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Interstate Commerce Commission
Washington, D. C.

Date **JUL 18 1979** RECORDATION NO. **10637** Filed 1425

Fee **50.00** **JUL 18 1979 - 12 00 AM**

~~TCS Washington~~ INTERSTATE COMMERCE COMMISSION

Gentlemen:

Enclosed for recordation under the provisions of 49 USC Section 11303(a) are the original and nine counterparts of an Equipment Lease dated as of May 1, 1979.

The general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor: Unilease No. 17, Inc.
750 Third Avenue--8th Floor
New York, New York 10017

Lessee: Western Co-operative Fertilizers
(U.S.) Inc.
Phosphate Mine and Plant Office
P.O. Box 763
Soda Springs, Idaho 83276

The undersigned is the Lessor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and eight counterparts of the Equipment Lease to Gary Green, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

UNILEASE NO. 17, INC.

By *James B. Subel*
LESSOR AS AFORESAID

Enclosures

FEE OPERATION BR.
I.C.C.

JUL 18 12 22 PM '79

RECEIVED

C. A. ... C. J. Kanner

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
150	150 Covered Hopper Cars Manufactured by Trinity Industries, Inc.	MBFX 4600 through MBFX 4749, both inclusive

SCHEDULE A

10637

RECORDATION NO.....Filed 1425

JUL 18 1979 - 12 02 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of May 1, 1979

Between

UNILEASE NO. 17, INC.

LESSOR

And

WESTERN CO-OPERATIVE FERTILIZERS (U.S.) INC.

LESSEE

(WCFL No. 79-1)
(150 Covered Hoppers)

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ATTACHMENTS TO EQUIPMENT LEASE:

SCHEDULE A - Description of Items of Equipment

SCHEDULE B - Certificate of Acceptance

SCHEDULE C - Schedule of Casualty Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of May 1, 1979 is between UNILEASE NO. 17, INC., a Delaware corporation (the "Lessor"), and WESTERN CO-OPERATIVE FERTILIZERS (U.S.) INC., a Delaware corporation (the "Lessee").

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of May 1, 1979, the Lessee has assigned to the Lessor its right to purchase the Equipment referred to below.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of May 1, 1979 (the "Participation Agreement") with The Connecticut Bank and Trust Company, as security trustee (the "Security Trustee"), Western Co-operative Fertilizers Limited (the "Guarantor") and the institutional investor named in Schedule 2 thereto (the "Note Purchaser") providing for the commitment of the Note Purchaser which, together with funds provided by the Lessor will permit the Lessor to obtain the funds necessary to purchase the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. The Lessor will commit to advance an amount equal to 33.73344% of the Purchase Price of each Item of Equipment and the Note Purchaser will commit to purchase the Secured Notes (the "Notes") of the Lessor in an amount equal to 66.26656% of the Purchase Price of each Item of Equipment and the Guarantor will commit to guarantee pursuant to a Guaranty Agreement dated as of May 1, 1979 (the "Guaranty Agreement") the due performance and observance by the Lessee in a timely manner of each of the Lessee's obligations hereunder and under the Participation Agreement. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of certain of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of May 1, 1979 (the "Security Agreement") from the Lessor to the Security Trustee. Any capitalized term not defined herein shall have the meaning specified in the Participation Agreement.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment by the manufacturer thereof identified in Schedule A hereto (hereinafter referred to as the "Manufacturer"), the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth; provided that anything in this Lease to the contrary notwithstanding, no Item of Equipment shall be accepted and delivered hereunder except concurrently with the payment therefor by the Lessor on a Closing Date pursuant to the Participation Agreement.

1.2. Inspection and Acceptance. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and the Manufacturer thereof a Certificate of Acceptance (the "Certificate of Acceptance") substantially in the form attached hereto as Schedule B with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment delivered after the Outside Delivery Date set forth in Schedule A or any Item of Equipment having a Purchase Price in excess of \$43,200 or any Item of Equipment with respect to which payment therefor would cause the Purchase Price for all Equipment to exceed \$6,804,000.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Manufacturer thereof, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and conforms to the specifications applicable thereto and to all applicable United States Department of Transportation, Interstate Commerce Commission and applicable Canadian government regulatory or agency requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Equipment as of the date of this Lease.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) Interim Rental.

(i) On the Cut-Off Date (as defined in Section 2.2(g) of the Participation Agreement), an amount equal to the accrued interest on the portion of the Notes then being prepaid pursuant to Section 2.2(g) of the Participation Agreement;

(ii) On each Closing Date, an amount equal to interest accrued (from the Date of Deposit with respect to such funds to, but not including, such Closing Date) on the funds disbursed by the Security Trustee from the Escrow Fund on such Closing Date in partial payment of the Purchase Price of Items settled for on such Closing Date; and

(iii) On the Term Lease Commencement Date (as hereinafter defined) for each Item of Equipment, an amount per day equal to .024739% of the Purchase Price thereof for the period, if any, from the Closing Date for such Item to, but not including, the earlier of (x) the first day of the month next succeeding the month in which the final Closing Date occurs or (y) October 1, 1979 (the earlier of such dates being the "Term Lease Commencement Date").

The amounts referred to in clauses (i) through (iii) above are hereinafter sometimes referred to as "Interim Rental."

(b) Fixed Rental. For each Item of Equipment, 68 quarterly installments of fixed rental (the "Fixed Rental"), payable in arrears, each in an amount equal to 2.226511% of the Purchase Price thereof; and

(c) Supplemental Rental. In addition to the Rental Payments to be made pursuant to subsections (a) and (b) above, the Lessee, upon presentation of invoices therefor, will pay as supplemental rental amounts equal to the following:

(i) The amount of any payment required to be made by the Lessor pursuant to Section 2.2(e) of the Participation Agreement as a result of any loss, liability or expense arising out of or resulting from the Investments made pursuant to said Section, including, but not limited to, any deficiency in respect thereof;

(ii) The amount of all annual fees and expenses of the Security Trustee under the Security Agreement;

(iii) All expenses incurred by the Lessor in order to comply with its obligations under the Security Agreement;

(iv) The amount of all expenses to be paid by the Lessor pursuant to Section 2.7 (other than those described in clauses (e) and (i) of said Section) of the Participation Agreement to the extent that such expenses exceed \$70,000; and

(v) In the event that less than 150 Items of Equipment are purchased and leased as contemplated by the Participation Agreement, an amount equal to the product of (x) \$70,000 times (y) a fraction of which the numerator shall be 150 less the number of Items actually so purchased and leased and the denominator shall be 150;

provided, however, that in no event shall the Lessee be required to pay as supplemental rental or otherwise any such amounts in the event that the failure to consummate the transactions contemplated by the Participation Agreement as to all or a portion of the Equipment is the result of the wrongful failure of the Lessor to make the advances contemplated by Section 2.1 of such Agreement.

2.2. Rent Payment Dates. Except for the portion thereof payable on the Cut-Off Date, the Interim Rental for each Item of Equipment shall be due and payable on the Term Lease Commencement Date. The first installment of Fixed Rental for each Item of Equipment shall be due and payable three months following the Term Lease Commencement Date and the balance of said installments shall be payable at three-month intervals thereafter with the final such installment payable seventeen years following the Term Lease Commencement Date. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means a calendar day, excluding Saturdays, Sundays and days on which banks in the State of New York or Connecticut or the Province of Alberta are authorized or required to close.

2.3. Adjustment of Rentals. (a) The Lessee and the Lessor agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule C hereto will be adjusted upward or downward to reflect (i) any amendment to, or change in, the Internal Revenue Code of 1954, as amended, the income tax regulations thereunder or published administrative or judicial interpretations of the Code or such regulations, which change, amendment or interpretation is enacted, adopted or has an effective date on or before the Term Lease Commencement Date; provided, however, that with respect to those changes, amendments or interpretations that give rise to a rental adjustment solely by reason of having an effective date on or prior to the Term Lease Commencement Date, only those changes, amendments or interpretations based on proposals made on or prior to the Term Lease Commencement Date shall give rise to any such rental adjustment, and (ii) the payment by the Lessor of expenses pursuant to Section 2.7 of the Participation Agreement, other than expenses described in Sections 2.7(e) and 2.7(1), in an aggregate amount other than \$70,000. Such adjustment will be effected by means of the Lessor's written notice to the Lessee of the amount and the basis for such adjustment. Such adjustment will be effective as of the rental payment date next following such change, amendment or interpretation, or the payment by the Lessor of such expenses in an aggregate amount other than \$70,000, and will be made in such manner as will result, in the Lessor's good faith, reasonable judgment, in preserving for the Lessor both the after-tax rate of return (as computed under the multiple investment sinking fund method) and the total after-tax cash flow over the entire term of the Lease that would have been realized by the Lessor had such amendment, change or interpretation, or such payment in an aggregate amount other than \$70,000, not occurred, based on an assumed combined effective rate of Federal, state and local taxes of 48% (or if there is a change in the Federal corporate income tax rate on or prior to the Term Lease Commencement Date, such combined effective rate as would result from the combination of the Federal corporate income tax rate in effect as of the Term Lease Commencement Date and an assumed aggregate rate of state and local taxes of 4%), and in all other respects based on the assumptions (including, but not limited to, the Lessor's being held harmless under the provisions of Section 10.2 of this Lease from any foreign taxes paid by it and from the inability on the

part of the Lessor to credit currently any foreign tax credits against its Federal income tax liability when such inability results from the allocation to foreign sources of more than 35% of the net operating losses arising out of this Lease in any taxable year) and methods of calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents.

If a rental adjustment with respect to an amendment, change or interpretation shall have been made pursuant to the first paragraph of this Section 2.3, the Lessor may (and, if so requested by the Lessee, shall promptly, at the Lessee's expense and within 20 days after receipt of such request) request from Special Tax Counsel (as hereinafter defined) its opinion, which shall be promptly rendered, as to whether, and the manner in which, the change, amendment or interpretation referred to in the first sentence of this Section 2.3 has been, as a matter of Federal tax law, resolved (including, but not limited to, repeal, revocation, reversal, modification, amendment or change) to a degree which would, in the further opinion of Special Tax Counsel, require or reasonably permit the Lessor to reflect such resolution in its Federal income tax returns to be filed after such resolution. If, in the opinion of the Special Tax Counsel, such change, amendment or interpretation has been resolved to the degree described in the immediately preceding sentence, and if such resolution varies in any respect from the basis upon which a rent adjustment pursuant to the immediately preceding paragraph was made, then the rentals payable hereunder after the rendering of such opinion and the Casualty Value percentages set forth in Schedule C hereto shall be adjusted (or, if no rental amounts remain to be paid hereunder, a lump-sum payment shall be made to the Lessor or the Lessee, as the case may be) in such amount as will result, in the Lessor's good faith, reasonable judgment (and taking into account (a) such amendment, change or interpretation, as so resolved and to the extent reflected in the Lessor's tax return, and (b) all rental payments paid prior to such rental adjustment or lump-sum payment) in preserving for the Lessor both the after-tax rate of return (calculated under the multiple investment sinking fund method) and the total after-tax cash flow over the entire term of this Lease that would have been realized by the Lessor had such amendment, change or interpretation, and such resolution and reflection thereof in the Lessor's tax return, not occurred, based on an assumed combined effective rate of Federal, state and local taxes of 48% (or if there is a change in the Federal corporate income tax rate on or prior to the Term Lease Commencement Date, such combined effective rate as would result from the combination of the Federal tax rate in effect as of the Term Lease Commencement Date and an assumed aggregate rate of state and local taxes of 4%), and in all other respects based on the assumptions (including, but not limited to, the Lessor's being held harmless under the provisions of Section 10.2 of this Lease from any foreign taxes paid by it and from the inability on the part of the Lessor to credit currently any foreign tax credits against its Federal income tax liability when such inability results from the allocation

to foreign sources of more than 35% of the net operating losses calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents.

(b) Anything in Section 2.3(a) hereof to the contrary notwithstanding, the amounts payable as installments of rental and Casualty Value percentages hereunder with respect to any Item of Equipment (i) shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each rent payment date under this Lease, and (ii) shall comply with the guidelines for Internal Revenue Service rulings on leveraged leases set forth in Revenue Procedures 75-21 and 75-28.

2.4. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) Interim Rental shall be paid to the Lessor by wire transfer to the account of the Lessor at the address thereof provided for payments in Section 21.1 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee;

(b) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the account of the Lessor at the address thereof provided for payments in Section 21.1 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions, in addition to the portion referred to in Section 2.3(c) hereof, and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(c) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to the Lessor by wire transfer to the account of the Lessor at the address thereof provided in Section 21.1 hereof (identifying the same as a payment of Casualty Value relating to WCFL No. 79-1); provided that, in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in

accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(d) The amount of any payment pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance), 20 (unless and until an Event of Default or event which with the passing of time or the giving of notice, or both, would become an Event of Default shall have occurred and be continuing, in which case such payments are to be paid to the Security Trustee) and 21.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(e) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount;

(f) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment; and

(g) All rentals and other sums payable hereunder shall be paid in United States dollars.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business of the office of the transferring bank on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations

of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of part or all of the Equipment or requisitioning of part or all of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate seventeen years following the Term Lease Commencement Date provided for in Section 2.1(a) hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from Unilease No. 17, Inc.,
as Owner, and Subject to a Security
Interest and Charge in Favor of The
Connecticut Bank and Trust Company
Recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY THE LESSOR, EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense and for the sole account of the Lessor, such claims and rights. The Lessor shall have no responsibility or

liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and any assignee of the Lessor (including, without limitation, the Security Trustee and the Note Purchaser), from and against all losses, damages, injuries, liabilities, claims (including, without limitation, claims based upon the doctrines of product liability or strict or absolute liability in tort or by statute imposed and claims in which negligence or breach of warranty or contract of such indemnified party is alleged) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Security Agreement, the Participation Agreement, this Lease or any sublease entered into pursuant to Section 17.2 hereof, the ownership of any Item of Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Item of Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any Item of Equipment resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease, or the transfer of title to the Equipment from the Manufacturer to the Lessor. The indemnities arising under this Section 6.1 shall continue in full force and effect with respect to all events, facts, conditions or other circumstances occurring or existing prior to the expiration or termination of the term of this Lease and return of the Equipment as provided in Section 13 or Section 15 of this Lease, notwithstanding such expiration, termination and return; provided, however, that the foregoing indemnification shall not apply to any failure of payment of the principal of or interest on the Notes and shall not be deemed to operate as a guaranty of the residual value of any Item. No person shall be entitled to indemnification under this Section 6.1 for (i) losses, damages, injuries, liabilities, claims or demands arising out

of such person's willful misconduct or gross negligence; (ii) expenses expressly agreed to be borne by such person pursuant to the Participation Agreement, the Purchase Order Assignment or this Lease; (iii) expenses arising from acts or events which occur after possession of the Equipment has been surrendered to the Lessor, except as expressly provided in Section 13 or 15.1; (iv) Impositions as defined in Section 10.2 or United States Federal taxes arising out of any event described in Section 2.3(a)(1); (v) expenses incurred by persons other than the Lessor, in order to sell, lease or dispose of or attempt to sell, lease or dispose of, any Note; (vi) expenses incurred in order to sell, lease, dispose of, or attempt to sell, lease or dispose of, the Lessor's interest in the Equipment (except in the course of exercising remedies in the event of a default hereunder); (vii) amounts resulting from the material breach of any representation or warranty or covenant made to or for the benefit of the Lessee under this Lease or the Purchase Order Assignment by the person otherwise to be indemnified hereunder; (viii) any compensation paid to, or expenses incurred by, any employees of the Lessor or any affiliate thereof (except for compensation paid during a period of default to the extent that such compensation is paid to an employee engaged in attempting to cure the default or engaged in the exercise of remedies under this Lease); (ix) amounts payable in respect of any claim, lien or charge (other than Permitted Encumbrances) asserted against or levied or imposed upon the Equipment or the rents payable hereunder, which arise by virtue of claims against, through or under the Lessor; or (x) amounts arising from the occurrence of an Event of Default under subsection (c), (d) (except for a breach of Section 3.1(e) of the Participation Agreement), (f), (g) or (h) of Section 5.1 of the Security Agreement.

Payment by the Lessee to the Lessor or any assignee thereof (including, without limitation, the Security Trustee and the Note Purchaser) of any amount pursuant to this Section, (a) shall reflect the amount of taxes, including, but not limited to, foreign, Federal, state and local taxes, including income and withholding taxes imposed by Canada or any political subdivision thereof, incurred by the Lessor or such assignee, as the case may be, as a result of receipt of such payment in such manner as to hold the Lessor or such assignee, as the case may be, harmless therefrom (taking into account, for such purpose, any portion of any foreign tax credits with respect to foreign taxes that may be paid by the Lessor or any assignee thereof with respect to any amounts received pursuant to this Section to the extent the Lessor or the assignee, as the case may be, decides in its sole discretion actually to credit and so credits such foreign taxes against its United States Federal income tax liability), and (b) shall not in any wise entitle the Lessee (whether by way of subrogation or otherwise) to any right, title or interest of the Lessor or any such assignee hereunder or under the Participation Agreement.

Except as provided in Section 11 hereof, the Lessee shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of any or all of the Items of Equipment.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time and any other agency having jurisdiction including the Canadian Transport Commission) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications (the "Alterations") at its own expense and title thereto shall be immediately vested in the Lessor. The Lessee agrees that, within 30 days after the close of any calendar quarter in which the Lessee has made Alterations, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules. The Lessee's obligations to maintain the Equipment under this Section 8 and under Sections 13 and 15 hereof shall not be deemed to be satisfied unless the Lessee (1) maintains a contract with a reputable firm regularly performing maintenance services on railroad rolling stock, which contract provides that such firm is to perform all maintenance of the Equipment necessary to comply with such Sections, or (ii) has received the written consent of the Lessor and the Security Trustee or their successors or assigns that such maintenance may be otherwise performed. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment so as to cause the value or utility of the Equipment to be diminished without the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the

Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination or expiration of the Term of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 USC Section 11303 and to be registered pursuant to the Companies Act and the Bills of Sale Act of the Province of Alberta, Canada, and other acts, and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's first security interest (subject to Permitted Encumbrances) in, any Item of Equipment to the reasonable satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Impositions. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and any assignee of the Lessor (including, without limitation, the Security Trustee and the Note Purchaser) (hereinafter referred to as the "Indemnitees") and the Lessee shall hold the Indemnitees harmless from all Impositions (as hereinafter defined), all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments otherwise to be made by it under this Lease.

For purposes of this Section 10.2, "Impositions" consist exclusively of the following:

(a) collection and related expenses;

(b) any local, state, Federal or foreign taxes, including, but not limited to, taxes measured by or based on net income, value added taxes, franchise taxes based on capital in lieu of such net income taxes, and withholding taxes imposed by Canada or any political subdivision thereof (other than any United States Federal income tax payable by the Lessor and other than the aggregate of all United States state or local taxes measured by or based on net income (including taxes based on capital in lieu of such net income taxes), except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), provided, however, that any portion of any foreign taxes that may be paid by any Indemnitee to the extent such Indemnitee decides, in its sole discretion, actually to credit and so credits such foreign income taxes against its United States Federal income tax liability, and any foreign taxes with respect to which indemnification would otherwise be paid to such Indemnitee, the incidence of which is attributable solely and directly to, or results solely and directly from, business activities of that person that are wholly unrelated to this transaction, shall not constitute Impositions for purposes of this Section 10.2; and

(c) license fees, assessments, charges, fines or penalties;

if, and to the extent, levied or imposed upon or in connection with or measured by this Lease or the rental payments hereunder or in connection with any sale, rental, use, payment, shipment, delivery or transfer of title (so long as such transfer of title is expressly required or permitted hereunder) under the terms hereof or of the Security Agreement.

The Lessee will pay promptly all Impositions which may be levied or imposed upon any Item or for the use or operation

thereof or upon the earnings arising therefrom or upon the Lessor by reason of its ownership thereof and will keep at all times all and every part of such Item free and clear of all Impositions which might in any way affect the title of the Lessor or the interest of the Lessor or result in a lien upon any such Item; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as the Lessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings the payment of such Impositions, or the Lessor is contesting such Impositions as provided in this Section 10.2, and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Indemnitees hereunder or of the Indemnitees under the Security Agreement; and further, provided, that the Indemnitees shall promptly reimburse the Lessee for any Impositions which the Lessee duly pays pursuant to this sentence but as to which the Lessee is not obligated to hold such person harmless pursuant to this Section 10.2. The Lessee agrees to give the Lessor notice of any such contest brought in the Lessee's name prior to or within 30 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest.

In the event any returns, statements or reports with respect to Impositions are required to be made, the Lessee will make such returns, statements or reports in such manner as to show the interest of the Lessor and the Security Trustee in such Item and as shall be satisfactory to them or, where not so permitted, will notify the Lessor and the Security Trustee of such requirement and will prepare and deliver to them such returns, statements or reports as though permitted to be filed within a reasonable period of time prior to the time such returns, statements or reports are to be filed. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with any other requirements of taxing jurisdictions, including, but not limited to, data as to the use of any Item of Equipment outside of the United States.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration or termination of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

In the event the Lessee may be prohibited by law or is impaired from contesting in its own name any Imposition which the Lessee would otherwise be allowed to contest, and in respect of which the Lessee would otherwise be required to make payments to the Lessor, or in the event any Imposition in respect of which the Lessee would be required to make payments to the Lessor is charged or levied against the Lessor directly, the Lessor shall, upon request and at the expense of the Lessee, take all legal and other appropriate action reasonably requested by the Lessee

to contest such Imposition. The Lessor shall not be obligated to take any such action unless the Lessee shall first have agreed to pay to the Lessor on demand (a) the amount of any taxes and interest thereon asserted by the taxing authority as due and payable, if such amount is to be paid to the taxing authority in anticipation of a suit for refund thereof, and (b) all reasonable out-of-pocket expenses, including, without limitation, attorneys' fees and expenses, incurred by it in connection with the taking of such action; provided, further, that if the Lessor is taking such action upon the Lessee's request because the Lessee is impaired, but not prohibited by law, from contesting the Imposition, or if the Imposition has been charged or levied against the Lessor directly, then the Lessee shall also indemnify and hold the Lessor harmless from and against any and all further claims, damages, losses and liabilities incurred as a result of, or incident to, any action taken by the Lessor under this Section 10.2. The Lessee shall be entitled to any refund (plus interest, if any) or, in lieu thereof, an amount equal to any benefit obtained by the Lessor by way of offset against other liabilities, received by the Lessor or the Lessee in respect of any Imposition previously paid by the Lessee; provided, however, that the Lessor may withhold payment thereof for application against any other sums due from the Lessee under this Lease for so long as an Event of Default (or other event which after notice or lapse of time, or both, would become an Event of Default) shall have occurred and be continuing.

Payment by the Lessee to any Indemnitee of any amount pursuant to this Section 10.2, (a) shall reflect the amount of taxes, including, but not limited to, foreign, Federal, state and local taxes, including income and withholding taxes imposed by Canada or any political subdivision thereof, incurred by such Indemnitee as a result of receipt of such payment in such manner as to hold such Indemnitee harmless therefrom (taking into account, for such purpose, any portion of any foreign tax credits with respect to foreign taxes that may be paid by such Indemnitee with respect to any amounts received pursuant to this Section to the extent such Indemnitee decides in its sole discretion actually to credit and so credits such foreign taxes against its United States Federal income tax liability), and (b) shall not in any wise entitle the Lessee (whether by way of subrogation or otherwise) to any right, title or interest of the Lessor or any such assignee hereunder or under the Participation Agreement.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any storage period hereunder and at its own cost and expense keep each Item of Equipment insured against all risks of physical loss or damage to each such Item at not less than the full insurable value (actual replacement value less actual physical depreciation) thereof and in any event not less than the Casualty Value of such Item of Equipment as of

the next following date of payment thereof and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$25,000,000 in the aggregate in any single occurrence. Any such property insurance may have deductible provisions to no greater extent than \$10,000 per Item of Equipment and \$100,000 in the aggregate in any single occurrence, and any public liability insurance may have deductible provisions to no greater extent than \$100,000 in the aggregate in any single occurrence. All such insurance shall cover the interest of the Lessor, the Lessee and the Security Trustee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee and the Security Trustee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect of the Equipment shall be payable to the Lessee and the Lessor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder the Lessee shall cause the property insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the Security Trustee under a standard mortgage loss payable clause. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation or material alteration in coverage shall be given to the Lessor and the Security Trustee. Such policies shall further provide that insurance as to the interest of the Security Trustee therein shall not be invalidated by any act or neglect of the Lessor or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy and as to the interest of the Lessor shall not be invalidated by any act or neglect of the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein or with respect thereto so long as such foreclosure, proceeding or notice shall not be caused by any wrongful act of the Lessor. Unless not otherwise generally available, no such policy shall require co-insurance. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor and the Security Trustee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease. The Lessee shall further furnish the Lessor and the Security Trustee on or before the First Closing Date and as necessary to evidence the required coverage throughout the term of this Lease with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effected with insurance companies of recognized responsibility. The Lessee and the Lessor agree that the Lessor may,

at its own expense, and for its sole account, insure the Equipment for the amount, if any, by which the fair market value of the Equipment shall exceed the value to which the Lessee is obligated to insure the Equipment under this Section 11.1.

The proceeds of any property insurance received by the Lessor or the Security Trustee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing, restoring, or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee of the Casualty Value and other sums due pursuant to Section 11.3 hereof; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof and other sums due pursuant to Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim or Fixed Rental installment due on such payment date (or if such Casualty Occurrence shall occur during the storage period, then at the end of the storage period as provided by Section 13 or 15 hereof for such Item of Equipment) plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee (provided that the Casualty Value and other sums payable therefor pursuant to Section 11.3 hereof have been paid) by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor after deducting from such excess the reasonable expenses of the Lessee incident to such sale. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is payable as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment; provided, however, that the Casualty Value hereunder with respect to any Item of Equipment shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes equal to the Loan Value (as defined in Section 4.1 of the Security Agreement) of such Item of Equipment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss with respect to the Equipment and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder, in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice,

or both would become an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before each May 1 following the date of this Lease, the Lessee will furnish to the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm to the satisfaction of each of them the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

As soon as practicable on or after the expiration of the term of this Lease with respect to any Item of Equipment and in any event not later than 60 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks as the Lessee and the Lessor may agree, or in the absence of such agreement upon storage tracks in the vicinity of Soda Springs, Idaho, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 120 days and transport the same at any time within such 120-day period by any connecting carrier to the interchange point nearest the place of storage, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided,

however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease, after deduction of the reasonable expenses of the Lessee incident thereto, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to 0.024739% of the Purchase Price of such Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item for each such day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

Each Item of Equipment returned to the Lessor pursuant to this Section 13 shall (i) meet the requirements set forth in Section 8 hereof and shall be in at least the operating order, repair and condition which the Item would have been in if the Lessee had complied with the terms and conditions of Section 8 hereof throughout the term of this Lease, (ii) be furnished with all components and accessories that were delivered to the Lessee together with such Item and have attached or affixed thereto any part, addition or improvement, title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof, and (iii) have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement, title to which is vested in the Lessee pursuant to Section 8 hereof. A representative of the Lessor and a representative of the Lessee shall each be present upon the return of each Item of Equipment to inspect the condition thereof. Such representatives shall together prepare and sign a written report as to the condition of each Item returned. If any Item is returned in a condition that does not comply with the requirements of the first sentence of this paragraph, the Lessee agrees, at its own expense, to repair or cause to be repaired each such Item so that such Item will be in the condition required by said sentence.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

- (a) Default shall be made in the payment of any part of the rental or Casualty Value provided in

Section 2 or 11 hereof and such default shall continue for ten days;

(b) The Lessee shall make any assignment or transfer of this Lease, or by affirmative act deliver possession of the Equipment, or any portion thereof, except as permitted by this Lease;

(c) Any representation or warranty made (i) by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Security Trustee or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement, or (ii) by the Guarantor in or pursuant to or in connection with the Guaranty Agreement executed by the Guarantor in respect of the obligations and liabilities under this Lease or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Security Trustee or the Note Purchaser pursuant to or in connection with this Lease, the Guaranty Agreement or the Participation Agreement, proves untrue in any material respect as of the date of issuance or making thereof and continues to be untrue;

(d) Default shall be made in the observance or performance of any of the covenants and agreements of the Lessee contained in Section 11.1 of this Lease, and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied, provided that no notice or lapse of time shall be required in the event that such default consists of the failure to maintain insurance in the amounts specified by Section 11.1 (as opposed to any other failure to comply with said Section 11.1);

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

(f) Any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall

permit such acceleration or termination or the initiation of such proceedings;

(g) Default shall be made in the observance or performance of any of the covenants and agreements on the part of the Guarantor contained in the Guaranty Agreement or in the Participation Agreement and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee and the Guarantor specifying the default and demanding that the same be remedied; provided, that in the event that such default consists of the failure to pay any sum due under this Lease, the Participation Agreement or the Guaranty Agreement in conformance with the requirements of such Agreements, such default shall continue for ten days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied;

(h) Any holder of Funded Debt (as defined below) of the Guarantor or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(i) The Lessee or the Guarantor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Lessee or the Guarantor or for the major part of its property;

(j) A trustee or receiver is appointed for the Lessee or the Guarantor or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(k) Any other proceedings shall be commenced by or against the Lessee or the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement in respect of any of its Funded Debt or Capitalized Leases under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or

extension (other than a law which does not permit any readjustment of such obligations of the Lessee or the Guarantor, as the case may be), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations of the Lessee and/or the Guarantor shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustee or receiver or receivers appointed (whether or not subject to ratification) for the Lessee and/or the Guarantor or for the property of the Lessee and/or the Guarantor in connection with any such proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 90 days after such proceedings shall have been commenced, whichever shall be earlier.

"Funded Debt" of the Lessee or the Guarantor, as the case may be, shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with the acquisition of property or assets (including any deferred portion of the purchase price thereof) which in any case has an unpaid principal balance of more than \$150,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee or the Guarantor, as the case may be, as lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the lessor) of more than three years and which has an unexpired term of more than one year (including any such renewal or extension periods) and which provides for the payment by such lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$150,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said lessee, or any lease of real or personal property by any other party otherwise described above for which the Lessee or the Guarantor has assumed or guaranteed the obligations of the lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

- (a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants

of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever without duty to account, but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination, such present worth to be computed in each case on a basis of a 10-5/8% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess if any of the Casualty Value of such Item of Equipment as of the rental payment date on or immediately preceding the date of termination over the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination

over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental, including, without limitation, the obligation of the Lessee hereunder to indemnify any party for any loss, liability or damage.

For purposes of Section 14.2 above, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 18.1(b) hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

Payment by the Lessee to the Lessor or any assignee thereof (including, without limitation, the Security Trustee and the Note Purchaser) of any amount pursuant to this Section, (a) shall reflect the amount of taxes, including, but not limited to foreign, Federal, state and local taxes, including income and withholding taxes imposed by Canada or any political subdivision thereof, incurred by the Lessor or such assignee, as the case may be, as a result of receipt of such payment in such manner as to hold the Lessor or such assignee, as the case may be, harmless therefrom (taking into account, for such purpose, any portion of any foreign tax credits with respect to foreign taxes that may be paid by the Lessor or any assignee thereof with respect to any amounts received pursuant to this Section to the extent the Lessor or the assignee, as the case may be, decides in its sole discretion actually to credit and so credits such foreign taxes against its United States Federal income tax liability), and (b) shall not in any wise entitle the Lessee (whether by way of subrogation or otherwise) to any right, title or interest of the Lessor or any such assignee hereunder or under the Participation Agreement.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any

occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, the Security Trustee and the Note Purchaser, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment upon such storage tracks within the continental United States as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Provide storage at the risk of the Lessee for each such Item of Equipment on such tracks until the same has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport any Items of Equipment to any place of interchange on the lines of a railroad within a 100-mile radius of such storage tracks, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

During any such storage period the Lessee shall maintain the Items of Equipment in such manner as required by Section 8 hereof and shall maintain the insurance required by Section 11.1 hereof during such period. All amounts earned in respect of the Equipment after the date of termination of this Lease, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment

is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the higher of (i) an amount equal to 0.024739% of the Purchase Price of such Item of Equipment, or (ii) the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

Each Item of Equipment returned to the Lessor pursuant to this Section 15 shall (i) meet the requirements set forth in Section 8 hereof and shall be in at least the operating order, repair and condition which the Item would have been in if the Lessee had complied with the terms and conditions of Section 8 hereof throughout the term of this Lease, (ii) be furnished with all components and accessories that were delivered to the Lessee together with such Item and have attached or affixed thereto any part, addition or improvement, title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement, title to which is vested in the Lessee pursuant to Section 8 hereof. A representative of the Lessor and a representative of the Lessee shall each be present upon the return of each Item of Equipment to inspect the condition thereof. Such representatives shall together prepare and sign a written report as to the condition of each Item returned. If any Item is returned in a condition that does not comply with the requirements of the first sentence of this paragraph, the Lessee agrees, at its own expense, to repair or cause to be repaired each such Item so that such Item will be in the condition required by said sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 21.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and in the case of an Event of Default which adversely affects the rights, privileges or benefits of the Lessor and for which provision is not made in the preceding parenthetical to preserve enforcement thereof by the Lessor directly, said assignee shall not waive its rights hereunder as to such Event of Default without the prior written consent of the Lessor, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and any assignee thereof pursuant to Section 16 hereof, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession by Lessee, Interchange, "Mileage". So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment. The Lessee agrees that the Equipment will be used as follows:

(i) The Equipment will be used exclusively within the continental United States and the Province of Alberta, Canada, provided, however, that the Equipment may be used in such other Provinces of Canada as the Lessee shall from time to time designate to the Lessor and the Security Trustee if prior to any such use the Lessor and the Security Trustee shall have received evidence that all necessary filings and recordings have been completed in such Province or Provinces as the Lessee shall have previously designated and shall further receive an opinion of counsel reasonably satisfactory to the Lessor and the Security Trustee that such filings and recordings as have been completed are sufficient to protect the respective interests of the Lessor and the Security Trustee in the Equipment;

(ii) The Lessee shall from time to time be permitted to give custody of the Equipment to such maintenance firm as shall be chosen pursuant to Section 8 hereof;

(iii) The Lessee shall be permitted from time to time to entrust the Equipment to such railroad company as the Lessee shall choose to transport the Equipment within those areas permitted pursuant to clause (i) hereof; and

(iv) Immediately following the acceptance of any Item of Equipment under this Lease, the Lessee shall be permitted to sublet such Item to a railroad company or shipper for the use thereof on a one time basis from the vicinity of the place of acceptance hereunder to the vicinity of the State of Idaho.

The Lessee agrees that it will not assign this Lease or any of its right hereunder or allow any possession or sublease of any Item of Equipment except as provided by the previous sentence or with the prior written consent of the Lessor and the Note Purchaser (which consent will not be unreasonably withheld); provided, however, each such sublease shall expressly provide that the interest of the sublessee thereunder is junior and subordinate to this Lease and the rights and interests of the Lessor and the Note Purchaser hereunder, and provided, further, that no such sublease shall permit use of the Equipment outside of the United States and the Province of Alberta, Canada or any other province in which the Lessee may use the Equipment pursuant to Section 17.2(1) hereof and that any sublessee shall make such warranties and representations as may be required by the Lessor and the Security Trustee in respect to ERISA. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder which shall be and remain those of the principal and not as surety.

It is contemplated that the Lessee shall receive insofar as applicable law and regulations allow, all mileage allowances, rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of an Item of Equipment, unless an Event of Default shall have occurred and be continuing, in which event such mileage or portion thereof shall be retained by the Lessor until such Events of Default shall no longer be continued. The Lessor shall remit such Mileage or portion thereof as it may receive to the Lessee promptly after the Lessee shall furnish to the Lessor at the Lessee's sole expense, either (i) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a violation under 49 USC Sections 11902 and 11903, or (ii) an opinion of counsel to the same effect; provided, however, that the Lessor will take such action as the Lessee may from time to time request to enable the Lessee to receive and retain such Mileage if the Lessee provides, at the Lessor's request, the Lessor at Lessee's sole expense an opinion of counsel that such action will not constitute a violation under 49 USC Sections 11902 and 11903.

17.3. Restriction on Lessee Organization. The Lessee agrees with the Lessor that during the term of this Lease, the Lessee will not merge or consolidate with or transfer substantially all of its assets to any corporation; provided, however, that the Lessee shall be permitted to reincorporate under the laws of the United States or any state thereof if such reincorporation will not result in such merger, consolidation or transfer of assets and such reincorporation does not alter in any way the Lessee's obligation to the Lessor hereunder.

SECTION 18. RENEWAL OPTIONS.

18.1. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for two additional renewal terms of five years each upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment and that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term shall be an amount equal to the higher of (i) the Fair Market Value of such Item of Equipment as of the beginning of such renewal term, or (ii) an amount equal to 20% of the Purchase Price of such Item of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 18.1; and

(b) The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 90-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.2. Delivery of Equipment. Unless the Lessee has elected to renew this Lease in respect of the Items of Equipment then leased hereunder as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 11-5/8% per annum (or the maximum lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. INCOME TAX INDEMNITIES.

20.1. Loss of Assumed Tax Benefits. If

(a) the Lessor is not allowed for any taxable year an investment credit under Section 38 and related sections of the Code with respect to any one or more of the Items of Equipment placed under this Lease in such year of not less than 10% of the Purchase Price with respect to such Item or Items; or

(b) the Lessor is not allowed the benefit of current deductions for depreciation on any one or more of the Items of Equipment commencing in the Lessor's taxable year ending September 30, 1979 under Section 167(a) of the Code (x) computed pursuant to any method of depreciation authorized by Section 167(b)(2) or (3) of the Code and pursuant to the asset depreciation range system of Section 167(m) of the Code and Section 1.167(a)-11 of the income tax regulations, (y) computed on the basis (A) of a net salvage value of zero, (B) that the basis of such Item or Items under Section 167(g) of the Code is not less than the Purchase Price with respect to such Item or Items, and (C) that such Item or Items have an asset depreciation period of 12 years, and (z) determined on the basis of the "half-year convention" of Section 1.167(a)-11(c)(2)(iii) of the income tax regulations; or

(c) the Lessor is not allowed the benefit of current deductions under Section 163 of the Code for interest payable on the Notes; or

(d) any investment credits or deductions for depreciation with respect to any one or more of the Items of Equipment are recaptured in whole or in part

pursuant to Section 47 or Section 1245 of the Code or any successor provision or provisions thereto; or

(e) more than 35% of any net operating losses arising out of this Lease in any taxable year of the Lessor are treated as derived from, or allocable to, sources outside the United States; or

(f) any amount is included, at any time prior to the end of the term of this Lease (including any renewal terms) in the gross income of the Lessor as a result of any transfer of any Item or Items of Equipment by the Lessee or any repair, improvement, alteration, modification or addition (including replacement of parts) to such Item or Items of Equipment made by the Lessee (herein called a "Capital Expenditure"); or

(g) the Lessor is not allowed the tax treatment arising from any change, amendment or interpretation based on which a rental adjustment pursuant to Section 2.3 hereof has been made;

(any such failure to allow, such recapture, such treatment of net operating losses as derived from or allocable to sources outside the United States, or such inclusion in gross income as a result of a Capital Expenditure being herein called a "Loss"), then, subject to Section 20.2 hereof, the Lessee shall pay to the Lessor as an indemnity the amount set forth in Section 20.4 hereof at the time or times set forth therein.

20.2. Indemnification and Exceptions. The Lessee shall be required to indemnify the Lessor with respect to any Loss if, but only if, such Loss results from:

(a) a Loss described in clause (a), (b) or (d) of Section 20.1 hereof if because of acts or failures to act of the Lessee or the Manufacturer or their respective officers, employees or agents such Loss results from the use of an Item of Equipment by any person so as to preclude the "original use of such property" within the meaning of Section 48(b) or 167(c)(2) of the Code from commencing with the Lessor or because, for purposes of Code Section 48(a)(4), the Lessee is or becomes an organization (other than a cooperative described in Code Section 521) which is exempt from Federal income tax;

(b) the Lessee's use or allowance of the use of an Item or Items of Equipment in such a manner as to result in a Loss described in clause (a), (b), (d) or (e) of Section 20.1 hereof;

(c) a Capital Expenditure;

(d) any act, or failure to act, at any time, by the Lessee or any of its officers, employees or agents

(including, without limitation, any act, or failure to act, in respect of the income tax returns of the Lessee insofar as they relate to the transaction contemplated by this Lease and related documents, it being understood that the Lessee will not engage in any act or failure to act that is inconsistent with the Lessor being treated as the lessor, and the Lessee being treated as the lessee, of the Items of Equipment for Federal, state and local income tax purposes) which is inconsistent with the Lessee's obligations under this Lease and the Participation Agreement; or

(e) the Lessor not being allowed the tax treatment arising from any change, amendment or interpretation based on which a rental adjustment pursuant to Section 2.3 hereof has been made.

However, the Lessee shall not be required to indemnify the Lessor with respect to any Loss that results solely and directly from:

(i) a Casualty Occurrence, if the Lessee has made all payments with respect thereto that are required to be made pursuant to Section 11.3 of this Lease;

(ii) a voluntary disposition by the Lessor of its beneficial interest in any Item or Items of Equipment, if such disposition (x) shall be the direct cause of such Loss with respect to such Item or Items of Equipment, (y) shall occur at a time while no Event of Default (and no event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, and (z) shall not be pursuant to the written consent of the Lessee;

(iii) the failure of the Lessor to claim in a timely and proper manner on its income tax returns for the appropriate taxable years any credits or deductions contemplated by Section 20.1 hereof, unless the Lessor shall have been advised by Messrs. Donovan Leisure Newton & Irvine, or other independent tax counsel selected by the Lessor and approved by the Lessee (which approval shall not be unreasonably withheld) ("Special Tax Counsel"), that there is no reasonable basis for claiming any such deduction or credit;

(iv) the failure of the Lessor to have sufficient Federal income tax liability against which to apply such credits or sufficient income to benefit from such depreciation or interest deductions;

(v) the failure of the Lessor to take timely action in contesting a claim made by the Internal Revenue Service, but only if such action is required by the terms of Section 20.3 hereof;

(vi) any amendment to, or change in, the Code, the income tax regulations thereunder or published administrative or judicial interpretations of the Code or such regulations, which change, amendment or interpretation is not adopted or enacted and does not have an effective date on or prior to the Term Lease Commencement Date; or

(vii) any act, or failure to act, at any time, by the Lessor or any of its officers, employees or agents, which is inconsistent with the Lessor's obligations under this Lease and the Participation Agreement, except at a time when an Event of Default (or an event that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing.

20.3. Proceedings. If at the conclusion of any audit the Lessor receives a preliminary or "30-day" letter from the Internal Revenue Service proposing an adjustment in any item that, if agreed to by the Lessor, would result in a Loss with respect to which the Lessee would be required to indemnify the Lessor pursuant to this Section 20, the Lessor shall promptly notify the Lessee of such proposed adjustment and shall furnish to the Lessee a statement describing such Loss in reasonable detail. If requested to do so by the Lessee, within 20 days after receipt of such statement, the Lessor shall promptly request from Special Tax Counsel their opinion as to whether there is a meritorious basis for contesting such proposed adjustment. If the opinion is to the effect that there is a meritorious basis for contesting such proposed adjustment, the Lessor shall contest such proposed adjustment beyond the level of the Internal Revenue Service auditing agent by such administrative proceedings, if any, as may be determined by the Lessor in its sole discretion. Upon the conclusion of such administrative proceedings, if any, the Lessor shall promptly notify the Lessee of the final adjustment proposed by the Internal Revenue Service and, if the Lessor receives within 30 days after such notice a written request to do so from the Lessee, the Lessor shall contest such final adjustment in a court of competent jurisdiction. If the Lessee requests the Lessor to appeal the decision of such a court or of any intermediate appellate court, the Lessor shall promptly request from Special Tax Counsel their opinion as to whether there is a meritorious basis for appealing such decision. If the opinion is to the effect that there is a meritorious basis for appealing such decision, the Lessor shall appeal such decision. The Lessor, in its sole discretion, shall determine the initial and any appellate court and shall determine whether the proceedings shall be for redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or for refund of taxes paid based on such deficiency. The Lessor shall not be required to take any action as set forth in this Section 20.3 unless and until the Lessee shall have agreed to indemnify the Lessor in a manner satisfactory to it for any Loss that results from an adverse determination with respect to the proposed adjustment and shall have agreed to pay to the Lessor on demand all reasonable

out-of-pocket costs and expenses, including without limitation, attorneys' fees and expenses incurred by it in connection with the taking of such action. If the Lessor elects to pay taxes based on a proposed deficiency and sue for a refund thereof, and if the proposed deficiency would be a Loss with respect to which the Lessee would be required to indemnify the Lessor, then the Lessee shall pay to the Lessor on demand the amount of such taxes and interest thereon which the Lessor shall have paid, and if the Lessor subsequently receives a refund of all or any part of such taxes and interest, it shall promptly pay to the Lessee the amount of such refunded taxes and interest plus the amount of any interest received by the Lessor from the United States Government with respect to such refunded taxes and interest. Notwithstanding anything to the contrary contained in this Section 20.3, the Lessor may at any time, whether before or after commencing to take any action with respect to a proposed adjustment, decline to take any further action with respect thereto, provided that, if the Lessee has properly requested such action pursuant to this Section 20.3, the Lessor notifies the Lessee that it waives its right to any indemnity with respect to any Loss that will result from acceptance of such proposed adjustment.

20.4. Amount and Time of Payment of Indemnity. The amount of indemnity payable by the Lessee pursuant to this Section 20 with respect to a Loss shall be such amount as will result, in the Lessor's reasonable judgment, in preserving for the Lessor both the after-tax rate of return (as computed under the multiple investment sinking fund method) and the total after-tax cash flow over the entire term of the Lease that would have been realized by the Lessor if such Loss had not occurred, based on an assumed combined effective rate of Federal, state and local taxes of 48% (or if there is a change in the Federal corporate income tax rate on or prior to the Term Lease Commencement Date, such combined effective rate as would result from the combination of the Federal tax rate in effect as of the Term Lease Commencement Date and an assumed aggregate rate of state and local taxes of 4%), and in all other respects based on the assumptions (including, but not limited to, the Lessor's being held harmless under the provisions of Section 10.2 of this Lease from any foreign taxes paid by it and from the inability on the part of the Lessor to credit currently any foreign tax credits against its Federal income tax liability when such inability results from the allocation to foreign sources of more than 35% of the net operating losses arising out of this Lease in any taxable year) and methods of calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents. The amount of such payment of indemnity shall reflect (A) the amount of interest, additions to tax and penalties payable by the Lessor with respect to such Loss, (B) the amount of Federal, state and local taxes on or measured by, net income (at the rates in effect from time to time), interest, additions to tax and penalties incurred by the Lessor as a result of the receipt of such indemnity payment, and (C) any amount paid by the Lessee to the Lessor pursuant to the next-to-last sentence of Section 20.3 hereof which is not repaid by the Lessor to the Lessee pursuant to such sentence. The Lessor

shall furnish the Lessee with a notice setting forth in reasonable detail the computations and methods used in computing such amount of indemnity.

In determining the amount of indemnity payable by the Lessee pursuant to this Section 20 with respect to a Loss (including, without limitation, a Loss which results from a Capital Expenditure), there shall be taken into account any investment credits and depreciation deductions to which the Lessor is or expects to be entitled (including, without limitation, credits or deductions with respect to any such Capital Expenditure) in the year in which the Loss occurs and in any other year or years, but if any such investment credits or depreciation deductions are subsequently disallowed, recaptured or treated as derived from or allocable to sources outside the United States, such disallowance, recapture or allocation shall be treated as a Loss described in Section 20.1 hereof.

The Lessee's obligation to pay any indemnity payable pursuant to this Section with respect to a Loss shall become unconditional (1) in the case of a Loss that is required to be reflected on a tax return of the Lessor, 30 days after the date such tax return is filed; (2) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is not contested pursuant to Section 20.3 hereof, 30 days after the Lessee's receipt of the statement referred to in the first sentence of Section 20.3 hereof, and (3) in the case of a Loss that results from a proposed adjustment of the Internal Revenue Service that is contested pursuant to Section 20.3 hereof, 30 days after the day on which such contest is finally concluded.

The Lessee shall pay to the Lessor a lump sum indemnity at the time its obligation to pay indemnity pursuant to this Section 20 becomes unconditional with respect to any Loss, if the Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional on or after the termination of this Lease. Any other indemnity payable pursuant to this Section 20 shall be structured as level future rent increases, and the Lessee shall commence payment of such increased rent on the first rental payment date after the Lessee's obligation to pay indemnity pursuant to this Section becomes unconditional.

20.5. Adjustment of Casualty Values. In the event that the Lessee shall be required to indemnify the Lessor pursuant to this Section with respect to a Loss relating to any Item or Items of Equipment, the Casualty Value of such Item or Items of Equipment shall be appropriately adjusted so as to reflect, among other things, the reduction (if any) in taxes that will be payable by the Lessor with respect to the Item or Items of Equipment upon a Casualty Occurrence with respect thereto; and so that the Casualty Value of the Item or Items of Equipment as so adjusted shall preserve for the Lessor both the after-tax rate of return (calculated under the multiple investment sinking fund method) and the total after-tax cash flow over the entire term of the Lease that would have been realized by the Lessor had such Loss

not occurred, based on an assumed combined effective rate of Federal, state and local taxes of 48% (or if there is a change in the Federal corporate income tax rate on or prior to the Term Lease Commencement Date, such combined effective rate as would result from the combination of the Federal tax rate in effect as of the Term Lease Commencement Date and an assumed aggregate rate of state and local taxes of 4%), and in all other respects based on the assumptions (including, but not limited to, the Lessor's being held harmless under the provisions of Section 10.2 of this Lease from any foreign taxes paid by it and from the inability on the part of the Lessor to credit currently any foreign tax credits against its Federal income tax liability when such inability results from the allocation to foreign sources of more than 35% of the net operating losses arising out of this Lease in any taxable year) and methods of calculation utilized by the Lessor in originally evaluating the transaction described in this Lease and related documents; provided, however, that such Casualty Values shall not be reduced below the amounts required to satisfy the obligations of the Lessor under the Security Agreement.

20.6. Definition of Lessor. For purposes of this Section and Sections 10.2 and 2.3 hereof, the term "Lessor" shall include any affiliated group, within the meaning of Section 1504 of the Code, of which the Lessor is a member, if consolidated returns are filed for such affiliated group for Federal income tax purposes.

SECTION 21. MISCELLANEOUS.

21.1. Notices. Any notice required or permitted to be given by any party hereto to the other shall be deemed to have been given (i) upon delivery, if delivered in person; (ii) upon the date shown on the return receipt when sent by registered or certified United States or Canadian mail, postage prepaid and return receipt requested; or (iii) on the date received, if transmitted by telegraph, telex or other telecommunication. Each such communication shall be addressed as follows:

If to the Lessor: Unilease No. 17, Inc.
750 Third Avenue - 8th Floor
New York, New York 10017
Attention: Treasurer

Payments to the Lessor hereunder
to be made as follows:

Unilease No. 17, Inc.
Account No. 128-0-59642
Manufacturers Hanover Trust Company
40 East 42nd Street
New York, New York 10017

with a copy of the transfer notice
sufficient to identify source and
application of funds to:

Daniel M. Fishstein.
Secretary/Controller
Unilease No. 17, Inc.
750 Third Avenue
New York, New York 10017

If to the Security Trustee: The Connecticut Bank and Trust Company
Hartford, Connecticut 06115
Attention: Corporate Trust Department

If to the Lessee: Western Co-operative Fertilizers
(U.S.) Inc.
Phosphate Mine and Plant Office
P. O. Box 763
Soda Springs, Idaho 83276
Attention: President

With a duplicate copy of such
communication to:

Western Co-operative Fertilizers
(U.S.) Inc.
P. O. Box 2500
11111 Barlow Trail, S.E.
Calgary, Alberta, Canada T2P 2N1
Attention: President

If to the Note Purchaser: At the addresses provided therefor
in Schedule 2 to the Participation
Agreement.

or addressed to any such party at such other address as such party
shall hereafter furnish to such other parties in writing.

21.2. Right of Lessor to Perform. If the Lessee shall fail
to comply with any of its covenants herein contained, either the Lessor
or, in the case of an assignment by the Lessor pursuant to Section 16
hereof, the assignee thereunder (including, without limitation, the
Security Trustee and the Note Purchaser) may, but shall not be
obligated to, make advances to perform the same and to take all such
action as may be necessary to obtain such performance. Any payment
so made by any such party and all cost and expense (including, without
limitation, reasonable attorneys' fees and expenses) incurred in
connection therewith shall be payable by the Lessee to the party making
the same upon demand as additional rent hereunder, with interest at
the rate of 11-5/8% per annum (or the lawful rate, whichever is
less).

21.3. Limitations of Liability. Anything in this Lease to the contrary notwithstanding, the Lessee shall have no claim, remedy or right to proceed against the Lessor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Lessor for the payment of any deficiency or any other sum owing on account of any obligation under this Lease or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, in this Lease, from any source other than the Equipment (subject to the rights of the Security Trustee under the Security Agreement); and the Lessee by the execution of this Lease, waives and releases any personal liability of the Lessor in its individual corporate capacity and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Lessor for and on account of such obligation or such liability, and the Lessee agrees to look solely to the Equipment (subject to the rights of the Security Trustee under the Security Agreement) for the satisfaction of such obligation or liability.

21.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

21.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

21.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

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

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly

authorized and the corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

UNILEASE NO. 17, INC.

By Louis B. Subil
Its VICE PRESIDENT

ATTEST:

David W. Subil
Secretary

[CORPORATE SEAL]

WESTERN CO-OPERATIVE FERTILIZERS
(U.S.) INC.

By K. J. Nielsen
Its Pres.

ATTEST:

T. J. Lutland
Asst. Secretary

STATE OF (NEW YORK))
) SS
COUNTY OF (NEW YORK)

On this 16th day of JULY, 1979, before me personally appeared LOUIS B SEIBEL, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of UNILEASE NO. 17, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed today on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Louis E. Slagle
Notary Public

LOUIS E. SLAGLE
Notary Public, State of New York
No. 41-4614400
Qualified in NY County
Commission Expires March 30, 1981

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 3rd day of JULY, 1979, before me personally appeared KENNETH F. NIELSEN, to me personally known, who being by me duly sworn, says that he is the PRESIDENT of WESTERN CO-OPERATIVE FERTILIZERS (U.S.) INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed today on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Myrtle E. Halverson
Notary Public

My commission expires: April 15, 1983

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: Trinity Industries, Inc.

Description and Mark and
Number of Items of
Equipment: 150 Covered Hopper Cars
Marked and Numbered MBFX 4600
to MBFX 4749, both inclusive,
Complying with Manufacturer's
Specifications HC3-47A Dated
September 1, 1978

Base Purchase Price of
Equipment: \$43,200 per Item

Maximum Aggregate Purchase
Price of Equipment: \$6,804,000

Places of Delivery: Fort Worth or Longview, Texas

Outside Delivery Date: September 30, 1979

(WCFL No. 79-1)

SCHEDULE A
(to Equipment Lease)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: Unilease No. 17, Inc.
(the "Lessor"),

Trinity Industries, Inc.
(the "Manufacturer")

I, a duly appointed and authorized representative of Western Co-operative Fertilizers (U.S.) Inc. (the "Lessee") under the Equipment Lease dated as of May 1, 1979 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: Covered Hoppers

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from Unilease No. 17, Inc.,
as Owner, and Subject to a Security
Interest and Charge in Favor of The
Connecticut Bank and Trust Company
Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: _____, 19__

Inspector and Authorized
Representative of the Lessee

(WCFL No. 79-1)

SCHEDULE B
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule C):

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Payable</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	103.4105
1	106.4406
2	107.3944
3	108.1586
4	108.7391
5	108.0199
6	108.4609
7	108.9631
8	109.5104
9	108.2736
10	108.7317
11	109.1883
12	109.6370
13	101.3851
14	101.6311
15	101.8688
16	102.0931
17	100.1735
18	100.3032
19	100.4244
20	100.5324
21	91.7142
22	91.6135
23	91.5016
24	91.3741
25	89.0110
26	88.7857
27	88.5493
28	88.2981
29	79.1592
30	78.6988
31	78.2250
32	77.7348
33	75.1738
34	74.5879
35	73.9896
36	73.3765

Term Lease Commencement Date
or Number of Fixed Rental
Payment Date on which
Casualty Value is Payable

Percentage of Purchase
Price Payable as
Casualty Value

37	70.6411
38	69.9327
39	69.2086
40	68.4671
41	65.6110
42	64.7760
43	63.9264
44	63.0561
45	60.1348
46	59.1695
47	58.1907
48	57.1880
49	54.2551
50	53.1569
51	52.0456
52	50.9074
53	48.0117
54	46.7780
55	45.5288
56	44.2483
57	41.4114
58	40.0345
59	38.6380
60	37.2065
61	34.4394
62	32.9278
63	31.3958
64	29.8456
65	27.1745
66	25.5436
67	23.8934
68	20.0000
Thereafter	The higher of 20.0000 or Fair Market Value

(WCFL No. 79-1)

Interstate Commerce Commission
Washington, D.C. 20423

7/18/79

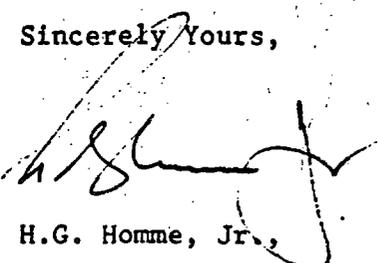
OFFICE OF THE SECRETARY

Gary Green, Esq.
Chapman & Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 7/18/79 at 12:30pm, and assigned recordation number(s) 10637 & 10638

Sincerely Yours,



H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)