

RECORDATION NO. 3006 Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

HOPPER HOLDINGS CORP.,
as Lessor

AND

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,
as Lessee

Equipment Lease

Dated as of July 1, 1975

NOTE: THE LESSOR'S INTEREST IN THIS EQUIPMENT LEASE HAS BEEN ASSIGNED TO, AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, THE TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF JULY 1, 1975, BETWEEN HOPPER HOLDINGS CORP. AND SHAWMUT BANK OF BOSTON, N.A., AND L. H. BAKER AS TRUSTEE, AS SAID TRUST INDENTURE MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME AS PERMITTED THEREBY. THIS EQUIPMENT LEASE HAS BEEN EXECUTED IN 25 COUNTERPARTS, OF WHICH THIS IS COUNTERPART NUMBER 2. SEE PARAGRAPH 29 HEREOF FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

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EQUIPMENT LEASE dated as of July 1, 1975 (herein, as the same may be amended or supplemented from time to time, called "this Lease"), between HOPPER HOLDINGS CORP., a Delaware corporation, having an address at One William Street, New York, New York 10004, as lessor (herein together with any transferee of Lessor's interest, other than for collateral security, permitted hereunder called "Lessor"), and INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation, having an address at IMC Plaza, Libertyville, Illinois 60048, as lessee (herein called "Lessee").

WHEREAS, except as otherwise noted, the defined terms used in this Lease and not hereinabove defined have the meanings indicated in paragraph 34 hereof;

NOW, THEREFORE, Lessor and Lessee hereby agree as follows:

1. AGREEMENT TO LEASE:

For and in consideration of the rents and other amounts hereinafter stipulated to be paid and the provisions of this Lease hereinafter stipulated to be observed and performed by Lessee, Lessor hereby leases to Lessee, and Lessee hereby rents from Lessor, for the term described in paragraph 4 hereof and subject to the provisions hereinafter set forth, the Equipment described in Schedules A-1 and A-2 hereto as such Schedules shall be periodically supplemented as provided in paragraph 20 hereof.

2. TITLE; CONDITION:

(a) Lessee has examined the Equipment and has found the Equipment and Lessor's title thereto to be satisfactory for all purposes of this Lease. Lessor, as between Lessor and Lessee, shall and hereby does retain full legal title to all of the Equipment notwithstanding the delivery thereof to and the possession and use thereof by Lessee. Lessee shall cause each Unit to be kept numbered with the appropriate identifying number appearing in Schedule A-1 or Schedule A-2 hereto, as the case may be, with respect to such Unit, and to be kept plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color on each side of each Unit in letters not more than 1 inch in height, or in such manner as may from time to time be required by appropriate rules of the Association of American Railroads or by applicable law or rules and regulations of the Interstate Commerce Commission or any other applicable governmental agency, the following statement:

"HOPPER HOLDINGS CORP.. OWNER-LESSOR; INTERNATIONAL MINERALS & CHEMICAL CORPORATION, LESSEE; TRUSTEE - SHAWMUT BANK OF BOSTON, N.A., UNDER AN INDENTURE FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c. ANY SALE OF THIS PROPERTY MAY BE IN VIOLATION OF THE SECURITY INTEREST OF THE INDENTURE TRUSTEE."

After the date thirty (30) days after commencement date of the Interim Term hereof, Lessee shall not permit any such Unit to be operated until such markings have been made thereon. Lessee will replace within a reasonable time any such markings which may be removed, defaced or destroyed. Lessee shall within the 30 day period referred to above supply to Lessor a certificate of a Vice President stating that all of the Units have been so marked upon the occurrence of such event.

Lessee will not change the identifying number of any Unit unless and until a statement of the new number or numbers to be substituted therefor shall have been filed with Lessor and the Trustee, and filed, recorded, registered and deposited by Lessee in all public offices where this Lease, the Lease Assignment and the Indenture shall have been filed, recorded, registered and deposited. Except as hereinabove provided and except for any insignia or legend which Lessee or the manufacturer customarily places on equipment of a type similar to the Units, Lessee, prior to the termination of this Lease as to any Unit, will not allow the name of any person, firm, association or corporation to be placed on such Unit as a designation that might be interpreted as a claim of ownership of such Unit.

(b) Lessor has not made an inspection of the Equipment, and Lessor makes no warranty or representation, express or implied or otherwise, with respect to the Equipment or its location, use, description, design, fitness for use, condition, durability, or as to the quality of the material or workmanship

therein, or as to Lessor's title to the Equipment or the ownership thereof or otherwise, it being agreed that all risks incident thereto are to be borne by Lessee, except that Lessor represents and warrants that it has taken no action to adversely affect its title to or interest in the Equipment. In the event of any defect or deficiency in the Equipment of any nature, whether patent or latent, Lessor shall have no responsibility or liability with respect thereto. The provisions of this paragraph 2(b) have been negotiated, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Lessor, express or implied, with respect to the Equipment, except as set forth above, whether arising pursuant to the Uniform Commercial Code or any similar law now or hereafter in effect, or otherwise.

(c) Lessor hereby authorizes Lessee (and appoints Lessee agent and attorney-in-fact), at Lessee's expense, to assert all rights and claims, and to bring suits, actions and proceedings, in its own name or in the name of Lessor, in respect of any and all seller's or manufacturer's warranties or undertakings, express or implied, relating to the Equipment or any portion thereof, but Lessor makes no representation or warranty as to the existence, nature or extent of any such warranty or undertaking. So long as no Event of Default shall have occurred and be continuing hereunder, Lessee shall be entitled to retain any recoveries with respect to such rights and claims.

3. USE; SUBORDINATION OF TRUST INDENTURE AND SECURITY AGREEMENT:

(a) So long as an Event of Default shall not have occurred and be continuing under this Lease, Lessee and its subsidiaries and affiliates shall have the right to use the Equipment in the conduct of their business, and Lessee shall have the right to permit the use of the Equipment by others, for any purpose not prohibited by any applicable laws, rules, regulations, ordinances, restrictions and insurance policies now or hereafter in effect, and all applicable agreements to which Lessee is a party or by which it is bound, now or hereafter in effect, and shall quietly have and enjoy the use of the Equipment without disturbance; provided, however, that (i) Lessee and all other users shall in all events use the Equipment in a careful and proper manner consistent with the use contemplated by the manufacturer thereof and solely in the business of Lessee or such other users, and (ii) except as set forth in paragraph 31 hereof, Lessee shall not assign nor suffer nor permit the assignment of any Unit to service involving the operation, use, maintenance or storage thereof outside the contiguous forty-eight states of the continental United States.

(b) Lessor has entered into the Indenture of even date herewith with Shawmut Bank of Boston, N.A., and L. H. Baker, as Trustee and Lessor will from time to time issue its Notes under and as permitted by the Indenture. The Notes will be issued and sold by Lessor pursuant to the Note Purchase Agreement dated as of July 1, 1975, between Lessor and the Purchasers listed in Annex I thereto in order to finance the Capitalized Cost of the Equipment. As security for the payment of the Notes,

Lessor is executing and delivering the Indenture and the Lease Assignment to the Trustee. The execution and delivery of the Indenture and the Lease Assignment shall not in any way impair or diminish any obligation of Lessor under this Lease nor impose any such obligation on the Trustee. The Indenture will create a first lien on and security interest in the Trust Estate (as defined in the Indenture), including the Equipment, and will expressly provide that it is subject to Lessee's rights under this Lease; provided, however, that anything herein to the contrary notwithstanding, upon the occurrence and during the continuance of an Event of Default hereunder, all rights of Lessee under this Lease in and to the Equipment shall be subject to the rights of the Trustee under the Indenture.

4. TERM:

Subject to the provisions of this Lease, Lessee shall have and hold the Equipment for the term of this Lease, which shall commence at the beginning of the Interim Term referred to below and shall cease and determine at the end of the Basic Term referred to below:

(i) the Term of this Lease shall include an Interim Term, which shall begin on July 23, 1975 and shall end at midnight on July 31, 1975;

(ii) the Term of this Lease shall also include a Basic Term, which shall begin on August 1, 1975 and shall end at midnight on July 31, 1992.

5. RENT:

(a) During the term of this Lease, Lessee shall pay to Lessor, without notice or demand, in lawful money of the United States, at Lessor's address set forth above or at such other place or to such other person as Lessor from time to time may designate, the Basic Rent provided for in Schedule B hereto. Basic Rent shall be payable by Lessee in instalments in the amounts provided for in Schedule B hereto and shall be due and payable on the Payment Dates provided for in Schedule B hereto.

(b) All sums, liabilities, obligations and other amounts which Lessee is required to pay or discharge pursuant to this Lease in addition to Basic Rent (other than any amount payable as the purchase price for the Equipment or any portion thereof pursuant to any provision of this Lease and any amount payable as liquidated damages pursuant to paragraph 18(b)(ii)(B) hereof), together with any interest or penalty, shall constitute Additional Rent hereunder. In the event of any failure on the part of Lessee to pay or discharge any of the foregoing, Lessor shall have all rights, powers and remedies provided for herein (or by law or equity or otherwise) in the case of nonpayment of Basic Rent. Lessee may pay Additional Rent directly to the person entitled thereto, provided Lessee shall not be in default hereunder.

(c) Lessee will pay to Lessor, on demand, interest at the rate of 10% per annum (or at the highest rate permitted by applicable law, whichever is less) on (i) overdue

instalments of Basic Rent, from the due date thereof until paid, and (ii) any amounts which Lessor shall have paid in accordance with the provisions of this Lease and which shall be payable by Lessee as Additional Rent, from the date of payment thereof by Lessor until repaid to Lessor by Lessee.

6. NET LEASE; NONTERMINABILITY:

(a) This Lease is a net lease, and to the extent provided herein Lessee shall pay all costs, taxes, assessments and other expenses of every character, foreseen or unforeseen, for the payment of which Lessor or Lessee is or shall become liable by reason of its estate, title or interest in or to the Equipment or which are connected with or arise out of the possession, use, leasing, maintenance, repair or restoration of the Equipment or any portion thereof, including, without limitation, those specifically referred to in this Lease. Basic Rent, Additional Rent and any and all other amounts payable by Lessee hereunder, including, without limitation, the purchase prices and other amounts which may become payable pursuant to paragraphs 12(b), 15(c), or 15(d), shall be paid by Lessee without notice or demand (except as herein otherwise expressly provided) and without any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution or reduction of any kind or for any reason.

(b) Except as herein otherwise expressly provided, this Lease shall not terminate nor shall Lessee have any right to

terminate this Lease or to be released, relieved or discharged from any obligations or liabilities hereunder for any reason whatever, including, without limitation, any of the following:

(i) any damage to or loss of use or loss of possession or destruction of the Equipment or any portion thereof from whatever cause and of whatever duration;

(ii) the prohibition or other restriction of Lessee's use of the Equipment or any portion thereof or the interference with such use by any person or entity;

(iii) any action, omission or breach on the part of the Lessor under this Lease or under any other agreement at the time existing between Lessor and Lessee;

(iv) any defect in the title, design, operation or fitness for use of the Equipment or any portion thereof;

(v) the lack of due authorization of this Lease or the invalidity or unenforceability thereof in whole or in part, whether because this Lease, the Lease Assignment, the Indenture, or memoranda of any thereof or financing statements with respect thereto have not been filed, registered or recorded as may be required by applicable law in order to perfect or protect the lien of the Indenture, or because of revocation;

(vi) any claim arising as a result of other business dealings of Lessor and Lessee;

(vii) Lessee's acquisition of title to the Equipment or any portion thereof, or any sale or other disposition of the same, or any action of the character referred to in paragraph 11(c) whether or not such action is taken by Lessee in violation of the provisions of paragraph 11(c);

(viii) the impossibility or illegality of performance by Lessor or Lessee or either of them;

(ix) force majeure;

(x) any action or threatened or pending action by or before any court, administrative agency or other governmental authority, or any arbitrator;

(xi) the release, substitution or replacement of the Equipment or any portion thereof;

(xii) the waiver by Lessor or by the Trustee of the observance or performance by Lessee of any of the obligations or undertakings contained in the Lease, Lessee's consent to the Lease Assignment or any other instrument to which Lessee is a party or by which it is bound or which affects the Equipment or any portion thereof;

(xiii) the extension of the time for payment by Lessee of any Basic Rent, Additional Rent, purchase prices, liquidated damages or other amounts, payments,

tenders or security or any other sums or any part thereof owing or payable under any of the instruments described in subparagraph (xii) of this paragraph 6(b), or of the time for performance by Lessee of any other obligations under or arising out of any of such instruments, or the extension or the renewal of any thereof;

(xiv) the modification or amendment (whether material or otherwise) of any obligation or undertaking of Lessee set forth in any of the instruments described in subparagraph (xii) of this paragraph 6(b);

(xv) any failure, omission, delay or lack on the part of Lessor or the Trustee to enforce, assert or exercise any right, power or remedy conferred on Lessor or the Trustee in any of the instruments described in subparagraph (xii) of this paragraph 6(b) or any action on the part of Lessor or the Trustee, granting indulgence or extension in any form;

(xvi) the release or discharge of Lessee from the performance or observance of any obligation or undertaking contained in any of the instruments described in subparagraph (xii) of this paragraph 6(b) by operation of law;

(xvii) the receipt and acceptance by Lessor or the Trustee of notes, checks or other instruments for the

payment of money made by Lessee and extension and renewals thereof;

(xviii) the substitution or release of any security for the Notes or the issuance of additional Notes (whether or not in accordance with the Indenture); or

(xix) any other cause, whether similar or dissimilar to the foregoing, Lessee (to the extent permitted by law) hereby waiving any present or future law to the contrary.

(c) Lessee will remain obligated under this Lease in accordance with its terms, and Lessee agrees (to the extent permitted by law) that it will not take any action to terminate (except in accordance with the express provisions hereof), rescind or avoid this Lease for any reason, notwithstanding any bankruptcy, insolvency, reorganization, composition, assignment for the benefit of creditors, marshalling of assets and liabilities, receivership, readjustment, liquidation, dissolution or other proceeding affecting Lessor or any assignee of Lessor, or any action with respect to this Lease which may be taken by any receiver, trustee or liquidator (or other similar official) or by any court. All payments by Lessee of Basic Rent, Additional Rent and other amounts payable by Lessee to Lessor or any assignee of Lessor hereunder shall be final as between Lessee and Lessor or any assignee of Lessor, and Lessee will not seek to recover

from Lessor or any assignee of Lessor any such payment or any part thereof for any reason. Lessee waives all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease, or to any abatement, suspension, deferment, diminution or reduction of Basic Rent, Additional Rent or other amounts payable by Lessee to Lessor or any assignee of Lessor hereunder, on account of any of the reasons referred to in paragraph 6(b) or this paragraph 6(c) or otherwise.

7. TAXES AND OTHER CHARGES; TAX INDEMNIFICATION; REFUNDS:

(a) Lessee shall pay and discharge, prior to the imposition of any interest or penalty for delinquency in payment, all taxes (including, without limitation, franchise or capital stock taxes of Lessor or Lessor's shareholders to the extent based upon (1) the value of the Equipment or any portion thereof or (2) gross rents payable hereunder), rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees, and other governmental and similar charges, general or special, ordinary or extraordinary, foreseen or unforeseen, of every character, and any interest and penalties thereon, which at any time during or in respect of the term of this Lease may be levied or assessed against, or may be confirmed or imposed on or in respect of, (i) Lessor in respect of any of the property and rights described in the following clauses (ii) through (vi), (ii) the Equipment

or any portion thereof or the interest of Lessee or Lessor therein or in respect thereof, (iii) Basic Rent, Additional Rent or any or all other amounts payable by Lessee hereunder, (iv) this Lease or the interest of Lessee or Lessor hereunder, (v) the purchase, delivery, ownership, possession, use, non-use, leasing, operation, storage, maintenance, repair, rebuilding, condition, return, sale or other disposition of the Equipment or any portion thereof, or (vi) the receipts arising from Lessee's possession, use, operation or leasing of the Equipment or any portion thereof. Without limitation of the foregoing, Lessee shall also pay and discharge, prior to the imposition of any interest or penalty for delinquency in payment, all sales, use, recording, transfer, general excise, receipts or other taxes or charges which may be levied or assessed against or payable by Lessor or Lessee on account of the acquisition, leasing or use of the Equipment or any portion thereof. If any tax or assessment levied or assessed against the Equipment or any portion thereof may legally be paid in instalments, Lessee shall have the option to pay such tax or assessment in instalments, and Lessee shall be obligated to pay only such instalments as shall be properly allocated to periods within the term hereof. Nothing in this Lease shall require payment by Lessee of any income or excess profits tax or similar tax of any person or entity other than

Lessee determined on the basis of, or measured by, income or revenues, unless such tax is in lieu of or a substitute (in whole or in part) for another tax or assessment upon or against the Equipment or any portion thereof which, if such other tax or assessment were in effect, would be payable by Lessee hereunder. All of the taxes, fees, charges or other obligations which Lessee, pursuant to this paragraph 7(a), agrees to pay and discharge together with any interest or penalties thereon, are hereinafter referred to as "Lessee's Assumed Tax Liabilities."

(b) Lessee shall furnish to Lessor, within 30 days after demand by Lessor, but not more than once in any calendar year, proof of the payment of any of Lessee's Assumed Tax Liabilities during the prior calendar year.

(c) Lessee hereby agrees to indemnify, protect, save and hold harmless Lessor, Lessor's officers, directors, agents and shareholders and each transferee of Lessor's interest in the Equipment or any portion thereof (any such person being referred to in this paragraph 7(c) as an "Indemnified Person") from and against, and shall promptly reimburse each Indemnified Person by whom payment shall have been made for, all of Lessee's Assumed Tax Liabilities which may be imposed upon any Indemnified Person or the Equipment or any portion thereof, or in respect thereof, by any federal, state or local government or taxing

authority in the United States. Notwithstanding the foregoing, Lessee shall not be obligated to pay, indemnify, save and hold harmless any person from any of Lessee's Assumed Tax Liabilities which have been assessed but not paid and which are being contested by Lessee as permitted by paragraph 17(b); and further provided, that all payments of Basic Rent pursuant to this Lease shall be free of withholding taxes of every kind, nature and designation imposed by any taxing authority, and Lessee shall pay such withholding taxes when due to the appropriate taxing authority. All of the obligations of Lessee under this paragraph 7(c) accrued prior to the expiration of this Lease shall survive the expiration or earlier termination of this Lease and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. For the purposes of the foregoing, the term "shareholders" shall be deemed to include the shareholders of any corporation which is a shareholder.

(d) Lessee shall be entitled to receive any and all refunds of Lessee's Assumed Tax Liabilities paid by Lessee pursuant to the provisions of this Lease, provided that no Event of Default hereunder shall have occurred and be continuing. If, pursuant to the provisions of paragraph 7(c), any Indemnified Person shall obtain a refund or tax benefit of or attributable to all or any part of any

of Lessee's Assumed Tax Liabilities which Lessee shall have paid or reimbursed any Indemnified Person or any other person for, or any amount which Lessee shall have withheld and paid to any taxing authority, such Indemnified Person obtaining such refund or tax benefit shall pay to Lessee the amount thereof and shall also pay to Lessee that proportion of any interest received on such refund or tax benefit which is fairly attributable to any such amount paid or withheld by Lessee.

(e) The provisions of this paragraph 7 are subject to those of paragraph 17 hereof.

8. ENCUMBRANCES:

(a) Lessee shall not directly or indirectly create or suffer to be created, and shall protect and defend the title of Lessor from, any lien, charge, mortgage, encumbrance, pledge or security interest of any kind with respect to the Trust Estate (as defined in the Indenture), including the Equipment or any portion thereof, title thereto or any interest therein or upon the payments in respect thereof pursuant to this Lease; and Lessee shall pay or cause to be discharged before they become liens any and all claims against, through or under Lessee and its successors or assigns which, if unpaid, would constitute or become a lien or a charge upon the Trust Estate, including the Equipment or any portion

thereof, or any payments hereunder, and shall pay or cause to be discharged any liens or charges which may be levied against or imposed upon the Equipment or any portion thereof or any payments hereunder; provided, however, that the Lessee shall not be required to pay or discharge any such lien or charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner by counsel of Lessee's choice which will not affect or endanger the title and interest of the Lessor to and in the Equipment or any portion thereof, nor shall the Lessee be required to pay or discharge any claim or lien with respect to any Unit to the extent that such claim or lien arises out of an event occurring after termination of this Lease as to such Unit (except as otherwise expressly provided in paragraphs 18(h)(i) or 24 hereof with respect to any period of storage); and provided, further, that the foregoing provisions of this paragraph 8(a) shall not apply to (i) the respective rights and interests of the Lessee, the Lessor, the Trustee and the Purchasers or other holders of the Notes under this Lease or any of the agreements referred to herein; (ii) liens or claims for Lessee's Assumed Tax Liabilities not yet due; (iii) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other similar liens or claims arising in the ordinary course of business, which are not delinquent,

or are bonded, or the enforcement of which has been suspended, but then only for the duration of such suspension; (iv) liens arising out of judgments or awards against the Lessee which have been bonded or which have been stayed pending an appeal or proceeding for review; or (v) any other Permitted Liens referred to in Part VI of Schedule B hereto.

(b) Lessor will not cause any lien, encumbrance or charge to be placed upon the Equipment or any portion thereof other than this Lease, the Lease Assignment or the Indenture, or any lien, charge or encumbrance to which Lessee consents. Without limiting any remedies which the Lessee may have against the Lessor by reason of the Lessor's failure to comply with the provisions of the foregoing sentence, the Lessee will promptly take such action (including, but not limited to, the payment of money) as may be necessary to remove and discharge, regardless of the cause thereof, all liens, encumbrances, security interests and charges in or on the Trust Estate (as defined in the Indenture), including the Equipment or any portion thereof or upon any interest in the Equipment of the Lessee, the Lessor or any 2.13 Transferee (as defined in the Indenture) which may arise at any time, other than Permitted Liens (as defined in Schedule B hereto) or any liens permitted under paragraph 8(a) hereof. The provisions of paragraph 8(a) and this paragraph 8(b) are

subject to those of paragraph 17(b) of this Lease.

(c) Lessee covenants and agrees to maintain or cause to be maintained the Lien of the Indenture as a first lien on the Trust Estate (as defined in the Indenture) and to protect and preserve the priority of the security interest intended to be created by the Indenture (subject to Permitted Encumbrances, as defined in the Indenture), on, from and after the date hereof.

9. INDEMNIFICATION:

Lessee shall pay, and shall protect, indemnify and hold Lessor and Lessor's officers, directors, agents and shareholders and each Purchaser and the holders from time to time of the Notes (each being referred to in this paragraph 9 as an "Indemnified Person") harmless from and against, any and all liabilities, losses, damages, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses), claims, demands or judgments of any nature arising, or alleged to arise, from or in connection with (i) any injury to, or the death of, any person or any damage to or loss of property in any manner growing out of or connected with, or alleged to grow out of or be connected with, the ownership, possession, use, non-use, leasing, operation, storage, delivery, maintenance, repair, rebuilding, condition or return of the Equipment or any portion thereof or of any

other real or personal property used or occupied in connection with the Equipment or any portion thereof (unless such real or personal property is under the control of any such Indemnified Person), including without limitation claims based upon strict liability in tort, or which may be attributable to any defect in the Equipment or any portion thereof arising from the materials or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, or testing of the Equipment or any portion thereof, regardless of when such defect shall be discovered, and whether or not such Equipment or portion thereof is at the time in the possession of Lessee; (ii) any violation, or alleged violation, of any provision of this Lease or of any law, rule, regulation, ordinance, restriction or insurance policy, now or hereafter in effect, or of any agreement to which Lessee is a party or by which it is bound, now or hereafter in effect, relating to the ownership, possession, use, non-use, leasing, operation, storage, delivery, maintenance, repair, rebuilding, condition or return of the Equipment or any portion thereof; (iii) alleged patent infringement relating to the Equipment or any portion thereof or to the use thereof; (iv) any contest permitted by paragraph 17(b) hereof; (v) Lessee's failure to pay any Additional Rent when and as same shall become due and

payable; or (vi) any action taken by Lessee which materially and adversely affects the marketability of title to the Equipment, materially and adversely affects the market value of the Equipment or materially and adversely impairs the use of the Equipment for the purposes for which it is held by Lessee, unless such action is expressly permitted by the provisions of this Lease. In no event, however, shall the foregoing indemnity extend to events occurring after the term of this Lease. Each Indemnified Person will promptly notify Lessee of any claim asserted against it on account of any of the foregoing matters and shall promptly deliver to Lessee the original or a true copy of any summons or other process, pleading or notice issued in any action, suit or proceeding to assert or enforce any such claim. Lessee may and, upon request of an Indemnified Person, shall, at Lessee's expense, resist and defend any such suit with attorneys designated by Lessee, and such Indemnified Person shall have the right, if it sees fit, to participate in such defense at its own expense. The provisions of this paragraph 9 shall not require Lessee to pay an Indemnified Person for any liability, loss, damage, cost or expense satisfied and discharged out of the proceeds of insurance required by this Lease or other insurance which otherwise insures against the same. For the purposes of the foregoing, the term "shareholders" shall be deemed to include the shareholders of any corporation which is a shareholder.

10. MAINTENANCE AND REPAIR; COMPLIANCE WITH LAW AND AGREEMENTS:

(a) The Lessee shall, at its expense, maintain, service and repair each of the Units to the same extent as the Lessee would, in the prudent management of its own properties, maintain, service and repair similar equipment owned by the Lessee and in any event to the extent required to maintain such Unit in good operating condition, order, repair and appearance, ordinary wear and tear excepted, and in compliance with paragraph 10(b) hereof. At all times during the term hereof such Units shall be suitable for use in interchange. Lessee will at its own expense replace or make substitutions for the Equipment or any portion thereof which has become worn out or obsolete for use in Lessee's business, and will within a reasonable time replace or cause to be replaced all appliances, parts, instruments, appurtenances, accessories or other equipment of whatever nature (in this paragraph 10 collectively called "parts") which may from time to time be a part of or installed on or attached to any Unit and which, pursuant to paragraph 10(d) hereof, have become accessions thereto, and which may from time to time become worn-out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. All such replacements and substitutions (except for temporary replacements referred to in paragraph 10(d) hereof) shall be

free and clear of all liens, encumbrances and rights of others and shall be in as good operating condition as, and shall have a value and utility at least equal to, that of the property replaced or substituted for, assuming such property was in the condition and repair required to be maintained under this Lease. Lessor shall not be liable to any manufacturers, contractors, subcontractors, laborers, suppliers, materialmen or vendors for services performed on or in connection with the Equipment or any portion thereof. Lessor shall in no event be required to maintain, alter, service, repair or replace the Equipment or any portion thereof, and Lessee hereby expressly waives any right which may be provided for in any law now or hereafter in effect to make or do such maintenance, alteration, service, repair or replacement at the expense of Lessor.

(b) Lessee shall, at its sole cost and expense, comply, and cause each Unit to comply, with all applicable laws, rules, regulations, ordinances, and restrictions of the jurisdictions in which operations involving the Equipment may extend, now or hereafter in effect (including without limitation all lawful rules of the United States Department of Transportation and the Interstate Commerce Commission), with the interchange rules (as may be from time to time amended) of the Association of American Railroads, with all insurance policies, now or

hereafter in effect, and all applicable agreements to which Lessee is a party or by which it is bound, now or hereafter in effect, materially affecting the Equipment or any portion thereof or the ownership, possession, use, non-use, leasing, operation, storage, delivery, maintenance, repair, return or condition thereof, whether or not any such law, rule, regulation, ordinance or restriction hereafter enacted or adopted involves a change of policy on the part of the governmental or administrative body or other authority enacting or adopting the same, including those which require the making of any structural, unforeseen or extraordinary changes in or safeguards for, the Equipment or any portion thereof.

(c) Any action taken by Lessee pursuant to subparagraphs (a) and (b) of this paragraph 10 shall be taken in conformity with the requirements of paragraph 11(a).

(d) Any replacements of or substitutions for any Unit or Units and any replacements of parts made or caused to be made by the Lessee with respect to the Equipment pursuant to this paragraph 10 shall be considered accessions thereto and title thereto shall be immediately vested in the Lessor, without further act or deed and without expense to the Lessor, except for parts installed temporarily pending completion of

permanent repairs or replacements; provided, that (x) the Lessee shall be required to substitute for such temporary replacement part a further replacement part meeting the requirements for replacement parts specified in paragraph 10(a) hereof, or cause each such temporary replacement part to meet such requirements as promptly as practicable, but in any event within the shorter of twelve months from the date of such replacement or the date of expiration or other termination of this Lease, and (y) title to the removed part shall remain in the Lessor until the requirements of the preceding clause (x) shall be satisfied, at which time title to the removed part shall vest in such person as shall be designated by the Lessee, free and clear of all rights of the Lessor; and provided, further, that all expenses incurred in such installation and removal shall be borne by the Lessee.

(e) The Lessee shall permit the Equipment or any portion thereof to be inspected as and when required by any governmental authorities having jurisdiction over the same.

11. OPTIONAL ADDITIONS, ALTERATIONS, REPLACEMENTS AND SUBSTITUTIONS; SALE OF EQUIPMENT

(a) Lessee may, at its sole cost and expense, make improvements to, or alterations of, and may replace or make substitutions for, the Equipment or any portion thereof, in conformity with the requirements of this paragraph 11(a). Subject to the provisions of paragraph 11(b), all such improvements, alterations, replacements and substitutions shall

constitute accessions to the Equipment and title thereto shall be immediately vested in Lessor, without further act or deed and without expense to Lessor. Any action hereunder shall be deemed to have been taken in conformity with the requirements of this paragraph 11(a), if (i) the market value of the Equipment shall not be materially lessened or diminished by reason thereof, (ii) such action shall have been expeditiously completed in a good and workmanlike manner and in compliance with the requirements of paragraph 10(b) hereof, (iii) Lessee shall have procured and paid for any permits and licenses required in connection therewith, and (iv) in the case of any action other than an action described in paragraph 11(b), Lessee shall, prior to the taking of any such action, have obtained Lessor's consent thereto and shall, if requested by Lessor, have furnished Lessor with an acceptable surety bond or bonds, or other security satisfactory to Lessor, to assure compliance with the requirements specified in clauses (i), (ii) and (iii) of this paragraph 11(a).

(b) Subject to the provisions of paragraph 2(a) hereof, Lessee may, at its sole cost and expense, as improvements to any Unit or replacement thereof or substitution therefor, install or place or reinstall or replace upon such Unit, replacement thereof or substitution therefor, any appurtenance or attachment, in conformity with the requirements of paragraph 11(a), which may be removed from such Unit without

diminishing the market value thereof (such market value not to include the value of such appurtenance or attachment); and such appurtenances and attachments shall not be considered accessions to the Equipment and title thereto shall remain in Lessee. At the expiration of the Basic Term hereof, Lessee shall remove all such appurtenances and attachments at Lessee's expense upon demand by Lessor.

(c) Any provision of this Lease to the contrary notwithstanding, Lessee is hereby authorized and empowered to sell or otherwise dispose of any portion or portions of the Equipment from time to time and without notice to or consent of Lessor, provided, that at the time of any such sale or other disposition no default or Event of Default shall have occurred and be continuing hereunder, and provided, further, that the aggregate Capitalized Cost of all portions of the Equipment sold or otherwise disposed of by Lessee as permitted by this paragraph 11(c) and not theretofore replaced or substituted for or purchased by Lessee pursuant to any provision of this Lease shall not, after giving effect to such sale or disposition and any concurrent replacements, substitutions or purchases, exceed \$100,000. Upon the sale or other disposition of any portion or portions of the Equipment as permitted by this paragraph 11(c):

(i) this Lease shall remain in full effect,
but Lessee shall be relieved of any obligation to

repair, replace or make substitution for such portion or portions of the Equipment which may have arisen prior to such sale or other disposition;

(ii) for the purpose of the title of the transferee thereof, such portion or portions of the Equipment shall not be deemed to be subject to or otherwise encumbered by this Lease or any right, title or interest of Lessor or Lessee hereunder;

(iii) Basic Rent theretofore payable with respect to such portion or portions of the Equipment shall continue without abatement or reduction; and

(iv) for the purpose of confirming the transfer of title to such portion or portions of the Equipment to any transferee thereof, Lessor shall, at the request of Lessee, execute and deliver to Lessee or its designee an appropriate instrument or instruments of transfer covering such portion or portions of the Equipment and an instrument releasing the same from this Lease. Lessee shall pay all taxes, fees, costs and expenses of whatever kind which may become payable in connection with the subject matter of this paragraph 11(c).

(d) Lessee shall be entitled to receive and retain the consideration, if any, for any sale or other disposition permitted by paragraph 11(c) without accounting to Lessor therefor. Any portion or portions of the Equipment sold or otherwise disposed of as permitted by paragraph 11(c) may be replaced or substituted for by Lessee in accordance with the provisions of paragraph 11(a), or may be purchased by Lessee in accordance with paragraph 15(c), at any time during the term of this Lease, but Lessee shall not be obligated to replace, or make substitution for, or to purchase, any such portion or portions of the Equipment.

12. CASUALTY OCCURRENCES

(a) Subject to the provisions of this paragraph 12, Lessee hereby assigns, without right of set-off, counterclaim, deduction, defense, abatement or diminution of any kind, to Lessor any award, compensation, insurance proceeds or other payment to which Lessee may become entitled, whether the same shall be payable in respect of Lessee's interest hereunder or otherwise in respect of the Equipment, (i) if the Equipment or any portion thereof shall become worn out, lost, stolen, destroyed, damaged or otherwise rendered unfit for use, from whatever cause, or (ii) by reason of any condemnation, confiscation, requisition or other taking of the possession, use, or leasing of or title to the Equipment or any portion thereof in, by or on account of any completed, pending or threatened proceedings or other action by any

governmental authority or other person having the power of eminent domain. An occurrence of the character referred to in clauses (i) and (ii) of this paragraph 12(a) is herein called a "Casualty Occurrence". Lessee is hereby authorized and empowered, at its cost and expense, in the name and behalf of Lessor, Lessee or otherwise, to appear in any such proceedings or other action, to negotiate, accept, file and prosecute any claim for any award, compensation, insurance proceeds or other payment on account of any such loss, damage, destruction, condemnation, confiscation, requisition or other taking, and to collect and receipt for any such award, compensation or other payment, provided that Lessor may, in its discretion, question or contest the amount thereof and may join or otherwise appear in any such proceedings. All amounts so paid or payable to or received or receivable by Lessor or Lessee shall be retained by such party or paid over to the other party in accordance with the provisions of this paragraph 12. Lessee shall take such action in connection with each such claim, proceedings or other action as shall be appropriate to protect the interests of Lessor and Lessee. Lessee shall pay all fees, costs and other expenses which may become payable as a result of or in connection with the subject matter of this paragraph 12.

(b) If, after any Casualty Occurrence, the President or any Vice President or board of directors of Lessee determines that either (i) the repair and restoration of the Equipment or any portion thereof in respect of which such Casualty Occurrence has occurred (in this paragraph 12 called "the Affected Unit or Units"), to a value and commercial utility comparable to that existing immediately prior to such Casualty Occurrence would be impracticable for reasons other than the use and operation of the Affected Unit or Units in Lessee's business having become uneconomic prior to such Casualty Occurrence, or (ii) it is reasonably anticipated that the Lessee shall be deprived of the use of the Equipment or any portion thereof for a period of at least three years by virtue of an occurrence of the character referred to in clause (ii) of paragraph 12(a) (also called "the Affected Unit or Units"), Lessee shall, within 60 days after such Casualty Occurrence or such longer time as Lessor may consent to in writing, give notice to Lessor of Lessee's intention to terminate this Lease as to the Affected Unit or Units. Such notice shall (i) specify such termination date, which shall be the Payment Date first occurring at least 60 days after such notice is given, (ii) contain a certification by Lessee that the President or any Vice President or board of directors of Lessee has made such a determination in good faith and that Lessee has discontinued, or has been deprived of, or within one calendar year of the date of such notice will have discontinued, or will have been deprived of, the use of the Affected

Unit or Units in Lessee's business, and (iii) contain a brief description of such Casualty Occurrence and of the basis for such determination. Upon the sending of such notice, Lessee shall become obligated to purchase Lessor's interest in the Affected Unit or Units (and/or a portion of the Net Award) on such termination date at the price therefor determined in accordance with Schedule B hereto. On such termination date, Lessor shall transfer, and Lessee shall purchase, Lessor's interest in the Affected Unit or Units (and/or a portion of the Net Award) in accordance with paragraph 14. Upon completion of such purchase, the Net Award to the extent (if any) attributable to the Affected Unit or Units shall belong to Lessee. If this Lease shall terminate as to less than the entire Equipment, upon such termination this Lease shall be amended to remove the description of the Affected Unit or Units as to which this Lease has terminated from the description of the Equipment and to reduce each instalment of Basic Rent thereafter payable under this Lease and the Unamortized Cost of the Equipment as of each Payment Date occurring thereafter by a fraction thereof, the numerator of which fraction shall be the aggregate Unamortized Cost of such Affected Unit or Units and the denominator of which fraction shall be the Unamortized Cost of the Equipment determined as of the date of termination, without adjustment in respect of any purchase price payable in connection with such termination.

(c) If, after any Casualty Occurrence, the President or any Vice President or board of directors of Lessee does not make a determination of the character referred to in paragraph 12(b) within the time permitted by paragraph 12(b), then (i) this Lease shall continue in effect without abatement of any Basic Rent, Additional Rent or other amounts payable by Lessee hereunder, (ii) Lessee shall, promptly after any such Casualty Occurrence and at its cost and expense, repair and restore the Affected Unit or Units (regardless of the availability of any Net Award), in conformity with the requirements of paragraphs 10 and 11(a), to the extent necessary and practicable to restore the Affected Unit or Units to a value and commercial utility comparable to that existing immediately prior to such Casualty Occurrence, (iii) the entire Net Award shall be paid or assigned to Lessee by Lessor, to the extent of the Net Award actually received by Lessor, upon receipt, if the amount of the Net Award does not exceed \$50,000 or, if the amount of the Net Award is more than \$50,000, from time to time (but not more frequently than monthly) upon receipt by Lessor of certificates of Lessee, signed by its President or a Vice President, requesting a payment on account of such repair and restoration, which shall certify that (1) the amount requested has been expended for repair and restoration required on account of such Casualty Occurrence and has not previously been paid to Lessee, (2) such repair and restoration to the date of such certificate has been done in conformity with the requirements of paragraphs 10 and 11(a), (3) no default or Event of Default hereunder shall have occurred and be continuing, and (4) this

Lease shall continue in effect without abatement of any Basic Rent and without releasing Lessee from any of its obligations hereunder. Upon completion of such repair and restoration as provided in this paragraph 12(c), or if no such repair or restoration is necessary, Lessee shall deliver a certificate to Lessor to such effect, signed by the President or Vice President of Lessee, and upon receipt of such certificate, Lessor shall pay Lessee the balance, if any of such Net Award actually received by Lessor, or shall assign to Lessee such right as Lessor has to receive the same. If the costs and expenses of such repair or restoration shall exceed the amount of the Net Award, any deficiency shall be paid by Lessee. Notwithstanding the foregoing, Lessee shall not be entitled to receive payment of any portion of the Net Award, and Lessor shall not be obligated to pay or assign any portion of the Net Award to Lessee, if and so long as any default or Event of Default hereunder shall have occurred and be continuing.

(d) Notwithstanding anything to the contrary contained in this Lease, Lessee will furnish to Lessor, within 60 days after each anniversary of the commencement of the term of this Lease, full information regarding any Casualty Occurrence to the Equipment in an amount in excess of \$25,000 occurring during the 12 months preceding such anniversary.

(e) In the event that the Net Award is paid directly to Lessee by any common carrier by rail as a result of any Casualty Occurrence, Lessee shall be entitled to retain such Net Award and shall apply it to the repair or restoration of

the Affected Unit or Units pursuant to paragraph 12(b) or 12(c).

13. INSURANCE

(a) Lessee will, at all times during the term hereof and at its sole cost and expense, maintain insurance policies insuring against loss or damage to the Equipment from such risks and in such amounts as Lessee would, in the prudent management of its properties, maintain with respect to comparable equipment owned by it; provided, that the amount of such insurance with respect to each Unit shall not be at any time less than the Unamortized Cost thereof as of the next following Payment Date. Such insurance shall be carried under the Lessee's blanket insurance policies (including under any program of self-insurance) covering railway rolling stock. Insurance policies maintained by Lessee hereunder shall name as additional insureds Lessor, as owner of the equipment, and the Trustee, as the holder of a security interest in the Equipment, and shall be made payable to Lessor, the Trustee and Lessee as their interests may appear. Such insurance may provide for such minimum deductible amounts as are customarily provided for in insurance maintained by Lessee or other comparable corporations on similar properties owned or leased by them, and may be obtained by Lessee by endorsement on blanket insurance policies maintained by Lessee, provided that such policies satisfy the requirements specified above in this paragraph 13(a) and provide for a reserved amount with respect to the Equipment so as to assure that the required amount of such insurance will continue to be available with respect to the

Equipment notwithstanding any losses with respect to other property covered by such blanket insurance. Lessor shall not be required to prosecute any claim against any insurer or to contest any settlement proposed by any insurer, provided that Lessee may, at its cost and expense, prosecute any such claim or contest any such settlement, and in such event Lessee may bring any such prosecution or contest in the name of Lessor, Lessee, the Trustee, or all thereof, and Lessor will join therein at Lessee's request upon receipt by Lessor of an indemnity from Lessee satisfactory to Lessor against all costs, liabilities and expenses in connection with such prosecution or contest.

(b) Insurance claims by reason of damage to or destruction of the Equipment or any portion thereof shall be adjusted by Lessee.

(c) Every insurance policy maintained pursuant to this paragraph 13 shall provide (i) that the issuer thereof waives all rights of subrogation against Lessor, any successor to Lessor's interest in the Equipment or any portion thereof and the Trustee, (ii) that 30 days' prior written notice of cancellation, termination, modification or lapse of coverage shall be given to Lessor and to the Trustee, and (iii) that such insurance, as to the interest of the Trustee therein, shall not be invalidated by any act or neglect of Lessor or Lessee or any owner of the Equipment or any portion thereof or of any interest therein or with respect thereto, nor by any foreclosure or any other proceedings or notices thereof

relating to the Equipment or any portion thereof or any interest therein or with respect thereto, nor by any change in the title or ownership of the Equipment or any portion thereof or any interest therein or with respect thereto, nor by use of the Equipment or any portion thereof for purposes more hazardous than are permitted by such policy. No such policy shall contain a provision relieving the issuer thereof of liability for any loss by reason of the existence of other policies of insurance covering the Equipment or any portion thereof against the peril involved.

(d) Lessee shall deliver to Lessor, upon the execution and delivery of this Lease, original or duplicate policies or certificates of insurers satisfactory to Lessor and to the Trustee, evidencing all the insurance which is then required to be maintained by Lessee, and Lessee shall, within 30 days prior to the expiration of any such insurance, deliver other original or duplicate policies or certificates of insurers evidencing the renewal of such insurance or substitution of new insurance meeting the requirements of this paragraph 13.

(e) Lessee shall not obtain or carry separate insurance concurrent in form or contributing in the event of loss with that required in this paragraph 13 to be furnished by Lessee unless Lessor and the Trustee are included therein as named insureds, with loss payable as in this Lease provided,

or unless such separate insurance is in an amount in excess of that required hereunder. Lessee shall immediately notify Lessor and the Trustee whenever any such separate insurance is obtained and shall deliver to Lessor and to the Trustee the original policy or duplicate policy or policies or certificates evidencing the same.

14. TRANSFER OF TITLE

(a) In the event of the purchase of Lessor's interest in the Equipment or any portion thereof (or the Net Award) by Lessee or any other transfer thereof by Lessor (including without limitation pursuant to paragraph 20(c) hereof) pursuant to any provision of this Lease, Lessor shall not be obligated to give any better title thereto than existed at the commencement of the term of this Lease, and Lessee shall accept such title, subject, however, to all Permitted Liens and other liens, encumbrances, charges, exceptions and restrictions attaching thereto after the commencement of the term of this Lease, which were not created or caused by Lessor, and to all applicable laws, rules, regulations, ordinances and restrictions then in effect.

(b) On or prior to the date fixed for the purchase or other transfer of Lessor's interest in the Equipment or any portion thereof (or the Net Award) by Lessee pursuant to any provision of this Lease, Lessee, if required by this Lease, shall pay to Lessor, in lawful money of the United States,

at its address for purposes of this Lease or at any other place in the United States designated by Lessor, the purchase price therefor provided for herein, and Lessor shall there deliver to Lessee (or, at Lessee's request, to any designee of Lessee) an appropriate instrument or instruments of transfer, with covenants against acts of Lessor, which shall transfer the title described in paragraph 14(a). Lessee shall pay all costs, charges and expenses incident to such transfer of title, including, without limitation, all recording fees and federal, state and local taxes. Upon completion of such purchase (other than a purchase of a portion of the Equipment pursuant to paragraph 12(b) or 15(c)), but not prior thereto (regardless of the reason for any delay or inability to complete such purchase which may occur in consummating such purchase and whether or not such delay is due to the fault of Lessor or the inability to transfer such title), this Lease shall terminate.

15. EFFECT OF TERMINATION; ADDITIONAL TERMINATION RIGHTS AND OBLIGATIONS OF LESSEE; OPTIONS TO PURCHASE:

(a) In the event of the termination of this Lease as to all or any portion of the Equipment as herein provided, the obligations and liabilities of Lessee, actual or contingent, under this Lease which accrued prior to such termination shall survive such termination, except that, in the event of a purchase of Lessor's interest in the Equipment or any portion thereof (or the Net Award) by Lessee pursuant to any

provision of this Lease, Lessee shall be relieved from any obligation to repair and restore the Equipment or such portion thereof which arose from the occurrence which gave rise to such termination.

(b) If any termination of this Lease shall occur on a Payment Date, (i) Basic Rent due and payable on such Payment Date shall remain due and payable on such Payment Date without abatement, and (ii) all amounts payable by Lessee in connection with any purchase of the Equipment or any portion thereof on such Payment Date shall be in addition to the amount then due and payable as Basic Rent.

(c) If, at any time after the tenth anniversary date of the commencement of the Basic Term hereof, Lessee's President or any Vice President or board of directors is of the opinion that the Equipment or any portion thereof (in this paragraph 15(c) called "the Affected Property") has become obsolete or that its use and operation have become uneconomic and for such reason such officer or board of directors has determined to discontinue the use and operation of the Affected Property in Lessee's business, Lessee shall, within 90 days after such determination or such longer time as Lessor may consent to in writing, give notice to Lessor of Lessee's intention to terminate this Lease as to the Affected Property. Such notice shall (i) specify such termination date, which shall be the Payment Date first occurring at least 60 days after such

notice is given, (ii) contain a certification by Lessee that such officer or board of directors of Lessee has made a good faith determination that the Affected Property has become obsolete or that its continued use and operation have become uneconomic and for such reason such officer or board of directors of Lessee has determined to discontinue, or within one calendar year of the date of such notice will discontinue, the use and operation of the Affected Property in Lessee's business, (iii) contain a brief description of the basis for such determination, and (iv) certify that no default or Event of Default hereunder has occurred and is continuing. Upon the sending of such notice, Lessee shall become obligated to purchase Lessor's interest in the Affected Property on such termination date at the price therefor determined in accordance with Schedule B hereto. On such termination date, Lessor shall transfer, and Lessee shall purchase, Lessor's interest in the Affected Property in accordance with paragraph 14. If this Lease shall terminate as to less than the entire Equipment, upon such termination this Lease shall be amended to remove the description of the Affected Property as to which this Lease has terminated from the description of the Equipment and to reduce each instalment of Basic Rent thereafter payable under this Lease and the Unamortized Cost of the Equipment, respectively, as of each Payment Date occurring thereafter by a fraction thereof, the numerator of which fraction

shall be the aggregate Unamortized Cost of the Affected Property and the denominator of which fraction shall be the Unamortized Cost of the Equipment determined in accordance with Schedule B hereto as of the date of termination, without adjustment in respect of any purchase price payable in connection with such termination.

(d) Lessee is hereby granted an option to purchase all of the Equipment at the purchase price therefor determined in accordance with Schedule B hereto on any date on or after August 1, 1985 and prior to August 1, 1988. Lessee shall exercise any such option by giving notice to Lessor of Lessee's intention to purchase the Equipment on a date specified in such notice, which purchase date shall occur at least 45 days after the date such notice is sent. On such purchase date Lessor shall transfer, and Lessee shall purchase, the Equipment in accordance with paragraph 14 hereof.

16. SUBLETTING; ASSIGNMENT:

(a) Lessee may sublet the Equipment or any portion thereof without consent of the Lessor provided that each such sublease shall expressly be made subject to the provisions of this Lease, and may assign its interest under this Lease. No such sublease or assignment shall in any way impair, diminish, reduce or otherwise affect any obligation of Lessee or rights

of Lessor hereunder, and all obligations of Lessee hereunder shall continue in full effect as the obligations of a principal and not of a guarantor or surety, as though no subletting or assignment had been made; provided, however, that if any permitted subtenant or assignee fully performs any of Lessee's obligations hereunder, and in accordance with the provisions hereof, Lessor will accept such performance.

(b) Lessor may mortgage, assign or otherwise transfer its right, title and interest hereunder or in the Equipment or any portion thereof without the consent of Lessee, provided that any such transfer is subject to this Lease and to Lessee's rights and options hereunder and provided that Lessor's obligations hereunder shall continue in full force and effect. If any such assignment is made as collateral security, the execution and delivery thereof shall not in any way impair, diminish, reduce or otherwise affect any obligation of Lessor under this Lease nor impose any such obligation on the assignee. Any right, title or interest assigned as permitted by this paragraph 16(b) may be assigned and reassigned in like manner by any assignee thereof.

17. ADVANCES BY LESSOR; PERMITTED CONTESTS:

(a) If Lessee shall fail to make or perform any payment or act on its part to be made or performed under this

Lease, then, subject to the provisions of paragraph 17(b), Lessor may, without notice to or demand upon Lessee and without waiving any default or releasing Lessee from any obligation hereunder, make such payment or perform such act for the account and at the cost and expense of Lessee. All amounts so paid by Lessor and all necessary and incidental costs and expenses (including attorneys' fees and expenses) incurred in connection with the performance of any such act by Lessor, together with interest at the rate of 10% per annum (or at the highest rate permitted by applicable law, whichever is less) from the date of the making of such payment or of the incurring of such costs and expenses by Lessor, shall be payable by Lessee to Lessor on demand.

(b) Lessee shall not be required, nor shall Lessor have the right, to pay, discharge or remove any tax, charge, levy, assessment or lien, or any other imposition or encumbrance on or against the Equipment or any portion thereof, so long as Lessee shall, at its cost and expense, contest the existence, amount or validity thereof by appropriate proceedings which shall operate to prevent the collection of or other realization upon the tax, charge, levy, assessment or lien, or other imposition or encumbrance so contested and the sale, forfeiture or loss of the Equipment or any portion thereof or of any interest therein or of the

Basic Rent, Additional Rent or any other amounts payable by Lessee hereunder, or any portion thereof, to satisfy the same, and which shall not affect the payment in full of any Basic Rent payable hereunder or any use or disposition thereof by Lessor; provided, however, that Lessee shall have given such security as may be required in the proceedings and such reasonable security as may be reasonably demanded by Lessor to insure such payment and to prevent any sale or forfeiture of the Equipment or any portion thereof or of any interest therein by reason of such nonpayment; and, provided further, that Lessor would not be in any danger of criminal liability by reason of such nonpayment. Any Additional Rent or any other amount payable hereunder which is being contested as permitted by this paragraph 17(b) shall not be deemed to be due for purposes of paragraph 18(a)(i)(B).

18. CONDITIONAL LIMITATIONS--EVENTS OF DEFAULT AND REMEDIES:

(a) Any of the following events shall constitute an Event of Default under this Lease (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) Lessee shall

(A) fail to make any payment of any amount

of Basic Rent when and as the same shall become due and payable hereunder and such failure shall continue unremedied for a period of 3 business days, or

(B) fail to make any payment of any amount of Additional Rent or of any other amount payable by the Lessee hereunder when and as the same shall become due and payable hereunder and such failure shall continue unremedied for a period of 10 days, or

(C) default in the observance or performance of any other provision of this Lease to be observed or performed by Lessee hereunder or default in the observance or performance of any provision of any instrument other than this Lease pursuant to which Lessee undertakes obligations, or makes agreements, for the benefit of Lessor or any assignee of Lessor's rights as lessor under this Lease or of any Purchaser, and such default shall continue unremedied for a period of 30 days after Lessor shall have given to Lessee notice specifying such default and demanding that the same be cured; or

(ii) Lessee shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to the Bankruptcy Act or under any similar federal or state law, now or hereafter in effect, or shall be adjudicated a bankrupt or become insolvent, or shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall be dissolved, or shall suspend payment of its obligations, or shall take any corporate action in furtherance of any of the foregoing; or

(iii) a petition or answer shall be filed proposing the adjudication of Lessee as a bankrupt or its reorganization pursuant to the Bankruptcy Act or any similar federal or state law, now or hereafter in effect, and (A) Lessee shall consent to the filing thereof, or (B) such petition or answer shall not be discharged or denied or stayed within 90 days after the filing thereof; or

(iv) a receiver, trustee or liquidator (or other similar official) shall be appointed for or take possession or charge of Lessee or of all or substantially all of the business or assets of Lessee or of Lessee's interest in the Equipment, and if Lessee shall consent to or acquiesce in such appointment or the order of appointment is not vacated, set aside or stayed within 90 days; or

(v) the interest of Lessee in the Equipment shall be levied upon or attached in any proceeding and such process shall not be vacated or discharged or stayed within 90 days after such levy or attachment, unless Lessee shall be contesting such levy or attachment in good faith and in accordance with the requirements of paragraph 17(b); or

(vi) Lessee shall fail to make payment of principal, premium or interest on any note, bond, debenture or other evidence of indebtedness for money borrowed upon which Lessee may be or become liable beyond any period of grace provided with respect thereto, or shall fail to comply with any provision of any such evidence of indebtedness or any financing lease or instrument under which or pursuant to which any such evidence of indebtedness may be issued, if the effect of such failure is to cause, or permit the holder or holders thereof (or a trustee or agent on behalf of such holder or holders) to cause, such evidence of indebtedness to become due prior to its stated maturity and all indebtedness which would thereby become due prior to its stated maturity would in the aggregate equal more than \$ 200,000; or

(vii) any representation or warranty of Lessee set forth in this Lease or the Lease Assignment, or in any certificate or other instrument or paper delivered pursuant to

this Lease, the Lease Assignment, the Note Purchase Agreement or the Indenture, shall prove to be incorrect in any material respect as of the time when the same shall have been made.

(b) Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its election, declare this Lease to be in default; and, after the expiration of five (5) days from the giving of notice by Lessor to Lessee of any such declaration and, so long as Lessee shall not have remedied all outstanding Events of Default, the Lessor may do, and the Lessee shall comply with, one or more of the following, as the Lessor in its sole discretion shall elect:

(i) proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by Lessee of the applicable provisions of this Lease or to recover damages for the breach thereof; or

(ii) by notice to Lessee, terminate this Lease, whereupon every interest, right and option of Lessee hereunder in or with respect to the Equipment shall forthwith terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessor shall have the immediate right to seize and take possession and control of the Equipment and Lessee shall forthwith deliver possession of the Equipment

to Lessor in compliance with the requirements of paragraph 18(h) hereof; and Lessor may thenceforth hold, use, possess, operate, lease, deal in and with or sell to others or otherwise dispose of, the Equipment or any portion thereof, on all such terms and conditions and at such place or places as Lessor may determine, free from any rights of Lessee and any person claiming through or under Lessee; and Lessor shall use its best efforts to sell or lease the Equipment; but Lessor shall, nevertheless, have the right to recover forthwith from Lessee:

(A) any and all Basic Rent and Additional Rent and all other amounts payable by Lessee hereunder which may then be due and unpaid or which may then be accrued and unpaid,

(B) except as otherwise provided in paragraph 18(c), as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the aggregate Unamortized Cost of the Equipment computed as of the Payment Date immediately preceding such notice (or as of the date of such notice, if that date is a Payment Date), together with interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate of

9 3/4% per annum from such Payment Date to and including the date of actual payment, which shall be not less than 10 days nor more than 30 days from the date of such notice, and Lessor shall pay over to Lessee the net proceeds of any sale, leasing or other disposition of the Equipment after deducting all costs and expenses whatsoever incurred by Lessor in connection therewith to the extent such net proceeds do not exceed the amount of such aggregate Unamortized Cost and interest actually paid by the Lessee, and

(C) any and all other damages and expenses (including, without limitation, attorneys' fees and expenses) which Lessor shall have sustained by reason of the breach of any provision of this Lease; or

(iii) declare all Basic Rent for the balance of the term of this Lease then in effect, discounted in accordance with accepted financial practice at the rate of 9 3/4% per annum to then present worth, to be immediately due and payable, as though expressly made payable in advance prior to the occurrence of such Event of Default, in which case Basic Rent so becoming due and payable in advance, as well as all Basic Rent then due and unpaid,

may be recovered in any suit, action or other legal proceeding; provided, that if Lessor shall exercise such remedy and Lessee shall have paid in full all Basic Rent so declared due and payable and all Basic Rent then due and unpaid, Lessee shall thereafter have the right to use and possession of the Equipment for the entire period in respect of which Basic Rent shall have been so accelerated by Lessor, unless and until a further Event of Default (other than an Event of Default of the character specified in clause (ii), (iii) or (iv) of paragraph 18(a)) shall occur.

Except as provided in clause (ii) of paragraph 18(b), Lessee hereby waives, to the full extent not prohibited by law, any right it may now have or which may hereafter be conferred upon it to require the sale or leasing, in mitigation of damages, of the Equipment or any portion thereof.

(c) Nothing herein contained shall limit or prejudice the right of Lessor, in any legal, administrative or other proceedings, to prove for and obtain as liquidated damages by reason of the termination of this Lease pursuant to paragraph 18(b)(ii), an amount equal to the maximum allowed by any statute, regulation or rule governing the proceedings in which such damages are to be proved, whether or not such amount shall be greater or less than the amount referred to in paragraph 18(b)(ii)(B).

(d) Unless this Lease shall have been terminated as in paragraph 18(b)(ii) provided or as permitted by law, if Lessor shall obtain possession of the Equipment or any portion thereof following an Event of Default hereunder, Lessor shall have the right, without notice, to repair or alter such Equipment in such manner as to Lessor may seem appropriate to put the same in good order and to make the same rentable, and shall have the right, at Lessor's option, to re-let such Equipment, and Lessee agrees to pay to Lessor on demand all fees, costs and expenses incurred by Lessor in obtaining possession, and in altering, repairing and putting such Equipment in good order and condition, and in reletting the same, including reasonable fees and expenses of attorneys, engineers, mechanics, and other skilled persons, and other reasonable expenses and commissions, and, to the extent not theretofore paid by Lessee, to pay to Lessor upon the Payment Dates occurring thereafter until the end of the term of this Lease as then in effect the amounts of money herein specified to be payable by Lessee as Basic Rent hereunder upon such Payment Dates and all amounts then payable as Additional Rent hereunder and any other amounts payable by Lessee hereunder (for all of which amounts Lessee agrees to remain liable, to the extent provided in this paragraph 18(d), even though Lessor obtains possession of all or any portion

of the Equipment as permitted by this Lease), deducting any rent which Lessor shall actually receive in the meantime from any reletting of such Equipment, and Lessor shall have the right from time to time to begin and maintain successive legal proceedings against Lessee for the recovery of any such deficiency or damages, and to recover the same upon the liability of Lessee herein provided, which liability it is expressly agreed shall survive the institution of any action to secure possession of the Equipment or any portion thereof. Nothing herein contained shall require Lessor to wait to begin such legal proceedings until the end of the term of this Lease as then in effect. No such taking of possession by Lessor shall be construed as an election on Lessor's part to terminate this Lease unless notice of such intention be given to Lessee or unless such termination be decreed by a court of competent jurisdiction.

(e) To the full extent not prohibited by law, Lessee hereby waives and releases all rights now or hereafter conferred by statute or otherwise which would have the effect of limiting or modifying any of the provisions of this paragraph 18. Lessee will execute, acknowledge and deliver any instrument which Lessor may reasonably request, whether before or after the occurrence of an Event of Default hereunder, evidencing such waiver or release.

(f) If Lessee shall be in default in the observance or performance of any provision of this Lease, and an action shall be brought by Lessor or its assignee for the enforcement thereof in which it shall be determined that Lessee was in default, Lessee shall pay to Lessor or such assignee all fees, costs and other expenses which may become payable as a result thereof or in connection therewith, including reasonable attorneys' fees and expenses. If Lessor shall without fault on its part be made a party to any litigation commenced against Lessee, and if Lessee shall not provide Lessor with counsel satisfactory to Lessor, Lessee shall pay all costs and reasonable attorneys' fees incurred or paid by Lessor in connection with such litigation.

(g) No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder or now or hereafter existing. The failure of Lessor to insist upon the strict performance of any provision or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. Receipt by Lessor of any Basic Rent or Additional Rent or any other amounts payable by Lessee hereunder with

knowledge of the breach of any provision contained in this Lease shall not constitute a waiver of such breach (other than the prior failure to pay such Basic Rent or Additional Rent or any other amounts payable by Lessee), and no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless made under signature of an officer of Lessor. Lessor shall be entitled, to the extent permitted by law, to injunctive relief in case of the violation, or attempted or threatened violation, of any provision of this Lease, or to a decree compelling observance or performance of any provision of this Lease, or to any other legal or equitable remedy.

(h) If this Lease shall terminate pursuant to this paragraph 18, Lessee shall forthwith deliver possession of the Equipment to Lessor and shall: (i) forthwith place the Equipment upon such storage tracks as Lessor may reasonably designate until the Equipment has been sold, leased or otherwise disposed of by Lessor, and (ii) cause the Equipment to be delivered to any carrier for shipment reasonably directed by Lessor. The Equipment shall be returned in the condition in which it is required to be maintained by Lessee under paragraph 10, shall be maintained, or caused to be maintained, by Lessee, at its own expense during the period of storage provided for in clause (i) of this paragraph 18(h), and shall be insured

by Lessee, at its own cost and expense, during such period of storage in accordance with paragraph 13; and at the time of such return and during such period of storage, shall be kept free and clear of all liens, charges, security interests and encumbrances in accordance with paragraph 8. The assembling, delivery, storage and transporting of the Equipment as in this paragraph 18(h) provided shall be at the sole expense and risk of Lessee and are of the essence of this Lease, and upon any application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the same. During any storage period, Lessee shall permit Lessor or any person designated by it to inspect the Equipment or any portion thereof.

Without in any way limiting the obligations of Lessee under the foregoing provisions of this paragraph 18(h), Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of the Equipment or any portion thereof to Lessor, to demand and take possession of the same in the name and on behalf of Lessee from whomsoever shall be in possession thereof at the time.

19. INVESTMENT TAX CREDIT:

Lessor shall, upon Lessee's request and at Lessee's cost and expense, execute such instruments, and shall take such other action, of the character described in Section 1.48-4 of the Income Tax Regulations (26 C.F.R. Section 1.48-4), as amended, or corresponding provisions of any successor regulations, as shall be reasonably necessary in Lessee's judgment to insure that Lessee will be entitled to any credit allowable under Section 38 of the Internal Revenue Code of 1954, as amended, in connection with the Equipment.

20. RECORDS; STATUS REPORTS AND SUPPLEMENTS; FINANCIAL REPORTS:

(a) Lessee shall maintain adequate records identifying and locating the Equipment as from time to time constituted, and shall permit Lessor, by its agents, accountants and attorneys to examine such records, take extracts therefrom and, not more often than semi-annually, discuss the same with Lessee's appropriate officers, as reasonable times during business hours.

(b) Within 60 days after each anniversary of the commencement of the term of this Lease, if any replacements of or substitutions for the Equipment or any portion thereof have been made pursuant to any provision of this Lease during the year ending on such anniversary, or if prior to any such anniversary

replacements of or substitutions for portions of the Equipment costing \$100,000 or more in the aggregate have been made since the last date as of which a bill of sale, an opinion of counsel and a certificate of Lessee were delivered pursuant to this paragraph 20(b), Lessee shall execute and deliver, or cause to be executed and delivered, to Lessor,

(i) one or more bills of sale or other appropriate instrument or instruments of transfer, with warranties of title and against any liens or encumbrances (except for Permitted Liens or other encumbrances allowed by paragraph 8 hereof), covering the replacement or substitute Equipment,

(ii) an opinion of counsel to Lessee (who may be an employee of Lessee) to the effect that

(A) Lessee has duly executed and delivered, pursuant to due authorization, any necessary supplements to this Lease and such bills of sale or other instruments of transfer executed by Lessee during such year or other period specified in this paragraph 20(b),

(B) such replacement or substitute Equipment has been effectively transferred and conveyed to Lessor by Lessee and subjected to this Lease and to the Lien of the Indenture,

(iii) a certificate as to the due filing and recording of all necessary documents (including financing statements and continuation statements under any applicable federal statute or Uniform Commercial Code) in the public offices in which such recordings and filings must be made in order to create and publish notice of or to continue the valid and effective first security interest in such replacement or substitute Equipment and the remaining Equipment created or intended to be created by the Indenture, and as to the payment in full by Lessee of all fees, taxes and charges payable in connection with such recordings and filings, and

(iv) a certificate of Lessee, which shall contain a statement to the effect that all replacements of or substitutions for the Equipment or any portion thereof required to be made by Lessee pursuant to this Lease have been made in compliance with the applicable provisions hereof, and which shall set forth the aggregate Capitalized Cost (as set forth in Schedule B hereto) of all portions of the Equipment disposed of by Lessee as permitted by paragraph 11(c) and not theretofore replaced or substituted for or purchased by Lessee pursuant to any provision of this Lease.

(c) At any time, at the reasonable request of Lessor or Lessee or any assignee of Lessor, Lessor and Lessee shall execute and deliver an instrument supplemental to this Lease,

which instrument shall supplement the Schedules to this Lease so as to reflect replacements, substitutions, releases, purchases, and any reductions of Basic Rent which have been theretofore effected as permitted or required by this Lease, and so as to specify Capitalized Cost of the Equipment (as contemplated by Schedule B hereto). In the event of any replacement or substitution pursuant to any provision of this Lease, Lessor shall, at the request of Lessee, execute and deliver to Lessee or its designee (i) an appropriate instrument or instruments of transfer covering the portion or portions of the Equipment so replaced or substituted for, and (ii) an instrument releasing the same from this Lease.

(d) Lessee shall pay all taxes, fees, costs and other expenses which may become payable as a result of or in connection with the subject matter of this paragraph 20.

21. NOTICES:

All notices and other instruments or communications pursuant to this Lease (including, without limitation, all agreements, acceptances, undertakings, demands, waivers, requests, consents, approvals, offers, statements and certificates) shall be in writing and shall be validly given if and when mailed by prepaid United States registered mail, return receipt requested, addressed to the person entitled to receive the same. Lessor and Lessee shall each have the right to

specify, from time to time, as its address for purposes of this Lease, any address in the United States upon giving 15 days' written notice thereof to each other person then entitled to receive notices or other instruments hereunder. The addresses of Lessor and Lessee for purposes of this Lease, until notice to the contrary has been given as above provided, shall be as follows:

LESSOR: HOPPER HOLDINGS CORP.
One William Street
New York, New York 10004
Attention: Alan R. Batkin

LESSEE: INTERNATIONAL MINERALS & CHEMICAL
CORPORATION
IMC Plaza
Libertyville, Illinois 60048
Attention: Treasurer

Each such writing given by Lessee pursuant to this Lease shall be signed by an officer or employee of Lessee authorized to sign such a writing in the name and on behalf of Lessee. If any notice or other instrument or communication shall be given otherwise than as specified in the preceding provisions of this paragraph 21, the same shall not be validly given until it is in fact received by the person to whom it is to be sent.

22. FURTHER ASSURANCES; ESTOPPEL CERTIFICATES:

Lessee agrees that at any time and from time to time, after the execution and delivery of this Lease, it shall execute and

deliver such further documents and do such other and further things as Lessor (unless the Lessor is in default hereunder) or the Trustee may reasonably request relating to the subject matter of this Lease in order to effect the purposes of this Lease and the Indenture, including but not limited to, any and all information necessary to enable Lessor properly to complete and file any and all federal and state (or political subdivision thereof) income tax returns in connection therewith. Without limiting the generality of the foregoing, Lessee will, from time to time upon not less than 10 days' prior written request by Lessor, but not more often than semi-annually, execute, acknowledge and deliver to Lessor a statement of Lessee, signed by its President or any Vice President and currently dated, certifying that this Lease is unmodified and in full effect (or, if there have been modifications, that this Lease is in full effect as modified, and identifying such modifications) and the dates to which the Basic Rent and Additional Rent and other amounts payable by Lessee hereunder have been paid and that there are no counterclaims, set-offs, deductions, defenses, abatements or diminutions of any kind or for any reason to the Basic Rent, Additional Rent and any and all other amounts payable by Lessee hereunder, and either stating that to the knowledge of the signer of

such certificate no default exists in the observance or performance of any provision contained in this Lease and no Event of Default hereunder has occurred and is continuing, or specifying each such default or Event of Default of which the signer may have knowledge, it being intended that any such statement delivered pursuant to this paragraph 22 may be relied upon by the Trustee and any holder of any Note issued by Lessor under the Indenture or by any prospective purchaser of Lessor's interest in the Equipment. Such statement shall also specify any new address referred to in paragraph 21 hereof.

Lessee agrees to prepare at Lessor's request and deliver to Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare and file on behalf of Lessor directly) any and all reports (other than income tax returns) to be filed by Lessor with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Equipment or the leasing thereof to Lessee. Lessor shall supply to Lessee any information which Lessee may reasonably request in connection with preparing such reports.

23. NO MERGER:

Prior to the payment of all of the indebtedness secured by the Indenture, there shall be no merger of this Lease

or of any right hereunder with any title to or interest in the Equipment or any portion thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, (a) this Lease or any interest in this Lease and (b) any title to or interest in the Equipment or any portion thereof, or by reason of the merger or consolidation of Lessor and Lessee; and this Lease shall not be terminated for any cause except as expressly provided herein.

24. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM; ABANDONMENT BY LESSOR:

(a) As soon as practicable on or after the expiration of the term of this Lease in the event all or any portion of the Equipment has not been purchased pursuant to the provisions of this Lease, Lessee will, at its sole cost and expense, at the request of Lessor, deliver such Equipment to Lessor upon such storage tracks as Lessor may reasonably designate, and store the same on such tracks for a period not exceeding 60 days and cause the same to be delivered, within such 60-day period, to any reasonable place designated by Lessor. Such Equipment shall be returned in the condition in which it is required to be maintained by Lessee under paragraph 10, shall be maintained by Lessee, at its sole cost and expense, in such condition

during the period of storage provided for in this paragraph 24 and shall be insured by Lessee, at its sole cost and expense, during such period of storage in accordance with paragraph 13; and at the time of such return and during such period of storage shall be kept free and clear of all liens, charges, security interests and encumbrances in accordance with paragraph 8. The movement and storage of such Equipment shall be at the expense and risk of Lessee. During any such storage period, Lessor or any person designated by Lessor may inspect such Equipment. The assembling, delivery, storage, insurance, maintenance and transportation of the Equipment as provided in this paragraph 24 are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring the same.

(b) If Lessor shall elect to abandon the Equipment or any portion thereof which has suffered a Casualty Occurrence or which after the expiration of this Lease Lessor shall deem to have suffered a Casualty Occurrence, it may deliver written notice to such effect to Lessee, but in no event later than two years after the expiration of this Lease, and Lessee shall thereupon assume and hold Lessor harmless from all liability in respect of ownership thereof accruing from and after receipt of such notice. Lessor shall execute and deliver to

Lessee an appropriate instrument or instruments of transfer, as specified in paragraph 14(b), with respect to any Equipment so abandoned. Lessee shall have no other liability to Lessor in respect of such Equipment abandoned by Lessor after termination of this Lease; provided, however, that this sentence shall not in any way relieve Lessee of its obligations under paragraph 12 in respect of any Equipment experiencing a Casualty Occurrence while this Lease is in effect.

25. MERGER, CONSOLIDATION, ETC.

(a) Lessee shall not consolidate with or merge into any other corporation or transfer its properties and assets substantially as an entirety to any person, unless:

(A) the corporation into which Lessee shall be consolidated or merged or the person which shall acquire by conveyance or transfer the properties and assets of Lessee substantially as an entirety shall be an entity organized and existing under the laws of the United States or any state thereof; and

(B) such successor entity shall expressly assume, by an appropriate supplement hereto executed and delivered to Lessor, in form and in substance satisfactory to Lessor and to Trustee, the due and punctual payment of all rents and other sums and the performance of each and every covenant and agreement of this

Lease on the part of Lessee to be paid, performed or observed; and

(C) immediately after giving effect to such transaction, no default or Event of Default shall have occurred and be continuing hereunder; and

(D) Lessee shall have delivered to Lessor and Trustee a certificate signed by the President, any Vice President or the Treasurer of Lessee and an opinion of counsel both to the effect that such merger, consolidation, conveyance or transfer and such supplement comply with the provisions of this paragraph 25 and that all conditions precedent provided for herein relating to such transaction have been complied with.

(b) Upon the consummation of any transaction permitted by paragraph 25(a), the successor entity shall succeed to, and be substituted for, and may exercise every right and option of, Lessee with the same effect as if such successor entity had been named as Lessee herein; provided, however, that no conveyance or transfer referred to in paragraph 25(a) shall have the effect of releasing the original Lessee or any successor entity which shall theretofore have become such in the manner prescribed in this paragraph 25 from its obligations under this Lease.

(c) Lessee shall not lease its properties and assets substantially as an entirety to any person.

26. SEPARABILITY:

Each provision contained in this Lease shall for all purposes be construed to be separate and independent and the breach of any such provision by Lessor shall not discharge or relieve Lessee from Lessee's obligation to observe and perform each and every agreement and covenant of this Lease to be observed or performed by Lessee. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

27. BINDING EFFECT; ENTIRE AGREEMENT

All provisions contained in this Lease shall be binding upon (subject to the provisions of paragraphs 16 and 25), inure to the benefit of and be enforceable by, the respective successors and permitted assigns of Lessor and Lessee to the same extent as if each such successor or assign were named as a party to this Lease. This Lease embodies the entire agreement between Lessor and Lessee relating to the subject matter hereof and supersedes all prior agreements

and understandings relating to such subject matter. Neither this Lease nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only as expressly provided herein or by an instrument signed by Lessor and Lessee. If Lessor shall transfer its interest in this Lease and in the Equipment or any portion thereof (other than as collateral security), from and after the time such transfer shall become effective, the term "Lessor" shall include both the transferee and the original Lessor hereunder.

28. LAW GOVERNING; GENERAL

This Lease shall be governed by and construed and enforced in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease or any financing statement respecting this Lease, the Lease Assignment or the Indenture as shall be conferred by the laws of the several jurisdictions in which any of the foregoing instruments shall be filed, recorded, registered or deposited.

The table of contents preceding this Lease and the headings to the various paragraphs of this Lease have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Lease. All references to paragraphs contained herein, unless

otherwise indicated, shall be to paragraphs of this Lease.

The words "herein", "hereof", "hereunder" and words of similar import refer to this Lease as a whole and not to any particular paragraph, clause or other subdivision hereof.

29. EXECUTION IN COUNTERPARTS:

This Lease will be simultaneously executed in 20 counterparts, each of which, when so executed and delivered, shall constitute an original, fully enforceable counterpart for all purposes except that only the counterpart stamped or marked "Counterpart Number 1" shall constitute "chattel paper" or other "collateral" within the meaning of the Uniform Commercial Code in effect in any jurisdiction.

30. ALLOWANCES AND DEMURRAGE PAYMENTS:

Lessor and Lessee agree that the Lessee is entitled to collect and retain all allowances paid by railroads with respect to the use of the Equipment and any demurrage payments made with respect to the Equipment.

31. UTILIZATION OF THE EQUIPMENT IN CANADA:

The Lessee shall be allowed to assign any Unit to service in any province or territory of Canada and in the State of Alaska; provided, however, that the Lessee covenants that in no event shall any Unit be assigned to such service

until, with respect to each such province or territory or Alaska in which such Unit shall be assigned, there shall have been filed or recorded such copies of this Lease, the Lease Assignment or the Indenture, and such other documents, as in the opinion of counsel acceptable to all the Purchasers may be required to create or perfect the Lien of the Indenture in such province or territory so as to afford to the Trustees and each Purchaser the practical realization of the benefits and security intended to be provided by such instruments. Lessee agrees to pay all costs and expenses in connection with such filing and recording, including, without limitation, reasonable counsel fees of special United States and Canadian counsel to the Purchasers.

32. FINANCIAL STATEMENTS AND REPORTS; RIGHT OF INSPECTION:

(a) The Lessee covenants that, until any termination of this Lease as provided herein, Lessee will:

(i) Deliver or cause to be delivered to each Purchaser (A) within 120 days after the end of each fiscal year of Lessee a consolidated balance sheet of Lessee and its Subsidiaries (as hereinafter defined) as of the end of such year, and the related statements of earnings, retained earnings, and changes in financial position of Lessee and its Subsidiaries for such fiscal year, setting forth in each case in comparative form the corresponding figures of the previous annual audit, all in reasonable detail and certified by independent public accountants of

recognized national standing selected by Lessee; (B) promptly upon their publication, any quarterly reports to the shareholders of Lessee in the form so published; (C) copies of all reports on Forms 10-K, 10-Q and 8-K (or such other reports as may be substituted therefor) as Lessee shall file with the Securities and Exchange Commission, promptly after the same are filed; and (D) if Lessee shall make available to any lending institution (other than The Prudential Insurance Company of America or any commercial bank) on a periodic basis consolidated financial information in greater detail or broader scope than that required by Clauses (A) through (C) of this paragraph 32(a)(i), the financial information so made available to such lending institution. Lessee will deliver to each Purchaser, concurrently with each delivery of financial statements required by Clause (A) above, a certificate signed by the President, a Vice President, the Treasurer or Controller of Lessee, stating that to the best of his knowledge, based on a review of the performance by Lessee of its obligations under this Lease, Lessee has fulfilled all of its obligations under the Lease throughout such year and to the date of such certificate, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof. The term "Subsidiaries" as used in this paragraph 32 shall

mean such subsidiaries of Lessee as are customarily included in consolidated financial statements of Lessee prepared in accordance with generally accepted accounting principles consistently applied.

(ii) Upon any default hereunder, permit any person designated in writing by the Trustee or any Purchaser, at all events at the expense of the Trustee or such Purchaser, during regular business hours to discuss the affairs, finances and accounts of Lessee with its officers insofar as such affairs, finances and accounts of Lessee reasonably relate to the ability of Lessee to meet its obligations under this Lease.

(iii) Deliver to any transferee of any Note the financial data and information referred to in paragraph 32(a)(i), and such transferee shall have the rights which may be exercised by any Purchaser pursuant to paragraph 32(a)(ii).

(b) The Lessor will deliver to the Lessee any document filed with the Trustee and delivered to each holder of any of the Notes pursuant to Section 2.10(c) of the Indenture.

33. PAYMENT OF FEES AND EXPENSES:

To the extent not otherwise provided in or inconsistent with other provisions of this Lease, the Lessee agrees to (i) pay and discharge the obligations of the Lessor referred to in paragraph 7 of the Note Purchase

Agreement and in Sections 2.03(b), 2.08, 2.11, 2.12(b) and 3.05 of the Indenture, respectively, and (ii) to bear all the expenses of the performance and discharge of the obligations of the Lessor referred to in paragraph 9 of the Note purchase Agreement and in Sections 2.03(a), 2.03(c), 2.06(a) and 2.12(c) of the Indenture, respectively.

34. DEFINITIONS:

When used in this Lease, each term defined in this paragraph 34 shall have the meanings indicated:

"Additional Rent" means all sums, liabilities, obligations and other amounts which Lessee is required to pay or discharge pursuant to this Lease in addition to Basic Rent (other than any amount payable as the purchase price for the Equipment or any portion thereof pursuant to any provision of this Lease and any amount payable as liquidated damages pursuant to paragraph 18(b)(ii)(B)), together with any interest or penalty.

"Basic Rent" means the rental provided for in Schedule B hereto.

"Basic Term" means the term described in paragraph 4 (ii) hereof.

"board of directors" means either the board of directors of the corporation referred to or any committee of such board of directors, however designated, authorized to exercise the powers of such board of directors in respect of the matter in question.

"Capitalized Cost" of the Equipment or any portion or portions of the Equipment, as the case may be, means the amount specified to be the Capitalized Cost thereof in Schedule B hereto.

"Casualty Occurrence" shall have the meaning specified in paragraph 12(a) hereof.

"counsel" means any legal counsel satisfactory to the Trustee, who may be of counsel to Trustee, or of counsel to, or employed in the law department of the Lessee.

"default" under this Lease means any act or occurrence which, with notice or lapse of time, or both, would constitute an Event of Default under this Lease.

"Equipment" means all the equipment now or hereafter described in Schedules A-1 and A-2 hereto as such Schedules shall be periodically supplemented as provided

in paragraph 20 hereof, including all accessories, equipment, parts and appurtenances appertaining or attached to any such Equipment, and all substitutions and replacements for and additions, improvements and accumulations to any and all of such Equipment as the same may become accessions to such Equipment under the provisions hereof.

"Event of Default" under this Lease means any occurrence or act of the character specified in paragraph 18(a) hereof.

"Indenture" means the Trust Indenture and Security Agreement of even date herewith between Lessor and the Trustee, as the same may be amended or supplemented from time to time as permitted thereby.

"Interim Term" means the term described in paragraph 4(i) hereof.

"Lease Assignment" means the Assignment of Lease of even date herewith between Lessor and the Trustee, and consented to by the Lessee, as the same may be amended or supplemented from time to time as permitted thereby and by the Indenture.

"Lessee's Assumed Tax Liabilities" shall have the meaning specified in paragraph 7(a) hereof.

"Lien of the Indenture" means the lien, security interest and every other interest or charge granted to the

Trustee by the Indenture (including the after-acquired property clauses thereof) or pursuant thereto or otherwise created, effectively constituting any property a part of the security held by the Trustee for the benefit of the holders of the Notes.

"Net Award" means the full amount of any award, compensation, insurance proceeds or other payment, if any, on account of any Casualty Occurrence, less any expenses incurred in collecting such award, compensation, insurance proceeds or other payment.

"Note" means any of, and "Notes" means all of, the Notes issued and, unless the context otherwise specifies or requires, outstanding under the Indenture.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of July 1, 1975 between Lessor and the Purchasers which provides for the purchase and sale of the Notes, as the same may be amended or supplemented from time to time as permitted thereby.

"outstanding", with reference to Notes, shall have the meaning specified in Article XI of the Indenture.

"Payment Dates" means the dates specified in Schedule B hereto on which instalments of Basic Rent shall

be payable hereunder by Lessee.

"Permitted Liens" shall have the meaning specified in part VI of Schedule B hereto.

"proceeding" means any suit in equity, action at law or other legal, administrative or equitable proceeding.

"Purchasers" means each of the addressees listed in Annex I to the Note Purchase Agreement.

"Trustee" means, collectively, Shawmut Bank of Boston, N.A., and L.H. Baker in their capacity as trustees under the Indenture, together with each additional trustee appointed under the provisions of Section 7.04 of the Indenture for the time being, and their respective successors in the trusts thereunder, collectively, or any of them, as the case may be.

"Unamortized Cost" of the Equipment or any portion or portions thereof, as the case may be, means the amount determined to be the Unamortized Cost thereof in accordance with part IV of Schedule B hereto.

"Unit" means any one of the hopper cars or tank cars described respectively in Schedules A-1 and A-2 hereto.

IN WITNESS WHEREOF, Lessor and Lessee hereto have each caused this Lease to be duly executed and delivered in

their respective names and behalf and under their respective corporate seals, all as of the day and year first above written.

HOPPER HOLDINGS CORP.

[CORPORATE SEAL]

By John M. Albano
President

Attest:

Ann D. Smith
Assistant Secretary

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION

[CORPORATE SEAL]

By James J. King
Vice President

Attest:

John R. Taylor
Assistant Secretary

NOTE: THE LESSOR'S INTEREST IN THIS EQUIPMENT LEASE AND AGREEMENT HAS BEEN ASSIGNED TO, AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, THE TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF JULY 1, 1975, BETWEEN HOPPER HOLDINGS CORP. AND SHAWMUT BANK OF BOSTON, N.A., AND L.H. BAKER AS TRUSTEE, AS SAID TRUST INDENTURE MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME AS PERMITTED THEREBY. THIS EQUIPMENT LEASE HAS BEEN EXECUTED IN 25 COUNTERPARTS, OF WHICH THIS IS COUNTERPART NUMBER 2. SEE PARAGRAPH 29 HEREOF FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

STATE OF ~~NEW YORK~~)
ILLINOIS)
LAKE) SS.:
COUNTY OF ~~NEW YORK~~)

On this 18th day of July, 1975, before me personally appeared James T. Gibson, Jr. to me personally known, who, being by me duly sworn, says that he is Vice President of International Minerals & Chemical Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its By-Laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Virginia Rebung
Notary Public

My Commission Expires March 20, 1977

SCHEDULE A-1

DESCRIPTION OF THE HOPPER CARS

One Hundred Fifty-Four (154) 100-Ton roller bearing 4650 cubic foot center-flow hopper cars manufactured by ACF Industries, Incorporated, bearing AAR Mechanical Equipment Designation LO and lettered IMCX and numbered 10187 through 10349 inclusive, excluding cars numbered 10204, 10206, 10217, 10222, 10224, 10225, 10265, 10279, and 10331.

SCHEDULE A-2

DESCRIPTION OF TANK CARS

One Hundred Ten (110) jumbo anhydrous ammonia tank cars manufactured by General American Transportation Corporation, bearing AAR Mechanical Designation T and lettered IMCX and numbered 2500 through 2609, inclusive.

SCHEDULE B
CERTAIN BUSINESS TERMS

Part I: Payment Dates

The Payment Dates for purposes of this Lease shall be each January 31 and July 31 during the terms of this Lease, provided that if any such day shall not be a business day in Boston, such payment may be made on the next succeeding business day with the same force and effect as if made on such day, and no additional rent shall accrue by reason of such deferral of payment for the period from such day to and including the next succeeding business day.

Part II: Capitalized Cost

The Capitalized Cost of the Equipment for purposes of this Lease is \$8,000,000.00 (representing \$3,732,406.32 attributable to the Hopper cars and \$4,267,593.68 attributable to the Tank Cars). The Capitalized Cost of each Hopper Car is \$24,236.4046 and the Capitalized Cost of each Tank Car is \$38,796.3061.

Part III: Basic Rent

Basic Rent under this Lease shall be payable by Lessee during the term of the Lease in instalments, of immediately available funds, and shall be due and payable prior to 10:00 A.M., Boston time, on the Payment Dates, as specified below:

- (i) the instalment of Basic Rent payable on July 31, 1975 shall be \$19,500.00;

(ii) the amount of each of the 34 semi-annual instalments of Basic Rent successively payable, in arrears, on each Payment Date during the Basic Term shall be equal to 6.0802404% of the Capitalized Cost of the Equipment.

Part IV: Unamortized Cost

(a) The "Unamortized Cost" of the Equipment or any Unit, for any date, shall be determined by multiplying the Capitalized Cost thereof by the applicable percentage set forth below opposite the Payment Dates:

<u>Payment Date</u>	<u>Percentage</u>	<u>Payment Date</u>	<u>Percentage</u>
Prior to February 1, 1976	100.0000000%	February 1, 1984	69.1935272%
February 1, 1976	98.7947596	August 1, 1984	66.4864713
August 1, 1976	97.5307637	February 1, 1985	63.6474465
February 1, 1977	96.2051481	August 1, 1985	60.6700191
August 1, 1977	94.8149087	February 1, 1986	57.5474421
February 1, 1978	93.3568951	August 1, 1986	54.2726395
August 1, 1978	91.8278033	February 1, 1987	50.8381902
February 1, 1979	90.2241683	August 1, 1987	47.2363116
August 1, 1979	88.5423562	February 1, 1988	43.4588415
February 1, 1980	86.7785557	August 1, 1988	39.4972196
August 1, 1980	84.9287700	February 1, 1989	35.3424687
February 1, 1981	82.9888071	August 1, 1989	30.9851737
August 1, 1981	80.9542711	February 1, 1990	26.4154606
February 1, 1982	78.8205515	August 1, 1990	21.6229740
August 1, 1982	76.5828130	February 1, 1991	16.5968536
February 1, 1983	74.2359847	August 1, 1991	11.3257098
August 1, 1983	71.7747486	February 1, 1992	5.7975978

Part V: Price

(a) If Lessee should be obligated to purchase the Equipment or any portion thereof or any interest therein pursuant to paragraph 12(b) or 15(c) of this Lease, the price therefor shall be the applicable Unamortized Cost thereof on the date of purchase.

(b) If Lessee shall elect to purchase the Equipment pursuant to paragraph 15(d) of this Lease, the purchase price shall be the sum of the applicable Unamortized Cost thereof on the Payment Date preceding the date of purchase, the appropriate Applicable Premium on such date of purchase, plus interest on such Unamortized Cost at the rate of 9.75% per annum from such Payment Date to such date of purchase.

Part VI: Permitted Liens

For purposes of this Lease the term "Permitted Liens" means, with respect to the Equipment, but only to the extent applicable to the Equipment: (i) rights reserved to or vested in any public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting the Equipment, (A) to terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Equipment or materially and adversely affect the value thereof, or (B) to purchase, condemn, appropriate or recapture, or designate a purchaser of, the Equipment; (ii) any liens thereon for taxes, rates and charges, excises, levies, license fees, permit fees, inspection fees and other

authorization fees, and other governmental and similar charges referred to in paragraph 7 of this Lease and any liens of mechanics, materialmen and laborers for work or services performed or materials furnished with respect to to the Equipment or any portion thereof, which are not due and payable or which are not delinquent to the extent that penalties for nonpayment may be assessed or which, or the amount or validity of which, are being contested in compliance with the provisions of paragraph 17(b) of this Lease; and (iii) this Lease, the Lease Assignment, the Indenture and other liens, encumbrances and charges on or security interests in the Equipment which are created or caused by the Lessor or the Trustee as security for the Notes.

Part VII: Applicable Premiums

The Applicable Premiums under this Lease, to be determined for the purpose of paragraph (b) of Part V of this Schedule B, shall be the dollar amount determined by multiplying the applicable Unamortized Cost by the premium, expressed as a percentage, set forth below opposite the annual period during which such premiums are to be applicable:

<u>Annual Period Commencing August 1 in the Year</u>	
1985	4.0%
1986	3.5%
1987	3.0%

SHAWMUT BANK OF BOSTON, N.A.,
Trustee

[CORPORATE SEAL]

Attest:

By

J. J. Dingley
Trust Officer

Jonathan B. Perick
Trust Officer

L. H. Baker
L. H. Baker

