims, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against the Owner and/or Owner-Trustee.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

Approved
as to form only
[illegible]
Attorney

By: _____
Senior Vice-President - Marketing

and by: _____
Assistant Secretary

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
53	62'6" 100-Ton Flatcars	CN 667168
		CN 667171 to 667173
		CN 667176
		CN 667178 to 667180
		CN 667182 to 667189
		CN 667191 to 667193
		CN 667195 to 667196
		CN 667200 to 667231

SCHEDULE 3

FF9

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT is dated as of the 5th day of January 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 23rd day of August, 1988 ("Purchase Agreement") with South Shore Bank ("Owner"), GATX Leasing Corporation ("Owner's Agent") and First Security Bank of Utah, N.A. ("Owner Trustee") whereby Owner, Owner's Agent and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

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2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, the Owner's Agent and/or the Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee, the Owner's Agent and the Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. In the event of any claims by the Assignee, its successors or assigns against the Assignor for breach of the Assignor's warranties and covenants under section 4 of this agreement, the Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against the Owner, Owner's Agent and/or Owner-Trustee in relation to such claims, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against the Owner, Owner's Agent and/or Owner-Trustee.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form only
Solicitor

By: _____
Senior Vice-President - Marketing

and by: _____
Assistant Secretary

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
11	100-Ton Steel Clyndrical Tank Ore Hoppers	CN 346506, 346542 CN 346544 CN 346546 to 346553
74	62'6" 100-Ton Flatcars	CN 667181, 667190 CN 667194 CN 667197 to 667199 CN 667232 to 667274 CN 667900 to 667924

LEASE ASSIGNMENT AGREEMENT

THIS AGREEMENT made as of the 5th day of January, 1989

BETWEEN

SLX Canada Inc., a corporation incorporated under the laws of Canada (the "Assignor")

- and -

General Electric Railcar Services Canada Ltd. (the "Assignee").

WHEREAS:

Assignor has agreed to sell to the Assignee pursuant to an agreement made as of the date hereof (the "Equipment Purchase Agreement") the equipment (the "Equipment") described in Schedule A to the lease of equipment #5 between the Assignor and Canadian National Railway Company ("CN") made as of the date hereof, attached hereto as Schedule 1 (the "Lease").

As a condition of entering into the Equipment Purchase Agreement, the Assignee has required an assignment of the Assignor's right, title and interest in and to the Lease and the rentals and other amounts payable thereunder.

WITNESSES that for valuable consideration, the parties agree as follows:

1. **Assignment.** The Assignor hereby absolutely assigns, transfers and sets over unto the Assignee the Lease and all of the Assignor's right, title, benefits, interest and obligations in, to and under the Lease including, without limitation, all present and future rentals and other amounts payable or to become payable under the Lease from and after January 5, 1989, and together with the benefit of all covenants and all waivers, releases, indemnities and other obligations of CN thereunder, and the Assignor hereby agrees that all amounts hereafter received by or on behalf of the Assignor under the Lease shall be held by it in trust for and shall forthwith be paid over to the Assignee without notice or demand. The Assignee hereby assumes all liabilities and obligations of the Assignor under the Lease arising from and after the date hereof and acknowledges that CN may, under the

terms of the Lease, elect to purchase all but not less than all of the Equipment on April 1, 1999.

2. **Assignor's Covenants and Warranties.** The Assignor hereby covenants with and warrants to the Assignee that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignor from giving full effect to this Agreement, and the Lease, rentals and other amounts and all right, title and interest of the Assignor therein hereby assigned or intended so to be, are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignor and is a valid and legally binding agreement of the Assignor enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity;

(c) the copy of the Lease attached hereto as Schedule 1 is a true and complete copy of the Lease, and the Lease has not been modified or cancelled and the Assignor has not given any waiver, consent or other indulgence thereunder, and the Lease remains in full force and effect according to its original terms, and there is no default now existing under the Lease and, to the best of the knowledge of the Assignor, no event has occurred which, with the giving of notice or lapse of time or both, would constitute an Event of Default thereunder;

(d) the Equipment has not been replaced or substituted for except in accordance with the express terms of the Lease and in such a way as not to diminish in any material respect the aggregate fair market value of the equipment subject to the Lease; and

(e) there has been no pre-payment of rent or any other amounts payable under the Lease, and the Assignor is not holding any sums as cash security for the performance of any obligations by CN under the Lease.

3. **Assignee's Covenants and Warranties.** The Assignee hereby covenants with and warrants to the Assignor that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignee from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained; and

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignee and is a valid and legally binding agreement of the Assignee enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

4. **Future Assignments.** The Assignee hereby agrees that it shall not assign, transfer or set over the whole or any portion of the Lease and/or its right, title, benefits, interest and obligations thereunder to any third party without first giving the Assignor at least 10 days prior written notice of such assignment, transfer or set over.

5. **Notice.** Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Assignor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Assignee,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

6. **Further Assurances.** The Assignor covenants and agrees that it will at the request of the Assignee at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Assignee, or for aiding or assisting in the reducing to possession by the Assignee, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

7. **Time of Essence.** Time shall be of the essence of this Agreement.

8. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario.

9. Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement on the day first written above.

SLX CANADA INC.

By: _____
Bruce C. Barker
Director c/s

By: _____
Paul J.D. Miller
Director

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position PRESIDENT

c/s

By: _____
Name
Position Vice President

ACKNOWLEDGEMENT OF CANADIAN NATIONAL RAILWAY COMPANY to the Lease Assignment Agreement made as of January 5, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

TO: GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

AND TO: SLX CANADA INC.

Canadian National Railway Company ("CN") hereby acknowledges the terms of the foregoing Lease Assignment Agreement, and that the Equipment is in existence and has been maintained by CN in accordance with its obligations under the Lease, and that no Casualty Occurrence (as defined in the Lease) has occurred with respect to any of the Equipment. CN confirms that to the best of its knowledge the statements set out in sections 2(c), (d) and (e) of such Lease Assignment Agreement are correct as of the date hereof. Until otherwise directed in writing by General Electric Railcar Services Canada Ltd. or its assignee, CN shall make all payments under or in respect of the Lease to the Assignee at:

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

on or before the due date thereof.

Dated January 5, 1989

CANADIAN NATIONAL RAILWAY COMPANY

APPROVED AS TO FORM T.W.T. ASST GENERAL SOLICITOR

By: _____
Name
Position Senior Vice-President & Chief Financial Officer

By: _____
Name H.J.G. Pye
Position Vice-President and Secretary

DSM^GEASSN1:VWBANK

PROVINCE OF ONTARIO)
) In the matter of a lease
) assignment agreement between
CITY OF TORONTO) SLX Canada Inc. and General
) Electric Railcar Services
) Canada Ltd. made as of the
) 5th day of January, 1989

On this January 26, 1989, before me personally appeared Bruce C. Barker, to me personally known, who, being by me duly sworn, says that he is the Chairman and Secretary of SLX Canada Inc., that one of the seals affixed to the foregoing instrument is the seal of said Company, that said instrument was signed and sealed on behalf of said Company by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Company.

D.S. McLean
Notary Public in and for the
Province of Ontario

(Notarial Seal)

PROVINCE OF ALBERTA)
) In the matter of a lease
) assignment agreement between
CITY OF CALGARY) SLX Canada Inc. and General
) Electric Railcar Services
) Canada Ltd. made as of the
) 5th day of January, 1989

On this 23 January 1989, before me personally appeared Ken Bachusky to me personally known, who, being by me duly sworn, says that he is the President of General Electric Railcar Services Canada Ltd., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public in and for the
Province of Alberta

(Notarial Seal)

CHARLES N. MacDONALD
Student-at-Law

BILL OF SALE

THIS BILL OF SALE is made and delivered pursuant to the Equipment Purchase Agreement (the "Agreement") made as of January 5, 1989 between SLX Canada Inc., a corporation formed under the Canada Business Corporations Act (the "Seller") having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7 and General Electric Railcar Services Canada Ltd. having an office at Suite 1400, 801 - 6th Avenue S.W., Calgary, Alberta (the "Purchaser").

KNOW ALL MEN BY THESE PRESENTS, that the Seller for good and valuable consideration as set forth in the Agreement, the receipt of which is hereby acknowledged, does hereby sell, transfer, assign, convey, set over and deliver, unto the Purchaser, its successors and assigns, all of the Seller's right, title and interest in and to the equipment as set forth in Schedule A attached hereto (the "Equipment").

TO HAVE AND TO HOLD the same and each thereof unto the Purchaser, its successors and assigns, to its and their use and benefit forever.

The Equipment is being sold hereunder on an "as is" "where is" basis and "with all faults". Except as set forth above or in the Agreement, the Seller makes no warranty, either expressed or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

IN WITNESS WHEREOF, the Seller has caused this BILL OF SALE to be executed and delivered by its duly authorized officers as of the 5th day of January 1989.

SLX Canada Inc.

By: _____
Paul J.D. Miller
Director

c/s

By: _____
Bruce C. Barker
Director

SCHEDULE A

EQUIPMENT SCHEDULE

Quantity	Type	Serial Numbers
326	52'8" 70-Ton Bulkhead Flatcars	DWC 605000 to 605013
		DWC 605200 to 605206
		DWC 605208 to 605212
		DWC 605214 to 605229
		DWC 605231 to 605249
		DWC 605251 to 605267
		DWC 605269 to 605272
		DWC 605274 to 605275
		DWC 605277 to 605283
		DWC 605285 to 605292
		DWC 605294 to 605298
		DWC 605300 to 605308
		DWC 605310 to 605345
		DWC 605347 to 605372
		DWC 605374 to 605391
		DWC 605393 to 605442
		DWC 605444 to 605454
		DWC 605456 to 605463
		DWC 605465 to 605483
		DWC 605485
		DWC 605488 to 605521
		DWC 605525
		DWC 605528 to 605530
		DWC 605532 to 605533
		DWC 605535, 605537
		DWC 605538, 605541
264	52'8" 70-Ton Bulkhead Flatcars	DWC 605014 to 605078
		DWC 605080 to 605181
		DWC 605183 to 605199
		DWC 605207, 605213
		DWC 605230, 605268
		DWC 605273, 605276
		DWC 605293, 605299
		DWC 605309, 605373
		DWC 605443, 605464
		DWC 605484,
		DWC 605487
		DWC 605522 to 605524
		DWC 605526 to 605527
		DWC 605531, 605534
		DWC 605536
		DWC 605539, 605540
		DWC 605542 to 605555
		DWC 605557 to 605565
		DWC 605567 to 605599
590		

Quantity	Type	Serial Numbers
53	62'6" 100-Ton Flatcars	CN 667168
		CN 667171 to 667173
		CN 667176
		CN 667178 to 667180
		CN 667182 to 667189
		CN 667191 to 667193
		CN 667195 to 667196
		CN 667200 to 667231
73	62'6" 100-Ton Flatcars	CN 667100 to 667167
		CN 667169 to 667170
		CN 667174 to 667175
		CN 667177
74	62'6" 100-Ton Flatcars	CN 667181, 667190
		CN 667194
		CN 667197 to 667199
		CN 667232 to 667274
		CN 667900 to 667924
200		

41	100-Ton Steel Cylindrical Tank Ore Hoppers	CN	346500 to 346505
		CN	346507 to 346541
11	100-Ton Steel Clyndrical Tank Ore Hoppers	CN	346506, 346542
		CN	346544
		CN	346546 to 346553
52			
50	3300 cu. ft. Pressure Flow Covered Hoppers	CNIS	374524 to 374555
		CNIS	374557 to 374574

ACKNOWLEDGEMENT OF CANADIAN NATIONAL RAILWAY COMPANY to the Equipment Purchase Agreement made as of January 5, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd. (the "Agreement")

TO: **GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.**

AND TO: **SLX CANADA INC.**

Canadian National Railway Company ("CN") hereby acknowledges the terms of the Agreement including the assignment therein by SLX Canada Inc. to General Electric Railcar Services Canada Ltd. of the benefit of section 4 of each of the five equipment purchase assignment agreements between CN and SLX Canada Inc. dated January 5, 1989, copies of which are attached to the Agreement as Schedule 3.

Dated January 5, 1989

Approved as to form only
Attorney

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Name P.R. Clarke
Position Sr. Vice-President - Marketing

By: _____
Name Marie-Andrée Prénoveau
Position Assistant Secretary

DSM*ACKNOCN:VWBANK

EQUIPMENT PURCHASE AGREEMENT

THIS AGREEMENT made as of March 1, 1989

BETWEEN:

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD. (the "Purchaser"),

- and -

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (the "Seller").

WHEREAS the Seller hereby agrees to sell and deliver to the Purchaser and the Purchaser agrees to purchase the equipment (the "Equipment") described in Schedule 1 hereto, subject to the terms and conditions set forth herein;

WHEREAS the Equipment in Groups 1, 2 and 3 in Schedule 1 is under lease to Canadian National Railway Company ("CN"), and the Equipment in Groups 4, 5 and 6 in Schedule 1 shall come under lease to CN on May 15, 1989, pursuant to the lease of equipment #9 dated the date hereof between the Seller and CN (the "Lease") which lease shall be assigned to the Purchaser pursuant to an assignment agreement dated the date hereof (the "Lease Assignment Agreement");

WITNESSES that for valuable consideration, the parties agree as follows:

1. **Sale and Purchase.** Subject to the terms and conditions of this Agreement, the Seller agrees to sell the Equipment and the Purchaser agrees to purchase the Equipment in accordance with the terms and conditions hereof, and the Seller agrees to assign to the Purchaser the Lease and all right, title, benefit and interest of the Seller therein in accordance with the terms of the Lease Assignment Agreement, and in respect

thereof the Purchaser agrees to pay to the Seller the amounts set out in section 2 on the date hereof.

2. **Amounts Payable.**

(a) The purchase price for the Equipment set out in Groups 1, 2 and 3 in Schedule 1 shall be $14,744,995 and shall be paid on March 1, 1989 and the Equipment set out in Groups 4, 5 and 6 in Schedule 1 shall be $2,431,019 and shall be paid on May 15, 1989.

(b) The obligation of the Purchaser hereunder to make any payment provided for in this Agreement is hereby expressly conditioned upon the representations and warranties of the Seller contained herein being true as of the date hereof.

3. **Seller's Covenants and Warranties.** The Seller hereby warrants to and covenants with the Purchaser that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Seller from giving full effect to this Agreement; and the Seller has or will have good and valid title to the Equipment on the relevant payment date set out in section 2 above, and the Equipment and all right, title and interest of the Seller therein are or will be free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever on the relevant payment date set out in section 2 above, except for the Lease, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have or will have been obtained on or prior to the relevant payment date set out in section 2 above;

(b) this Agreement has been duly and validly authorized, executed, and delivered by the Seller and is a valid and legally binding agreement of the Seller enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity; and

(c) the Seller shall purchase the Equipment from Westinghouse Credit Corporation, The Fifth Third Leasing Company, First Illinois Bank of Evanston

N.A., Hamilton Bank, Lincoln National Corporation, GATX Leasing Corporation and Circle Equity Leasing Corporation pursuant to purchase agreements assigned to the Seller from CN on or about March 1, 1989 and all terms and conditions thereunder have or will have been satisfied on or prior to the relevant payment date set out in section 2 above, and the Seller has not received notice of any Casualty Occurrence under the Lease with respect to any of the Equipment.

4. Purchaser's Covenants and Warranties. The Purchaser hereby warrants to and covenants with the Seller that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Purchaser from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Purchaser and is a valid and legally binding agreement of the Purchaser and enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity; and

(c) it shall not agree to sell or transfer the Equipment or any interest therein to any party while the Equipment is subject to the Lease, or any subsequent lease with CN, without that party first entering into an agreement with the Seller which maintains the Seller's rights and entitlements provided for in section 9 of this Agreement.

5. Condition of Equipment.

(a) Purchaser acknowledges and agrees that it purchases the Equipment on an "as is", "where is" basis and "with all faults".

(b) The Seller makes no warranty in respect of the Equipment either express or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost

profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

(c) The Purchaser acknowledges and agrees that, except to the limited extent otherwise provided herein and the Lease Assignment Agreement and in any instrument or agreement delivered pursuant hereto or thereto by the Seller, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Seller respecting or in connection with the Equipment and that the Purchaser has undertaken this transaction strictly in reliance upon the terms, conditions, and provisions of this Agreement, the Lease and the Lease Assignment Agreement and without limiting the generality of the foregoing, the Purchaser agrees that any latent defects in or any failure of the Equipment shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Seller, or a failure of performance or consideration hereunder on the part of the Seller.

6. Taxes.

(a) The Purchaser represents and warrants that the Equipment is being purchased for the purpose of leasing the Equipment to CN pursuant to the Lease.

(b) The Purchaser shall pay all applicable federal, provincial, municipal, local or other sales taxes relating to the sale and purchase of the Equipment hereunder and shall indemnify and hold the Seller harmless with respect thereto.

7. Survival of Representations and Warranties. The representations and warranties of the parties herein shall survive completion of the purchase and sale of the Equipment provided for herein.

8. CN Purchase Option. The parties acknowledge that the Lessee may, under the terms of the Lease, elect to purchase all but not less than all of the Equipment on April 1, 1999 in accordance with the terms and conditions of Schedule F to the Lease attached hereto as Schedule 2 ("Purchase Option").

9. **Re-Marketing Arrangements.** The parties agree as follows (all capitilized terms have the same meaning as in the Lease except as otherwise provided in this Agreement):

(a) the parties agree that the Seller shall have the right to and shall re-market the Equipment for a maximum period of 90 days following the maturity of the Lease, and the Seller shall be entitled to receive from the proceeds of any disposition of the Equipment, as consideration for its services, an amount equal to:

(i) if the disposition proceeds of the Equipment do not exceed 35% of the Equipment Cost, the excess of the disposition proceeds over 30% of the Equipment Cost,

(ii) if the disposition proceeds of the Equipment exceeds 35% of the Equipment Cost, the amount of the difference between 35% of the Equipment Cost and 30% of the Equipment Cost plus 50% of the disposition proceeds in excess of 35% of the Equipment Cost;

The Seller and the Purchaser shall negotiate in good faith to enter into a formal re-marketing agreement within a reasonable period of time on mutually agreeable terms.

(b) if a Unit suffers a Casualty Occurrence during the Term of the Lease, the Purchaser shall pay to the Seller an amount in respect of each such Unit equal to a percentage of the Unit Price for such Unit (as set forth in Schedule A to the Lease), where the applicable percentage is determined from the following table as the percentage listed for the Casualty Payment Date on which the Purchaser is to receive the Stipulated Loss Value for such Unit pursuant to the terms of the Lease. Payment of the above amount to the Seller shall be made on the date on which the Purchaser receives the Stipulated Loss Value in respect of such Unit from the Lessee;

Casualty Payment Date	Percentage of Unit Price
April 1, 1990	1.30%
April 1, 1991	1.45%
April 1, 1992	1.62%

April 1, 1993	1.82%
April 1, 1994	2.03%
April 1, 1995	2.28%
April 1, 1996	2.55%
April 1, 1997	2.85%
April 1, 1998	3.19%
April 1, 1999	3.57%

(c) for greater certainty, the Purchaser shall, within 90 days of the Lease Termination Date, pay to the Seller an amount equal to 3.57% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which has suffered a Casualty Occurrence during the Term of the Lease and in respect of which the Purchaser has not previously paid an amount to the Seller pursuant to (a) above; provided, however, that if the Purchaser has not received the Stipulated Loss Value in respect of any Casualty Occurrence, then payment of the above amount to the Seller in relation to that Casualty Occurrence may be delayed until the Purchaser has received the Stipulated Loss Value from the Lessee;

(d) if the Lessee elects to purchase the Equipment pursuant to the Purchase Option, the Seller shall be entitled to a portion of the Option Price (as defined in Schedule F to the Lease) equal to 3.57% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which is then subject to the Lease, such portion to be payable on the same date as the Purchaser receives the Option Price from the Lessee.

10. Assignment of Certain Provisions. The Seller hereby expressly assigns and transfers to the Purchaser the benefit of section 4 in each of the equipment purchase assignment agreements included and numbered 1, 2, 3 and 4 in Schedule 3 to this Agreement and the Purchaser agrees that, in consideration of such assignment and transfer, it shall have no recourse against the Seller in respect of any claim of any person, including any mortgage, pledge, charge or other encumbrance or title defect in relation to the Equipment, originating prior to the date hereof.

11. Notice. Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Seller,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Purchaser,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

12. Further Assurances. The Seller covenants and agrees that it will at the request of the Purchaser at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Purchaser, or for aiding or assisting in the reducing to possession by the Purchaser, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

13. Time of Essence. Time shall be of the essence of this Agreement.

14. **Entire Agreement.** Except as expressly contemplated herein this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior negotiations, understandings and agreements between the parties.

15. **Applicable Law.** This Agreement shall be governed by the laws of the Province of Ontario.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day first written above.

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position President

By: _____
Name A. A. HAWRYS
Position V-P

SLX CANADA INC.

By: _____
Paul J. D. Miller
Director

c/s

By: _____
Bruce C. Barker
Director

GWJ^GEEQPUR:VW

SCHEDULE 1

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Box cars	70 ton 50'6", 50 ft compartment, 12 ft door, Class XL and 70 ton 50'6", 52 ft double door, Class XM and 70 ton 50'6", 50 ft compartment, 12 ft door Class XM	National Steel Car Corporation. Built November 1973 through April 1974	CN 410000 - 410002 CN 410004 - 410031 CN 410033 - 410049 CN 410051 - 410055 CN 410058 - 410079 CN 410081 - 410085 CN 410088 CN 410090 - 410096 CN 410098 - 410099 CN 411000 - 411015 CN 411017 - 411020 CN 411022 - 411117 CN 411119 - 411129 CN 411132 - 411153 CN 411156 - 411176 CN 411178 - 411185 CN 411187 - 411193 CN 411195 - 411234 CN 411236 - 411245 CN 411247 - 411250 CN 411252 - 411290 CN 411292 CN 411294 - 411313 CN 411315 - 411336 CN 411338 - 411357 CN 411359 - 411372 CN 411374 - 411399	758	$11,988.93

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
			CN 411932		
			CN 411901		
			CN 411952		
			CN 411974		
			CN 411902		
			CN 411903		
			CN 411904		
			CN 557440 - 557444		
			CN 557446 - 557459		
			CN 557461		
			CN 557463 - 557468		
			CN 557470 - 557514		
			CN 557516 - 557519		
			CN 557521 - 557532		
			CN 557534 - 557545		
			CN 557547		
			CN 557549 - 557571		
			CN 557573 - 557588		
			CN 557590 - 557592		
			CN 557594 - 557604		
			CN 557606 - 557622		
			CN 557624 - 557642		
			CN 557644 - 557647		
			CN 557649 - 557659		
			CN 557661 - 557669		
			CN 557671 - 557678		
			CN 557680 - 557702		
			CN 557704 - 557739		

Group 2

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Gondola cars	100 ton, fixed sides, fixed ends, Class GB	Hawker Siddeley Canada Limited. Built January 1974.	CN 137350 - 137379 CN 137381 - 137389 CN 137391 - 137406 CN 137408 - 137449 CN 137451 - 137487 CN 137489 - 137542 CN 137544 - 137549	194	$12,620.51

Group 3

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Steel Container Flat Cars	100 ton, Inside length 80'5", Class FC	Marine Industries Ltd., Sorel, Quebec, built February, 1974	CN 639200 - 639257 CN 639259 - 639276 CN 639278 - 639286 CN 639288 - 639394 CN 639396 - 639444	241	$13,315.39

Group 4

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
Flush deck flat cars	89'4", 50 ton Class FMS	Whitehead & Kales Company, Detroit, built December, 1973	CNA 753200 - 753214	15	$11,013.32

Group 5

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
Bulkhead flat cars	70 ton, 52'8", Class FB	Canadian National, Winnipeg, built December 1973	DWC 605600 - 605660 DWC 605662 - 605679	79	$10,115.50
			DWC 605680 - 605799	120	$9,576.80

Group 6

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
High Cube box cars	100-ton, 86'6", Door size 20', Class XL	Greenville Steel Car Company, Pennsylvania Built April 1974	CNA 795000 - 795028	29	$10,773.90

DSM*LE89SCHA:VWBANK

SCHEDULE 2

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 1999 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following term has the following meaning:

"Option Price" means with respect to April 1, 1999, an amount equal to 33.57% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease.

To Equipment Purchase Agreement between General Electric Railcar Services Canada Ltd. and SLX Canada Inc. made as of March 1, 1989

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT dated as of the 1st day of March 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 30th day of September, 1988 ("Purchase Agreement") with Westinghouse Credit Corporation ("Owner") and Sanwa Bank California ("Owner Trustee") whereby Owner and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owner to Lessee (other than taxes measured by net income of Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. The Assignor agrees to indemnify, defend and save harmless the Assignee, its successors and assigns, in respect of all claims, expenses and liabilities, ~~(other than claims, expenses and liabilities arising from the Assignee's contracts with third parties entered into for the purpose of fulfilling the Assignee's obligations under the Purchase Agreement)~~ which the Assignee may incur in connection with, arising from or as a result of the Assignee's purchase of the Equipment and originating on or prior to the date hereof including, without limitation, all claims, expenses and liabilities in respect of title to the Equipment and any breach of the Assignor's warranties, covenants and agreements under Sections 3 and 4 of this agreement; provided however this indemnity shall not apply to the extent any of the foregoing claims, expenses and liabilities have arisen through the default, negligence or willful misconduct of the Assignee or of its agents. The Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against any person in relation to such claims, expenses and liabilities, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against any such person.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

By: _____

Vice President Purchases & Materials

and by: _____

ASSISTANT SECRETARY

FEB 28 '89 21:06 FROM CN FINANCE MTL PAGE.004

SLX CANADA INC.

By: _____
Paul J.E. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

Quantity	Type	Previous Serial Numbers	Current Serial Numbers
22	GP38-2 2000 HP locomotives	CN 5562	CN 4762
		CN 5565 - 5566	CN 4765 - 4766
		CN 5569 - 5572	CN 4769 - 4772
		CN 5574 - 5581	CN 4774 - 4781
		CN 5583 - 5585	CN 4783 - 4785
		CN 5587 - 5590	CN 4787 - 4790
5	70-ton 50'6" box cars		CN 410000 - 410002
			CN 410005
			CN 410099
119	100-ton gondola cars		CN 137350 - 137351
			CN 137353
			CN 137355 - 137357
			CN 137360 - 137362
			CN 137364 - 137372
			CN 137377 - 137378
			CN 137384 - 137387
			CN 137391 - 137394
			CN 137398 - 137399
			CN 137401 - 137402
			CN 137405
			CN 137410 - 137413
			CN 137416 - 137448
			CN 137451 - 137457
			CN 137459 - 137461
			CN 137466 - 137468
			CN 137472
			CN 137474
			CN 137476
			CN 137478
			CN 137481
			CN 137484
			CN 137492
			CN 137494
			CN 137501
			CN 137506
			CN 137509
			CN 137511 - 137515
			CN 137518
			CN 137520 - 137524
			CN 137530 - 137542
			CN 137546

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT dated as of the 1st day of March 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 14th day of December, 1988 ("Purchase Agreement") with Hamilton Bank ("Beneficial Owner") and Sanwa Bank California ("Owner Trustee") whereby Beneficial Owner and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Beneficial Owner to Lessee (other than taxes measured by net income of Beneficial Owner). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Beneficial Owner have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Beneficial Owner now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. The Assignor agrees to indemnify, defend and save harmless the Assignee, its successors and assigns, in respect of all claims, expenses and liabilities, (~~other than claims, expenses and liabilities arising from the Assignee's contracts with third parties entered into for the purpose of fulfilling the Assignee's obligations under the Purchase Agreement~~), which the Assignee may incur in connection with, arising from or as a result of the Assignee's purchase of the Equipment and originating on or prior to the date hereof including, without limitation, all claims, expenses and liabilities in respect of title to the Equipment and any breach of the Assignor's warranties, covenants and agreements under Sections 3 and 4 of this agreement; provided however this indemnity shall not apply to the extent any of the foregoing claims, expenses and liabilities have arisen through the default, negligence or willful misconduct of the Assignee or of its agents. The Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against any person in relation to such claims, expenses and liabilities, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against any such person.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

By: [signature]

Vice President Purchases & Materials

and by: [signature]

ASSISTANT SECRETARY

Approved as to form only
Assistant Regional Counsel

SLX CANADA INC.

By: _____
Paul J.B. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

Quantity	Type	Previous Serial Numbers	Current Serial Numbers
4	GP38-2 2000 HP locomotives	CN 5561 CN 5567 - 5568 CN 5573	CN 4761 CN 4767 - 4768 CN 4773
75	100-ton gondola cars		CN 137352 CN 137354 CN 137358 -137359 CN 137363 CN 137373 -137376 CN 137379 CN 137381 -137383 CN 137388 -137389 CN 137395 -137397 CN 137400 CN 137403 -137404 CN 137406 CN 137408 -137409 CN 137414 -137415 CN 137449 CN 137458 CN 137462 -137465 CN 137469 -137471 CN 137473 CN 137475 CN 137477 CN 137479 -137480 CN 137482 -137483 CN 137485 -137487 CN 137489 -137491 CN 137493 CN 137495 -137500 CN 137502 -137505 CN 137507 -137508 CN 137510 CN 137516 -137517 CN 137519 CN 137525 -137529 CN 137544 -137545 CN 137547 -137549

FEB 28 '89 21:14 FROM CN FINANCE MTL PAGE.021

No. 3

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT dated as of the 1st day of March 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 30th day of September, 1988 ("Purchase Agreement") with Westinghouse Credit Corporation and The Fifth Third Leasing Company ("Owners") and Sanwa Bank California ("Owner Trustee") whereby Owners and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

FEB 28 '89 21:14 FROM CN FINANCE MTL PAGE.012

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owners to Lessee (other than taxes measured by net income of Owners). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, and/or the Owners have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee and the Owners now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

5. The Assignor agrees to indemnify, defend and save harmless the Assignee, its successors and assigns, in respect of all claims, expenses and liabilities,(~~other than claims, expenses and liabilities arising from the Assignee's contracts with third parties entered into for the purpose of fulfilling the Assignee's obligations under the Purchase Agreement~~) which the Assignee may incur in connection with, arising from or as a result of the Assignee's purchase of the Equipment and originating on or prior to the date hereof including, without limitation, all claims, expenses and liabilities in respect of title to the Equipment and any breach of the Assignor's warranties, covenants and agreements under Sections 3 and 4 of this agreement; provided however this indemnity shall not apply to the extent any of the foregoing claims, expenses and liabilities have arisen through the default, negligence or willful misconduct of the Assignee or of its agents. The Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against any person in relation to such claims, expenses and liabilities, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against any such person.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Vice President Purchases & Materials

and by: _____
ASSISTANT SECRETARY

Approved as to form only
Assistant Regional Counsel

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

Quantity	Type	Previous Serial Numbers	Current Serial Numbers
99	100-ton steel container Flat cars		CN 639200 - 639238
			CN 639240
			CN 639242 - 639257
			CN 639259 - 639276
			CN 639328 - 639352
353	70-ton box cars		CN 410004
			CN 410006 - 410031
			CN 410033 - 410042
			CN 411000 - 411015
			CN 411017 - 411020
			CN 411022 - 411026
			CN 411067 - 411117
			CN 411119 - 411129
			CN 411322 - 411336
			CN 411338 - 411357
			CN 411359 - 411372
			CN 411374 - 411399
		CN 410032	CN 411932
			CN 557440 - 557444
			CN 557446 - 557459
			CN 557461
			CN 557463 - 557468
			CN 557470 - 557514
			CN 557516 - 557519
			CN 557521 - 557532
			CN 557534 - 557545
			CN 557547
			CN 557549 - 557571
			CN 557573 - 557588
			CN 557590 - 557592
			CN 557594 - 557604

EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT

AGREEMENT dated as of the 1st day of March 1989.

BETWEEN:

CANADIAN NATIONAL RAILWAY COMPANY, a company continued under the laws of Canada, having its principal office and place of business at 935 de la Gauchetière St. W., Montréal, Québec (hereinafter called the "Assignor")

and

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (hereinafter called the "Assignee").

WHEREAS the Assignor has entered into a Purchase Agreement as of the 30th day of September, 1988 ("Purchase Agreement") with Lincoln National Corporation and The Fifth Third Leasing Company ("Owners") and Lincoln National Investment Management Company ("Attorney-In-Fact") and Sanwa Bank California ("Owner Trustee") whereby Owners Attorney-In-Fact and Owner Trustee have agreed to sell and the Assignor has agreed to purchase the items of equipment set forth in Schedule A hereto ("Equipment") at the purchase price specified in the Purchase Agreement copy of which is attached as Schedule B hereto.

WHEREAS the Assignor wishes to assign its rights under the Purchase Agreement to the Assignee in respect of the Equipment and the Assignee has agreed to accept such assignment.

WHEREAS the Assignee and The Royal Trust Company have entered into a Trust Indenture dated September 15, 1988 ("Trust Indenture").

WHEREAS the Assignee has agreed to lease the Equipment, such lease to be substantially in the form of Schedule C to the Trust Indenture.

NOW THEREFORE, THIS EQUIPMENT PURCHASE ASSIGNMENT AGREEMENT WITNESSETH THAT in consideration of the sum of One Dollar and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, as well as the mutual covenants herein contained, the parties agree as follows:

FEB 28 '89 21:16 FROM CN FINANCE MTL PAGE.007

1. Except as provided, hereinafter, the Assignor hereby assigns, transfers and sets over unto the Assignee all its rights and obligations under the Purchase Agreement.

2. Except as provided hereinafter, the Assignee hereby assumes the obligation of the Assignor under the Purchase Agreement with respect to the Equipment.

3. The Assignor hereby expressly agrees that notwithstanding the assignment contemplated herein, the Assignor shall be subject to the obligations contained in paragraph 4 of the Purchase Agreement whereby the "Lessee", as defined therein, agrees to pay all sales, use, value added or any other types of tax which may be assessed on account of the sale of the Equipment from Owners to Lessee (other than taxes measured by net income of Owners). The Assignor also agrees to pay all such taxes payable in connection with the assignment contemplated herein.

4. The Assignor hereby warrants and covenants with the Assignee, its successors and assigns, as follows:

   (a) that the Assignor, the Owner-Trustee, Attorney-In-Fact and/or the Owners have not, either collectively or individually, to the date hereof, done or permitted to be done any act by which the Equipment shall have become mortgaged, pledged, charged or in any other way encumbered, and the Owner-Trustee Attorney-In-Fact and the Owners now have good and legal title to the Equipment and good and lawful right to sell the Equipment to the Assignee free and clear of all claims, liens, security interests and/or other encumbrances;

   (b) that the Assignor will defend the title to the Equipment and save harmless the Assignee, its successors and assigns, against the demands of all persons whomsoever based on claims originating prior to the date hereof; and

   (c) that if, after the date hereof, it shall be determined that any of the Equipment shall have been lost, destroyed or irreparably damaged prior to the date hereof, such loss, destruction or damage shall be treated as if it occurred immediately after the Assignor and the Assignee have entered into the lease contemplated in section 7 below, for the purposes of determining rental and other payments under the lease.

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5. The Assignor agrees to indemnify, defend and save harmless the Assignee, its successors and assigns, in respect of all claims, expenses and liabilities, ~~(other than claims, expences and liabilities arising from the Assignee's contracts with third parties entered into for the purpose of fulfilling the Assignee's obligations under the Purchase Agreement)~~ which the Assignee may incur in connection with, arising from or as a result of the Assignee's purchase of the Equipment and originating on or prior to the date hereof including, without limitation, all claims, expenses and liabilities in respect of title to the Equipment and any breach of the Assignor's warranties, covenants and agreements under Sections 3 and 4 of this agreement; provided however this indemnity shall not apply to the extent any of the foregoing claims, expenses and liabilities have arisen through the default, negligence or willful misconduct of the Assignee or of its agents. The Assignee agrees that the Assignor shall be subrogated to all rights and/or claims which the Assignee, its successors or assigns, may have against any person in relation to such claims, expenses and liabilities, and the Assignee, its successors and assigns, will, at the expense of the Assignor, assist the Assignor in enforcing such rights or claims against any such person.

6. The Assignor acknowledges that the benefit of its warranties and covenants in section 4 above may be assigned in whole or in part by the Assignee in conjunction with any sale or transfer of the Equipment and agrees to execute an acknowledgement of such assignment in favour of a third party at the direction of the Assignee.

7. The Assignee hereby agrees to lease the Equipment back to the Assignor. Such lease shall be substantially in the form of Schedule C to the Trust Indenture.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed.

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Vice President Purchases & Materials

and by: _____
ASSISTANT SECRETARY

Approved as to form only
Assistant Regional Counsel

SLX CANADA INC.

By: _____
Paul J.D. Miller

and by: _____
Bruce C. Barker

SCHEDULE A

Quantity	Type	Previous Serial Numbers	Current Serial Numbers
142	100-ton steel container flat cars		CN 639239
			CN 639241
			CN 639278 - 639286
			CN 639288 - 639327
			CN 639353 - 639394
			CN 639396 - 639444
400	70-ton steel sheathed box cars		CN 410043 - 410049
			CN 410051 - 410055
			CN 410058 - 410079
			CN 410081 - 410085
			CN 410088
			CN 410090 - 410096
			CN 410098
			CN 411027 - 411066
			CN 411130 - 411153
			CN 411156 - 411176
			CN 411178 - 411185
			CN 411187 - 411193
			CN 411195 - 411234
			CN 411236 - 411245
			CN 411247 - 411250
			CN 411252 - 411290
			CN 411292
			CN 411294 - 411313
			CN 411315 - 411321
		CN 410056	CN 411901
		CN 410057	CN 411952
		CN 410080	CN 411974
		CN 410086	CN 411902
		CN 410089	CN 411903
		CN 410097	CN 411904
			CN 557606 - 557622
			CN 557624 - 557642
			CN 557644 - 557647
			CN 557649 - 557659
			CN 557661 - 557669
			CN 557671 - 557678
			CN 557680 - 557702
			CN 557704 - 557739
3	GP38-2 2000 HP locomotives		
		CN 5600	CN 4800
		CN 5602	CN 4802
		CN 5610	CN 4810

ACKNOWLEDGEMENT OF CANADIAN NATIONAL RAILWAY COMPANY to the Equipment Purchase Agreement made as of March 1, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd. (the "Agreement")

TO: GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

AND TO: SLX CANADA INC.

Canadian National Railway Company ("CN") hereby acknowledges the terms of the Agreement including the assignment therein by SLX Canada Inc. to General Electric Railcar Services Canada Ltd. of the benefit of section 4 of each of the 4 equipment purchase assignment agreements between CN and SLX Canada Inc. dated March 1, 1989, copies of which are included and numbered 1, 2, 3 and 4 in Schedule 3 to the Agreement.

Dated March 1, 1989

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Name P.J. FOLIC
Position VICE-PRÉSIDENT

Approved as to form only
Attorney

By: _____
Name MARIE-ANDRÉE PRÉNOVEAU
Position ASSISTANT SECRETARY

DSM^ACKNOCN:VWBANK

LEASE ASSIGNMENT AGREEMENT

THIS AGREEMENT made as of the March 1, 1989

BETWEEN

SLX Canada Inc., a corporation incorporated under the laws of Canada (the "Assignor")

- and -

General Electric Railcar Services Canada Ltd. (the "Assignee").

WHEREAS:

Assignor has agreed to sell to the Assignee pursuant to an agreement made as of the date hereof (the "Equipment Purchase Agreement") the equipment (the "Equipment") described in Schedule A to the lease of equipment #9 between the Assignor and Canadian National Railway Company ("CN") made as of the date hereof, attached hereto as Schedule 1 (the "Lease").

As a condition of entering into the Equipment Purchase Agreement, the Assignee has required an assignment of the Assignor's right, title and interest in and to the Lease and the rentals and other amounts payable thereunder.

WITNESSES that for valuable consideration, the parties agree as follows:

1. Assignment. The Assignor hereby absolutely assigns, transfers and sets over unto the Assignee the Lease and all of the Assignor's right, title, benefits, interest and obligations in, to and under the Lease including, without limitation, all present and future rentals and other amounts payable or to become payable under the Lease from and after March 1, 1989, other than 51.756% of the payment due under the Lease on April 1, 1989 and 30.914% of the payment due under the Lease on May 15, 1989 to which the Assignor shall remain entitled, and together with the benefit of all covenants and all waivers, releases, indemnities and other obligations of CN thereunder, and the Assignor hereby agrees that all amounts hereafter received by or on behalf of the Assignor under the Lease shall be held by it in trust for and shall forthwith be paid over to the Assignee without notice or demand. The Assignee hereby assumes all liabilities and obligations of the Assignor under the Lease arising from and after the date hereof and acknowledges that CN may, under the terms of the Lease, elect to purchase all but not less than all of the Equipment on April 1, 1999.

2. **Assignor's Covenants and Warranties.** The Assignor hereby covenants with and warrants to the Assignee that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignor from giving full effect to this Agreement, and the Lease, rentals and other amounts and all right, title and interest of the Assignor therein hereby assigned or intended so to be, are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignor and is a valid and legally binding agreement of the Assignor enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity;

(c) the copy of the Lease attached hereto as Schedule 1 is a true and complete copy of the Lease, and the Lease has not been modified or cancelled and the Assignor has not given any waiver, consent or other indulgence thereunder, and the Lease remains in full force and effect according to its original terms, and there is no default now existing under the Lease and, to the best of the knowledge of the Assignor, no event has occurred which, with the giving of notice or lapse of time or both, would constitute an Event of Default thereunder;

(d) the Equipment has not been replaced or substituted for except in accordance with the express terms of the Lease and in such a way as not to diminish in any material respect the aggregate fair market value of the equipment subject to the Lease; and

(e) there has been no pre-payment of rent or any other amounts payable under the Lease, and the Assignor is not holding any sums as cash security for the performance of any obligations by CN under the Lease.

3. **Assignee's Covenants and Warranties.** The Assignee hereby covenants with and warrants to the Assignor that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignee from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained; and

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignee and is a valid and legally binding agreement of the Assignee enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

4. **Future Assignments.** The Assignee hereby agrees that it shall not assign, transfer or set over the whole or any portion of the Lease and/or its right, title, benefits, interest and obligations thereunder to any third party without first giving the Assignor at least 10 days prior written notice of such assignment, transfer or set over.

5. **Notice.** Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Assignor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Assignee,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

6. **Further Assurances.** The Assignor covenants and agrees that it will at the request of the Assignee at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Assignee, or for aiding or assisting in the reducing to possession by the Assignee, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

7. **Time of Essence.** Time shall be of the essence of this Agreement.

8. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario.

9. **Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement on the day first written above.

SLX CANADA INC.

By: _____
Bruce C. Barker
Director c/s

By: _____
Paul J.D. Miller
Director

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position

c/s

By: _____
Name A A. HAWKYS
Position V-P

GWJ^GEASSN1:VW

ACKNOWLEDGEMENT OF CANADIAN NATIONAL RAILWAY COMPANY
to the Lease Assignment Agreement made as of March 1, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

TO: GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

AND TO: SLX CANADA INC.

Canadian National Railway Company ("CN") hereby acknowledges the terms of the foregoing Lease Assignment Agreement, and that the Equipment is in existence and has been maintained by CN in accordance with its obligations under the Lease, and that no Casualty Occurrence (as defined in the Lease) has occurred with respect to any of the Equipment. CN confirms that to the best of its knowledge the statements set out in sections 2(c), (d) and (e) of such Lease Assignment Agreement are correct as of the date hereof. Until otherwise directed in writing by General Electric Railcar Services Canada Ltd. or its assignee, CN shall make all payments under or in respect of the Lease, other than 51.756% of the payment due under the Lease on April 1, 1989 and 30.914% of the payment due under the Lease on May 15, 1989, to the Assignee at:

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

on or before the due date thereof.

In respect of the balance of the first two rental payments due under the Lease, CN shall make such payments to the Assignor at:

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

on or before the due date thereof.

Dated March 1, 1989

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Name
Position P.J. FOLIOT
VICE-PRÉSIDENT

Approved as to form only
Attorney

By: _____
Name MARIE-ANDRÉE PRÉNOVEAU
Position ASSISTANT SECRETARY

Schedule 1

No. 6
GE

LEASE OF EQUIPMENT #9

B E T W E E N:

SLX CANADA INC.

as Lessor

- and -

CANADIAN NATIONAL RAILWAY COMPANY

as Lessee

MADE as of March 1, 1989

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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT made as of the 16th day of December, 1991

BETWEEN

General Electric Capital Canada Leasing Inc., a corporation incorporated under the laws of Canada (the "Assignor")

- and -

Confederation Leasing Limited (the "Assignee").

WHEREAS:

Assignor has agreed to sell to the Assignee pursuant to the Purchase and Sale Agreement made as of the date hereof (the "Purchase Agreement") all of its interest in and to the equipment described in Schedule 1 hereto (the "Equipment") together with all of Assignor's right, title and interest in, to and under the agreements described in Schedule 2 hereto (the "Assigned Contracts"), including the leases of the Equipment to Canadian National Railway Company ("CN") (the "Leases").

Under the Purchase Agreement, the Assignor is required to assign the Assignor's right, title and interest in and to the Assigned Contracts and the rentals and other amounts payable thereunder.

WITNESSETH that for valuable consideration, the parties agree as follows:

1. Assignment. The Assignor hereby absolutely assigns, transfers and sets over unto the Assignee the Assigned Contracts and all of the Assignor's right, title, benefits, interest and obligations in, to and under the Assigned Contracts including, without limitation, all present and future rentals and other amounts payable or to become payable under the Leases from and after the date hereof, and together with the benefit of all covenants and all waivers, releases, indemnities and other obligations of CN thereunder, and the Assignor hereby agrees that all amounts hereafter received by or on behalf of the Assignor under the Assigned Contracts shall be held by it in trust for and shall forthwith be paid over to the Assignee without notice or demand. The Assignee hereby assumes all

liabilities and obligations of the Assignor under the Assigned Contracts arising from and after the date hereof and acknowledges that CN may, under the terms of the Leases, elect to purchase the Equipment as provided therein and that SLX Canada Inc. ("SLX") has certain rights under certain of the Assigned Contracts as described therein.

2. Assignor's Covenants and Warranties. The Assignor hereby covenants with and warrants to the Assignee that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignor from giving full effect to this Agreement, and the Assigned Contracts, rentals and other amounts and all right, title and interest of the Assignor therein hereby assigned or intended so to be, are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignor and is a valid and legally binding agreement of the Assignor enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity;

(c) the copies of the Assigned Contracts (other than the Leases) attached hereto as Schedule 3 are true and complete copies of such Assigned Contracts and such Assigned Contracts have not been modified, amended, supplemented or cancelled and the Assignor has not given any waiver, consent or other indulgence thereunder, and such Assigned Contracts remain in full force and effect according to their original terms, and there is no

default now existing under such Assigned Contracts and, to the best of the knowledge of the Assignor, no event has occurred which, with the giving of notice or lapse of time or both, would constitute a default thereunder;

(d) to the best of the knowledge of the Assignor, the Equipment has not been replaced or substituted for except in accordance with the express terms of the Leases and in such a way as not to diminish in any material respect the aggregate fair market value of the Equipment subject to the Leases;

(e) there has been no pre-payment of rent or any other amounts payable under the Leases, and the Assignor is not holding any sums as cash security for the performance of any obligations by CN under the Leases; and

(f) the copies of the Leases attached hereto as Schedule 4 are true and complete copies of the Leases and, the Leases have not been modified, amended, supplemented or cancelled and the Assignor has not given any waiver, consent or other indulgence thereunder and the Leases remain in full force and effect according to their original terms, and there is no default now existing under the Leases, and to the best of the knowledge of the Assignor, no event has occurred which, with the giving of notice or the lapse of time or both, could constitute an Event of Default thereunder.

3. Assignee's Covenants and Warranties. The Assignee hereby covenants with and warrants to the Assignor that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignee from giving full effect to this

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LEASE

THIS LEASE OF EQUIPMENT is made as of March 1, 1989

BETWEEN

SLX CANADA INC. (hereinafter called the "Lessor"), a company incorporated under the laws of Canada and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, as owner,

- and -

CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), a corporation continued under the laws of Canada and having an office at 935 de La Gauchetiere West, Montreal, Quebec, H3B 2M9, as lessee.

WHEREAS the Lessor, at the request of the Lessee, has purchased the Units (as hereinafter defined) for the sole purpose of leasing the same to the Lessee hereunder;

AND WHEREAS the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided.

NOW THEREFORE in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I

INTERPRETATION

1.1 The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

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"Arrears" means the total of all Rentals and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Banking Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal.

"Casualty Notice Date" has the meaning set forth in Schedule B hereto.

"Casualty Occurrence" means an event in which any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of ninety (90) days during the Term of this Lease or during the storage and delivery referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in Schedule B hereto.

"Dollars" or "$" means lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Commencement Date" means with respect to each Unit, the date the same shall be deemed to be delivered to and accepted by the Lessee in accordance with Section 2.1 hereof.

"Lease Rate" means an implicit discount rate that, at the date of this Lease, causes the aggregate present value of:

(i) the rental payments under this Lease (excluding any payments which are contingent on the extension of, exercise of or non-exercise of a termination or purchase option under this Lease); and

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(ii) the purchase option price payable to the Lessor upon the exercise by the Lessee of any purchase option at the end of the Term of this Lease,

to be equal to the cost of all the Units to the Lessor.

"Lease Termination Date" has the meaning set forth in Schedule B hereto.

"Lessee" has the meaning ascribed thereto in the recitals to this Agreement.

"Lessor" has the meaning ascribed thereto in the recitals to this Agreement.

"Office" means the office of the Lessor referred to in the first paragraph of this Agreement (Attention: President) or such other office as the Lessor may notify the Lessee from time to time in accordance with Section 23.1 hereof.

"Period" means the period from the Rental Commencement Date to April 1, 1989 and, thereafter, each six month period during the Term, commencing on the Rental Commencement Date;

"Prime Rate" means the annual rate of interest established by The Royal Bank of Canada from time to time at its main branch in Toronto as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada; any change in such rate is to be effective on the date such change is established.

"Rental" means the rental payable for each Unit subject to this Lease for each Period, as set forth in Schedule B hereto.

"Rental Commencement Date" has the meaning set forth in Schedule B hereto.

"Stipulated Loss Value" means at any particular time the applicable amount determined in accordance with Schedule D hereto.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing as to each Unit on the Lease Commencement Date with respect thereto, to and including the Lease Termination Date.

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"Units" means the units of equipment described in Schedule A hereto.

1.2 Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time.

ARTICLE II

DELIVERY AND ACCEPTANCE OF UNITS

2.1 The Units will be tendered to the Lessee by or on behalf of the Lessor. Upon such tender, the Lessee will cause an authorized representative to inspect each Unit, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery substantially in the form attached as Schedule C hereto, whereupon each such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

ARTICLE III

RENTALS

3.1 The Lessee shall pay to the Lessor an interim rental payment in an amount and on the date as set out in or determined in accordance with Schedule B.

3.2 From and after the Rental Commencement Date, the Lessee shall pay to the Lessor Rental for each Unit subject to this Lease for each Period, together with the other applicable payments herein provided. Rental in respect of each Period shall be payable in the manner set forth in Schedule B.

3.3 This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except

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as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3.4 Whenever any payment shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

ARTICLE IV

IDENTIFICATION MARKS; REGISTRATION

4.1 The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly filed with the Lessor by the Lessee and filed, recorded or deposited at the Lessee's cost and expense in all public offices where this Lease has been or is required to be filed, recorded or deposited.

4.2 Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any

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permitted sublessee on equipment used by them of the same or a similar type, for convenience of identification of their rights to use the Units as permitted under this Lease.

4.3 The Lessee agrees to make the registrations, filings, deposits and recordings in respect of this Lease and the Units as set forth in Schedule B hereto, at the Lessee's sole cost and expense. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V

TAXES

5.1 The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all taxes, assessments, duties, license and registration fees and other governmental charges, including penalties and interest (hereinafter collectively referred to as "Taxes") imposed, levied or assessed by any federal, provincial or local government or taxing authority in Canada, or, if as a result of the operation, possession or use of any Unit by or through the Lessee in any foreign country, by any government or taxing authority in a foreign country, against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity of the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). If a claim is made against the Lessor for any Taxes, then the Lessor shall use its reasonable efforts to notify the Lessee promptly and, if so requested by the Lessee, shall at the Lessee's expense contest the validity and amount of any Taxes which it may be required to pay and in respect of which it is entitled to reimbursement by the Lessee under this Section so long as the rights or interests of the Lessor hereunder or in such Unit will not be materially endangered thereby.

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5.2 Notwithstanding the provisions of Section 5.1 of this Article V, the Lessee shall have no obligation thereunder as to:

(i) any Taxes on, based on or measured by the net income of the Lessor imposed (i) by Canada, a province or other local taxing authority in Canada or (ii) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by Canada, a province, or other local taxing authority taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of the Lessor for the same or prior periods which qualify for such credit are first allowed;

(ii) any Taxes on, based on, or measured by, the net income of the Lessor imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of the Lessor being engaged in business in such foreign country through activities unrelated to the transactions contemplated by this Lease to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of such Taxes which would be payable if the Lessor were not so engaged in such business; or

(iii) any Taxes which are or may become imposed by Canada on rental or similar payments being made under this Lease to a non-resident of Canada (as defined in the Income Tax Act (Canada));

5.3 In the event any reports with respect to Taxes are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Units, or notify the Lessor of such requirement, and will make such reports in such manner as shall be satisfactory to the Lessor.

5.4 In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

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ARTICLE VI

PAYMENT FOR CASUALTY OCCURRENCES

6.1 The Lessee shall on the Casualty Notice Date in each calendar year during the Term provide written notice to the Lessor of each Unit which has suffered a Casualty Occurrence during the one year period ending 30 days prior to that date. On the Casualty Payment Date of each calendar year during the Term the Lessee shall pay to the Lessor the Stipulated Loss Value, determined as at such date, of each Unit reported by the Lessee to have suffered a Casualty Occurrence during the one year period ending 30 days prior to the Casualty Notice Date of such calendar year and of each Unit which was reported to have suffered a Casualty Occurrence in any previous year and for which no Stipulated Loss Value has been paid, plus the Rental due on the Casualty Payment Date in respect of each such Unit, and only after making such total payment the Rental for each such Unit shall cease to accrue and the term of this Lease as to each such Unit shall terminate. The Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for each such Unit executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Notwithstanding the foregoing, the Lessee shall not be required to make any payment under this section on a Casualty Payment Date unless such payment due exceeds $100,000. However, the Rental in respect of each Unit shall continue to accrue until the Lessee has made the payments as described above.

For greater certainty, the Lessee shall within 90 days of the Lease Termination Date pay to the Lessor the Stipulated Loss Value, determined as at the Lease Termination Date, of each Unit which has suffered a Casualty Occurrence during the Term and in respect of which the Lessee has not previously paid the Stipulated Loss Value pursuant to this Section 6.1.

6.2 The rights and remedies of the Lessor to enforce or recover any of the Rentals or any other amounts which are due

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and payable hereunder prior to the incurring of the obligation to pay the Stipulated Loss Value of any Unit shall not be affected by reason of the Casualty Occurrence with respect to such Unit.

6.3 Notwithstanding Section 6.1, the Lessee will have the option with respect to one or more Units which have suffered a Casualty Occurrence to give notice to the Lessor that it wishes to replace such Unit(s) ("Replaced Unit(s)") with other Units(s) of equivalent value, age, residual value expectation, utility and condition ("Replacement Unit(s)"), such Replacement Unit(s) to be received by the Lessor as full compensation for the loss of the Replaced Unit(s) and the Lessee shall not be required to pay to the Lessor the Stipulated Loss Value for such Unit(s). Notice of the Lessee's election to replace a Unit or to pay the Stipulated Loss Value will be given to the Lessor on the Casualty Notice Date and will specify the Replaced Unit and the Replacement Unit, if the Lessee wishes to avail itself of the replacement option set out in this Section 6.3. The Rental for each Replaced Unit will cease on the relevant Casualty Payment Date at which time Rental for the corresponding Replacement Unit will commence and will be equal to that on the Replaced Unit and will continue without abatement or interruption regardless of the occurrence of the Casualty Occurrence. If any Unit which has suffered a Casualty Occurrence is replaced as provided in this Section, the Lessee will, on the Casualty Payment Date, sign all such documents and do all such things as may be reasonably required by the Lessor to convey good and marketable title to the relevant Replacement Unit to the Lessor free and clear of all hypothecs, mortgages, charges and encumbrances. The Replacement Unit will be deemed to be a Unit for purposes of the Lease and all terms and conditions of the Lease, including those pertaining to the term, will continue to apply to the Replacement Unit as a Unit after the Casualty Payment Date.

ARTICLE VII

WAIVERS AND DISCLAIMER OF WARRANTIES

7.1 The Lessee acknowledges that the Units have been selected by the Lessee alone, that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the manufacturer of the Units is not, and has not been, an agent

of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the manufacturer of the Units or others, and subject as provided in Section 12.1, hereby releases and forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee agrees that the Lessee has made or shall in fact make all appropriate and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the manufacturer of the Units or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2 The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3 The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

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7.4 If applicable, the Lessee waives to the extent permitted all of the rights, benefits and protection given by Sections 19 to 24 inclusive of the Sale of Goods on Condition Act of the Province of British Columbia.

7.5 If applicable, and to the extent permitted by law, the Lessee hereby waives all its rights, benefits or protection given to it by Sections 47, 49 and 50 of The Law of Property Act and the Seizure Act of the Province of Alberta, insofar as they extend to or relate to this Lease or other security collateral thereto. The Lessee hereby acknowledges that seizure or repossession of the Units referred to in this Lease shall not, by implication of law, extinguish the Lessee's indebtedness under this Lease or other collateral security. The Lessee hereby confers upon the Lessor the right to recover from the Lessee by action on covenant for the payment contained in this Lease or in any other security collateral hereto the full Rental payable under this Lease and all other money from time to time due hereunder or under any other collateral security, notwithstanding any seizure or repossession.

7.6 The Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to:

(a) this Lease;

(b) any mortgage, charge or other security for the payment of money made, given or created by this Lease or any agreement or instrument collateral hereto;

(c) any agreement or instrument renewing or extending or collateral to any mortgage, charge or security referred to or mentioned in sub-paragraph (b) of this Section 7.6; or

(d) the rights, powers or remedies of Lessor under this Lease or under any mortgage, charge other security, agreement or instrument referred to or mentioned in sub-paragraphs (b) or (c) of this Section 7.6.

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ARTICLE VIII

LESSOR'S REPRESENTATIONS AND WARRANTIES

8.1 The Lessor represents and warrants as follows:

(i) at the time of delivery of each Unit under this Lease, the Lessor's title to such Unit will be unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, which may result from claims against the Lessor not arising out of the ownership of the Units and which will prevent the performance of this Lease in accordance with its terms;

(ii) so long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease;

(iii) the Lessor is a corporation duly incorporated and validly subsisting under the laws of Canada, with adequate corporate power to enter into this Lease;

(iv) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms;

(v) the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessor is subject, or any judgment, decree, franchise, order or permit applicable to the Lessor; and

(vi) there are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transaction.

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THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN THIS SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

8.2 The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease.

ARTICLE IX

LESSEE'S REPRESENTATIONS AND WARRANTIES

9.1 The Lessee represents and warrants as follows:

(i) the Lessee is a duly incorporated and validly subsisting corporation under the laws of Canada, with full corporate power and authority to own its properties and to carry on its business as presently conducted and to enter into and perform its obligations under this Lease;

(ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms;

(iii) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease by the Lessee, or if any such approval is required, it has been properly obtained;

(iv) the entering into and performance of this Lease will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee; and

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(v) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions.

ARTICLE X

MAINTENANCE; ALTERATIONS; INSPECTIONS

10.1 The Lessee shall, at its own cost and expense, maintain and repair each Unit in accordance with the maintenance and repair standards applicable to such Unit as set forth in Schedule E hereto and otherwise keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

10.2 The Lessee may, at its expense and without the prior consent or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i) not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and with the prior written consent of the Lessor (such consent not to be unreasonably withheld) may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

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10.3 The Lessor shall have the right (but no obligation), upon reasonable notice to the Lessee and at the Lessor's sole cost and expense, by its authorized representatives, to inspect the Units at all reasonable times at such location or locations designated by the Lessee, to view the state and condition of the Units and to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any damage, injury to, or the death of any persons exercising on behalf of the Lessor or any prospective assignee of the Lessor, the rights of inspection granted hereunder.

ARTICLE XI

FINANCIAL AND OTHER REPORTS

11.1 The Lessee will furnish to the Lessor, on the later of (i) 90 days after the end of each fiscal year, or (ii) within 30 days of the tabling in the House of Commons of Canada of its annual report, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet as at the end of such year, all in reasonable detail together with the report and opinion of a firm of independent chartered accountants.

11.2 On or before April 1st in each calendar year during the Term, the Lessee will cause to be furnished to the Lessor in such number of counterparts or copies as may reasonably be requested an accurate statement signed by a responsible officer of the Lessee, as of the preceding December 31,

(i) showing the amount, description and numbers of the Units then leased hereunder and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, and

(ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Article IV have been preserved or replaced.

11.3 The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any

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Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing thereof to the Lessee.

ARTICLE XII

INDEMNIFICATION

12.1 The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transhipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Article XII for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Article XII shall survive payment of all other obligations under this Lease, the sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Article XII in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been assembled, delivered, stored and transported to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist

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and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2 Upon the payment in full of any indemnities as contained in this Article XII by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to this Article XII shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII

INSURANCE

13.1 The Lessee shall, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, insured against by the Lessee in respect of similar equipment owned or leased by it. Notwithstanding anything to the contrary in this Section 13.1, the Lessee shall be permitted to provide for self insurance.

ARTICLE XIV

ADDITIONAL COVENANTS OF THE LESSEE

14.1 The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee or any sublessee, or

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their employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV

DEFAULT AND ENFORCEMENT

15.1 If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(i) default shall be made in the payment of any part of the Rental provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Banking Days after written notice from the Lessor;

(ii) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or sublease of any of the Units;

(iii) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(iv) the Lessee shall file any petition or commence any proceedings under any bankruptcy, reorganization, insolvency or moratorium law for the relief of debtors;

(v) any proceedings shall be commenced against the Lessee by way of a scheme of arrangement under the Railway Act

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(Canada) or for any relief under bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(vi) appointment of any receiver to take possession of all or a substantial portion of the Lessee's properties not set aside within thirty (30) days;

(vii) the Lessee shall default, as such term is defined therein, under any other agreement (of any kind whatsoever, including any other lease agreements) it may have with the Lessor whether such agreement now exists or shall hereafter be created and such default shall result in moneys being declared due and payable to the Lessor which would not otherwise be due and payable at that time and such declaration shall not be rescinded or annulled within a period of thirty days after the Lessee has been given notice of such default by the Lessor,

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or

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any of such Units and thenceforth hold, possess, enjoy, sell, lease or otherwise dispose of the same in such manner as the Lessor may determine free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee in respect thereof, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rental for any number of days less than a full Period by multiplying the Rental for such full Period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full Period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to all Units, which equals the Stipulated Loss Value of all the Units as of the rental payment date next preceding the date of termination of this Lease, and (ii) any other damages and expenses, including, without limitation, reasonable solicitors' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that upon and/or after payment of the amount to be paid by Lessee to Lessor under subclauses (i) and (ii) of this clause (b) Lessor shall refund to Lessee the net amount received by Lessor, such refunded amount not to exceed the amount paid by Lessee to Lessor under subclause (i) of this clause, on any sale, lease or disposition of the Units after deducting all costs and expenses including any legal fees and income and/or other taxes incurred in connection therewith.

15.2 The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favour existing at law or in equity. The Lessee hereby waives, to the fullest extent permitted by applicable law, all rights (other than those expressly provided for herein) now or hereafter conferred upon it by statute or otherwise to terminate or surrender this Lease or the Units or to any abatement, suspension, deferment, diminution or reduction of the Rental payments.

15.3 The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies and a waiver on one occasion shall not

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constitute a waiver of any such right as to any other occasion.

ARTICLE XVI

ASSIGNMENT; POSSESSION AND USE

16.1 Subject to compliance with the provisions of Section 8.2, the Lessor shall have the absolute right to sell, transfer or assign to any person, firm, corporation or other entity resident in Canada any or all of its rights, obligations, benefits and interests under, in and to this Lease or any Unit. However, the Lessee shall be under no obligation to any assignee of this Lease except upon written notice of such assignment. All the rights of the Lessor hereunder shall enure to the benefit of the Lessor's assigns. Whenever the Lessor is referred to in this Lease, it shall apply and refer to each assignee of the Lessor.

16.2 So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, but, except as otherwise expressly provided herein, the Lessee shall not without the prior written consent of the Lessor assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions hereof.

16.3 Nothing in this Article XVI shall be deemed to restrict the right of the Lessee (i) to assign or transfer its

leasehold interest under this Lease in the Units or possession of the Units to any company incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated and which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; or (ii) without the prior written consent of the Lessor to sublease any Unit to any party for a period (including renewals) not exceeding one year; or (iii) to sublease any Unit to any party for a period (including renewals) of more than one year with the prior written consent of the Lessor, such consent not to be unreasonably withheld, and such consent is hereby given with respect to any sublease by the Lessee to an affiliated or subsidiary corporation incorporated in the United States or Canada. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety.

ARTICLE XVII

PURCHASE OPTIONS

17.1 The Lessee shall be entitled to exercise the purchase options, if any, described in Schedule F hereto, subject to the terms and conditions thereof.

ARTICLE XVIII

RETURN OF UNITS

18.1 As soon as is reasonable on or after the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Lessee in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding 90 days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any

person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in the return condition specified in Schedule E hereto.

18.2 If this Lease shall terminate pursuant to Section 15.1, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX

INCOME TAX REPRESENTATIONS AND INDEMNITY

19.1 The Lessee hereby makes the income tax representations and warranties set forth in Schedule G hereto and agrees to indemnify the Lessor as provided therein.

ARTICLE XX

MILEAGE ALLOWANCE; SUBROGATION

20.1 Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the

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proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI

FURTHER ASSURANCES

21.1 The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII

INTEREST ON ARREARS

22.1 Anything to the contrary herein contained notwithstanding, any Arrears shall bear interest at a rate per annum equal to the rate set out in Schedule B hereto for the period of time during which they are overdue and shall be payable on demand.

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ARTICLE XXIII

NOTICES

23.1 Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Lessor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 Answerback WCBC CGY
Telecopier: (403) 264-1262

and to:

Bennett Jones
3200 Shell Centre
400 4th Avenue S.W.
Calgary, Alberta
T2P 0X9
Attention: Mr. Peter A. Williams
Telex: 03824524
Telecopier: (403) 265-7219

(2) to the Lessee,

Canadian National Railway Company
935 de La Gauchetiere West
Montreal, Quebec
H3B 2M9
Attention: Treasurer
Telex: 055-61899 (CN FINANCE MTL)
Telecopier: (514) 399-8038,

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time

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notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease.

ARTICLE XXIV

SEVERABILITY; EFFECT AND MODIFICATION OF LEASE

24.1 Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV

EXECUTION AND COUNTERPARTS

25.1 This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI

GOVERNING LAW AND JURISDICTION

26.1 This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario.

ARTICLE XXVII

EFFECTIVE DATE

27.1 This Lease and the obligations of the parties hereto shall be effective as and from the date the Lessor assumes title to the Units.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

SLX CANADA INC.

By _____ c/s
Name: Bruce C. Barker
Title: Director

and by _____
Name: Paul J.D. Miller
Title: Director

CANADIAN NATIONAL RAILWAY COMPANY

By _____ c/s
Name:
Title: P.J. FOLIOT
VICE-PRÉSIDENT

Approved as to form only
Attorney

and by _____
Name: MARIE-ANDRÉE PRÉNOVEAU
Title: ASSISTANT SECRETARY

LIST OF SCHEDULES

A. Description of Units
B. Lease Particulars
C. Certificate of Acceptance
D. Stipulated Loss Values
E. Maintenance and Repair Standards; Return Condition
F. Purchase Options
G. Tax Representations, Warranties and Indemnity
H. Bill of Sale

SCHEDULE A

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Box cars	70 ton 50'6", 50 ft compartment, 12 ft door, Class XL and 70 ton 50'6", 52 ft double door, Class XM and 70 ton 50'6", 50 ft compartment, 12 ft door Class XM	National Steel Car Corporation. Built November 1973 through April 1974	CN 410000 - 410002 CN 410004 - 410031 CN 410033 - 410049 CN 410051 - 410055 CN 410058 - 410079 CN 410081 - 410085 CN 410088 CN 410090 - 410096 CN 410098 - 410099 CN 411000 - 411015 CN 411017 - 411020 CN 411022 - 411117 CN 411119 - 411129 CN 411132 - 411153 CN 411156 - 411176 CN 411178 - 411185 CN 411187 - 411193 CN 411195 - 411234 CN 411236 - 411245 CN 411247 - 411250 CN 411252 - 411290 CN 411292 CN 411294 - 411313 CN 411315 - 411336 CN 411338 - 411357 CN 411359 - 411372 CN 411374 - 411399	758	$11,988.93

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
			CN 411932		
			CN 411901		
			CN 411952		
			CN 411974		
			CN 411902		
			CN 411903		
			CN 411904		
			CN 557440 - 557444		
			CN 557446 - 557459		
			CN 557461		
			CN 557463 - 557468		
			CN 557470 - 557514		
			CN 557516 - 557519		
			CN 557521 - 557532		
			CN 557534 - 557545		
			CN 557547		
			CN 557549 - 557571		
			CN 557573 - 557588		
			CN 557590 - 557592		
			CN 557594 - 557604		
			CN 557606 - 557622		
			CN 557624 - 557642		
			CN 557644 - 557647		
			CN 557649 - 557659		
			CN 557661 - 557669		
			CN 557671 - 557678		
			CN 557680 - 557702		
			CN 557704 - 557739		

Group 2

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Gondola cars	100 ton, fixed sides, fixed ends, Class GB	Hawker Siddeley Canada Limited. Built January 1974.	CN 137350 - 137379 CN 137381 - 137389 CN 137391 - 137406 CN 137408 - 137449 CN 137451 - 137487 CN 137489 - 137542 CN 137544 - 137549	194	$12,620.51

Group 3

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Steel Container Flat Cars	100 ton, Inside length 80'5", Class FC	Marine Industries Ltd., Sorel, Quebec, built February, 1974	CN 639200 - 639257 CN 639259 - 639276 CN 639278 - 639286 CN 639288 - 639394 CN 639396 - 639444	241	$13,315.39

Group 4

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Flush deck flat cars	89'4", 50 ton Class FMS	Whitehead & Kales Company, Detroit, built December, 1973	CNA 753200 - 753214	15	$11,013.32

Group 5

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Bulkhead flat cars	70 ton, 52'8", Class FB	Canadian National, Winnipeg, built December 1973	DWC 605600 - 605660 DWC 605662 - 605679	79	$10,115.50
			DWC 605680 - 605799	120	$9,576.80

Group 6

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
High Cube box cars	100-ton, 86'6", Door size 20', Class XL	Greenville Steel Car Company, Pennsylvania Built April 1974	CNA 795000 - 795028	29	$10,773.90

DSM*LES9SCHA:VWBANK

SCHEDULE B

LEASE PARTICULARS

LEASE RATE:	11.86%
RENTAL COMMENCEMENT DATE:	March 1, 1989
INTEREST RATE ON ARREARS:	12.86%
LEASE TERMINATION DATE:	April 1, 1999 or such earlier date as this Lease is terminated pursuant to the provisions hereof.
INTERIM RENTAL	Not Applicable
CASUALTY NOTICE DATE:	January 30 in each year during the term of this Lease.
CASUALTY PAYMENT DATE:	April 1 in each year during the term of this Lease.
REGISTRATIONS:	subject to the Lessor providing the Lessee with the appropriate information, the Lessee shall cause each Unit to be registered in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register (UMLER), and any change therein must be mutually agreed by the parties. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada.

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SCHEDULE B TO LEASE #9
(continued)

RENTAL:

Payment Number	Rental Payment Date	Percentage of Unit Price of each Unit	Rental Payment based on aggregate Unit Price as per Schedule A
0	01-Mar-89	0.000000%	
1A	01-Apr-89	4.373972%	
1B	15-May-89	0.556409%	
2	01-Oct-89	3.610382%	
3	01-Apr-90	3.610382%	
4	01-Oct-90	4.091763%	
5	01-Apr-91	4.091763%	
6	01-Oct-91	4.332460%	
7	01-Apr-92	4.332460%	
8	01-Oct-92	4.332460%	
9	01-Apr-93	4.332460%	
10	01-Oct-93	10.360356%	
11	01-Apr-94	10.360356%	
12	01-Oct-94	10.360356%	
13	01-Apr-95	10.360356%	
14	01-Oct-95	10.360356%	
15	01-Apr-96	12.900145%	
16	01-Oct-96	12.900145%	
17	01-Apr-97	12.900145%	
18	01-Oct-97	12.900145%	
19	01-Apr-98	12.900145%	
20	01-Oct-98	17.882076%	
21	01-Apr-99	2.935700%	

Method of Payment: Lessee shall pay the above amounts to the Lessor on the corresponding Rental Payment Date in same day funds.

SCHEDULE C

CERTIFICATE OF ACCEPTANCE

SLX Canada Inc. (Lessor)
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

The undersigned, a duly authorized officer of Canadian National Railway Company (the "Lessee"), under Lease made as of March 1, 1989, with Lessor, does hereby certify that:

Under authority of Lessee, I have accepted the units of equipment specified in Schedule A hereto attached and made a part hereof (Units), as conforming in all respect to the terms and provisions of the said Lease.

Under authority of Lessee, I further certify that by virtue of my said acceptance of said Units the same have, on the date stated, come under lease to Lessee pursuant to the terms and provisions of said Lease.

_____
Authorized Inspector

SCHEDULE D

STIPULATED LOSS VALUE

Casualty Payment Date	Percentage of Unit Price					
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
April 1, 1990	105.12%	105.32%	104.44%	101.99%	103.19%	104.62%
April 1, 1991	109.09%	109.49%	107.74%	104.65%	107.23%	110.32%
April 1, 1992	112.39%	113.05%	110.39%	106.68%	110.69%	115.49%
April 1, 1993	115.66%	116.49%	112.87%	108.52%	114.04%	120.77%
April 1, 1994	106.60%	107.67%	103.05%	98.83%	105.91%	114.62%
April 1, 1995	97.11%	98.41%	92.81%	88.82%	97.41%	108.09%
April 1, 1996	83.96%	85.50%	78.90%	75.40%	85.52%	98.26%
April 1, 1997	67.12%	68.88%	61.32%	58.62%	70.23%	85.02%
April 1, 1998	48.77%	50.77%	42.25%	40.54%	53.59%	70.44%
April 1, 1999	33.57%	35.97%	26.07%	25.27%	40.17%	59.07%

The Stipulated Loss Value shall be calculated as the applicable percentage of the "Unit Price" referred to in Schedule "A".

SCHEDULE E

MAINTENANCE AND REPAIR STANDARDS; RETURN CONDITION

Maintenance and Repair Standards

(i) Railcars

Each railcar Unit shall be maintained and repaired to a standard at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and, at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

Return Condition

(i) Railcars

Each railcar Unit returned to the Lessor shall be in a condition at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

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SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 1999 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following term has the following meaning:

"Option Price" means with respect to April 1, 1999, an amount equal to 33.57% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease.

SCHEDULE G

TAX REPRESENTATIONS, WARRANTIES AND INDEMNITY

1. The Lessee hereby represents and warrants to the Lessor:

   (a) that the Units are depreciable property and that:

      (i) a corporation described in subsection (16)(a) of Regulation 1100 under the Income Tax Act (Canada) that owns the Units shall be entitled to deduct from its income for the purposes of the Income Tax Act (Canada) and the regulations thereunder (the "Act" and the "Regulations" respectively) capital cost allowance in each year during the Term on the basis that the Units qualify as Class 35 assets (or any analogous subsequent designation) pursuant to the Act;

      (ii) a corporation that carries on business and that owns the Units but is not of the type described in paragraph (16)(a) of Regulation 1100 under the Act shall be entitled to a capital cost allowance with respect to the Units computed at the rate applicable for Class 35 assets (or any analogous subsequent designation) against its net income from renting "leasing properties" as provided in subsection 1100(15) of the Regulations computed before deducting capital cost allowances; and

   (b) that the Lessee will not, by an act of commission or omission, effect any change in the nature or use and purpose of the Units which would or could directly or indirectly cause the deductions referred to in (a) above to decrease or be eliminated;

   (c) that the Unit Price (as set out in Schedule A) paid by the Lessor for the Units represents the fair market value of the Units as of the date hereof; and

   (d) that 33.57% of the Unit Price being the price at which the Lessee is entitled to purchase a Unit on April 1, 1999 pursuant to the Purchase Option contained in Schedule "F", is not less than

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the expected fair market value of a Unit at such Purchase Option date (as approximated by a reasonable estimate as of the date hereof).

2. If, due to the inaccuracy of any representation herein made by the Lessee to the Lessor, the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of capital cost allowance, investment tax credit, or refundable investment tax credit with respect to any Unit (collectively referred to as "Tax Benefits"), to the extent claimed by the Lessor in its federal and provincial income tax returns for the relevant year, the following provisions shall be applicable:

(A) upon the Lessor being notified of any such denial (including by way of assessment or reassessment, or proposed assessment or reassessment) the Lessor shall notify the Lessee and if so requested by the Lessee in a timely manner, shall contest any such action (such contestation to be at the sole expense of the Lessee), as long as the rights and interests of the Lessor shall not be adversely affected thereby; and

(B) the Rental shall be adjusted as follows:

(I) the Lessor shall determine and give notice to the Lessee of the amount of each instalment of Rental which the Lessor would have required in order to obtain the after-tax net yield on funds employed to acquire the Units, as if the denial specified above had not occurred, and the Lessee shall pay to the Lessor by way of additional Rental on the tenth day following such notice, in respect of the elapsed Term of the Lease up to and including such tenth day, a sum equal to the amount by which the total Rental instalment determined under this paragraph exceeds the total Rental instalment otherwise payable hereunder, plus any provincial sales tax applicable to such additional rent payment; and

(II) the Lessor shall determine (and specify in the notice referred to in paragraph (I) above) the amount of each instalment of Rental payable hereunder for the remainder of the Term after such tenth day which the Lessor will require to obtain the after-tax net yield of funds

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employed by the Lessor to acquire the Units as if the denial specified above had not occurred and the Rental shall be increased accordingly and this Lease shall be deemed to be so amended.

Provided always that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made until the relevant taxing authority or a court of competent jurisdiction has made a determination with respect to such denial in respect of which the Lessee does not exercise its rights under Section 2(A) or from which there is no further right to object or appeal.

Provided further, however, that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such Tax Benefits with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) any act or omission on the part of the Lessor;

(ii) any change in income tax legislation after the coming into force of this Lease; or

(iii) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Article VI hereof.

3. In addition but without duplication, the Lessee shall on demand indemnify and save harmless the Lessor from and in respect of all costs, expenses, increased payments of tax, interest, penalties, and costs of contestation of any assessment or reassessment made against the Lessor with respect to this Lease (including reasonable legal fees and disbursements) which the Lessor may suffer or incur as a result of or arising out of a denial specified above so that the net after-tax yield to the Lessor of funds employed to acquire the Units shall exist throughout the Term and any extension or renewal thereof as if the denial specified above had not occurred; provided always that the obligations of the Lessee hereunder shall only exist if the Lessor has fulfilled its obligations under Section 2(A) hereof.

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4. Each determination of increased Rental or other payment due to the Lessor under this Schedule shall be submitted to the Lessee by way of a certificate of an officer of the Lessor setting forth the amount of the increased Rental required (and the method of its calculation) and the basis for it, which certificate shall be conclusive evidence, in the absence of manifest error, of the amount of the increased Rental so required; provided, however, that the Lessee shall be entitled to receive confirmation of the amounts set forth in the certificate from the auditors of the Lessor as such confirmation may be available following the next annual audit of the Lessor's financial statements.

5. In the event that, as a result of events (other than the receipt by the Lessor of any increased Rental), it develops that the Lessor was not entitled to require such recalculation or payment of such increased Rental or was entitled to a lesser recalculation or to receive a lesser amount of increased Rental, the Lessor shall promptly refund to the Lessee on demand any excess amount received by the Lessor plus interest thereon calculated at the Prime Rate from the date such excess amount was received to the date of repayment.

6. For purposes of interpretation hereof "Lessor" shall include Lessor's successors and assigns.

7. The provisions of this Schedule shall survive the termination of the Lease and are included for the benefit of and shall be enforceable by the Lessor.

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SCHEDULE B

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of B dollars ($) paid by B, a B corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____

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PROVINCE OF QUEBEC
DISTRICT
~~CITY~~ OF MONTREAL

) In the matter of a lease of
) equipment #9 between SLX
) Canada Inc. and Canadian
) National Railway Company made
) as of March 1, 1989

On this March 9, 1989 before me personally appeared Paul J. Fabiet, to me personally known, who, being by me duly sworn, says that he is the Vice President of Canadian National Railway Company, that one of the seals affixed to the foregoing instrument is the seal of said Company, that said instrument was signed and sealed on behalf of said Company by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Company.

L. Burton
Commissioner for Oaths

L. BURTON
Commissioner for Oaths
Commissaire à l'Assermentation
District-Montreal
Expires July 10, 1989

PROVINCE OF ONTARIO) In the matter of a lease of
) equipment #9 between SLX
CITY OF TORONTO) Canada Inc. and Canadian
) National Railway Company made
) as of March 1, 1989

On this April 24, 1989, before me personally appeared Bruce C. Barker to me personally known, who, being by me duly sworn, says that he is the Chairman and Secretary of SLX Canada Inc., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, that he signed the said instrument on April 24, 1989 on behalf of the Corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

D.S. McLean
Notary Public in and for the
Province of Ontario

(Notarial Seal)

BILL OF SALE

THIS BILL OF SALE is made and delivered pursuant to the Equipment Purchase Agreement (the "Agreement") made as of March 1, 1989 between SLX Canada Inc., a corporation formed under the Canada Business Corporations Act (the "Seller") having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7 and General Electric Railcar Services Canada Ltd. having an office at Suite 1400, 801 - 6th Avenue S.W., Calgary, Alberta (the "Purchaser").

KNOW ALL MEN BY THESE PRESENTS, that the Seller for good and valuable consideration as set forth in the Agreement, the receipt of which is hereby acknowledged, does hereby sell, transfer, assign, convey, set over and deliver, unto the Purchaser, its successors and assigns, all of the Seller's right, title and interest in and to the equipment as set forth in Schedule A attached hereto (the "Equipment").

TO HAVE AND TO HOLD the same and each thereof unto the Purchaser, its successors and assigns, to its and their use and benefit forever.

The Equipment is being sold hereunder on an "as is" "where is" basis and "with all faults". Except as set forth above or in the Agreement, the Seller makes no warranty, either expressed or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

IN WITNESS WHEREOF, the Seller has caused this BILL OF SALE to be executed and delivered by its duly authorized officers as of the 1st day of March 1989.

SLX Canada Inc.

By: _____
Paul J.D. Miller
Director

By: _____ c/s
Bruce C. Barker
Director

DSM*GEBOFS:VUBANK

SCHEDULE A

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Box cars	70 ton 50'6", 50 ft compartment, 12 ft door, Class XL and 70 ton 50'6", 52 ft double door, Class XM and 70 ton 50'6", 50 ft compartment, 12 ft door Class XM	National Steel Car Corporation. Built November 1973 through April 1974	CN 410000 - 410002 CN 410004 - 410031 CN 410033 - 410049 CN 410051 - 410055 CN 410058 - 410079 CN 410081 - 410085 CN 410088 CN 410090 - 410096 CN 410098 - 410099 CN 411000 - 411015 CN 411017 - 411020 CN 411022 - 411117 CN 411119 - 411129 CN 411132 - 411153 CN 411156 - 411176 CN 411178 - 411185 CN 411187 - 411193 CN 411195 - 411234 CN 411236 - 411245 CN 411247 - 411250 CN 411252 - 411290 CN 411292 CN 411294 - 411313 CN 411315 - 411336 CN 411338 - 411357 CN 411359 - 411372 CN 411374 - 411399	758	$11,988.93

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
			CN 411932		
			CN 411901		
			CN 411952		
			CN 411974		
			CN 411902		
			CN 411903		
			CN 411904		
			CN 557440 - 557444		
			CN 557446 - 557459		
			CN 557461		
			CN 557463 - 557468		
			CN 557470 - 557514		
			CN 557516 - 557519		
			CN 557521 - 557532		
			CN 557534 - 557545		
			CN 557547		
			CN 557549 - 557571		
			CN 557573 - 557588		
			CN 557590 - 557592		
			CN 557594 - 557604		
			CN 557606 - 557622		
			CN 557624 - 557642		
			CN 557644 - 557647		
			CN 557649 - 557659		
			CN 557661 - 557669		
			CN 557671 - 557678		
			CN 557680 - 557702		
			CN 557704 - 557739		

Group 2

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Gondola cars	100 ton, fixed sides, fixed ends, Class GB	Hawker Siddeley Canada Limited. Built January 1974.	CN 137350 - 137379 CN 137381 - 137389 CN 137391 - 137406 CN 137408 - 137449 CN 137451 - 137487 CN 137489 - 137542 CN 137544 - 137549	194	$12,620.51

Group 3

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Steel Container Flat Cars	100 ton, Inside length 80'5", Class FC	Marine Industries Ltd., Sorel, Quebec, built February, 1974	CN 639200 - 639257 CN 639259 - 639276 CN 639278 - 639286 CN 639288 - 639394 CN 639396 - 639444	241	$13,315.39

Group 4

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Flush deck flat cars	89'4", 50 ton Class FMS	Whitehead & Kales Company, Detroit, built December, 1973	CNA 753200 - 753214	15	$11,013.32

Group 5

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Bulkhead flat cars	70 ton, 52'8", Class FB	Canadian National, Winnipeg, built December 1973	DWC 605600 - 605660 DWC 605662 - 605679	79	$10,115.50
			DWC 605680 - 605799	120	$9,576.80

Group 6

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
High Cube box cars	100-ton, 86'6", Door size 20', Class XL	Greenville Steel Car Company, Pennsylvania Built April 1974	CNA 795000 - 795028	29	$10,773.90

DSM*LES99CHA:VWBANK

EQUIPMENT PURCHASE AGREEMENT

THIS AGREEMENT made as of April 10, 1989

BETWEEN:

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD. (the "Purchaser"),

- and -

SLX CANADA INC., a corporation formed under the Canada Business Corporations Act, having its principal office and place of business at Calgary, Alberta (the "Seller").

WHEREAS the Seller hereby agrees to sell and deliver to the Purchaser and the Purchaser agrees to purchase the equipment (the "Equipment") described in Schedule 1 hereto, subject to the terms and conditions set forth herein;

WHEREAS the Equipment is under lease to Canadian National Railway Company ("CN") pursuant to the lease of equipment #7 dated as of February 22, 1989 between the Seller and CN (the "Lease") which lease shall be assigned to the Purchaser pursuant to an assignment agreement dated the date hereof (the "Lease Assignment Agreement");

WITNESSES that for valuable consideration, the parties agree as follows:

1. Sale and Purchase. Subject to the terms and conditions of this Agreement, the Seller agrees to sell the Equipment and the Purchaser agrees to purchase the Equipment in accordance with the terms and conditions hereof, and the Seller agrees to assign to the Purchaser the Lease and all right, title, benefit and interest of the Seller therein in accordance with the terms of the Lease Assignment Agreement, and in respect thereof the Purchaser agrees to pay to the Seller the amounts set out in section 2 on the date hereof.

2. **Amounts Payable.**

(a) The purchase price for the Equipment to be paid by the Purchaser to the Seller is $19,963,150.

(b) The obligation of the Purchaser hereunder to make any payment provided for in this Agreement is hereby expressly conditioned upon the representations and warranties of the Seller contained herein being true as of the date hereof.

3. **Seller's Covenants and Warranties.** The Seller hereby warrants to and covenants with the Purchaser that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Seller from giving full effect to this Agreement; and the Seller has good and valid title to the Equipment, and the Equipment and all right, title and interest of the Seller therein are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, except for the Lease, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed, and delivered by the Seller and is a valid and legally binding agreement of the Seller enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity; and

(c) the Seller purchased the Equipment from General Motors of Canada Limited pursuant to purchase orders assigned to the Seller from CN pursuant to a purchase assignment agreement made as of February 3, 1989 and all terms and conditions thereunder have been satisfied, and the Seller has not received notice of any Casualty Occurrence under the Lease with respect to any of the Equipment.

4. Purchaser's Covenants and Warranties. The Purchaser hereby warrants to and covenants with the Seller that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Purchaser from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto, and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Purchaser and is a valid and legally binding agreement of the Purchaser enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity; and

(c) it shall not agree to sell or transfer the Equipment or any interest therein to any party while the Equipment is subject to the Lease, or any subsequent lease with CN, without that party first entering into an agreement with the Seller which maintains the Seller's rights and entitlements provided for in section 9 of this Agreement.

5. Condition of Equipment.

(a) Purchaser acknowledges and agrees that it purchases the Equipment on an "as is", "where is" basis and "with all faults".

(b) The Seller makes no warranty in respect of the Equipment either express or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

(c) The Purchaser acknowledges and agrees that, except to the limited extent otherwise provided herein and the Lease Assignment Agreement and in any instrument or agreement delivered pursuant hereto or thereto by the Seller, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable,

statutory, conventional, collateral or otherwise, on the part of the Seller respecting or in connection with the Equipment and that the Purchaser has undertaken this transaction strictly in reliance upon the terms, conditions, and provisions of this Agreement, the Lease and the Lease Assignment Agreement and without limiting the generality of the foregoing, the Purchaser agrees that any latent defects in or any failure of the Equipment shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Seller, or a failure of performance or consideration hereunder on the part of the Seller.

6. Taxes.

(a) The Purchaser represents and warrants that the Equipment is being purchased for the purpose of leasing the Equipment to CN pursuant to the Lease.

(b) The Purchaser shall pay all applicable federal, provincial, municipal, local or other sales taxes relating to the sale and purchase of the Equipment hereunder and shall indemnify and hold the Seller harmless with respect thereto.

7. Survival of Representations and Warranties. The representations and warranties of the parties herein shall survive completion of the purchase and sale of the Equipment provided for herein.

8. CN Purchase Option. The parties acknowledge that the Lessee may, under the terms of the Lease, elect to purchase all but not less than all of the Equipment, excluding any units which have suffered a Casualty Occurrence (as that term is defined in the Lease) and including any units which have replaced such units pursuant to the terms of the Lease (all of which is hereinafter referred to as "Equipment at Expiry"), on April 1, 2004 in accordance with the terms and conditions of Schedule F to the Lease attached hereto as Schedule 2 ("Purchase Option").

9. Re-Marketing Arrangements. The parties agree as follows (all capitilized terms have the same meaning as in the Lease except as otherwise provided in this Agreement):

(a) the parties agree that the Seller shall have the right and obligation to re-market the Equipment at Expiry for a maximum period of 90 days following the maturity of the Lease, and in consideration for its obligations under this Section:

(i) the Seller shall be entitled to receive from the proceeds of any disposition of the Equipment at Expiry an amount equal to the amount by which such proceeds of disposition exceed 20% of the Equipment Cost; such amount is to be payable upon receipt of the proceeds of disposition by the Purchaser; and

(ii) if a Unit suffers a Casualty Occurrence during the Term of the Lease (and has not been replaced by the Lessee pursuant to section 6.3 of the Lease), the Purchaser shall pay to the Seller an amount in respect of such Unit equal to a percentage of the Unit Price for such Unit (as set forth in Schedule A to the Lease), where the applicable percentage is determined from the following table as the percentage listed for the Casualty Payment Date on which the Purchaser is to receive the Stipulated Loss Value for such Unit pursuant to the terms of the Lease; payment of the above amount to the Seller shall be made on the date on which the Purchaser receives the Stipulated Loss Value in respect of such Unit from the Lessee;

Casualty Payment Date	Percentage of Unit Price
April 1, 1990	7.65%
April 1, 1991	8.56%
April 1, 1992	9.58%
April 1, 1993	10.73%
April 1, 1994	12.01%
April 1, 1995	13.45%
April 1, 1996	15.06%
April 1, 1997	16.86%
April 1, 1998	18.88%
April 1, 1999	21.14%
April 1, 2000	23.67%
April 1, 2001	26.50%
April 1, 2002	29.67%
April 1, 2003	33.22%
April 1, 2004	37.19%

(iii) if the Lessee elects to purchase the Equipment at Expiry pursuant to the Purchase Option, the Seller shall be entitled to a portion of the Option Price (as defined in Schedule F to the Lease) equal to 37.19% of the Unit Price for each Unit (as set forth in Schedule A to the

Lease) which is then subject to the Lease, such portion to be payable on the same date as the Purchaser receives the Option Price from the Lessee.

(b) For greater certainty, the Purchaser shall, within 90 days of the Lease Termination Date, pay to the Seller an amount equal to 37.19% of the Unit Price for each Unit (as set forth in Schedule A to the Lease) which has suffered a Casualty Occurrence during the Term of the Lease (and has not been replaced by the Lessee pursuant to section 6.3 of the Lease) and in respect of which the Purchaser has not previously paid an amount to the Seller pursuant to (a) above; provided, however, that if the Purchaser has not received the Stipulated Loss Value in respect of any Casualty Occurrence, then payment of the above amount to the Seller in relation to that Casualty Occurrence may be delayed until the Purchaser has received the Stipulated Loss Value from the Lessee.

(c) The Seller and the Purchaser shall negotiate in good faith to enter into a formal re-marketing agreement within a reasonable period of time on mutually agreeable terms.

10. Notice. Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Seller,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Purchaser,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

11. Further Assurances. The Seller covenants and agrees that it will at the request of the Purchaser at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Purchaser, or for aiding or assisting in the reducing to possession by the Purchaser, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

12. Time of Essence. Time shall be of the essence of this Agreement.

13. Entire Agreement. Except as expressly contemplated herein this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior negotiations, understandings and agreements between the parties.

14. Applicable Law. This Agreement shall be governed by the laws of the Province of Ontario.

15. Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be

an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day first written above.

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position President

c/s

By: _____
Name
Position VP MKtg & Sales

SLX CANADA INC.

By: _____
Paul J. D. Miller
Director

c/s

By: _____
Bruce C. Barker
Director

DS^^EQPUR7GE:VWBANK

SCHEDULE 1

DESCRIPTION OF UNITS

TYPE:	SD-60F, 3800 HP, Diesel Electric Locomotives
SPECIFICATIONS:	In accordance with Builder's Proposal DDL 1309 dated January 19, 1988 as revised March 16, 1988. Further correspondence between GMD and CN on file.
BUILDER:	General Motors of Canada Limited, London, Ontario
IDENTIFICATION NUMBERS:	CN 5514 to CN 5523 (inclusive)
QUANTITY:	10

LEASE ASSIGNMENT AGREEMENT

THIS AGREEMENT made as of the April 10, 1989

BETWEEN:

SLX Canada Inc., a corporation incorporated under the laws of Canada (the "Assignor")

- and -

General Electric Railcar Services Canada Ltd. (the "Assignee").

WHEREAS:

Assignor has agreed to sell to the Assignee pursuant to an agreement made as of the date hereof (the "Equipment Purchase Agreement") the equipment (the "Equipment") described in Schedule A to the lease of equipment #7 between the Assignor and Canadian National Railway Company ("CN") made as of February 22, 1989, attached hereto as Schedule 1 (the "Lease").

As a condition of entering into the Equipment Purchase Agreement, the Assignee has required an assignment of the Assignor's right, title and interest in and to the Lease and the rentals and other amounts payable thereunder.

WITNESSES that for valuable consideration, the parties agree as follows:

1. Assignment. The Assignor hereby absolutely assigns, transfers and sets over unto the Assignee the Lease and all of the Assignor's right, title, benefits, interest and obligations in, to and under the Lease including, without limitation, all present and future rentals and other amounts payable or to become payable under the Lease from and after April 10, 1989, and together with the benefit of all covenants and all waivers, releases, indemnities and other obligations of CN thereunder, and the Assignor hereby agrees that all amounts hereafter received by or on behalf of the Assignor under the Lease shall be held by it in trust for and shall forthwith be paid over to the Assignee without notice or demand. The Assignee hereby assumes all liabilities and obligations of the Assignor under the Lease arising from and after the date hereof excluding the payment of any interim rental adjustment payable to CN on the date hereof and acknowledges that CN may, under the terms of

the Lease, elect to purchase all but not less than all of the Equipment on April 1, 2004. In addition, the Assignor agrees to pay to the Assignee, on the date hereof, the amount of $362,602.66, representing the portion of the first rental payment not yet earned under the Lease.

2. **Assignor's Covenants and Warranties.** The Assignor hereby covenants with and warrants to the Assignee that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignor from giving full effect to this Agreement, and the Lease, rentals and other amounts and all right, title and interest of the Assignor therein hereby assigned or intended so to be, are free and clear of all liens, charges, prior assignments or encumbrances of any kind or nature whatsoever, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained;

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignor and is a valid and legally binding agreement of the Assignor enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, and other laws affecting creditors' rights generally and to general principles of equity;

(c) the copy of the Lease attached hereto as Schedule 1 is a true and complete copy of the Lease, and the Lease has not been modified or cancelled and the Assignor has not given any waiver, consent or other indulgence thereunder, and the Lease remains in full force and effect according to its original terms, and there is no default now existing under the Lease and, to the best of the knowledge of the Assignor, no event has occurred which, with the giving of notice or lapse of time or both, would constitute an Event of Default thereunder;

(d) the Equipment has not been replaced or substituted for except in accordance with the express terms of the Lease and in such a way as not to diminish in any material respect the aggregate fair market value of the equipment subject to the Lease; and

(e) there has been no pre-payment of rent or any other amounts payable under the Lease, and the Assignor is not holding any sums as cash security for the performance of any obligations by CN under the Lease.

3. **Assignee's Covenants and Warranties.** The Assignee hereby covenants with and warrants to the Assignor that:

(a) it has full corporate power and authority to enter into this Agreement and has not performed any acts or executed any other instrument which might prevent the Assignee from giving full effect to this Agreement, and all approvals, consents or authorizations, if any, necessary with respect hereto and the transactions contemplated herein have been obtained; and

(b) this Agreement has been duly and validly authorized, executed and delivered by the Assignee and is a valid and legally binding agreement of the Assignee enforceable against it in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency and other laws affecting creditors' rights generally and to general principles of equity.

4. **Future Assignments.** The Assignee hereby agrees that it shall not assign, transfer or set over the whole or any portion of the Lease and/or its right, title, benefits, interest and obligations thereunder to any third party without first giving the Assignor at least 10 days prior written notice of such assignment, transfer or set over.

5. **Notice.** Any notice or other communication to a party under the provisions of this Agreement shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Assignor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

Attention: President

Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

(2) to the Assignee,

General Electric Railcar Services Canada Ltd.
Suite 1400
801 - 6th Avenue S.W.
Calgary, Alberta
T2P 3W3

Attention: President

Telex: 03-827-827
Telecopier: (403) 269-6519

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Agreement.

6. Further Assurances. The Assignor covenants and agrees that it will at the request of the Assignee at any time or times hereafter do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, consents, powers of attorney, assurances or other documents and take all such other actions as may be reasonably required for the assigning, transferring, granting, conveying, assuring and confirming to the Assignee, or for aiding or assisting in the reducing to possession by the Assignee, any of the rights, interests or assets intended to be hereby transferred, conveyed and assigned.

7. Time of Essence. Time shall be of the essence of this Agreement.

8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario.

9. Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have duly executed this Agreement on the day first written above.

SLX CANADA INC.

By: _____
Bruce C. Barker
Director c/s

By: _____
Paul J.D. Miller
Director

GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

By: _____
Name
Position President

c/s

By: _____
Name
Position VP Mktg & Sales

GWJ*LEASEAGT:VW

ACKNOWLEDGEMENT OF CANADIAN NATIONAL RAILWAY COMPANY to the Lease Assignment Agreement made as of April 10, 1989 between SLX Canada Inc. and General Electric Railcar Services Canada Ltd.

TO: GENERAL ELECTRIC RAILCAR SERVICES CANADA LTD.

AND TO: SLX CANADA INC.

Canadian National Railway Company ("CN") hereby acknowledges the terms of the foregoing Lease Assignment Agreement, and that the Equipment is in existence and has been maintained by CN in accordance with its obligations under the Lease, and that no Casualty Occurrence (as defined in the Lease) has occurred with respect to any of the Equipment. CN confirms that to the best of its knowledge the statements set out in sections 2(c), (d) and (e) of the Lease Assignment Agreement are correct as of the date hereof. Until otherwise directed in writing by General Electric Railcar Services Canada Ltd. or its assignee, CN shall make all payments under or in respect of the Lease to the Assignee at:

General Electric Railcar Services Canada Ltd.
Suite 1400
801-6th Avenue S.W.
Calgary, Alberta
T2P 3W3

on or before the due date thereof.

Dated April 10, 1989

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form only
Attorney

By: _____
Name
Position G.C. Church Treasurer

By: _____
Name
Position

SCHEDULE 1

GE

LEASE OF EQUIPMENT #7

B E T W E E N:

SLX CANADA INC.

as Lessor

- and -

CANADIAN NATIONAL RAILWAY COMPANY

as Lessee

MADE as of February 22, 1989

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LEASE

THIS LEASE OF EQUIPMENT is made as of February 22, 1989

BETWEEN

SLX CANADA INC. (hereinafter called the "Lessor"), a company incorporated under the laws of Canada and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, as owner,

- and -

CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), a corporation continued under the laws of Canada and having an office at 935 de La Gauchetiere West, Montreal, Quebec, H3B 2M9, as lessee.

WHEREAS the Lessor, at the request of the Lessee, has purchased the Units (as hereinafter defined) for the sole purpose of leasing the same to the Lessee hereunder;

AND WHEREAS the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided.

NOW THEREFORE in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I

INTERPRETATION

1.1 The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

"Arrears" means the total of all Rentals and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Banking Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal.

"Casualty Notice Date" has the meaning set forth in Schedule B hereto.

"Casualty Occurrence" means an event in which any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of ninety (90) days during the Term of this Lease or during the storage and delivery referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in Schedule B hereto.

"Dollars" or "$" means lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Commencement Date" means with respect to each Unit, the date the same shall be deemed to be delivered to and accepted by the Lessee in accordance with Section 2.1 hereof.

"Lease Rate" means an implicit discount rate that, at the date of this Lease, causes the aggregate present value of:

(i) the rental payments under this Lease (excluding any payments which are contingent on the extension of, exercise of or non-exercise of a termination or purchase option under this Lease); and

(ii) the purchase option price payable to the Lessor upon the exercise by the Lessee of any purchase option at the end of the Term of this Lease,

MAP

to be equal to the cost of all the Units to the Lessor.

"Lease Termination Date" has the meaning set forth in Schedule B hereto.

"Lessee" has the meaning ascribed thereto in the recitals to this Agreement.

"Lessor" has the meaning ascribed thereto in the recitals to this Agreement.

"Office" means the office of the Lessor referred to in the first paragraph of this Agreement (Attention: President) or such other office as the Lessor may notify the Lessee from time to time in accordance with Section 23.1 hereof.

"Period" means the period from the Rental Commencment Date to April 1, 1989 and, thereafter, each six month period during the Term, commencing on the Rental Commencement Date;

"Prime Rate" means the annual rate of interest established by The Royal Bank of Canada from time to time at its main branch in Toronto as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada; any change in such rate is to be effective on the date such change is established.

"Rental" means the rental payable for each Unit subject to this Lease for each Period, as set forth in Schedule B hereto.

"Rental Commencement Date" has the meaning set forth in Schedule B hereto.

"Stipulated Loss Value" means at any particular time the applicable amount determined in accordance with Schedule D hereto.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing as to each Unit on the Lease Commencement Date with respect thereto, to and including the Lease Termination Date.

"Units" means the units of equipment described in Schedule A hereto.

1.2 Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act

or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time.

ARTICLE II

DELIVERY AND ACCEPTANCE OF UNITS

2.1 The Units will be tendered to the Lessee by or on behalf of the Lessor. Upon such tender, the Lessee will cause an authorized representative to inspect each Unit, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery substantially in the form attached as Schedule C hereto, whereupon each such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

ARTICLE III

RENTALS

3.1 The Lessee shall pay to the Lessor an interim rental payment in an amount and on the date as set out in or determined in accordance with Schedule B.

3.2 From and after the Rental Commencement Date, the Lessee shall pay to the Lessor Rental for each Unit subject to this Lease for each Period, together with the other applicable payments herein provided. Rental in respect of each Period shall be payable in the manner set forth in Schedule B.

3.3 This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or

any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3.4 Whenever any payment shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

ARTICLE IV

IDENTIFICATION MARKS; REGISTRATION

4.1 The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly filed with the Lessor by the Lessee and filed, recorded or deposited at the Lessee's cost and expense in all public offices where this Lease has been or is required to be filed, recorded or deposited.

4.2 Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee on equipment used by them of the same or a similar type, for convenience of identification of their rights to use the Units as permitted under this Lease.

4.3 The Lessee agrees to make the registrations, filings, deposits and recordings in respect of this Lease and the Units as set forth in Schedule B hereto, at the Lessee's sole cost and expense. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V

TAXES

5.1 The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all taxes, assessments, duties, license and registration fees and other governmental charges, including penalties and interest (hereinafter collectively referred to as "Taxes") imposed, levied or assessed by any federal, provincial or local government or taxing authority in Canada, or, if as a result of the operation, possession or use of any Unit by or through the Lessee in any foreign country, by any government or taxing authority in a foreign country, against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity of the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). If a claim is made against the Lessor for any Taxes, then the Lessor shall use its reasonable efforts to notify the Lessee promptly and, if so requested by the Lessee, shall at the Lessee's expense contest the validity and amount of any Taxes which it may be required to pay and in respect of which it is entitled to reimbursement by the Lessee under this Section so long as the rights or interests of the Lessor hereunder or in such Unit will not be materially endangered thereby.

5.2 Notwithstanding the provisions of Section 5.1 of this Article V, the Lessee shall have no obligation thereunder as to:

(i) any Taxes on, based on or measured by the net income of the Lessor imposed (i) by Canada, a province or other local taxing authority in Canada or (ii) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by Canada, a province, or other local taxing

authority taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of the Lessor for the same or prior periods which qualify for such credit are first allowed;

(ii) any Taxes on, based on, or measured by, the net income of the Lessor imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of the Lessor being engaged in business in such foreign country through activities unrelated to the transactions contemplated by this Lease to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of such Taxes which would be payable if the Lessor were not so engaged in such business; or

(iii) any Taxes which are or may become imposed by Canada on rental or similar payments being made under this Lease to a non-resident of Canada (as defined in the Income Tax Act (Canada));

5.3 In the event any reports with respect to Taxes are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Units, or notify the Lessor of such requirement, and will make such reports in such manner as shall be satisfactory to the Lessor.

5.4 In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

ARTICLE VI

PAYMENT FOR CASUALTY OCCURRENCES

6.1 The Lessee shall on the Casualty Notice Date in each calendar year during the Term provide written notice to the Lessor of each Unit which has suffered a Casualty Occurrence during the one year period ending 30 days prior to that date. On the Casualty Payment Date of each calendar year during the Term the Lessee shall pay to the Lessor the Stipulated Loss Value, determined as at such date, of each Unit reported by the Lessee to have suffered a Casualty Occurrence during the

one year period ending 30 days prior to the Casualty Notice Date of such calendar year and of each Unit which was reported to have suffered a Casualty Occurrence in any previous year and for which no Stipulated Loss Value has been paid, plus the Rental due on the Casualty Payment Date in respect of each such Unit, and only after making such total payment the Rental for each such Unit shall cease to accrue and the term of this Lease as to each such Unit shall terminate. The Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for each such Unit executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Notwithstanding the foregoing, the Lessee shall not be required to make any payment under this section on a Casualty Payment Date unless such payment due exceeds $100,000. However, the Rental in respect of each Unit shall continue to accrue until the Lessee has made the payments as described above.

For greater certainty, the Lessee shall within 90 days of the Lease Termination Date pay to the Lessor the Stipulated Loss Value, determined as at the Lease Termination Date, of each Unit which has suffered a Casualty Occurrence during the Term and in respect of which the Lessee has not previously paid the Stipulated Loss Value pursuant to this Section 6.1.

6.2 The rights and remedies of the Lessor to enforce or recover any of the Rentals or any other amounts which are due and payable hereunder prior to the incurring of the obligation to pay the Stipulated Loss Value of any Unit shall not be affected by reason of the Casualty Occurrence with respect to such Unit.

6.3 Notwithstanding Section 6.1, the Lessee will have the option with respect to one or more Units which have suffered a Casualty Occurrence to give notice to the Lessor that it wishes to replace such Unit(s) ("Replaced Unit(s)") with other Units(s) of equivalent value, age, residual value expectation, utility and condition ("Replacement Unit(s)"), such Replacement Unit(s) to be received by the Lessor as full compensation for the loss of the Replaced Unit(s) and the Lessee shall not be required to

pay to the Lessor the Stipulated Loss Value for such Unit(s). Notice of the Lessee's election to replace a Unit or to pay the Stipulated Loss Value will be given to the Lessor on the Casualty Notice Date and will specify the Replaced Unit and the Replacement Unit, if the Lessee wishes to avail itself of the replacement option set out in this Section 6.3. The Rental for each Replaced Unit will cease on the relevant Casualty Payment Date at which time Rental for the corresponding Replacement Unit will commence and will be equal to that on the Replaced Unit and will continue without abatement or interruption regardless of the occurrence of the Casualty Occurrence. If any Unit which has suffered a Casualty Occurrence is replaced as provided in this Section, the Lessee will, on the Casualty Payment Date, sign all such documents and do all such things as may be reasonably required by the Lessor to convey good and marketable title to the relevant Replacement Unit to the Lessor free and clear of all hypothecs, mortgages, charges and encumbrances. The Replacement Unit will be deemed to be a Unit for purposes of the Lease and all terms and conditions of the Lease, including those pertaining to the term, will continue to apply to the Replacement Unit as a Unit after the Casualty Payment Date.

ARTICLE VII

WAIVERS AND DISCLAIMER OF WARRANTIES

7.1 The Lessee acknowledges that the Units have been selected by the Lessee alone, that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the manufacturer of the Units is not, and has not been, an agent of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the manufacturer of the Units or others, and subject as provided in Section 12.1, hereby releases and forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee agrees that the Lessee has made or shall in fact make all appropriate and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the manufacturer of the Units or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2 The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3 The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

7.4 If applicable, the Lessee waives to the extent permitted all of the rights, benefits and protection given by Sections 19 to 24 inclusive of the Sale of Goods on Condition Act of the Province of British Columbia.

7.5 If applicable, and to the extent permitted by law, the Lessee hereby waives all its rights, benefits or protection given to it by Sections 47, 49 and 50 of The Law of Property Act and the Seizure Act of the Province of Alberta, insofar as they extend to or relate to this Lease or other security collateral thereto. The Lessee hereby acknowledges that seizure or repossession of the Units referred to in this Lease shall not, by implication of law, extinguish the Lessee's indebtedness under this Lease or other collateral security. The Lessee hereby confers upon the Lessor the right to recover from the Lessee by action on covenant for the payment contained in this Lease or in any other security collateral hereto the full Rental payable under this Lease and all other money from time to time due hereunder or under any other collateral security, notwithstanding any seizure or repossession.

7.6 The Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to:

(a) this Lease;

(b) any mortgage, charge or other security for the payment of money made, given or created by this Lease or any agreement or instrument collateral hereto;

(c) any agreement or instrument renewing or extending or collateral to any mortgage, charge or security referred to or mentioned in sub-paragraph (b) of this Section 7.6; or

(d) the rights, powers or remedies of Lessor under this Lease or under any mortgage, charge other security, agreement or instrument referred to or mentioned in sub-paragraphs (b) or (c) of this Section 7.6.

ARTICLE VIII

LESSOR'S REPRESENTATIONS AND WARRANTIES

8.1 The Lessor represents and warrants as follows:

(i) at the time of delivery of each Unit under this Lease, the Lessor's title to such Unit will be unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, which may result from claims against the Lessor not arising out of the ownership of the Units and which will prevent the performance of this Lease in accordance with its terms;

(ii) so long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease;

(iii) the Lessor is a corporation duly incorporated and validly subsisting under the laws of Canada, with adequate corporate power to enter into this Lease;

(iv) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms;

(v) the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessor is subject, or any judgment, decree, franchise, order or permit applicable to the Lessor; and

(vi) there are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transaction.

THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN THIS SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

8.2 The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease.

ARTICLE IX

LESSEE'S REPRESENTATIONS AND WARRANTIES

9.1 The Lessee represents and warrants as follows:

(i) the Lessee is a duly incorporated and validly subsisting corporation under the laws of Canada, with full corporate power and authority to own its properties and to carry on its business as presently conducted and to enter into and perform its obligations under this Lease;

(ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms;

(iii) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease by the Lessee, or if any such approval is required, it has been properly obtained;

(iv) the entering into and performance of this Lease will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee; and

(v) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions.

ARTICLE X

MAINTENANCE; ALTERATIONS; INSPECTIONS

10.1 The Lessee shall, at its own cost and expense, maintain and repair each Unit in accordance with the maintenance and repair standards applicable to such Unit as set forth in Schedule E hereto and otherwise keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

10.2 The Lessee may, at its expense and without the prior consent or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i) not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment

rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and with the prior written consent of the Lessor (such consent not to be unreasonably withheld) may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

10.3 (intentionally deleted)

ARTICLE XI

FINANCIAL AND OTHER REPORTS

11.1 The Lessee will furnish to the Lessor, on the later of (i) 90 days after the end of each fiscal year, or (ii) within 30 days of the tabling in the House of Commons of Canada of its annual report, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet as at the end of such year, all in reasonable detail together with the report and opinion of a firm of independent chartered accountants.

11.2 On or before April 1st in each calendar year during the Term, the Lessee will cause to be furnished to the Lessor in such number of counterparts or copies as may reasonably be requested an accurate statement signed by a responsible officer of the Lessee, as of the preceding December 31,

(i) showing the amount, description and numbers of the Units then leased hereunder and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, and

(ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Article IV have been preserved or replaced.

11.3 The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing thereof to the Lessee.

ARTICLE XII

INDEMNIFICATION

12.1 The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transhipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Article XII for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Article XII shall survive payment of all other obligations under this Lease, the sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Article XII in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been assembled, delivered, stored and transported to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist

and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2 Upon the payment in full of any indemnities as contained in this Article XII by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to this Article XII shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII

INSURANCE

13.1 The Lessee shall, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, insured against by the Lessee in respect of similar equipment owned or leased by it. Notwithstanding anything to the contrary in this Section 13.1, the Lessee shall be permitted to provide for self insurance.

ARTICLE XIV

ADDITIONAL COVENANTS OF THE LESSEE

14.1 The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee or any sublessee, or their employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment

or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV

DEFAULT AND ENFORCEMENT

15.1 If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(i) default shall be made in the payment of any part of the Rental provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Banking Days after written notice from the Lessor;

(ii) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or sublease of any of the Units;

(iii) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(iv) the Lessee shall file any petition or commence any proceedings under any bankruptcy, reorganization, insolvency or moratorium law for the relief of debtors;

(v) any proceedings shall be commenced against the Lessee by way of a scheme of arrangement under the Railway Act (Canada) or for any relief under bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such

ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(vi) appointment of any receiver to take possession of all or a substantial portion of the Lessee's properties not set aside within thirty (30) days;

(vii) the Lessee shall default, as such term is defined therein, under any other agreement (of any kind whatsoever, including any other lease agreements) it may have with the Lessor whether such agreement now exists or shall hereafter be created and such default shall result in moneys being declared due and payable to the Lessor which would not otherwise be due and payable at that time and such declaration shall not be rescinded or annulled within a period of thirty days after the Lessee has been given notice of such default by the Lessor,

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, enjoy, sell, lease or otherwise dispose of the same in such manner as the Lessor may determine free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee in respect thereof, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rental for any number of days less than a full Period by multiplying the Rental for such full Period by a fraction of which the numerator is such number of days and the denominator

is the total number of days in such full Period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to all Units, which equals the Stipulated Loss Value of all the Units as of the rental payment date next preceding the date of termination of this Lease, and (ii) any other damages and expenses, including, without limitation, reasonable solicitors' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that upon and/or after payment of the amount to be paid by Lessee to Lessor under subclauses (i) and (ii) of this clause (b) Lessor shall refund to Lessee the net amount received by Lessor, such refunded amount not to exceed the amount paid by Lessee to Lessor under subclause (i) of this clause, on any sale, lease or disposition of the Units after deducting all costs and expenses including any legal fees and income and/or other taxes incurred in connection therewith.

15.2 The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favour existing at law or in equity. The Lessee hereby waives, to the fullest extent permitted by applicable law, all rights (other than those expressly provided for herein) now or hereafter conferred upon it by statute or otherwise to terminate or surrender this Lease or the Units or to any abatement, suspension, deferment, diminution or reduction of the Rental payments.

15.3 The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies and a waiver on one occasion shall not constitute a waiver of any such right as to any other occasion.

ARTICLE XVI

ASSIGNMENT; POSSESSION AND USE

16.1 Subject to compliance with the provisions of Section 8.2, the Lessor shall have the absolute right to sell, transfer or assign to any person, firm, corporation or other entity resident in Canada any or all of its rights, obligations, benefits and interests under, in and to this Lease or any Unit. However, the Lessee shall be under no obligation to any assignee of this Lease except upon written notice of such assignment. All the rights of the Lessor hereunder shall enure to the benefit of the Lessor's assigns. Whenever the Lessor is referred to in this Lease, it shall

apply and refer to each assignee of the Lessor.

16.2 So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, but, except as otherwise expressly provided herein, the Lessee shall not without the prior written consent of the Lessor assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions hereof.

16.3 Nothing in this Article XVI shall be deemed to restrict the right of the Lessee (i) to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any company incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated and which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; or (ii) without the prior written consent of the Lessor to sublease any Unit to any party for a period (including renewals) not exceeding one year; or (iii) to sublease any Unit to any party for a period (including renewals) of more than one year with the prior written consent of the Lessor, such consent not to be unreasonably withheld, and such consent is hereby given with respect to any sublease by the Lessee to an affiliated or subsidiary corporation incorporated in the United States or Canada. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety.

ARTICLE XVII

PURCHASE OPTIONS

17.1 The Lessee shall be entitled to exercise the purchase options, if any, described in Schedule F hereto, subject to the terms and conditions thereof.

ARTICLE XVIII

RETURN OF UNITS

18.1 As soon as is reasonable on or after the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Lessee in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding 90 days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in the return condition specified in Schedule E hereto.

18.2 If this Lease shall terminate pursuant to Section 15.1, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without

in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX

INCOME TAX REPRESENTATIONS AND INDEMNITY

19.1 The Lessee hereby makes the income tax representations and warranties set forth in Schedule G hereto and agrees to indemnify the Lessor as provided therein.

ARTICLE XX

MILEAGE ALLOWANCE; SUBROGATION

20.1 Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI

FURTHER ASSURANCES

21.1 The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII

INTEREST ON ARREARS

22.1 Anything to the contrary herein contained notwithstanding, any Arrears shall bear interest at a rate per annum equal to the rate set out in Schedule B hereto for the period of time during which they are overdue and shall be payable on demand.

ARTICLE XXIII

NOTICES

23.1 Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Lessor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

and to:

Bennett Jones
3200 Shell Centre
400 4th Avenue S.W.
Calgary, Alberta
T2P 0X9
Attention: Mr. Peter A. Williams
Telex: 03824524
Telecopier: (403) 265-7219

(2) to the Lessee,

Canadian National Railway Company
935 de La Gauchetiere West
Montreal, Quebec
H3B 2M9
Attention: Treasurer
Telex: 055-61899 (CN FINANCE MTL)
Telecopier: (514) 399-8038,

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease.

ARTICLE XXIV

SEVERABILITY; EFFECT AND MODIFICATION OF LEASE

24.1 Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral

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or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV

EXECUTION AND COUNTERPARTS

25.1 This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI

GOVERNING LAW AND JURISDICTION

26.1 This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario.

ARTICLE XXVII

EFFECTIVE DATE

27.1 This Lease and the obligations of the parties hereto shall be effective as and from the date first above written.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

SLX CANADA INC.

By _____ c/s
Name: Bruce C. Barker
Title: Director

and by _____
Name: Paul J.D. Miller
Title: Director

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form only
_____ Attorney

By _____ c/s
Name:
Title: VICE-PRESIDENT

and by _____
Name:
Title: ASSISTANT SECRETARY

DSM*SLXLEAS7:VWBANK

LIST OF SCHEDULES

A. Description of Units
B. Lease Particulars
C. Certificate of Acceptance
D. Stipulated Loss Values
E. Maintenance and Repair Standards; Return Condition
F. Purchase Options
G. Tax Representations, Warranties and Indemnity
H. Bill of Sale

SCHEDULE A

DESCRIPTION OF UNITS

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
SD60F 3800 HP, Diesel Electric Locomotives	SD60F, 3800HP, Diesel Electric Locomotives in accordance with the Builder's Proposal DDL 1309 dated January 19, 1988, CN's letter dated December 7, 1987, the Builder's Proposal letter dated January 19, 1988, CN's letter of March 10, 1988 revised March 16, 1988 and the Builder's letter dated March 25, 1988.	Diesel Division, General Motors of Canada Limited, London, Ontario	CN 5514-5523	10	$1,996,315

SCHEDULE B

LEASE PARTICULARS

LEASE RATE:	11.625%
RENTAL COMMENCEMENT DATE:	April 1, 1989
INTEREST RATE ON ARREARS:	12.625%
LEASE TERMINATION DATE:	April 1, 2004 or such earlier date as this Lease is terminated pursuant to the provisions hereof.
INTERIM RENTAL	If the date on which the Builder is paid the Unit Price for each Unit (the "Drawdown Date") is prior to the Rental Commencement Date, the Lessee shall pay to the Lessor on the Rental Commencement Date an interim rental payment for each Unit in an amount equal to 0.031849% of the Unit Price for each day that the Drawdown Date is prior to the Rental Commencement Date. If the Drawdown Date is after the Rental Commencement Date, the Lessor shall pay to the Lessee on the Drawdown Date an interim rental adjustment for each Unit in an amount equal to 0.031849% of the Unit Price for each day that the Drawdown Date is after the Rental Commencement Date. All interim rental payments or adjustments as aforesaid are exclusive of Rental.
CASUALTY NOTICE DATE:	January 30 in each year during the term of this Lease.

CASUALTY PAYMENT DATE:	April 1 in each year during the term of this Lease.
REGISTRATIONS:	subject to the Lessor providing the Lessee with the appropriate information, the Lessee shall cause each Unit to be registered in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register (UMLER), and any change therein must be mutually agreed by the parties. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada.

SCHEDULE B TO LEASE #7
(continued)

RENTAL:

Payment Number	Rental Payment Date	Percentage of Unit Price of each Unit	Rental Payment based on aggregate Unit Price as per Schedule A
0	01-Apr-89	2.103001%	
1	01-Oct-89	3.051001%	
2	01-Apr-90	3.356131%	
3	01-Oct-90	3.356131%	
4	01-Apr-91	3.864581%	
5	01-Oct-91	3.864581%	
6	01-Apr-92	3.966290%	
7	01-Oct-92	3.966290%	
8	01-Apr-93	3.966290%	
9	01-Oct-93	3.966290%	
10	01-Apr-94	3.966290%	
11	01-Oct-94	3.966290%	
12	01-Apr-95	3.966290%	
13	01-Oct-95	4.474841%	
14	01-Apr-96	4.474841%	
15	01-Oct-96	4.474841%	
16	01-Apr-97	4.474841%	
17	01-Oct-97	4.474841%	
18	01-Apr-98	9.661552%	
19	01-Oct-98	9.661552%	
20	01-Apr-99	9.661552%	
21	01-Oct-99	9.661552%	
22	01-Apr-2000	15.966973%	
23	01-Oct-2000	15.966973%	
24	01-Apr-2001	15.966973%	
25	01-Oct-2001	15.966973%	
26	01-Apr-2002	18.611235%	
27	01-Oct-2002	18.611235%	
28	01-Apr-2003	18.611235%	
29	01-Oct-2003	18.611235%	
30	01-Apr-2004	3.600000%	

Method of Payment: Lessee shall pay the above amounts to the Lessor on the corresponding Rental Payment Date in same day funds.

SCHEDULE C

CERTIFICATE OF ACCEPTANCE

TO: SLX Canada Inc.
1500 Bow Valley Square
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

AND General Motors of Canada Limited
2021 Oxford St. East
London, Ontario
N6A 4N5

I, the duly authorized representative of SLX Canada Inc. (the "Lessor") and the Canadian National Railway Company (the "Lessee"), for the purposes of the manufacturing agreement dated February 3, 1989 (the "Purchase Order") between General Motors of Canada Limited (the "Builder") and the Lessee, the assignment of the Purchase Order dated as of February 3, 1989 (the "Purchase Order Assignment") between the Lessee, the Lessor and the Builder and the Lease of Railroad Equipment made as of February 22, 1989 (the "Lease") between the Lessee and the Lessor, DO HEREBY CERTIFY that there has been inspected on behalf of the Lessee and the Lessor and found to be completed and marked in accordance with the Purchase Order, the Purchase Order Assignment and the Lease and the applicable specifications, requirements and standards referred to in the Purchase Order the following units of railroad equipment constructed by General Motors of Canada Limited pursuant to the Purchase Order.

I further certify that there has been delivered to the Lessor at London, Ontario and fully and finally accepted by me on behalf of the Lessee and the Lessor (both under the Purchase Order, the Purchase Order Assignment and the Lease) the following units of railroad equipment constructed by General Motors of Canada Limited pursuant to the Purchase Order:

DESCRIPTION	QUANTITY	ROAD NO.
SD60F 3800 HP Diesel Electric Locomotive		

Dated: _____

By: _____
Inspector and Authorized Representative of the Lessor and Lessee

SCHEDULE D

STIPULATED LOSS VALUE

Date	%
April 1, 1990	111.54
April 1, 1991	117.73
April 1, 1992	123.45
April 1, 1993	129.15
April 1, 1994	134.93
April 1, 1995	140.83
April 1, 1996	145.79
April 1, 1997	151.18
April 1, 1998	151.70
April 1, 1999	147.30
April 1, 2000	136.32
April 1, 2001	118.54
April 1, 2002	96.85
April 1, 2003	71.00
April 1, 2004	57.19

The Stipulated Loss Value shall be calculated as the applicable percentage of the "Unit Price" referred to in Schedule "A".

SCHEDULE E

MAINTENANCE AND REPAIR STANDARDS; RETURN CONDITION

Maintenance and Repair Standards

(i) Locomotives

Each locomotive Unit shall be maintained and repaired to a standard at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Lessee, and, at a minimum, in accordance with the manufacturer's specifications and the minimum standards for operation as dictated by the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules.

Return Condition

(i) Locomotives

Each locomotive Unit returned to the Lessor shall be in a condition at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Lessee, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and, at a minimum, in accordance with the manufacturer's specifications and the minimum standards for operation as dictated by the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules. Further, the average time from the last major rebuild for the Units to be returned shall not be more than the average time since the last major rebuild for the remainder of the fleet of locomotives of similar age and type maintained by the Lessee.

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 2004 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following term has the following meaning:

"Option Price" means with respect to April 1, 2004, an amount equal to 57.19% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease.

SCHEDULE G

TAX REPRESENTATIONS, WARRANTIES AND INDEMNITY

1. The Lessee hereby represents and warrants to the Lessor:

   (a) that the Units are depreciable property and that:

      (i) a corporation described in subsection (16)(a) of Regulation 1100 under the Income Tax Act (Canada) that owns the Units shall be entitled to deduct from its income for the purposes of the Income Tax Act (Canada) and the regulations thereunder (the "Act" and the "Regulations" respectively) capital cost allowance in each year during the Term on the basis that the Units qualify as Class 6 assets (or any analogous subsequent designation) pursuant to the Act;

      (ii) a corporation that carries on business and that owns the Units but is not of the type described in paragraph (16)(a) of Regulation 1100 under the Act shall be entitled to a capital cost allowance with respect to the Units computed at the rate applicable for Class 6 assets (or any analogous subsequent designation) against its net income from renting "leasing properties" as provided in subsection 1100(15) of the Regulations computed before deducting capital cost allowances; and

   (b) that the Lessee will not, by an act of commission or omission, effect any change in the nature or use and purpose of the Units which would or could directly or indirectly cause the deductions referred to in (a) above to decrease or be eliminated;

   (c) that the Unit Price (as set out in Schedule A) paid by the Lessor for the Units represents the fair market value of the Units as of the date hereof; and

   (d) that 57.19% of the Unit Price being the price at which the Lessee is entitled to purchase a Unit on April 1, 2004 pursuant to the Purchase Option contained in Schedule "F", is not less than

the expected fair market value of a Unit at such Purchase Option date (as approximated by a reasonable estimate as of the date hereof).

2. If, due to the inaccuracy of any representation herein made by the Lessee to the Lessor, the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of capital cost allowance, investment tax credit, or refundable investment tax credit with respect to any Unit (collectively referred to as "Tax Benefits"), to the extent claimed by the Lessor in its federal and provincial income tax returns for the relevant year, the following provisions shall be applicable:

(A) upon the Lessor being notified of any such denial (including by way of assessment or reassessment, or proposed assessment or reassessment) the Lessor shall notify the Lessee and if so requested by the Lessee in a timely manner, shall contest any such action (such contestation to be at the sole expense of the Lessee), as long as the rights and interests of the Lessor shall not be adversely affected thereby; and

(B) the Rental shall be adjusted as follows:

(I) the Lessor shall determine and give notice to the Lessee of the amount of each instalment of Rental which the Lessor would have required in order to obtain the after-tax net yield on funds employed to acquire the Units, as if the denial specified above had not occurred, and the Lessee shall pay to the Lessor by way of additional Rental on the tenth day following such notice, in respect of the elapsed Term of the Lease up to and including such tenth day, a sum equal to the amount by which the total Rental instalment determined under this paragraph exceeds the total Rental instalment otherwise payable hereunder, plus any provincial sales tax applicable to such additional rent payment; and

(II) the Lessor shall determine (and specify in the notice referred to in paragraph (I) above) the amount of each instalment of Rental payable hereunder for the remainder of the Term after such tenth day which the Lessor will require to obtain the after-tax net yield of funds

employed by the Lessor to acquire the Units as if the denial specified above had not occurred and the Rental shall be increased accordingly and this Lease shall be deemed to be so amended.

Provided always that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made until the relevant taxing authority or a court of competent jurisdiction has made a determination with respect to such denial in respect of which the Lessee does not exercise its rights under Section 2(A) or from which there is no further right to object or appeal.

Provided further, however, that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such Tax Benefits with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) any act or omission on the part of the Lessor;

(ii) any change in income tax legislation after the coming into force of this Lease; or

(iii) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Article VI hereof.

3. In addition but without duplication, the Lessee shall on demand indemnify and save harmless the Lessor from and in respect of all costs, expenses, increased payments of tax, interest, penalties, and costs of contestation of any assessment or reassessment made against the Lessor with respect to this Lease (including reasonable legal fees and disbursements) which the Lessor may suffer or incur as a result of or arising out of a denial specified above so that the net after-tax yield to the Lessor of funds employed to acquire the Units shall exist throughout the Term and any extension or renewal thereof as if the denial specified above had not occurred; provided always that the obligations of the Lessee hereunder shall only exist if the Lessor has fulfilled its obligations under Section 2(A) hereof.

4. Each determination of increased Rental or other payment due to the Lessor under this Schedule shall be submitted to the Lessee by way of a certificate of an officer of the Lessor setting forth the amount of the increased Rental required (and the method of its calculation) and the basis for it, which certificate shall be conclusive evidence, in the absence of manifest error, of the amount of the increased Rental so required; provided, however, that the Lessee shall be entitled to receive confirmation of the amounts set forth in the certificate from the auditors of the Lessor as such confirmation may be available following the next annual audit of the Lessor's financial statements.

5. In the event that, as a result of events (other than the receipt by the Lessor of any increased Rental), it develops that the Lessor was not entitled to require such recalculation or payment of such increased Rental or was entitled to a lesser recalculation or to receive a lesser amount of increased Rental, the Lessor shall promptly refund to the Lessee on demand any excess amount received by the Lessor plus interest thereon calculated at the Prime Rate from the date such excess amount was received to the date of repayment.

6. For purposes of interpretation hereof "Lessor" shall include Lessor's successors and assigns.

7. The provisions of this Schedule shall survive the termination of the Lease and are included for the benefit of and shall be enforceable by the Lessor.

SCHEDULE H

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of ■ dollars ($) paid by ■, a ■ corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____

BILL OF SALE

THIS BILL OF SALE is made and delivered pursuant to the Equipment Purchase Agreement (the "Agreement") made as of April 10, 1989 between SLX Canada Inc., a corporation formed under the Canada Business Corporations Act (the "Seller") having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7 and General Electric Railcar Services Canada Ltd. having an office at Suite 1400, 801 - 6th Avenue S.W., Calgary, Alberta (the "Purchaser").

KNOW ALL MEN BY THESE PRESENTS, that the Seller for good and valuable consideration as set forth in the Agreement, the receipt of which is hereby acknowledged, does hereby sell, transfer, assign, convey, set over and deliver, unto the Purchaser, its successors and assigns, all of the Seller's right, title and interest in and to the equipment as set forth in Schedule 1 attached hereto (the "Equipment").

TO HAVE AND TO HOLD the same and each thereof unto the Purchaser, its successors and assigns, to its and their use and benefit forever.

The Equipment is being sold hereunder on an "as is" "where is" basis and "with all faults". Except as set forth above or in the Agreement, the Seller makes no warranty, either expressed or implied, including any implied warranty as to merchantability, durability, fitness for a particular purpose, design or condition and expressly disclaims liability for lost profit or indirect, incidental, consequential, or commercial losses in all other obligations or liabilities.

IN WITNESS WHEREOF, the Seller has caused this BILL OF SALE to be executed and delivered by its duly authorized officers as of the 10th day of April, 1989.

SLX Canada Inc.

By: _____
Paul W.D. Miller
Director

By: _____ c/s
Bruce C. Barker
Director

GWJ^BILLSALE:VW

SCHEDULE 1

DESCRIPTION OF UNITS

TYPE:	SD-60F, 3800 HP, Diesel Electric Locomotives
SPECIFICATIONS:	In accordance with Builder's Proposal DDL 1309 dated January 19, 1988 as revised March 16, 1988. Further correspondence between GMD and CN on file.
BUILDER:	General Motors of Canada Limited, London, Ontario
IDENTIFICATION NUMBERS:	CN 5514 to CN 5523 (inclusive)
QUANTITY:	10

SCHEDULE 4 TO
ASSIGNMENT AND ASSUMPTION AGREEMENT

COPIES OF LEASES

LEASE OF EQUIPMENT #5

B E T W E E N:

SLX CANADA INC.

as Lessor

- and -

CANADIAN NATIONAL RAILWAY COMPANY

as Lessee

DATED as of January 5, 1989

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LEASE

THIS LEASE OF EQUIPMENT is made as of January 5, 1989

BETWEEN

SLX CANADA INC. (hereinafter called the "Lessor"), a company incorporated under the laws of Canada and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, as owner,

- and -

CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), a corporation continued under the laws of Canada and having an office at 935 de La Gauchetiere West, Montreal, Quebec, H3B 2M9, as lessee.

WHEREAS the Lessor, at the request of the Lessee, has purchased the Units (as hereinafter defined) for the sole purpose of leasing the same to the Lessee hereunder;

AND WHEREAS the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided;

NOW THEREFORE in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I

INTERPRETATION

1.1 The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

"Arrears" means the total of all Rentals and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Banking Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal.

"Casualty Notice Date" has the meaning set forth in Schedule B hereto.

"Casualty Occurrence" means an event in which any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of ninety (90) days during the Term of this Lease or during the storage and delivery referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in Schedule B hereto.

"Dollars" or "$" means lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Commencement Date" means with respect to each Unit, the date the same shall be deemed to be delivered to and accepted by the Lessee in accordance with Section 2.1 hereof.

"Lease Rate" means an implicit discount rate that, at the date of this Lease, causes the aggregate present value of:

(i) the rental payments under this Lease (excluding any payments which are contingent on the extension of, exercise of or non-exercise of a termination or purchase option under this Lease); and

(ii) the purchase option price payable to the Lessor upon the exercise by the Lessee of any purchase option at the end of the Term of this Lease,

to be equal to the cost of all the Units to the Lessor.

"Lease Termination Date" has the meaning set forth in Schedule B hereto.

"Lessee" has the meaning ascribed thereto in the recitals to this Agreement.

"Lessor" has the meaning ascribed thereto in the recitals to this Agreement.

"Office" means the office of the Lessor referred to in the first paragraph of this Agreement (Attention: President) or such other office as the Lessor may notify the Lessee from time to time in accordance with Section 23.1 hereof.

"Period" means the period from the Rental commencment date to April 1, 1989 and, thereafter, each six month period during the Term, commencing on the Rental Commencement Date;

"Prime Rate" means the annual rate of interest established by The Royal Bank of Canada from time to time at its main branch in Toronto as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada; any change in such rate is to be effective on the date such change is established.

"Rental" means the rental payable for each Unit subject to this Lease for each Period, as set forth in Schedule B hereto.

"Rental Commencement Date" has the meaning set forth in Schedule B hereto.

"Stipulated Loss Value" means at any particular time the applicable amount determined in accordance with Schedule D hereto.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing as to each Unit on the Lease Commencement Date with respect thereto, to and including the Lease Termination Date.

"Units" means the units of equipment described in Schedule A hereto.

1.2 Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act

or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time.

ARTICLE II

DELIVERY AND ACCEPTANCE OF UNITS

2.1 The Units will be tendered to the Lessee by or on behalf of the Lessor. Upon such tender, the Lessee will cause an authorized representative to inspect each Unit, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery substantially in the form attached as Schedule C hereto, whereupon each such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

ARTICLE III

RENTALS

3.1 The Lessee shall pay to the Lessor an interim rental payment in an amount and on the date as set out in or determined in accordance with Schedule B.

3.2 From and after the Rental Commencement Date, the Lessee shall pay to the Lessor Rental for each Unit subject to this Lease for each Period, together with the other applicable payments herein provided. Rental in respect of each Period shall be payable in the manner set forth in Schedule B.

3.3 This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or

any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3.4 Whenever any payment shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

ARTICLE IV

IDENTIFICATION MARKS; REGISTRATION

4.1 The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly filed with the Lessor by the Lessee and filed, recorded or deposited at the Lessee's cost and expense in all public offices where this Lease has been or is required to be filed, recorded or deposited.

4.2 Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee on equipment used by them of the same or a similar type, for convenience of identification of their rights to use the Units as permitted under this Lease.

4.3 The Lessee agrees to make the registrations, filings, deposits and recordings in respect of this Lease and the Units as set forth in Schedule B hereto, at the Lessee's sole cost and expense. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V

TAXES

5.1 The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all taxes, assessments, duties, license and registration fees and other governmental charges, including penalties and interest (hereinafter collectively referred to as "Taxes") imposed, levied or assessed by any federal, provincial or local government or taxing authority in Canada, or, if as a result of the operation, possession or use of any Unit by or through the Lessee in any foreign country, by any government or taxing authority in a foreign country, against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity of the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). If a claim is made against the Lessor for any Taxes, then the Lessor shall use its reasonable efforts to notify the Lessee promptly and, if so requested by the Lessee, shall at the Lessee's expense contest the validity and amount of any Taxes which it may be required to pay and in respect of which it is entitled to reimbursement by the Lessee under this Section so long as the rights or interests of the Lessor hereunder or in such Unit will not be materially endangered thereby.

5.2 Notwithstanding the provisions of Section 5.1 of this Article V, the Lessee shall have no obligation thereunder as to:

(i) any Taxes on, based on or measured by the net income of the Lessor imposed (i) by Canada, a province or other local taxing authority in Canada or (ii) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by Canada, a province, or other local taxing authority taking into account any applicable limitation on the aggregate amount of such credit

and after assuming that all other Taxes of the Lessor for the same or prior periods which qualify for such credit are first allowed;

(ii) any Taxes on, based on, or measured by, the net income of the Lessor imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of the Lessor being engaged in business in such foreign country through activities unrelated to the transactions contemplated by this Lease to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of such Taxes which would be payable if the Lessor were not so engaged in such business; or

(iii) any Taxes which are or may become imposed by Canada on rental or similar payments being made under this Lease to a non-resident of Canada (as defined in the Income Tax Act (Canada));

5.3 In the event any reports with respect to Taxes are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Units, or notify the Lessor of such requirement, and will make such reports in such manner as shall be satisfactory to the Lessor.

5.4 In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

ARTICLE VI

PAYMENT FOR CASUALTY OCCURRENCES

6.1 The Lessee shall on the Casualty Notice Date in each calendar year during the Term provide written notice to the Lessor of each Unit which has suffered a Casualty Occurrence during the one year period ending 30 days prior to that date. On the Casualty Payment Date of each calendar year during the Term the Lessee shall pay to the Lessor the Stipulated Loss Value, determined as at such date, of each Unit reported by the Lessee to have suffered a Casualty Occurrence during the one year period ending 30 days prior to the Casualty Notice Date of such calendar year and of each Unit which was reported to have suffered a Casualty Occurrence in any previous year and for which no Stipulated Loss Value has been paid, plus the Rental due on the Casualty Payment Date in respect of each such Unit, and only after making such total payment the Rental

for each such Unit shall cease to accrue and the term of this Lease as to each such Unit shall terminate. The Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for each such Unit executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Notwithstanding the foregoing, the Lessee shall not be required to make any payment under this section on a Casualty Payment Date unless such payment due exceeds $100,000. However, the Rental in respect of each Unit shall continue to accrue until the Lessee has made the payments as described above.

For greater certainty, the Lessee shall within 90 days of the Lease Termination Date pay to the Lessor the Stipulated Loss Value, determined as at the Lease Termination Date, of each Unit which has suffered a Casualty Occurrence during the Term and in respect of which the Lessee has not previously paid the Stipulated Loss Value pursuant to this Section 6.1.

6.2 The rights and remedies of the Lessor to enforce or recover any of the Rentals or any other amounts which are due and payable hereunder prior to the incurring of the obligation to pay the Stipulated Loss Value of any Unit shall not be affected by reason of the Casualty Occurrence with respect to such Unit.

ARTICLE VII

WAIVERS AND DISCLAIMER OF WARRANTIES

7.1 The Lessee acknowledges that the Units have been selected by the Lessee alone, that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the manufacturer of the Units is not, and has not been, an agent of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the manufacturer of the Units or others, and subject as provided in Section 12.1, hereby releases and forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee agrees that the Lessee has made or shall in fact make all appropriate

and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the manufacturer of the Units or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2 The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3 The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

7.4 If applicable, the Lessee waives to the extent permitted all of the rights, benefits and protection given by Sections 19 to 24 inclusive of the Sale of Goods on Condition Act of the Province of British Columbia.

7.5 If applicable, and to the extent permitted by law, the Lessee hereby waives all its rights, benefits or protection given to it by Sections 47, 49 and 50 of The Law of Property Act and the Seizure Ac of the Province of Alberta, insofar as they extend to or relate to this Lease or other security collateral thereto. The Lessee hereby acknowledges that seizure or repossession of the Units referred to in this Lease shall not, by implication of law, extinguish the Lessee's indebtedness under this Lease or other collateral

security. The Lessee hereby confers upon the Lessor the right to recover from the Lessee by action on covenant for the payment contained in this Lease or in any other security collateral hereto the full Rental payable under this Lease and all other money from time to time due hereunder or under any other collateral security, notwithstanding any seizure or repossession.

7.6 The Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to:

(a) this Lease;

(b) any mortgage, charge or other security for the payment of money made, given or created by this Lease or any agreement or instrument collateral hereto;

(c) any agreement or instrument renewing or extending or collateral to any mortgage, charge or security referred to or mentioned in sub-paragraph (b) of this Section 7.6; or

(d) the rights, powers or remedies of Lessor under this Lease or under any mortgage, charge other security, agreement or instrument referred to or mentioned in sub-paragraphs (b) or (c) of this Section 7.6.

ARTICLE VIII

LESSOR'S REPRESENTATIONS AND WARRANTIES

8.1 The Lessor represents and warrants as follows:

(i) at the time of delivery of each Unit under this Lease, the Lessor's title to such Unit will be unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, which may result from claims against the Lessor not arising out of the ownership of the Units and which will prevent the performance of this Lease in accordance with its terms;

(ii) so long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease;

(iii) the Lessor is a corporation duly incorporated and validly subsisting under the laws of Canada, with adequate corporate power to enter into this Lease;

(iv) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms;

(v) the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessor is subject, or any judgment, decree, franchise, order or permit applicable to the Lessor; and

(vi) there are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transaction.

THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN THIS SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

8.2 The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease.

ARTICLE IX

LESSEE'S REPRESENTATIONS AND WARRANTIES

9.1 The Lessee represents and warrants as follows:

(i) the Lessee is a duly incorporated and validly subsisting corporation under the laws of Canada, with full corporate power and authority to own its properties and to

carry on its business as presently conducted and to enter into and perform its obligations under this Lease;

(ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms;

(iii) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease by the Lessee, or if any such approval is required, it has been properly obtained;

(iv) the entering into and performance of this Lease will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee; and

(v) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions.

ARTICLE X

MAINTENANCE; ALTERATIONS; INSPECTIONS

10.1 The Lessee shall, at its own cost and expense, maintain and repair each Unit in accordance with the maintenance and repair standards applicable to such Unit as set forth in Schedule E hereto and otherwise keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

10.2 The Lessee may, at its expense and without the prior consent or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i)

not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and with the prior written consent of the Lessor (such consent not to be unreasonably withheld) may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

10.3 The Lessor shall have the right (but no obligation), upon reasonable notice to the Lessee and at the Lessor's sole cost and expense, by its authorized representatives, to inspect the Units at all reasonable times at such location or locations designated by the Lessee, to view the state and condition of the Units and to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any damage, injury to, or the death of any persons exercising on behalf of the Lessor or any prospective assignee of the Lessor, the rights of inspection granted hereunder.

ARTICLE XI

FINANCIAL AND OTHER REPORTS

11.1 The Lessee will furnish to the Lessor, on the later of (i) 90 days after the end of each fiscal year, or (ii) within 30 days of the tabling in the House of Commons of Canada of its annual report, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet as at the end of such year, all in reasonable detail together with the report and opinion of a firm of independent chartered accountants.

11.2 On or before April 1st in each calendar year during the Term, the Lessee will cause to be furnished to the Lessor in such number of counterparts or copies as may reasonably be

requested an accurate statement signed by a responsible officer of the Lessee, as of the preceding December 31,

(i) showing the amount, description and numbers of the Units then leased hereunder and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, and

(ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Article IV have been preserved or replaced.

11.3 The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing thereof to the Lessee.

ARTICLE XII

INDEMNIFICATION

12.1 The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transhipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Article XII for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Article XII shall survive payment of all other obligations under this Lease, the

sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Article XII in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been assembled, delivered, stored and transported to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2 Upon the payment in full of any indemnities as contained in this Article XII by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to this Article XII shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII

INSURANCE

13.1 The Lessee shall, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, insured against by the Lessee in respect of similar equipment owned or leased by it. Notwithstanding anything to the contrary in this Section 13.1, the Lessee shall be permitted to provide for self insurance.

ARTICLE XIV

ADDITIONAL COVENANTS OF THE LESSEE

14.1 The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee or any sublessee, or their employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV

DEFAULT AND ENFORCEMENT

15.1 If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(i) default shall be made in the payment of any part of the Rental provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Banking Days after written notice from the Lessor;

(ii) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or sublease of any of the Units;

(iii) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(iv) the Lessee shall file any petition or commence any proceedings under any bankruptcy, reorganization, insolvency or moratorium law for the relief of debtors;

(v) any proceedings shall be commenced against the Lessee by way of a scheme of arrangement under the Railway Act (Canada) or for any relief under bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(vi) appointment of any receiver to take possession of all or a substantial portion of the Lessee's properties not set aside within thirty (30) days;

(vii) the Lessee shall default, as such term is defined therein, under any other agreement (of any kind whatsoever, including any other lease agreements) it may have with the Lessor whether such agreement now exists or shall hereafter be created and such default shall result in moneys being declared due and payable to the Lessor which would not otherwise be due and payable at that time and such declaration shall not be rescinded or annulled within a period of thirty days after the Lessee has been given notice of such default by the Lessor,

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises

where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, enjoy, sell, lease or otherwise dispose of the same in such manner as the Lessor may determine free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee in respect thereof, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rental for any number of days less than a full Period by multiplying the Rental for such full Period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full Period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to all Units, which equals the Stipulated Loss Value of all the Units as of the rental payment date next preceding the date of termination of this Lease, and (ii) any other damages and expenses, including, without limitation, reasonable solicitors' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that upon and/or after payment of the amount to be paid by Lessee to Lessor under subclauses (i) and (ii) of this clause (b) Lessor shall refund to Lessee the net amount received by Lessor, such refunded amount not to exceed the amount paid by Lessee to Lessor under subclause (i) of this clause, on any sale, lease or disposition of the Units after deducting all costs and expenses including any legal fees and income and/or other taxes incurred in connection therewith.

15.2 The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favour existing at law or in equity. The Lessee hereby waives, to the fullest extent permitted by applicable law, all rights (other than those expressly provided for herein) now or hereafter conferred upon it by statute or otherwise to terminate or surrender this Lease or the Units or to any abatement, suspension, deferment, diminution or reduction of the Rental payments.

15.3 The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies and a waiver on one occasion shall not constitute a waiver of any such right as to any other occasion.

ARTICLE XVI

ASSIGNMENT; POSSESSION AND USE

16.1 Subject to compliance with the provisions of Section 8.2, the Lessor shall have the absolute right to sell, transfer or assign to any person, firm, corporation or other entity resident in Canada any or all of its rights, obligations, benefits and interests under, in and to this Lease or any Unit. However, the Lessee shall be under no obligation to any assignee of this Lease except upon written notice of such assignment. All the rights of the Lessor hereunder shall enure to the benefit of the Lessor's assigns. Whenever the Lessor is referred to in this Lease, it shall apply and refer to each assignee of the Lessor.

16.2 So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, but, except as otherwise expressly provided herein, the Lessee shall not without the prior written consent of the Lessor assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions hereof.

16.3 Nothing in this Article XVI shall be deemed to restrict the right of the Lessee (i) to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any company incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated and which shall have acquired the property of the Lessee as an entirety or

substantially as an entirety; or (ii) without the prior written consent of the Lessor to sublease any Unit to any party for a period (including renewals) not exceeding one year; or (iii) to sublease any Unit to any party for a period (including renewals) of more than one year with the prior written consent of the Lessor, such consent not to be unreasonably withheld, and such consent is hereby given with respect to any sublease by the Lessee to an affiliated or subsidiary corporation incorporated in the United States or Canada. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety.

ARTICLE XVII

PURCHASE OPTIONS

17.1 The Lessee shall be entitled to exercise the purchase options, if any, described in Schedule F hereto, subject to the terms and conditions thereof.

ARTICLE XVIII

RETURN OF UNITS

18.1 As soon as is reasonable on or after the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Lessee in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding 90 days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of

the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in the return condition specified in Schedule E hereto.

18.2 If this Lease shall terminate pursuant to Section 15.1, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX

INCOME TAX REPRESENTATIONS AND INDEMNITY

19.1 The Lessee hereby makes the income tax representations and warranties set forth in Schedule G hereto and agrees to indemnify the Lessor as provided therein.

ARTICLE XX

MILEAGE ALLOWANCE; SUBROGATION

20.1 Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the

extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI

FURTHER ASSURANCES

21.1 The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII

INTEREST ON ARREARS

22.1 Anything to the contrary herein contained notwithstanding, any Arrears shall bear interest at a rate per annum equal to the rate set out in Schedule B hereto for the period of time during which they are overdue and shall be payable on demand.

ARTICLE XXIII

NOTICES

23.1 Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Lessor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

and to:

Bennett Jones
3200 Shell Centre
400 4th Avenue S.W.
Calgary, Alberta
T2P 0X9
Attention: Mr. Peter A. Williams
Telex: 03824524
Telecopier: (403) 265-7219

(2) to the Lessee,

Canadian National Railway Company
935 de La Gauchetiere West
Montreal, Quebec
H3B 2M9
Attention: Treasurer
Telex: 055-61899 (CN FINANCE MTL)
Telecopier: (514) 399-8038,

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease.

ARTICLE XXIV

SEVERABILITY; EFFECT AND MODIFICATION OF LEASE

24.1 Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV

EXECUTION AND COUNTERPARTS

25.1 This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI

GOVERNING LAW AND JURISDICTION

26.1 This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario.

ARTICLE XXVII

EFFECTIVE DATE

27.1 This Lease and the obligations of the parties hereto shall be effective as and from the date first above written.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

SLX CANADA INC.

By _____ c/s
Name: Bruce C. Barker
Title: Director

and by _____
Name: Paul J.D. Miller
Title: Director

CANADIAN NATIONAL RAILWAY COMPANY

CV

APPROVED AS TO FORM
T.W.T.
ASST. GENERAL SOLICITOR

By _____ c/s
Name: Senior Vice-President &
Title: Chief Financial Officer

and by _____
Name: H.J.S. Pye
Title: Vice-President and Secretary

LIST OF SCHEDULES

A. Description of Units
B. Lease Particulars
C. Certificate of Acceptance
D. Stipulated Loss Values
E. Maintenance and Repair Standards; Return Condition
F. Purchase Options
G. Tax Representations, Warranties and Indemnity
H. Bill of Sale

SCHEDULE A

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
70-ton 52'8" straight bulkhead steel flat cars AAR Class FB	CN Specification F-40-12 dated November, 1972 General Arrangement Drawing 9H-37846-A November, 1972 and Spec. SS-1966	Hawker Siddeley Canada Ltd., Trenton, Nova Scotia, 1973 & CN, Transcona, Manitoba 1973	DWC 605000 - 605078 605080 - 605181 605183 - 605249 605251 - 605283 605285 - 605345 605347 - 605391 605393 - 605454 605456 - 605485 605487 - 605555 605557 - 605565 605567 - 605599	590	$ 9,542.00

Group 2

100-ton 62'6" steel flat cars for freight service AAR class FM	CN Specification F-40-11 dated November 1972 General arrangement Drawing 9H-37845-A and Spec. SS-1966	CN, Montreal Quebec, 1973	CN 667100 - 667274	175	$11,331.13
100-ton 62'6" steel flat cars for freight service AAR Class FM	CN Specification F-40-11 dated November 1972 General Arrangement Drawing 9H-37848-A [with end of car cushioning] and Spec. SS-1966		CN 667900 - 667924	25	$11,331.13

SCHEDULE A (continued)

DESCRIPTION OF UNITS

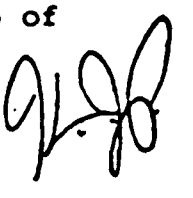
TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
		Group 3			
100-Ton 2,300 cu.ft. capacity cylindrical tank ore hopper cars	C.N.R. Spec. F-70-16 dated May 1972 General arrangement DWG 9H-37751-A and Spec. SS-1966	National Steel Car, Hamilton, Ontario 1973	CN 346500 - 346542 346544 346546 - 346553	52	$11,927.50
		Group 4			
3300 cu. ft. pressure flow hopper cars	AAR Specification No. AAR-207A40W Procor General Arrangement Drawing 74647	Procor, O ville Ontario, 1973	CNIS 374524 - 374555 374557 - 374574	50	$23,855.00

DMS*CHART:VWBANK

SCHEDULE B

LEASE PARTICULARS

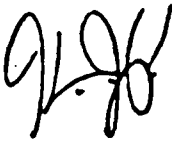
LEASE RATE:	11.40%
RENTAL COMMENCEMENT DATE:	January 5, 1989
INTEREST RATE ON ARREARS:	12.40%
LEASE TERMINATION DATE:	April 1, 1999 or such earlier date as this Lease is terminated pursuant to the provisions hereof.
INTERIM RENTAL:	Not Applicable
CASUALTY NOTICE DATE:	January 30 in each year during the term of this Lease.
CASUALTY PAYMENT DATE:	April 1 in each year during the term of this Lease.
REGISTRATIONS:	subject to the Lessor providing the Lessee with the appropriate information, the Lessee shall cause each Unit to be registered in the Official Equipment Register and in the Universal Machine Language Equipment Register (UMLER), and any change therein must be mutually agreed by the parties. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada.



SCHEDULE B TO LEASE #5
(continued)

Payment Number	Rental Payment Date	Rental as a Percentage of Unit Price	Total Rental based on total Unit Price of $9,708,985.00
0	05-Jan-89	0.000000%	$0.00
1	01-Apr-89	5.357904%	$520,198.10
2	01-Oct-89	3.573622%	$346,962.42
3	01-Apr-90	3.573622%	$346,962.42
4	01-Oct-90	4.050106%	$393,224.18
5	01-Apr-91	4.050106%	$393,224.18
6	01-Oct-91	4.288348%	$416,355.06
7	01-Apr-92	4.288348%	$416,355.06
8	01-Oct-92	4.288348%	$416,355.06
9	01-Apr-93	4.288348%	$416,355.06
10	01-Oct-93	10.254867%	$995,643.50
11	01-Apr-94	10.254867%	$995,643.50
12	01-Oct-94	10.254867%	$995,643.50
13	01-Apr-95	10.254867%	$995,643.50
14	01-Oct-95	10.254867%	$995,643.50
15	01-Apr-96	12.768796%	$1,239,720.49
16	01-Oct-96	12.768796%	$1,239,720.49
17	01-Apr-97	12.768796%	$1,239,720.49
18	01-Oct-97	12.768796%	$1,239,720.49
19	01-Apr-98	12.768796%	$1,239,720.49
20	01-Oct-98	15.723939%	$1,526,634.88
21	01-Apr-99	3.565948%	$346,217.36

Method of Payment: Lessee shall pay the above amounts to the Lessor on the corresponding Rental Payment Date in same day funds.



SCHEDULE C

CERTIFICATE OF ACCEPTANCE

SLX Canada Inc. (Lessor)
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

The undersigned, a duly authorized officer of Canadian National Railway Company (the "Lessee"), under Lease dated as of Janaury 5, 1989, with Lessor, does hereby certify that:

Under authority of Lessee, I have accepted the units of equipment specified in Schedule A hereto attached and made a part hereof (Units), as conforming in all respect to the terms and provisions of the said Lease.

Under authority of Lessee, I further certify that by virtue of my said acceptance of said Units the same have, on the date stated, come under lease to Lessee pursuant to the terms and provisions of said Lease.

_____
Authorized Inspector

SCHEDULE D

STIPULATED LOSS VALUE

Casualty Payment Date	Percentage of Unit Price Group 1	Group 2	Group 3	Group 4
April 1, 1989	100.3528	100.4172	100.6087	100.1573
April 1, 1990	105.2163	105.8593	106.5054	104.3836
April 1, 1991	108.5626	109.7643	111.0119	106.9747
April 1, 1992	111.2248	113.0033	114.8565	108.8854
April 1, 1993	113.7060	116.0902	118.5860	110.5821
April 1, 1994	104.3102	107.3215	110.4839	100.3816
April 1, 1995	94.4820	98.1058	101.9267	89.7751
April 1, 1996	81.1511	85.3999	89.8963	75.6598
April 1, 1997	64.2983	69.1532	74.3161	58.0529
April 1, 1998	46.0739	51.5233	57.3422	39.1087
April 1, 1999	32.2837	38.3898	44.9354	24.2327

The Stipulated Loss Value shall be calculated as the applicable percentage of the "Unit Price" for the corresponding Group referred to in Schedule "A".

SCHEDULE E

MAINTENANCE AND REPAIR STANDARDS;
RETURN CONDITION

Maintenance and Repair Standards

Railcars

Each railcar Unit shall be maintained and repaired to a standard at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and, at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

Return Condition

Railcars

Each railcar Unit returned to the Lessor shall be in a condition at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 1999 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following terms have the following meanings:

"Fair Market Value" means with respect to any Unit an amount determined on the basis of, and equal in amount to, the value which would have been obtained in an arm's length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and in such determination, cost of removal from the location of current use shall not be deducted from such value; provided, however, there shall be excluded any value attributable to Temporary Alterations made by the Lessee pursuant to the provisions hereof.

"Option Price" means with respect to April 1, 1999, an amount equal to 33.53% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease, which amount has been determined by the parties at the inception of this Lease to be the expected Fair Market Value of each Unit on such date.

SCHEDULE G

TAX REPRESENTATIONS, WARRANTIES AND INDEMNITY

1. The Lessee hereby represents and warrants to the Lessor:

(a) that the Units are depreciable property and that:

(i) a corporation described in subsection (16)(a) of Regulation 1100 under the Income Tax Act (Canada) that owns the Units shall be entitled to deduct from its income for the purposes of the Income Tax Act (Canada) and the regulations thereunder (the "Act" and the "Regulations" respectively) capital cost allowance in each year during the Term on the basis that the Units qualify as Class 35 assets (or any analogous subsequent designation) pursuant to the Act;

(ii) a corporation that carries on business and that owns the Units but is not of the type described in paragraph (16)(a) of Regulation 1100 under the Act shall be entitled to a capital cost allowance with respect to the Units computed at the rate applicable for Class 35 assets (or any analogous subsequent designation) against its net income from renting "leasing properties" as provided in subsection 1100(15) of the Regulations computed before deducting capital cost allowances;and

(b) that the Lessee will not, by an act of commission or omission, effect any change in the nature or use and purpose of the Units which would or could directly or indirectly cause the deductions referred to in (a) above to decrease or be eliminated;

(c) that the Unit Price (as set out in Schedule A) paid by the Lessor for the Units represents the fair market value of the Units as of the date hereof; and

(d) that 33.53% of the Unit Price being the price at which the Lessee is entitled to purchase a Unit on October 1, 1998 pursuant to the Purchase Option contained in Schedule "F", represents a reasonable

estimate as of the date hereof of the fair market value of a Unit at such date.

2. If, due to the inaccuracy of any representation herein made by the Lessee to the Lessor, the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of capital cost allowance, investment tax credit, or refundable investment tax credit with respect to any Unit (collectively referred to as "Tax Benefits"), to the extent claimed by the Lessor in its federal and provincial income tax returns for the relevant year, the following provisions shall be applicable:

(A) upon the Lessor being notified of any such denial (including by way of assessment or reassessment, or proposed assessment or reassessment) the Lessor shall notify the Lessee and if so requested by the Lessee in a timely manner, shall contest any such action (such contestation to be at the sole expense of the Lessee), as long as the rights and interests of the Lessor shall not be adversely affected thereby; and

(B) the Rental shall be adjusted as follows:

(I) the Lessor shall determine and give notice to the Lessee of the amount of each instalment of Rental which the Lessor would have required in order to obtain the after-tax net yield of funds employed to acquire the Units, as if the denial specified above had not occurred, and the Lessee shall pay to the Lessor by way of additional Rental on the tenth day following such notice, in respect of the elapsed Term of the Lease up to and including such tenth day, a sum equal to the amount by which the total Rental instalment determined under this paragraph exceeds the total Rental instalment otherwise payable hereunder, plus any provincial sales tax applicable to such additional rent payment; and

(II) the Lessor shall determine (and specify in the notice referred to in paragraph (I) above the amount of each instalment of Rental payable hereunder for the remainder of the Term after such tenth day which the Lessor will require to obtain the after-tax net yield of funds employed by the Lessor to acquire the Units as

if the denial specified above had not occurred and the Rental shall be increased accordingly and this Lease shall be deemed to be so amended.

Provided always that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made until the relevant taxing authority or a court of competent jurisdiction has made a determination with respect to such denial in respect of which the Lessee does not exercise its rights under Section 2(A) or from which there is no further right to object or appeal.

Provided further, however, that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such Tax Benefits with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) any act or omission on the part of the Lessor;

(ii) any change in income tax legislation after the coming into force of this Lease; or

(iii) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Article VI hereof.

3. In addition but without duplication, the Lessee shall on demand indemnify and save harmless the Lessor from and in respect of all costs, expenses, increased payments of tax, interest, penalties, and costs of contestation of any assessment or reassessment made against the Lessor with respect to this Lease (including reasonable legal fees and disbursements) which the Lessor may suffer or incur as a result of or arising out of a denial specified above so that the net after-tax yield to the Lessor of funds employed to acquire the Units shall exist throughout the Term and any extension or renewal thereof as if the denial specified above had not occurred; provided always that the obligations of the Lessee hereunder shall only exist if the Lessor has fulfilled its obligations under Section 2(A) hereof.

4. Each determination of increased Rental or other payment due to the Lessor under this Schedule shall be submitted to the Lessee by way of a certificate of an officer of the Lessor setting forth the amount of the increased Rental required (and the method of its calculation) and the basis for it, which certificate shall be conclusive evidence, in the absence of manifest error, of the amount of the increased Rental so required; provided, however, that the Lessee shall be entitled to receive confirmation of the amounts set forth in the certificate from the auditors of the Lessor as such confirmation may be available following the next annual audit of the Lessor's financial statements.

5. In the event that, as a result of events (other than the receipt by the Lessor of any increased Rental), it develops that the Lessor was not entitled to require such recalculation or payment of such increased Rental or was entitled to a lesser recalculation or to receive a lesser amount of increased Rental, the Lessor shall promptly refund to the Lessee on demand any excess amount received by the Lessor plus interest thereon calculated at the Prime Rate from the date such excess amount was received to the date of repayment.

6. For purposes of interpretation hereof "Lessor" shall include Lessor's successors and assigns.

7. The provisions of this Schedule shall survive the termination of the Lease and are included for the benefit of and shall be enforceable by the Lessor.

SCHEDULE H

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of ■ dollars ($) paid by ■, a ■ corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____

PROVINCE OF QUEBEC)
) ss.:
~~CITY~~ DISTRICT OF MONTREAL)

On this January 20, 1988, before me personally appeared D. K. Pyle, to me personally known, who, being by me duly sworn, says that he is the Vice-President and Secretary of ~~the~~, that one of the seals affixed to the foregoing instrument is the seal of said Company, that said instrument was signed and sealed on behalf of said Company by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Company.

CANADIAN NATIONAL RAILWAY COMPANY

L. Burton
~~Notary Public in and for the Province of~~
L. BURTON
Commissioner for Oaths
Commissaire à l'Assermentation
District-Montreal
Expires July 10, 1989

~~(Notarial Seal)~~

PROVINCE OF)
) ss.:
CITY OF)

On this , before me personally appeared to me personally known, who, being by me duly sworn, says that he is the of SLX Canada Inc., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public in and for the
Province of

(Notarial Seal)

PROVINCE OF ONTARIO)
) In the matter of a lease of
) equipment #5 between SLX
CITY OF TORONTO) Canada Inc. and Canadian
) National Railway Company dated
) as of January 5, 1989

On this January 26, 1989, before me personally appeared Bruce C. Barker to me personally known, who, being by me duly sworn, says that he is the Chairman and Secretary of SLX Canada Inc., that one of the seals affixed to the foregoing instrument is the seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

D. S. McLean

Notary Public in and for the
Province of Ontario

(Notarial Seal)

DSM:SLXREGN:VWBANK

No. 6
GE

LEASE OF EQUIPMENT #9

B E T W E E N:

SLX CANADA INC.

as Lessor

- and -

CANADIAN NATIONAL RAILWAY COMPANY

as Lessee

MADE as of March 1, 1989

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LEASE

THIS LEASE OF EQUIPMENT is made as of March 1, 1989

BETWEEN

SLX CANADA INC. (hereinafter called the "Lessor"), a company incorporated under the laws of Canada and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, as owner,

- and -

CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), a corporation continued under the laws of Canada and having an office at 935 de La Gauchetiere West, Montreal, Quebec, H3B 2M9, as lessee.

WHEREAS the Lessor, at the request of the Lessee, has purchased the Units (as hereinafter defined) for the sole purpose of leasing the same to the Lessee hereunder;

AND WHEREAS the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided.

NOW THEREFORE in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I

INTERPRETATION

1.1 The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

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"Arrears" means the total of all Rentals and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Banking Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal.

"Casualty Notice Date" has the meaning set forth in Schedule B hereto.

"Casualty Occurrence" means an event in which any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of ninety (90) days during the Term of this Lease or during the storage and delivery referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in Schedule B hereto.

"Dollars" or "$" means lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Commencement Date" means with respect to each Unit, the date the same shall be deemed to be delivered to and accepted by the Lessee in accordance with Section 2.1 hereof.

"Lease Rate" means an implicit discount rate that, at the date of this Lease, causes the aggregate present value of:

(i) the rental payments under this Lease (excluding any payments which are contingent on the extension of, exercise of or non-exercise of a termination or purchase option under this Lease); and

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(ii) the purchase option price payable to the Lessor upon the exercise by the Lessee of any purchase option at the end of the Term of this Lease,

to be equal to the cost of all the Units to the Lessor.

"Lease Termination Date" has the meaning set forth in Schedule B hereto.

"Lessee" has the meaning ascribed thereto in the recitals to this Agreement.

"Lessor" has the meaning ascribed thereto in the recitals to this Agreement.

"Office" means the office of the Lessor referred to in the first paragraph of this Agreement (Attention: President) or such other office as the Lessor may notify the Lessee from time to time in accordance with Section 23.1 hereof.

"Period" means the period from the Rental Commencement Date to April 1, 1989 and, thereafter, each six month period during the Term, commencing on the Rental Commencement Date;

"Prime Rate" means the annual rate of interest established by The Royal Bank of Canada from time to time at its main branch in Toronto as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada; any change in such rate is to be effective on the date such change is established.

"Rental" means the rental payable for each Unit subject to this Lease for each Period, as set forth in Schedule B hereto.

"Rental Commencement Date" has the meaning set forth in Schedule B hereto.

"Stipulated Loss Value" means at any particular time the applicable amount determined in accordance with Schedule D hereto.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing as to each Unit on the Lease Commencement Date with respect thereto, to and including the Lease Termination Date.

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"Units" means the units of equipment described in Schedule A hereto.

1.2 Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time.

ARTICLE II

DELIVERY AND ACCEPTANCE OF UNITS

2.1 The Units will be tendered to the Lessee by or on behalf of the Lessor. Upon such tender, the Lessee will cause an authorized representative to inspect each Unit, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery substantially in the form attached as Schedule C hereto, whereupon each such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

ARTICLE III

RENTALS

3.1 The Lessee shall pay to the Lessor an interim rental payment in an amount and on the date as set out in or determined in accordance with Schedule B.

3.2 From and after the Rental Commencement Date, the Lessee shall pay to the Lessor Rental for each Unit subject to this Lease for each Period, together with the other applicable payments herein provided. Rental in respect of each Period shall be payable in the manner set forth in Schedule B.

3.3 This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except

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as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3.4 Whenever any payment shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

ARTICLE IV

IDENTIFICATION MARKS; REGISTRATION

4.1 The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly filed with the Lessor by the Lessee and filed, recorded or deposited at the Lessee's cost and expense in all public offices where this Lease has been or is required to be filed, recorded or deposited.

4.2 Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any

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permitted sublessee on equipment used by them of the same or a similar type, for convenience of identification of their rights to use the Units as permitted under this Lease.

4.3 The Lessee agrees to make the registrations, filings, deposits and recordings in respect of this Lease and the Units as set forth in Schedule B hereto, at the Lessee's sole cost and expense. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V

TAXES

5.1 The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all taxes, assessments, duties, license and registration fees and other governmental charges, including penalties and interest (hereinafter collectively referred to as "Taxes") imposed, levied or assessed by any federal, provincial or local government or taxing authority in Canada, or, if as a result of the operation, possession or use of any Unit by or through the Lessee in any foreign country, by any government or taxing authority in a foreign country, against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity of the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). If a claim is made against the Lessor for any Taxes, then the Lessor shall use its reasonable efforts to notify the Lessee promptly and, if so requested by the Lessee, shall at the Lessee's expense contest the validity and amount of any Taxes which it may be required to pay and in respect of which it is entitled to reimbursement by the Lessee under this Section so long as the rights or interests of the Lessor hereunder or in such Unit will not be materially endangered thereby.

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5.2 Notwithstanding the provisions of Section 5.1 of this Article V, the Lessee shall have no obligation thereunder as to:

(i) any Taxes on, based on or measured by the net income of the Lessor imposed (i) by Canada, a province or other local taxing authority in Canada or (ii) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by Canada, a province, or other local taxing authority taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of the Lessor for the same or prior periods which qualify for such credit are first allowed;

(ii) any Taxes on, based on, or measured by, the net income of the Lessor imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of the Lessor being engaged in business in such foreign country through activities unrelated to the transactions contemplated by this Lease to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of such Taxes which would be payable if the Lessor were not so engaged in such business; or

(iii) any Taxes which are or may become imposed by Canada on rental or similar payments being made under this Lease to a non-resident of Canada (as defined in the Income Tax Act (Canada));

5.3 In the event any reports with respect to Taxes are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Units, or notify the Lessor of such requirement, and will make such reports in such manner as shall be satisfactory to the Lessor.

5.4 In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

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ARTICLE VI

PAYMENT FOR CASUALTY OCCURRENCES

6.1 The Lessee shall on the Casualty Notice Date in each calendar year during the Term provide written notice to the Lessor of each Unit which has suffered a Casualty Occurrence during the one year period ending 30 days prior to that date. On the Casualty Payment Date of each calendar year during the Term the Lessee shall pay to the Lessor the Stipulated Loss Value, determined as at such date, of each Unit reported by the Lessee to have suffered a Casualty Occurrence during the one year period ending 30 days prior to the Casualty Notice Date of such calendar year and of each Unit which was reported to have suffered a Casualty Occurrence in any previous year and for which no Stipulated Loss Value has been paid, plus the Rental due on the Casualty Payment Date in respect of each such Unit, and only after making such total payment the Rental for each such Unit shall cease to accrue and the term of this Lease as to each such Unit shall terminate. The Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for each such Unit executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Notwithstanding the foregoing, the Lessee shall not be required to make any payment under this section on a Casualty Payment Date unless such payment due exceeds $100,000. However, the Rental in respect of each Unit shall continue to accrue until the Lessee has made the payments as described above.

For greater certainty, the Lessee shall within 90 days of the Lease Termination Date pay to the Lessor the Stipulated Loss Value, determined as at the Lease Termination Date, of each Unit which has suffered a Casualty Occurrence during the Term and in respect of which the Lessee has not previously paid the Stipulated Loss Value pursuant to this Section 6.1.

6.2 The rights and remedies of the Lessor to enforce or recover any of the Rentals or any other amounts which are due

and payable hereunder prior to the incurring of the obligation to pay the Stipulated Loss Value of any Unit shall not be affected by reason of the Casualty Occurrence with respect to such Unit.

6.3 Notwithstanding Section 6.1, the Lessee will have the option with respect to one or more Units which have suffered a Casualty Occurrence to give notice to the Lessor that it wishes to replace such Unit(s) ("Replaced Unit(s)") with other Units(s) of equivalent value, age, residual value expectation, utility and condition ("Replacement Unit(s)"), such Replacement Unit(s) to be received by the Lessor as full compensation for the loss of the Replaced Unit(s) and the Lessee shall not be required to pay to the Lessor the Stipulated Loss Value for such Unit(s). Notice of the Lessee's election to replace a Unit or to pay the Stipulated Loss Value will be given to the Lessor on the Casualty Notice Date and will specify the Replaced Unit and the Replacement Unit, if the Lessee wishes to avail itself of the replacement option set out in this Section 6.3. The Rental for each Replaced Unit will cease on the relevant Casualty Payment Date at which time Rental for the corresponding Replacement Unit will commence and will be equal to that on the Replaced Unit and will continue without abatement or interruption regardless of the occurrence of the Casualty Occurrence. If any Unit which has suffered a Casualty Occurrence is replaced as provided in this Section, the Lessee will, on the Casualty Payment Date, sign all such documents and do all such things as may be reasonably required by the Lessor to convey good and marketable title to the relevant Replacement Unit to the Lessor free and clear of all hypothecs, mortgages, charges and encumbrances. The Replacement Unit will be deemed to be a Unit for purposes of the Lease and all terms and conditions of the Lease, including those pertaining to the term, will continue to apply to the Replacement Unit as a Unit after the Casualty Payment Date.

ARTICLE VII

WAIVERS AND DISCLAIMER OF WARRANTIES

7.1 The Lessee acknowledges that the Units have been selected by the Lessee alone, that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the manufacturer of the Units is not, and has not been, an agent

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of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the manufacturer of the Units or others, and subject as provided in Section 12.1, hereby releases and forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee agrees that the Lessee has made or shall in fact make all appropriate and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the manufacturer of the Units or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2 The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3 The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

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7.4 If applicable, the Lessee waives to the extent permitted all of the rights, benefits and protection given by Sections 19 to 24 inclusive of the Sale of Goods on Condition Act of the Province of British Columbia.

7.5 If applicable, and to the extent permitted by law, the Lessee hereby waives all its rights, benefits or protection given to it by Sections 47, 49 and 50 of The Law of Property Act and the Seizure Act of the Province of Alberta, insofar as they extend to or relate to this Lease or other security collateral thereto. The Lessee hereby acknowledges that seizure or repossession of the Units referred to in this Lease shall not, by implication of law, extinguish the Lessee's indebtedness under this Lease or other collateral security. The Lessee hereby confers upon the Lessor the right to recover from the Lessee by action on covenant for the payment contained in this Lease or in any other security collateral hereto the full Rental payable under this Lease and all other money from time to time due hereunder or under any other collateral security, notwithstanding any seizure or repossession.

7.6 The Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to:

(a) this Lease;

(b) any mortgage, charge or other security for the payment of money made, given or created by this Lease or any agreement or instrument collateral hereto;

(c) any agreement or instrument renewing or extending or collateral to any mortgage, charge or security referred to or mentioned in sub-paragraph (b) of this Section 7.6; or

(d) the rights, powers or remedies of Lessor under this Lease or under any mortgage, charge other security, agreement or instrument referred to or mentioned in sub-paragraphs (b) or (c) of this Section 7.6.

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ARTICLE VIII

LESSOR'S REPRESENTATIONS AND WARRANTIES

8.1 The Lessor represents and warrants as follows:

(i) at the time of delivery of each Unit under this Lease, the Lessor's title to such Unit will be unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, which may result from claims against the Lessor not arising out of the ownership of the Units and which will prevent the performance of this Lease in accordance with its terms;

(ii) so long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease;

(iii) the Lessor is a corporation duly incorporated and validly subsisting under the laws of Canada, with adequate corporate power to enter into this Lease;

(iv) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms;

(v) the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessor is subject, or any judgment, decree, franchise, order or permit applicable to the Lessor; and

(vi) there are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transaction.

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THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN THIS SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

8.2 The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease.

ARTICLE IX

LESSEE'S REPRESENTATIONS AND WARRANTIES

9.1 The Lessee represents and warrants as follows:

(i) the Lessee is a duly incorporated and validly subsisting corporation under the laws of Canada, with full corporate power and authority to own its properties and to carry on its business as presently conducted and to enter into and perform its obligations under this Lease;

(ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms;

(iii) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease by the Lessee, or if any such approval is required, it has been properly obtained;

(iv) the entering into and performance of this Lease will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee; and

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(v) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions.

ARTICLE X

MAINTENANCE; ALTERATIONS; INSPECTIONS

10.1 The Lessee shall, at its own cost and expense, maintain and repair each Unit in accordance with the maintenance and repair standards applicable to such Unit as set forth in Schedule E hereto and otherwise keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

10.2 The Lessee may, at its expense and without the prior consent or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i) not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and with the prior written consent of the Lessor (such consent not to be unreasonably withheld) may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

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10.3 The Lessor shall have the right (but no obligation), upon reasonable notice to the Lessee and at the Lessor's sole cost and expense, by its authorized representatives, to inspect the Units at all reasonable times at such location or locations designated by the Lessee, to view the state and condition of the Units and to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any damage, injury to, or the death of any persons exercising on behalf of the Lessor or any prospective assignee of the Lessor, the rights of inspection granted hereunder.

ARTICLE XI

FINANCIAL AND OTHER REPORTS

11.1 The Lessee will furnish to the Lessor, on the later of (i) 90 days after the end of each fiscal year, or (ii) within 30 days of the tabling in the House of Commons of Canada of its annual report, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet as at the end of such year, all in reasonable detail together with the report and opinion of a firm of independent chartered accountants.

11.2 On or before April 1st in each calendar year during the Term, the Lessee will cause to be furnished to the Lessor in such number of counterparts or copies as may reasonably be requested an accurate statement signed by a responsible officer of the Lessee, as of the preceding December 31,

(i) showing the amount, description and numbers of the Units then leased hereunder and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, and

(ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Article IV have been preserved or replaced.

11.3 The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any

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Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing thereof to the Lessee.

ARTICLE XII

INDEMNIFICATION

12.1 The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transhipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Article XII for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Article XII shall survive payment of all other obligations under this Lease, the sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Article XII in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been assembled, delivered, stored and transported to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist

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and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2 Upon the payment in full of any indemnities as contained in this Article XII by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to this Article XII shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII

INSURANCE

13.1 The Lessee shall, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, insured against by the Lessee in respect of similar equipment owned or leased by it. Notwithstanding anything to the contrary in this Section 13.1, the Lessee shall be permitted to provide for self insurance.

ARTICLE XIV

ADDITIONAL COVENANTS OF THE LESSEE

14.1 The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee or any sublessee, or

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their employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV

DEFAULT AND ENFORCEMENT

15.1 If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(i) default shall be made in the payment of any part of the Rental provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Banking Days after written notice from the Lessor;

(ii) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or sublease of any of the Units;

(iii) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(iv) the Lessee shall file any petition or commence any proceedings under any bankruptcy, reorganization, insolvency or moratorium law for the relief of debtors;

(v) any proceedings shall be commenced against the Lessee by way of a scheme of arrangement under the Railway Act

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(Canada) or for any relief under bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(vi) appointment of any receiver to take possession of all or a substantial portion of the Lessee's properties not set aside within thirty (30) days;

(vii) the Lessee shall default, as such term is defined therein, under any other agreement (of any kind whatsoever, including any other lease agreements) it may have with the Lessor whether such agreement now exists or shall hereafter be created and such default shall result in moneys being declared due and payable to the Lessor which would not otherwise be due and payable at that time and such declaration shall not be rescinded or annulled within a period of thirty days after the Lessee has been given notice of such default by the Lessor,

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or

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any of such Units and thenceforth hold, possess, enjoy, sell, lease or otherwise dispose of the same in such manner as the Lessor may determine free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee in respect thereof, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rental for any number of days less than a full Period by multiplying the Rental for such full Period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full Period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to all Units, which equals the Stipulated Loss Value of all the Units as of the rental payment date next preceding the date of termination of this Lease, and (ii) any other damages and expenses, including, without limitation, reasonable solicitors' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that upon and/or after payment of the amount to be paid by Lessee to Lessor under subclauses (i) and (ii) of this clause (b) Lessor shall refund to Lessee the net amount received by Lessor, such refunded amount not to exceed the amount paid by Lessee to Lessor under subclause (i) of this clause, on any sale, lease or disposition of the Units after deducting all costs and expenses including any legal fees and income and/or other taxes incurred in connection therewith.

15.2 The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favour existing at law or in equity. The Lessee hereby waives, to the fullest extent permitted by applicable law, all rights (other than those expressly provided for herein) now or hereafter conferred upon it by statute or otherwise to terminate or surrender this Lease or the Units or to any abatement, suspension, deferment, diminution or reduction of the Rental payments.

15.3 The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies and a waiver on one occasion shall not

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constitute a waiver of any such right as to any other occasion.

ARTICLE XVI

ASSIGNMENT; POSSESSION AND USE

16.1 Subject to compliance with the provisions of Section 8.2, the Lessor shall have the absolute right to sell, transfer or assign to any person, firm, corporation or other entity resident in Canada any or all of its rights, obligations, benefits and interests under, in and to this Lease or any Unit. However, the Lessee shall be under no obligation to any assignee of this Lease except upon written notice of such assignment. All the rights of the Lessor hereunder shall enure to the benefit of the Lessor's assigns. Whenever the Lessor is referred to in this Lease, it shall apply and refer to each assignee of the Lessor.

16.2 So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, but, except as otherwise expressly provided herein, the Lessee shall not without the prior written consent of the Lessor assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions hereof.

16.3 Nothing in this Article XVI shall be deemed to restrict the right of the Lessee (i) to assign or transfer its

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leasehold interest under this Lease in the Units or possession of the Units to any company incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated and which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; or (ii) without the prior written consent of the Lessor to sublease any Unit to any party for a period (including renewals) not exceeding one year; or (iii) to sublease any Unit to any party for a period (including renewals) of more than one year with the prior written consent of the Lessor, such consent not to be unreasonably withheld, and such consent is hereby given with respect to any sublease by the Lessee to an affiliated or subsidiary corporation incorporated in the United States or Canada. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety.

ARTICLE XVII

PURCHASE OPTIONS

17.1 The Lessee shall be entitled to exercise the purchase options, if any, described in Schedule F hereto, subject to the terms and conditions thereof.

ARTICLE XVIII

RETURN OF UNITS

18.1 As soon as is reasonable on or after the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Lessee in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding 90 days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any

person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in the return condition specified in Schedule E hereto.

18.2 If this Lease shall terminate pursuant to Section 15.1, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX

INCOME TAX REPRESENTATIONS AND INDEMNITY

19.1 The Lessee hereby makes the income tax representations and warranties set forth in Schedule G hereto and agrees to indemnify the Lessor as provided therein.

ARTICLE XX

MILEAGE ALLOWANCE; SUBROGATION

20.1 Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the

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proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI

FURTHER ASSURANCES

21.1 The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII

INTEREST ON ARREARS

22.1 Anything to the contrary herein contained notwithstanding, any Arrears shall bear interest at a rate per annum equal to the rate set out in Schedule B hereto for the period of time during which they are overdue and shall be payable on demand.

ARTICLE XXIII

NOTICES

23.1 Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Lessor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 Answerback WCBC CGY
Telecopier: (403) 264-1262

and to:

Bennett Jones
3200 Shell Centre
400 4th Avenue S.W.
Calgary, Alberta
T2P 0X9
Attention: Mr. Peter A. Williams
Telex: 03824524
Telecopier: (403) 265-7219

(2) to the Lessee,

Canadian National Railway Company
935 de La Gauchetiere West
Montreal, Quebec
H3B 2M9
Attention: Treasurer
Telex: 055-61899 (CN FINANCE MTL)
Telecopier: (514) 399-8038,

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time

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notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease.

ARTICLE XXIV

SEVERABILITY; EFFECT AND MODIFICATION OF LEASE

24.1 Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV

EXECUTION AND COUNTERPARTS

25.1 This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI

GOVERNING LAW AND JURISDICTION

26.1 This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario.

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ARTICLE XXVII

EFFECTIVE DATE

27.1 This Lease and the obligations of the parties hereto shall be effective as and from the date the Lessor assumes title to the Units.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

SLX CANADA INC.

By _____ c/s
Name: Bruce C. Barker
Title: Director

and by _____
Name: Paul D.D. Miller
Title: Director

CANADIAN NATIONAL RAILWAY COMPANY

Approved as to form only
Attorney

By _____ c/s
Name: P.J. FOLIOT
Title: VICE-PRESIDENT

and by _____
Name: MARIE-ANDRÉE PRÉNOVEAU
Title: ASSISTANT SECRETARY

LIST OF SCHEDULES

A. Description of Units
B. Lease Particulars
C. Certificate of Acceptance
D. Stipulated Loss Values
E. Maintenance and Repair Standards; Return Condition
F. Purchase Options
G. Tax Representations, Warranties and Indemnity
H. Bill of Sale

SCHEDULE A

DESCRIPTION OF UNITS

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Box cars	70 ton 50'6", 50 ft compartment, 12 ft door, Class XL and 70 ton 50'6", 52 ft double door, Class XM and 70 ton 50'6", 50 ft compartment, 12 ft door Class XM	National Steel Car Corporation. Built November 1973 through April 1974	CN 410000 - 410002 CN 410004 - 410031 CN 410033 - 410049 CN 410051 - 410055 CN 410058 - 410079 CN 410081 - 410085 CN 410088 CN 410090 - 410096 CN 410098 - 410099 CN 411000 - 411015 CN 411017 - 411020 CN 411022 - 411117 CN 411119 - 411129 CN 411132 - 411153 CN 411156 - 411176 CN 411178 - 411185 CN 411187 - 411193 CN 411195 - 411234 CN 411236 - 411245 CN 411247 - 411250 CN 411252 - 411290 CN 411292 CN 411294 - 411313 CN 411315 - 411336 CN 411338 - 411357 CN 411359 - 411372 CN 411374 - 411399	758	$11,988.93

Group 1

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
			CN 411932		
			CN 411901		
			CN 411952		
			CN 411974		
			CN 411902		
			CN 411903		
			CN 411904		
			CN 557440 - 557444		
			CN 557446 - 557459		
			CN 557461		
			CN 557463 - 557468		
			CN 557470 - 557514		
			CN 557516 - 557519		
			CN 557521 - 557532		
			CN 557534 - 557545		
			CN 557547		
			CN 557549 - 557571		
			CN 557573 - 557588		
			CN 557590 - 557592		
			CN 557594 - 557604		
			CN 557606 - 557622		
			CN 557624 - 557642		
			CN 557644 - 557647		
			CN 557649 - 557659		
			CN 557661 - 557669		
			CN 557671 - 557678		
			CN 557680 - 557702		
			CN 557704 - 557739		

Group 2

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Gondola cars	100 ton, fixed sides, fixed ends, Class GB	Hawker Siddeley Canada Limited. Built January 1974.	CN 137350 - 137379 CN 137381 - 137389 CN 137391 - 137406 CN 137408 - 137449 CN 137451 - 137487 CN 137489 - 137542 CN 137544 - 137549	194	$12,620.51

Group 3

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Steel Container Flat Cars	100 ton, Inside length 80'5", Class FC	Marine Industries Ltd., Sorel, Quebec, built February, 1974	CN 639200 - 639257 CN 639259 - 639276 CN 639278 - 639286 CN 639288 - 639394 CN 639396 - 639444	241	$13,315.39

Group 4

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Flush deck flat cars	89'4", 50 ton Class FMS	Whitehead & Kales Company, Detroit, built December, 1973	CNA 753200 - 753214	15	$11,013.32

Group 5

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUANTITY	UNIT PRICE
Bulkhead flat cars	70 ton, 52'8", Class FB	Canadian National, Winnipeg, built December 1973	DWC 605600 - 605660 DWC 605662 - 605679	79	$10,115.50
			DWC 605680 - 605799	120	$9,576.80

Group 6

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
High Cube box cars	100-ton, 86'6", Door size 20', Class XL	Greenville Steel Car Company, Pennsylvania Built April 1974	CNA 795000 - 795028	29	$10,773.90

DSM:LES9SCHA:VWBANK

SCHEDULE B

LEASE PARTICULARS

LEASE RATE:	11.86%
RENTAL COMMENCEMENT DATE:	March 1, 1989
INTEREST RATE ON ARREARS:	12.86%
LEASE TERMINATION DATE:	April 1, 1999 or such earlier date as this Lease is terminated pursuant to the provisions hereof.
INTERIM RENTAL	Not Applicable
CASUALTY NOTICE DATE:	January 30 in each year during the term of this Lease.
CASUALTY PAYMENT DATE:	April 1 in each year during the term of this Lease.
REGISTRATIONS:	subject to the Lessor providing the Lessee with the appropriate information, the Lessee shall cause each Unit to be registered in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register (UMLER), and any change therein must be mutually agreed by the parties. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada.

MAP

SCHEDULE B TO LEASE #9
(continued)

RENTAL:

Payment Number	Rental Payment Date	Percentage of Unit Price of each Unit	Rental Payment based on aggregate Unit Price as per Schedule A
0	01-Mar-89	0.000000%	
1A	01-Apr-89	4.373972%	
1B	15-May-89	0.556409%	
2	01-Oct-89	3.610382%	
3	01-Apr-90	3.610382%	
4	01-Oct-90	4.091763%	
5	01-Apr-91	4.091763%	
6	01-Oct-91	4.332460%	
7	01-Apr-92	4.332460%	
8	01-Oct-92	4.332460%	
9	01-Apr-93	4.332460%	
10	01-Oct-93	10.360356%	
11	01-Apr-94	10.360356%	
12	01-Oct-94	10.360356%	
13	01-Apr-95	10.360356%	
14	01-Oct-95	10.360356%	
15	01-Apr-96	12.900145%	
16	01-Oct-96	12.900145%	
17	01-Apr-97	12.900145%	
18	01-Oct-97	12.900145%	
19	01-Apr-98	12.900145%	
20	01-Oct-98	17.882076%	
21	01-Apr-99	2.935700%	

Method of Payment: Lessee shall pay the above amounts to the Lessor on the corresponding Rental Payment Date in same day funds.

MAP

SCHEDULE C

CERTIFICATE OF ACCEPTANCE

SLX Canada Inc. (Lessor)
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

The undersigned, a duly authorized officer of Canadian National Railway Company (the "Lessee"), under Lease made as of March 1, 1989, with Lessor, does hereby certify that:

Under authority of Lessee, I have accepted the units of equipment specified in Schedule A hereto attached and made a part hereof (Units), as conforming in all respect to the terms and provisions of the said Lease.

Under authority of Lessee, I further certify that by virtue of my said acceptance of said Units the same have, on the date stated, come under lease to Lessee pursuant to the terms and provisions of said Lease.

_____
Authorized Inspector

SCHEDULE D

STIPULATED LOSS VALUE

Casualty Payment Date	Percentage of Unit Price					
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
April 1, 1990	105.12%	105.32%	104.44%	101.99%	103.19%	104.62%
April 1, 1991	109.09%	109.49%	107.74%	104.65%	107.23%	110.32%
April 1, 1992	112.39%	113.05%	110.39%	106.68%	110.69%	115.49%
April 1, 1993	115.66%	116.49%	112.87%	108.52%	114.04%	120.77%
April 1, 1994	106.60%	107.67%	103.05%	98.83%	105.91%	114.62%
April 1, 1995	97.11%	98.41%	92.81%	88.82%	97.41%	108.09%
April 1, 1996	83.96%	85.50%	78.90%	75.40%	85.52%	98.26%
April 1, 1997	67.12%	68.88%	61.32%	58.62%	70.23%	85.02%
April 1, 1998	48.77%	50.77%	42.25%	40.54%	53.59%	70.44%
April 1, 1999	33.57%	35.97%	26.07%	25.27%	40.17%	59.07%

The Stipulated Loss Value shall be calculated as the applicable percentage of the "Unit Price" referred to in Schedule "A".

SCHEDULE E

MAINTENANCE AND REPAIR STANDARDS; RETURN CONDITION

Maintenance and Repair Standards

(i) Railcars

Each railcar Unit shall be maintained and repaired to a standard at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and, at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

Return Condition

(i) Railcars

Each railcar Unit returned to the Lessor shall be in a condition at least equal to that of the remainder of the fleet of railcars of similar age and type maintained by the Lessee, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and at a minimum, in accordance with the A.A.R. Interchange Rules and the rules of the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto.

MAP

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 1999 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following term has the following meaning:

"Option Price" means with respect to April 1, 1999, an amount equal to 33.57% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease.

SCHEDULE G

TAX REPRESENTATIONS, WARRANTIES AND INDEMNITY

1. The Lessee hereby represents and warrants to the Lessor:

   (a) that the Units are depreciable property and that:

      (i) a corporation described in subsection (16)(a) of Regulation 1100 under the Income Tax Act (Canada) that owns the Units shall be entitled to deduct from its income for the purposes of the Income Tax Act (Canada) and the regulations thereunder (the "Act" and the "Regulations" respectively) capital cost allowance in each year during the Term on the basis that the Units qualify as Class 35 assets (or any analogous subsequent designation) pursuant to the Act;

      (ii) a corporation that carries on business and that owns the Units but is not of the type described in paragraph (16)(a) of Regulation 1100 under the Act shall be entitled to a capital cost allowance with respect to the Units computed at the rate applicable for Class 35 assets (or any analogous subsequent designation) against its net income from renting "leasing properties" as provided in subsection 1100(15) of the Regulations computed before deducting capital cost allowances; and

   (b) that the Lessee will not, by an act of commission or omission, effect any change in the nature or use and purpose of the Units which would or could directly or indirectly cause the deductions referred to in (a) above to decrease or be eliminated;

   (c) that the Unit Price (as set out in Schedule A) paid by the Lessor for the Units represents the fair market value of the Units as of the date hereof; and

   (d) that 33.57% of the Unit Price being the price at which the Lessee is entitled to purchase a Unit on April 1, 1999 pursuant to the Purchase Option contained in Schedule "F", is not less than

MAP

the expected fair market value of a Unit at such Purchase Option date (as approximated by a reasonable estimate as of the date hereof).

2. If, due to the inaccuracy of any representation herein made by the Lessee to the Lessor, the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of capital cost allowance, investment tax credit, or refundable investment tax credit with respect to any Unit (collectively referred to as "Tax Benefits"), to the extent claimed by the Lessor in its federal and provincial income tax returns for the relevant year, the following provisions shall be applicable:

(A) upon the Lessor being notified of any such denial (including by way of assessment or reassessment, or proposed assessment or reassessment) the Lessor shall notify the Lessee and if so requested by the Lessee in a timely manner, shall contest any such action (such contestation to be at the sole expense of the Lessee), as long as the rights and interests of the Lessor shall not be adversely affected thereby; and

(B) the Rental shall be adjusted as follows:

(I) the Lessor shall determine and give notice to the Lessee of the amount of each instalment of Rental which the Lessor would have required in order to obtain the after-tax net yield on funds employed to acquire the Units, as if the denial specified above had not occurred, and the Lessee shall pay to the Lessor by way of additional Rental on the tenth day following such notice, in respect of the elapsed Term of the Lease up to and including such tenth day, a sum equal to the amount by which the total Rental instalment determined under this paragraph exceeds the total Rental instalment otherwise payable hereunder, plus any provincial sales tax applicable to such additional rent payment; and

(II) the Lessor shall determine (and specify in the notice referred to in paragraph (I) above) the amount of each instalment of Rental payable hereunder for the remainder of the Term after such tenth day which the Lessor will require to obtain the after-tax net yield of funds

MAP

employed by the Lessor to acquire the Units as if the denial specified above had not occurred and the Rental shall be increased accordingly and this Lease shall be deemed to be so amended.

Provided always that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made until the relevant taxing authority or a court of competent jurisdiction has made a determination with respect to such denial in respect of which the Lessee does not exercise its rights under Section 2(A) or from which there is no further right to object or appeal.

Provided further, however, that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such Tax Benefits with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) any act or omission on the part of the Lessor;

(ii) any change in income tax legislation after the coming into force of this Lease; or

(iii) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Article VI hereof.

3. In addition but without duplication, the Lessee shall on demand indemnify and save harmless the Lessor from and in respect of all costs, expenses, increased payments of tax, interest, penalties, and costs of contestation of any assessment or reassessment made against the Lessor with respect to this Lease (including reasonable legal fees and disbursements) which the Lessor may suffer or incur as a result of or arising out of a denial specified above so that the net after-tax yield to the Lessor of funds employed to acquire the Units shall exist throughout the Term and any extension or renewal thereof as if the denial specified above had not occurred; provided always that the obligations of the Lessee hereunder shall only exist if the Lessor has fulfilled its obligations under Section 2(A) hereof.

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4. Each determination of increased Rental or other payment due to the Lessor under this Schedule shall be submitted to the Lessee by way of a certificate of an officer of the Lessor setting forth the amount of the increased Rental required (and the method of its calculation) and the basis for it, which certificate shall be conclusive evidence, in the absence of manifest error, of the amount of the increased Rental so required; provided, however, that the Lessee shall be entitled to receive confirmation of the amounts set forth in the certificate from the auditors of the Lessor as such confirmation may be available following the next annual audit of the Lessor's financial statements.

5. In the event that, as a result of events (other than the receipt by the Lessor of any increased Rental), it develops that the Lessor was not entitled to require such recalculation or payment of such increased Rental or was entitled to a lesser recalculation or to receive a lesser amount of increased Rental, the Lessor shall promptly refund to the Lessee on demand any excess amount received by the Lessor plus interest thereon calculated at the Prime Rate from the date such excess amount was received to the date of repayment.

6. For purposes of interpretation hereof "Lessor" shall include Lessor's successors and assigns.

7. The provisions of this Schedule shall survive the termination of the Lease and are included for the benefit of and shall be enforceable by the Lessor.

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SCHEDULE H

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of ■ dollars ($) paid by ■, a ■ corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____

MAP

SCHEDULE H

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of ■ dollars ($) paid by ■, a ■ corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____

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GE

LEASE OF EQUIPMENT #7

B E T W E E N:

SLX CANADA INC.

as Lessor

- and -

CANADIAN NATIONAL RAILWAY COMPANY

as Lessee

MADE as of February 22, 1989

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LEASE

THIS LEASE OF EQUIPMENT is made as of February 22, 1989

BETWEEN

SLX CANADA INC. (hereinafter called the "Lessor"), a company incorporated under the laws of Canada and having an office at 1500 Bow Valley Square IV, 250 6th Avenue S.W., Calgary, Alberta, T2P 3H7, as owner,

- and -

CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), a corporation continued under the laws of Canada and having an office at 935 de La Gauchetiere West, Montreal, Quebec, H3B 2M9, as lessee.

WHEREAS the Lessor, at the request of the Lessee, has purchased the Units (as hereinafter defined) for the sole purpose of leasing the same to the Lessee hereunder;

AND WHEREAS the Lessee desires to lease from the Lessor, and the Lessor desires to lease to the Lessee, all of the Units that are duly delivered and accepted as provided herein at the rentals and upon the terms and conditions hereinafter provided.

NOW THEREFORE in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to lease from the Lessor, for the Term, the Units so delivered and accepted as provided herein, upon the following terms and conditions:

ARTICLE I

INTERPRETATION

1.1 The following terms, whenever used in this Lease and any Schedules hereto, shall have the following meanings, unless the context otherwise requires:

"Arrears" means the total of all Rentals and other moneys, if any, due and owing by the Lessee hereunder, while unpaid.

"Banking Day" means any day except a Saturday, a Sunday or other day on which banks generally are not open for money market and foreign exchange dealings at their principal offices in each of Toronto, Calgary and Montreal.

"Casualty Notice Date" has the meaning set forth in Schedule B hereto.

"Casualty Occurrence" means an event in which any Unit shall be or become lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation, expropriation or otherwise for a period in excess of ninety (90) days during the Term of this Lease or during the storage and delivery referred to in Section 18.1.

"Casualty Payment Date" has the meaning set forth in Schedule B hereto.

"Dollars" or "$" means lawful money of Canada.

"Event of Default" shall have the meaning ascribed thereto in Section 15.1 hereof.

"Lease", "this Lease", "herein", "hereof", "hereunder", or other like words shall mean and include this Lease of Equipment together with the Schedules hereto (which form an integral part hereof) and any other agreement supplementary hereto.

"Lease Commencement Date" means with respect to each Unit, the date the same shall be deemed to be delivered to and accepted by the Lessee in accordance with Section 2.1 hereof.

"Lease Rate" means an implicit discount rate that, at the date of this Lease, causes the aggregate present value of:

(i) the rental payments under this Lease (excluding any payments which are contingent on the extension of, exercise of or non-exercise of a termination or purchase option under this Lease); and

(ii) the purchase option price payable to the Lessor upon the exercise by the Lessee of any purchase option at the end of the Term of this Lease,

to be equal to the cost of all the Units to the Lessor.

"Lease Termination Date" has the meaning set forth in Schedule B hereto.

"Lessee" has the meaning ascribed thereto in the recitals to this Agreement.

"Lessor" has the meaning ascribed thereto in the recitals to this Agreement.

"Office" means the office of the Lessor referred to in the first paragraph of this Agreement (Attention: President) or such other office as the Lessor may notify the Lessee from time to time in accordance with Section 23.1 hereof.

"Period" means the period from the Rental Commencment Date to April 1, 1989 and, thereafter, each six month period during the Term, commencing on the Rental Commencement Date;

"Prime Rate" means the annual rate of interest established by The Royal Bank of Canada from time to time at its main branch in Toronto as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada; any change in such rate is to be effective on the date such change is established.

"Rental" means the rental payable for each Unit subject to this Lease for each Period, as set forth in Schedule B hereto.

"Rental Commencement Date" has the meaning set forth in Schedule B hereto.

"Stipulated Loss Value" means at any particular time the applicable amount determined in accordance with Schedule D hereto.

"Temporary Alterations" has the meaning ascribed thereto in Section 10.2 hereof.

"Term" means the period commencing as to each Unit on the Lease Commencement Date with respect thereto, to and including the Lease Termination Date.

"Units" means the units of equipment described in Schedule A hereto.

1.2 Any reference in this Lease to any act or statute or section thereof shall be deemed to be a reference to such act

or statute or section as amended, re-enacted, substituted for or replaced from time to time. Any reference in this Lease to an agreement shall be deemed to be, except as otherwise expressly provided, a reference to such agreement as amended, modified or supplemented from time to time.

ARTICLE II

DELIVERY AND ACCEPTANCE OF UNITS

2.1 The Units will be tendered to the Lessee by or on behalf of the Lessor. Upon such tender, the Lessee will cause an authorized representative to inspect each Unit, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery substantially in the form attached as Schedule C hereto, whereupon each such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

ARTICLE III

RENTALS

3.1 The Lessee shall pay to the Lessor an interim rental payment in an amount and on the date as set out in or determined in accordance with Schedule B.

3.2 From and after the Rental Commencement Date, the Lessee shall pay to the Lessor Rental for each Unit subject to this Lease for each Period, together with the other applicable payments herein provided. Rental in respect of each Period shall be payable in the manner set forth in Schedule B.

3.3 This Lease is a net lease and the Lessee shall not be entitled to any abatement, reduction or set-off against payments hereunder including, but not limited to, abatement, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in the title, condition, operation or fitness for use of, or any damage to or loss of the possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against, use of all or

any of the Units by the Lessee or any other person, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other document or instrument, any breach, fundamental or otherwise, by the Lessor of any representations, warranties or covenants of the Lessor contained herein, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rental payments and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3.4 Whenever any payment shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

ARTICLE IV

IDENTIFICATION MARKS; REGISTRATION

4.1 The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto. The Lessee shall not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement shall be promptly filed with the Lessor by the Lessee and filed, recorded or deposited at the Lessee's cost and expense in all public offices where this Lease has been or is required to be filed, recorded or deposited.

4.2 Except as above provided, the Lessee shall not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee on equipment used by them of the same or a similar type, for convenience of identification of their rights to use the Units as permitted under this Lease.

4.3 The Lessee agrees to make the registrations, filings, deposits and recordings in respect of this Lease and the Units as set forth in Schedule B hereto, at the Lessee's sole cost and expense. The Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing and recording.

ARTICLE V

TAXES

5.1 The Lessee agrees to pay and to indemnify and hold the Lessor harmless from, on an after-tax basis, all taxes, assessments, duties, license and registration fees and other governmental charges, including penalties and interest (hereinafter collectively referred to as "Taxes") imposed, levied or assessed by any federal, provincial or local government or taxing authority in Canada, or, if as a result of the operation, possession or use of any Unit by or through the Lessee in any foreign country, by any government or taxing authority in a foreign country, against such Unit or upon or measured by any interest therein, or upon or with respect to the purchase, ownership, delivery, leasing or possession thereof by the Lessor, or upon or with respect to the use, possession or operation thereof by the Lessee, or on account of or measured by the rentals, earnings or gross receipts arising pursuant to this Lease (including any payment or indemnity under this Lease), provided that the Lessee shall not be required to pay the same (or any amount by way of indemnity of the Lessor or otherwise pursuant to this Section) if and so long as it shall in good faith and with due diligence and by appropriate legal or administrative proceedings contest the validity, applicability or amount thereof (but only so long as such proceedings shall stay the collection thereof and shall not involve any risk of the sale, forfeiture or loss of any Unit or any interest therein). If a claim is made against the Lessor for any Taxes, then the Lessor shall use its reasonable efforts to notify the Lessee promptly and, if so requested by the Lessee, shall at the Lessee's expense contest the validity and amount of any Taxes which it may be required to pay and in respect of which it is entitled to reimbursement by the Lessee under this Section so long as the rights or interests of the Lessor hereunder or in such Unit will not be materially endangered thereby.

5.2 Notwithstanding the provisions of Section 5.1 of this Article V, the Lessee shall have no obligation thereunder as to:

(i) any Taxes on, based on or measured by the net income of the Lessor imposed (i) by Canada, a province or other local taxing authority in Canada or (ii) by any foreign government or any taxing authority or governmental subdivision of a foreign country to the extent allowed as a credit against income taxes imposed by Canada, a province, or other local taxing

authority taking into account any applicable limitation on the aggregate amount of such credit and after assuming that all other Taxes of the Lessor for the same or prior periods which qualify for such credit are first allowed;

(ii) any Taxes on, based on, or measured by, the net income of the Lessor imposed by any foreign government or any taxing authority or governmental subdivision of a foreign country by virtue of the Lessor being engaged in business in such foreign country through activities unrelated to the transactions contemplated by this Lease to the extent the Lessee's obligation as to such Taxes would otherwise exceed the amount of such Taxes which would be payable if the Lessor were not so engaged in such business; or

(iii) any Taxes which are or may become imposed by Canada on rental or similar payments being made under this Lease to a non-resident of Canada (as defined in the Income Tax Act (Canada));

5.3 In the event any reports with respect to Taxes are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor in such Units, or notify the Lessor of such requirement, and will make such reports in such manner as shall be satisfactory to the Lessor.

5.4 In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article V, such liability shall continue, notwithstanding the expiration of this Lease, until all such Taxes are paid or reimbursed by the Lessee.

ARTICLE VI

PAYMENT FOR CASUALTY OCCURRENCES

6.1 The Lessee shall on the Casualty Notice Date in each calendar year during the Term provide written notice to the Lessor of each Unit which has suffered a Casualty Occurrence during the one year period ending 30 days prior to that date. On the Casualty Payment Date of each calendar year during the Term the Lessee shall pay to the Lessor the Stipulated Loss Value, determined as at such date, of each Unit reported by the Lessee to have suffered a Casualty Occurrence during the

one year period ending 30 days prior to the Casualty Notice Date of such calendar year and of each Unit which was reported to have suffered a Casualty Occurrence in any previous year and for which no Stipulated Loss Value has been paid, plus the Rental due on the Casualty Payment Date in respect of each such Unit, and only after making such total payment the Rental for each such Unit shall cease to accrue and the term of this Lease as to each such Unit shall terminate. The Lessor shall, upon request by the Lessee, after payment by the Lessee of the amounts described in the preceding sentence, deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for each such Unit executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee such title to such Unit as the Lessor received upon acquiring such Unit, free and clear of all liens, security interests and other encumbrances arising through the Lessor.

Notwithstanding the foregoing, the Lessee shall not be required to make any payment under this section on a Casualty Payment Date unless such payment due exceeds $100,000. However, the Rental in respect of each Unit shall continue to accrue until the Lessee has made the payments as described above.

For greater certainty, the Lessee shall within 90 days of the Lease Termination Date pay to the Lessor the Stipulated Loss Value, determined as at the Lease Termination Date, of each Unit which has suffered a Casualty Occurrence during the Term and in respect of which the Lessee has not previously paid the Stipulated Loss Value pursuant to this Section 6.1.

6.2 The rights and remedies of the Lessor to enforce or recover any of the Rentals or any other amounts which are due and payable hereunder prior to the incurring of the obligation to pay the Stipulated Loss Value of any Unit shall not be affected by reason of the Casualty Occurrence with respect to such Unit.

6.3 Notwithstanding Section 6.1, the Lessee will have the option with respect to one or more Units which have suffered a Casualty Occurrence to give notice to the Lessor that it wishes to replace such Unit(s) ("Replaced Unit(s)") with other Units(s) of equivalent value, age, residual value expectation, utility and condition ("Replacement Unit(s)"), such Replacement Unit(s) to be received by the Lessor as full compensation for the loss of the Replaced Unit(s) and the Lessee shall not be required to

pay to the Lessor the Stipulated Loss Value for such Unit(s). Notice of the Lessee's election to replace a Unit or to pay the Stipulated Loss Value will be given to the Lessor on the Casualty Notice Date and will specify the Replaced Unit and the Replacement Unit, if the Lessee wishes to avail itself of the replacement option set out in this Section 6.3. The Rental for each Replaced Unit will cease on the relevant Casualty Payment Date at which time Rental for the corresponding Replacement Unit will commence and will be equal to that on the Replaced Unit and will continue without abatement or interruption regardless of the occurrence of the Casualty Occurrence. If any Unit which has suffered a Casualty Occurrence is replaced as provided in this Section, the Lessee will, on the Casualty Payment Date, sign all such documents and do all such things as may be reasonably required by the Lessor to convey good and marketable title to the relevant Replacement Unit to the Lessor free and clear of all hypothecs, mortgages, charges and encumbrances. The Replacement Unit will be deemed to be a Unit for purposes of the Lease and all terms and conditions of the Lease, including those pertaining to the term, will continue to apply to the Replacement Unit as a Unit after the Casualty Payment Date.

ARTICLE VII

WAIVERS AND DISCLAIMER OF WARRANTIES

7.1 The Lessee acknowledges that the Units have been selected by the Lessee alone, that neither the Lessor nor its employees or agents is a manufacturer, dealer or distributor of the Units, or expert with respect thereto, that the manufacturer of the Units is not, and has not been, an agent of the Lessor with respect to the Units, and, accordingly, the Lessee without prejudice to any rights which the Lessee may have against the manufacturer of the Units or others, and subject as provided in Section 12.1, hereby releases and forever discharges the Lessor from any and all actions, causes of action, debts, damages, costs, expenses, claims, demands, rights or defences which, at any time now or hereafter may arise out of or in relation to the Units. The Lessee agrees that the Lessee has made or shall in fact make all appropriate and prudent studies in connection with the selection of the Units and all the tests and inspections thereof, as would a careful and prudent purchaser. As to all matters of selection, design, patenting, industrial design, trade marks, construction, condition, safety, suitability, fitness, capacity, performance, durability of the Units and all matters whatsoever with respect to the acceptability of the Units, the Lessee shall look only to, and shall rely solely upon the manufacturer of the Units or others, and not to or upon the Lessor or the Lessor's employees or agents.

7.2 The Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any inadequacy of any Units or deficiency or defect therein; or (ii) the delivery, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee shall not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

7.3 The Lessee acknowledges and agrees that, except to the limited extent otherwise provided herein, there are and will be no agreements, representations, warranties or conditions, expressed or implied, oral or written, legal, equitable, statutory, conventional, collateral or otherwise, on the part of the Lessor respecting or in connection with the Units and that the Lessor has undertaken this transaction strictly in reliance upon the terms, conditions and provisions of this Article VII. Without limiting the generality of the foregoing, the Lessee agrees that any latent defects in or any failure of the Units shall be conclusively deemed not to be or to constitute a fundamental or other breach hereof by the Lessor, or a failure of performance or consideration hereunder on the part of the Lessor.

7.4 If applicable, the Lessee waives to the extent permitted all of the rights, benefits and protection given by Sections 19 to 24 inclusive of the Sale of Goods on Condition Act of the Province of British Columbia.

7.5 If applicable, and to the extent permitted by law, the Lessee hereby waives all its rights, benefits or protection given to it by Sections 47, 49 and 50 of The Law of Property Act and the Seizure Act of the Province of Alberta, insofar as they extend to or relate to this Lease or other security collateral thereto. The Lessee hereby acknowledges that seizure or repossession of the Units referred to in this Lease shall not, by implication of law, extinguish the Lessee's indebtedness under this Lease or other collateral security. The Lessee hereby confers upon the Lessor the right to recover from the Lessee by action on covenant for the payment contained in this Lease or in any other security collateral hereto the full Rental payable under this Lease and all other money from time to time due hereunder or under any other collateral security, notwithstanding any seizure or repossession.

7.6 The Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to:

(a) this Lease;

(b) any mortgage, charge or other security for the payment of money made, given or created by this Lease or any agreement or instrument collateral hereto;

(c) any agreement or instrument renewing or extending or collateral to any mortgage, charge or security referred to or mentioned in sub-paragraph (b) of this Section 7.6; or

(d) the rights, powers or remedies of Lessor under this Lease or under any mortgage, charge other security, agreement or instrument referred to or mentioned in sub-paragraphs (b) or (c) of this Section 7.6.

ARTICLE VIII

LESSOR'S REPRESENTATIONS AND WARRANTIES

8.1 The Lessor represents and warrants as follows:

(i) at the time of delivery of each Unit under this Lease, the Lessor's title to such Unit will be unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, which may result from claims against the Lessor not arising out of the ownership of the Units and which will prevent the performance of this Lease in accordance with its terms;

(ii) so long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease;

(iii) the Lessor is a corporation duly incorporated and validly subsisting under the laws of Canada, with adequate corporate power to enter into this Lease;

(iv) this Lease has been duly authorized, executed and delivered by the Lessor and constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms;

(v) the entering into and performance of this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessor is subject, or any judgment, decree, franchise, order or permit applicable to the Lessor; and

(vi) there are no actions, suits or proceedings pending or, to the knowledge of the Lessor, threatened against the Lessor affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transaction.

THE REPRESENTATIONS AND WARRANTIES OF THE LESSOR SET FORTH IN THIS SECTION 8.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES OF THE LESSOR, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED, AND THE LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE UNITS PURSUANT TO THIS LEASE TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DURABILITY, OPERATING FITNESS, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE UNITS.

8.2 The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease.

ARTICLE IX

LESSEE'S REPRESENTATIONS AND WARRANTIES

9.1 The Lessee represents and warrants as follows:

(i) the Lessee is a duly incorporated and validly subsisting corporation under the laws of Canada, with full corporate power and authority to own its properties and to carry on its business as presently conducted and to enter into and perform its obligations under this Lease;

(ii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms;

(iii) no approval is required from any public regulatory body with respect to the entering into or performance of this Lease by the Lessee, or if any such approval is required, it has been properly obtained;

(iv) the entering into and performance of this Lease will not result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound, or contravene any provision of law, statute, rule or regulation to which the Lessee is subject, or any judgment, decree, franchise, order or permit applicable to the Lessee; and

(v) there are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee or its properties or affecting this Lease or the transactions contemplated hereby which could, if adversely determined, materially and adversely affect the carrying out of such transactions.

ARTICLE X

MAINTENANCE; ALTERATIONS; INSPECTIONS

10.1 The Lessee shall, at its own cost and expense, maintain and repair each Unit in accordance with the maintenance and repair standards applicable to such Unit as set forth in Schedule E hereto and otherwise keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

10.2 The Lessee may, at its expense and without the prior consent or notice to the Lessor, make any alteration, improvement or addition to any of the Units as it may deem desirable in the proper operation of its business provided that such alteration, improvement or addition shall not materially impair the continuing use of such Units. Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit or any part thereof shall be considered accessions to such Unit (except such as are (i) not required by laws referred to in Section 14.1, (ii) not replacements or substitutions of existing parts or equipment

rather than additions thereto, and (iii) readily removable without material damage thereto and without diminishing the value of or impairing the originally intended function or use of, such Unit (hereinafter called "Temporary Alterations")), and ownership of such accessions (except as aforesaid) free of any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor. The Lessor and the Lessee recognize that Temporary Alterations may be made to any of the Units and may be owned by the Lessee and with the prior written consent of the Lessor (such consent not to be unreasonably withheld) may be financed by persons other than the Lessee. Upon termination of this Lease, the Lessee may, and, at the request of the Lessor, shall at the Lessee's sole cost and expense, remove the Temporary Alterations from the Units and shall restore the Units to satisfactory operating condition and to their original physical condition at the time of delivery thereof to the Lessee hereunder, ordinary wear and tear excepted. Ownership of any Temporary Alterations not so removed by the Lessee shall pass to and vest in the Lessor.

10.3 (intentionally deleted)

ARTICLE XI

FINANCIAL AND OTHER REPORTS

11.1 The Lessee will furnish to the Lessor, on the later of (i) 90 days after the end of each fiscal year, or (ii) within 30 days of the tabling in the House of Commons of Canada of its annual report, a statement of profit and loss and of surplus for each fiscal year, and a balance sheet as at the end of such year, all in reasonable detail together with the report and opinion of a firm of independent chartered accountants.

11.2 On or before April 1st in each calendar year during the Term, the Lessee will cause to be furnished to the Lessor in such number of counterparts or copies as may reasonably be requested an accurate statement signed by a responsible officer of the Lessee, as of the preceding December 31,

(i) showing the amount, description and numbers of the Units then leased hereunder and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request, and

(ii) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Article IV have been preserved or replaced.

11.3 The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports to be filed by the Lessor with any Federal, provincial, state or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing thereof to the Lessee.

ARTICLE XII

INDEMNIFICATION

12.1 The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense, loss or liability (including but not limited to solicitors' fees and expenses, patent liabilities, penalties and interest) which the Lessor may incur in any manner by reason of entering into or of the performance of this Lease or by reason of the ownership of any Unit, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, maintenance, condition, purchase, delivery, transhipment, rejection, storage or return of any Unit under this Lease or the occurrence of any Event of Default hereunder or any event which with the giving of notice, or lapse of time, or both, would become an Event of Default. The Lessee further agrees to indemnify and save harmless the Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor under this Article XII for negligence on the part of the Lessor, its employees and agents. The indemnities arising under this Article XII shall survive payment of all other obligations under this Lease, the sale, assignment, transfer or other disposition of this Lease or any of the Units by the Lessor, and the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this Article XII in respect of any charge, claim, expense, loss or liability attributable to an event occurring with respect to a Unit after such Unit shall have been assembled, delivered, stored and transported to the Lessor pursuant to the provisions hereof; provided, however, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or at the time this Lease with respect to such Unit terminated. In case any action, suit or proceeding is brought against the Lessor in connection with any claim indemnified against hereunder, the Lessee may, and upon the request of the Lessor shall, at the Lessee's expense, resist

and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and acceptable to the Lessor and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including, without limitation, solicitors' fees and expenses) as incurred by the Lessor in connection with such action, suit or proceeding.

12.2 Upon the payment in full of any indemnities as contained in this Article XII by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice, or both, would constitute an Event of Default) shall have occurred and be continuing, (i) the Lessee shall be subrogated to any right of the Lessor in respect of the matters against which indemnity has been given and (ii) any payments received by the Lessor from any person (except the Lessee) as a result of any matter with respect to which the Lessor has been indemnified by the Lessee pursuant to this Article XII shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

ARTICLE XIII

INSURANCE

13.1 The Lessee shall, at all times prior to the return of the Units to the Lessor in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the Units against the risks and in the amounts, if any, insured against by the Lessee in respect of similar equipment owned or leased by it. Notwithstanding anything to the contrary in this Section 13.1, the Lessee shall be permitted to provide for self insurance.

ARTICLE XIV

ADDITIONAL COVENANTS OF THE LESSEE

14.1 The Lessee shall comply in all respects with all laws of the jurisdictions in which the Units may be operated and the Lessee shall and does hereby indemnify the Lessor and agrees to hold the Lessor harmless from and against any and all liability that may arise from any infringement or violation of any such laws by the Lessee or any sublessee, or their employees, or any other person. In the event that such laws require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in any case any additional or other equipment

or appliance is required to be installed on such Unit in order to comply with such laws, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, so long as it is subject to this Lease; provided, however, that the Lessee may, in good faith, contest with due diligence by appropriate legal proceedings the validity or application of any such law in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor hereunder.

ARTICLE XV

DEFAULT AND ENFORCEMENT

15.1 If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(i) default shall be made in the payment of any part of the Rental provided herein or any payment in respect of Casualty Occurrences and such default shall continue for a period of five (5) Banking Days after written notice from the Lessor;

(ii) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or sublease of any of the Units;

(iii) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor specifying the default and demanding that the same be remedied;

(iv) the Lessee shall file any petition or commence any proceedings under any bankruptcy, reorganization, insolvency or moratorium law for the relief of debtors;

(v) any proceedings shall be commenced against the Lessee by way of a scheme of arrangement under the Railway Act (Canada) or for any relief under bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such

ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

(vi) appointment of any receiver to take possession of all or a substantial portion of the Lessee's properties not set aside within thirty (30) days;

(vii) the Lessee shall default, as such term is defined therein, under any other agreement (of any kind whatsoever, including any other lease agreements) it may have with the Lessor whether such agreement now exists or shall hereafter be created and such default shall result in moneys being declared due and payable to the Lessor which would not otherwise be due and payable at that time and such declaration shall not be rescinded or annulled within a period of thirty days after the Lessee has been given notice of such default by the Lessor,

then, in any such case, the Lessor, at its option may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, enjoy, sell, lease or otherwise dispose of the same in such manner as the Lessor may determine free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee in respect thereof, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rental for any number of days less than a full Period by multiplying the Rental for such full Period by a fraction of which the numerator is such number of days and the denominator

is the total number of days in such full Period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to all Units, which equals the Stipulated Loss Value of all the Units as of the rental payment date next preceding the date of termination of this Lease, and (ii) any other damages and expenses, including, without limitation, reasonable solicitors' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that upon and/or after payment of the amount to be paid by Lessee to Lessor under subclauses (i) and (ii) of this clause (b) Lessor shall refund to Lessee the net amount received by Lessor, such refunded amount not to exceed the amount paid by Lessee to Lessor under subclause (i) of this clause, on any sale, lease or disposition of the Units after deducting all costs and expenses including any legal fees and income and/or other taxes incurred in connection therewith.

15.2 The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favour existing at law or in equity. The Lessee hereby waives, to the fullest extent permitted by applicable law, all rights (other than those expressly provided for herein) now or hereafter conferred upon it by statute or otherwise to terminate or surrender this Lease or the Units or to any abatement, suspension, deferment, diminution or reduction of the Rental payments.

15.3 The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies and a waiver on one occasion shall not constitute a waiver of any such right as to any other occasion.

ARTICLE XVI

ASSIGNMENT; POSSESSION AND USE

16.1 Subject to compliance with the provisions of Section 8.2, the Lessor shall have the absolute right to sell, transfer or assign to any person, firm, corporation or other entity resident in Canada any or all of its rights, obligations, benefits and interests under, in and to this Lease or any Unit. However, the Lessee shall be under no obligation to any assignee of this Lease except upon written notice of such assignment. All the rights of the Lessor hereunder shall enure to the benefit of the Lessor's assigns. Whenever the Lessor is referred to in this Lease, it shall

apply and refer to each assignee of the Lessor.

16.2 So long as an Event of Default shall not have occurred and then be continuing under this Lease, the Lessee shall be entitled to the quiet enjoyment, possession and use of the Units in accordance with the terms of this Lease, but, except as otherwise expressly provided herein, the Lessee shall not without the prior written consent of the Lessor assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any property of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions hereof.

16.3 Nothing in this Article XVI shall be deemed to restrict the right of the Lessee (i) to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any company incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated and which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; or (ii) without the prior written consent of the Lessor to sublease any Unit to any party for a period (including renewals) not exceeding one year; or (iii) to sublease any Unit to any party for a period (including renewals) of more than one year with the prior written consent of the Lessor, such consent not to be unreasonably withheld, and such consent is hereby given with respect to any sublease by the Lessee to an affiliated or subsidiary corporation incorporated in the United States or Canada. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety.

ARTICLE XVII

PURCHASE OPTIONS

17.1 The Lessee shall be entitled to exercise the purchase options, if any, described in Schedule F hereto, subject to the terms and conditions thereof.

ARTICLE XVIII

RETURN OF UNITS

18.1 As soon as is reasonable on or after the expiration of the Term, the Lessee shall (unless the Units are sold to the Lessee or shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble and deliver possession of any Units to the Lessor at such location on property of the Lessee in Canada as the Lessor may reasonably designate and permit the Lessor to store the Units for a period not exceeding 90 days. During any such storage period the Lessee shall permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of gross negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this Section 18.1. The assembling, delivery, storage and transportation of the Units as hereinabove provided are of the essence of this Lease, and upon application to any court having jurisdiction in the premises, the Lessor shall be entitled to a judgment, order or decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this Section 18.1 shall be in the return condition specified in Schedule E hereto.

18.2 If this Lease shall terminate pursuant to Section 15.1, the Lessee shall forthwith deliver possession of the Units to the Lessor, and the provisions of Section 18.1 shall apply in all respects, except that the period of storage to be provided by the Lessee at the Lessee's sole cost, expense and risk shall extend until the date all such Units have been sold, leased or otherwise disposed of by the Lessor. Without

in any way limiting the obligation of the Lessee under the foregoing provisions hereof, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

ARTICLE XIX

INCOME TAX REPRESENTATIONS AND INDEMNITY

19.1 The Lessee hereby makes the income tax representations and warranties set forth in Schedule G hereto and agrees to indemnify the Lessor as provided therein.

ARTICLE XX

MILEAGE ALLOWANCE; SUBROGATION

20.1 Provided that no Event of Default has occurred hereunder and is continuing, the Lessee shall be entitled to (i) all mileage allowances and other similar moneys payable by reason of the use of the Units, and any such mileage allowances or other similar moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

ARTICLE XXI

FURTHER ASSURANCES

21.1 The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

ARTICLE XXII

INTEREST ON ARREARS

22.1 Anything to the contrary herein contained notwithstanding, any Arrears shall bear interest at a rate per annum equal to the rate set out in Schedule B hereto for the period of time during which they are overdue and shall be payable on demand.

ARTICLE XXIII

NOTICES

23.1 Any notice or other communication to a party under the provisions of this Lease shall be in writing and may be delivered personally or sent by prepaid mail, telex or telecopier to the following mailing, telex or telecopier address, as applicable:

(1) to the Lessor,

SLX Canada Inc.
1500 Bow Valley Square IV
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7
Attention: President
Telex: 03-825570 (WCBC CGY)
Telecopier: (403) 264-1262

and to:

Bennett Jones
3200 Shell Centre
400 4th Avenue S.W.
Calgary, Alberta
T2P 0X9
Attention: Mr. Peter A. Williams
Telex: 03824524
Telecopier: (403) 265-7219

(2) to the Lessee,

Canadian National Railway Company
935 de La Gauchetiere West
Montreal, Quebec
H3B 2M9
Attention: Treasurer
Telex: 055-61899 (CN FINANCE MTL)
Telecopier: (514) 399-8038,

Any such notice or other communication if personally delivered or mailed or telecopied, shall be deemed to have been given when received and, if telexed and the appropriate answerback received, shall be deemed received at the time that the answerback is received. Any party may from time to time notify the other in writing of a change of mailing, telex or telecopier address in the manner set forth herein which thereafter, until changed by like notice, shall be the address of that party for all purposes of this Lease.

ARTICLE XXIV

SEVERABILITY; EFFECT AND MODIFICATION OF LEASE

24.1 Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24.2 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral

or written with respect to the leasing of the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

ARTICLE XXV

EXECUTION AND COUNTERPARTS

25.1 This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in such case such counterparts together shall constitute but one and the same instrument.

ARTICLE XXVI

GOVERNING LAW AND JURISDICTION

26.1 This Lease shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. With respect to any suit, action or proceedings relating to this Lease, each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario.

ARTICLE XXVII

EFFECTIVE DATE

27.1 This Lease and the obligations of the parties hereto shall be effective as and from the date first above written.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

SLX CANADA INC.

By _____ c/s
Name: Bruce C. Barker
Title: Director

and by _____
Name: Paul J.D. Miller
Title: Director

CANADIAN NATIONAL RAILWAY COMPANY

By _____ c/s
Name:
Title: VICE-PRESIDENT

Approved as to form only
Attorney

and by _____
Name:
Title: ASSISTANT SECRETARY

DSM*SLXLEAS7:VWBANK

LIST OF SCHEDULES

A. Description of Units
B. Lease Particulars
C. Certificate of Acceptance
D. Stipulated Loss Values
E. Maintenance and Repair Standards; Return Condition
F. Purchase Options
G. Tax Representations, Warranties and Indemnity
H. Bill of Sale

SCHEDULE A

DESCRIPTION OF UNITS

TYPE	SPECIFICATION	BUILDER	IDENTIFICATION NUMBER	QUAN-TITY	UNIT PRICE
SD60F 3800 HP, Diesel Electric Locomotives	SD60F, 3800HP, Diesel Electric Locomotives in accordance with the Builder's Proposal DDL 1309 dated January 19, 1988, CN's letter dated December 7, 1987, the Builder's Proposal letter dated January 19, 1988, CN's letter of March 10, 1988 revised March 16, 1988 and the Builder's letter dated March 25, 1988.	Diesel Division, General Motors of Canada Limited, London, Ontario	CN 5514-5523	10	$1,996,315

SCHEDULE B

LEASE PARTICULARS

LEASE RATE:	11.625%
RENTAL COMMENCEMENT DATE:	April 1, 1989
INTEREST RATE ON ARREARS:	12.625%
LEASE TERMINATION DATE:	April 1, 2004 or such earlier date as this Lease is terminated pursuant to the provisions hereof.
INTERIM RENTAL	If the date on which the Builder is paid the Unit Price for each Unit (the "Drawdown Date") is prior to the Rental Commencement Date, the Lessee shall pay to the Lessor on the Rental Commencement Date an interim rental payment for each Unit in an amount equal to 0.031849% of the Unit Price for each day that the Drawdown Date is prior to the Rental Commencement Date. If the Drawdown Date is after the Rental Commencement Date, the Lessor shall pay to the Lessee on the Drawdown Date an interim rental adjustment for each Unit in an amount equal to 0.031849% of the Unit Price for each day that the Drawdown Date is after the Rental Commencement Date. All interim rental payments or adjustments as aforesaid are exclusive of Rental.
CASUALTY NOTICE DATE:	January 30 in each year during the term of this Lease.

CASUALTY PAYMENT DATE:	April 1 in each year during the term of this Lease.
REGISTRATIONS:	subject to the Lessor providing the Lessee with the appropriate information, the Lessee shall cause each Unit to be registered in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register (UMLER), and any change therein must be mutually agreed by the parties. The Lessee shall maintain such records as shall be required from time to time by any applicable regulatory agency or any AAR railroad interchange agreement or rule. The Lessee shall, at its own expense, cause this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and deposited with the Registrar General of Canada (with notice of such deposit to be given forthwith in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada.

SCHEDULE B TO LEASE #7
(continued)

RENTAL:

Payment Number	Rental Payment Date	Percentage of Unit Price of each Unit	Rental Payment based on aggregate Unit Price as per Schedule A
0	01-Apr-89	2.103001%	
1	01-Oct-89	3.051001%	
2	01-Apr-90	3.356131%	
3	01-Oct-90	3.356131%	
4	01-Apr-91	3.864581%	
5	01-Oct-91	3.864581%	
6	01-Apr-92	3.966290%	
7	01-Oct-92	3.966290%	
8	01-Apr-93	3.966290%	
9	01-Oct-93	3.966290%	
10	01-Apr-94	3.966290%	
11	01-Oct-94	3.966290%	
12	01-Apr-95	3.966290%	
13	01-Oct-95	4.474841%	
14	01-Apr-96	4.474841%	
15	01-Oct-96	4.474841%	
16	01-Apr-97	4.474841%	
17	01-Oct-97	4.474841%	
18	01-Apr-98	9.661552%	
19	01-Oct-98	9.661552%	
20	01-Apr-99	9.661552%	
21	01-Oct-99	9.661552%	
22	01-Apr-2000	15.966973%	
23	01-Oct-2000	15.966973%	
24	01-Apr-2001	15.966973%	
25	01-Oct-2001	15.966973%	
26	01-Apr-2002	18.611235%	
27	01-Oct-2002	18.611235%	
28	01-Apr-2003	18.611235%	
29	01-Oct-2003	18.611235%	
30	01-Apr-2004	3.600000%	

Method of Payment: Lessee shall pay the above amounts to the Lessor on the corresponding Rental Payment Date in same day funds.

SCHEDULE C

CERTIFICATE OF ACCEPTANCE

TO: SLX Canada Inc.
1500 Bow Valley Square
250 6th Avenue S.W.
Calgary, Alberta
T2P 3H7

AND General Motors of Canada Limited
2021 Oxford St. East
London, Ontario
N6A 4N5

I, the duly authorized representative of SLX Canada Inc. (the "Lessor") and the Canadian National Railway Company (the "Lessee"), for the purposes of the manufacturing agreement dated February 3, 1989 (the "Purchase Order") between General Motors of Canada Limited (the "Builder") and the Lessee, the assignment of the Purchase Order dated as of February 3, 1989 (the "Purchase Order Assignment") between the Lessee, the Lessor and the Builder and the Lease of Railroad Equipment made as of February 22, 1989 (the "Lease") between the Lessee and the Lessor, DO HEREBY CERTIFY that there has been inspected on behalf of the Lessee and the Lessor and found to be completed and marked in accordance with the Purchase Order, the Purchase Order Assignment and the Lease and the applicable specifications, requirements and standards referred to in the Purchase Order the following units of railroad equipment constructed by General Motors of Canada Limited pursuant to the Purchase Order.

I further certify that there has been delivered to the Lessor at London, Ontario and fully and finally accepted by me on behalf of the Lessee and the Lessor (both under the Purchase Order, the Purchase Order Assignment and the Lease) the following units of railroad equipment constructed by General Motors of Canada Limited pursuant to the Purchase Order:

DESCRIPTION	QUANTITY	ROAD NO.
SD60F 3800 HP Diesel Electric Locomotive		

Dated: _____

By: _____
Inspector and Authorized Representative of the Lessor and Lessee

SCHEDULE D

STIPULATED LOSS VALUE

Date	%
April 1, 1990	111.54
April 1, 1991	117.73
April 1, 1992	123.45
April 1, 1993	129.15
April 1, 1994	134.93
April 1, 1995	140.83
April 1, 1996	145.79
April 1, 1997	151.18
April 1, 1998	151.70
April 1, 1999	147.30
April 1, 2000	136.32
April 1, 2001	118.54
April 1, 2002	96.85
April 1, 2003	71.00
April 1, 2004	57.19

The Stipulated Loss Value shall be calculated as the applicable percentage of the "Unit Price" referred to in Schedule "A".

SCHEDULE E

MAINTENANCE AND REPAIR STANDARDS;
RETURN CONDITION

Maintenance and Repair Standards

(i) Locomotives

Each locomotive Unit shall be maintained and repaired to a standard at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Lessee, and, at a minimum, in accordance with the manufacturer's specifications and the minimum standards for operation as dictated by the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules.

Return Condition

(i) Locomotives

Each locomotive Unit returned to the Lessor shall be in a condition at least equal to that of the remainder of the fleet of locomotives of similar age and type maintained by the Lessee, and in at least as good operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and, at a minimum, in accordance with the manufacturer's specifications and the minimum standards for operation as dictated by the National Transportion Agency and other Canadian governmental authorities having jurisdiction with respect thereto and/or Federal Railroad Administration rules. Further, the average time from the last major rebuild for the Units to be returned shall not be more than the average time since the last major rebuild for the remainder of the fleet of locomotives of similar age and type maintained by the Lessee.

SCHEDULE F

PURCHASE OPTIONS

Purchase Options

B.1 Provided that this Lease has not been earlier terminated and no Event of Default has occurred and is then continuing, the Lessee may, by not less than 180 days prior written notice, irrevocably elect to purchase all but not less than all of the Units then covered by this Lease on April 1, 2004 for the applicable Option Price.

B.2 In the event the Lessee elects to purchase all of the Units, upon payment of the applicable Option Price, the Lessor shall upon request of the Lessee deliver to or upon the order of the Lessee a bill of sale (without recourse, representations or warranties) substantially in the form of Schedule H hereto for such Units executed by the Lessor and such other documents as may reasonably be required in order to transfer to the Lessee title to such Units free and clear of all liens, security interests and other encumbrances created by or arising through the Lessor.

B.3 For the purpose of this Schedule F the following term has the following meaning:

"Option Price" means with respect to April 1, 2004, an amount equal to 57.19% of the Unit Price for each Unit set forth in Schedule A hereto which is then subject to this Lease.

SCHEDULE G

TAX REPRESENTATIONS, WARRANTIES AND INDEMNITY

1. The Lessee hereby represents and warrants to the Lessor:

   (a) that the Units are depreciable property and that:

      (i) a corporation described in subsection (16)(a) of Regulation 1100 under the Income Tax Act (Canada) that owns the Units shall be entitled to deduct from its income for the purposes of the Income Tax Act (Canada) and the regulations thereunder (the "Act" and the "Regulations" respectively) capital cost allowance in each year during the Term on the basis that the Units qualify as Class 6 assets (or any analogous subsequent designation) pursuant to the Act;

      (ii) a corporation that carries on business and that owns the Units but is not of the type described in paragraph (16)(a) of Regulation 1100 under the Act shall be entitled to a capital cost allowance with respect to the Units computed at the rate applicable for Class 6 assets (or any analogous subsequent designation) against its net income from renting "leasing properties" as provided in subsection 1100(15) of the Regulations computed before deducting capital cost allowances; and

   (b) that the Lessee will not, by an act of commission or omission, effect any change in the nature or use and purpose of the Units which would or could directly or indirectly cause the deductions referred to in (a) above to decrease or be eliminated;

   (c) that the Unit Price (as set out in Schedule A) paid by the Lessor for the Units represents the fair market value of the Units as of the date hereof; and

   (d) that 57.19% of the Unit Price being the price at which the Lessee is entitled to purchase a Unit on April 1, 2004 pursuant to the Purchase Option contained in Schedule "F", is not less than

the expected fair market value of a Unit at such Purchase Option date (as approximated by a reasonable estimate as of the date hereof).

2. If, due to the inaccuracy of any representation herein made by the Lessee to the Lessor, the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of capital cost allowance, investment tax credit, or refundable investment tax credit with respect to any Unit (collectively referred to as "Tax Benefits"), to the extent claimed by the Lessor in its federal and provincial income tax returns for the relevant year, the following provisions shall be applicable:

(A) upon the Lessor being notified of any such denial (including by way of assessment or reassessment, or proposed assessment or reassessment) the Lessor shall notify the Lessee and if so requested by the Lessee in a timely manner, shall contest any such action (such contestation to be at the sole expense of the Lessee), as long as the rights and interests of the Lessor shall not be adversely affected thereby; and

(B) the Rental shall be adjusted as follows:

(I) the Lessor shall determine and give notice to the Lessee of the amount of each instalment of Rental which the Lessor would have required in order to obtain the after-tax net yield on funds employed to acquire the Units, as if the denial specified above had not occurred, and the Lessee shall pay to the Lessor by way of additional Rental on the tenth day following such notice, in respect of the elapsed Term of the Lease up to and including such tenth day, a sum equal to the amount by which the total Rental instalment determined under this paragraph exceeds the total Rental instalment otherwise payable hereunder, plus any provincial sales tax applicable to such additional rent payment; and

(II) the Lessor shall determine (and specify in the notice referred to in paragraph (I) above) the amount of each instalment of Rental payable hereunder for the remainder of the Term after such tenth day which the Lessor will require to obtain the after-tax net yield of funds

employed by the Lessor to acquire the Units as if the denial specified above had not occurred and the Rental shall be increased accordingly and this Lease shall be deemed to be so amended.

Provided always that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made until the relevant taxing authority or a court of competent jurisdiction has made a determination with respect to such denial in respect of which the Lessee does not exercise its rights under Section 2(A) or from which there is no further right to object or appeal.

Provided further, however, that the payment contemplated by Section 2 (B)(I) and the adjustment in Rental contemplated by Section 2 (B)(II) will not be required to be made if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such Tax Benefits with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) any act or omission on the part of the Lessor;

(ii) any change in income tax legislation after the coming into force of this Lease; or

(iii) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Article VI hereof.

3. In addition but without duplication, the Lessee shall on demand indemnify and save harmless the Lessor from and in respect of all costs, expenses, increased payments of tax, interest, penalties, and costs of contestation of any assessment or reassessment made against the Lessor with respect to this Lease (including reasonable legal fees and disbursements) which the Lessor may suffer or incur as a result of or arising out of a denial specified above so that the net after-tax yield to the Lessor of funds employed to acquire the Units shall exist throughout the Term and any extension or renewal thereof as if the denial specified above had not occurred; provided always that the obligations of the Lessee hereunder shall only exist if the Lessor has fulfilled its obligations under Section 2(A) hereof.

4. Each determination of increased Rental or other payment due to the Lessor under this Schedule shall be submitted to the Lessee by way of a certificate of an officer of the Lessor setting forth the amount of the increased Rental required (and the method of its calculation) and the basis for it, which certificate shall be conclusive evidence, in the absence of manifest error, of the amount of the increased Rental so required; provided, however, that the Lessee shall be entitled to receive confirmation of the amounts set forth in the certificate from the auditors of the Lessor as such confirmation may be available following the next annual audit of the Lessor's financial statements.

5. In the event that, as a result of events (other than the receipt by the Lessor of any increased Rental), it develops that the Lessor was not entitled to require such recalculation or payment of such increased Rental or was entitled to a lesser recalculation or to receive a lesser amount of increased Rental, the Lessor shall promptly refund to the Lessee on demand any excess amount received by the Lessor plus interest thereon calculated at the Prime Rate from the date such excess amount was received to the date of repayment.

6. For purposes of interpretation hereof "Lessor" shall include Lessor's successors and assigns.

7. The provisions of this Schedule shall survive the termination of the Lease and are included for the benefit of and shall be enforceable by the Lessor.

SCHEDULE H

BILL OF SALE

SLX CANADA INC. (hereinafter called the "SELLER"), in consideration of the sum of ■ dollars ($) paid by ■, a ■ corporation (hereinafter called the "BUYER"), at or before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the BUYER, its successors and assigns all of its right, title and interest in the following property:

(insert description of equipment)

TO HAVE AND TO HOLD the above described property unto the BUYER, its successors and assigns, for its and their own use and behoof, forever.

The SELLER hereby warrants unto the BUYER that the SELLER has legal title to the aforesaid property free and clear of all encumbrances which result from claims against SELLER whether or not related to the ownership of such property.

THE AFORESAID PROPERTY IS BEING SOLD HEREUNDER ON AN "AS-IS" BASIS AND "WITH ALL FAULTS". THE SELLER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY FOR LOST PROFIT OR INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR COMMERCIAL LOSSES AND ALL OTHER OBLIGATIONS OR LIABILITIES.

IN WITNESS WHEREOF, the SELLER has caused this instrument to be executed in its name by its officers thereunto duly authorized and its corporate seal to be hereunto affixed the _____ day of _____.

(CORPORATE SEAL)

ATTEST:

_____

_____