



# SOUTHWESTERN ELECTRIC POWER COMPANY

P. O. BOX 1106 - SHREVEPORT, LOUISIANA 71156

RECORDING NO. 0486

AUG 9 9 1976 - 10:50 AM

INTERSTATE COMMERCE COMMISSION

August 9, 1976

6-272-1297

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Interstate Commerce Commission  
12th Street and Constitution Ave N.W.  
Washington D.C. 20423

Attention: Secretary

Gentlemen:

Enclosed herewith for filing and recording, pursuant to Section 20c of the Interstate Commerce Act, are eight (8) executed counterparts of a lease between City Island Coal Company, Lessor, and Southwestern Electric Power Company, Lessee, dated as of August 1, 1976. Also enclosed is a check in the amount of \$50 in payment of the applicable recording fees.

The lease referred to above relates to the leasing of:

363 100-ton (4,000 cubic ft.) high-side steel gondola cars. (Car numbers on Schedule A attached hereto.)

1 General Electric Diesel Electric Locomotive, Type BB 176/176, 88-ton, 940 HP, Serial No. 32820.

The cars and the locomotive referred to above bear the following identification mark:

LEASED FROM CITY ISLAND COAL COMPANY  
PURSUANT TO A LEASE AGREEMENT FILED  
WITH THE INTERSTATE COMMERCE COMMISSION.

*Countymen Hank Price*

RECEIVED  
AUG 10 10 45 AM '76  
I. C. C.  
FEE OPERATION BR.

Page Two  
Interstate Commerce Commission  
August 9, 1976

For your records, the names and addresses of  
the Lessor and the Lessee, respectively, are:

City Island Coal Company  
100 West Tenth Street  
Wilmington, Delaware 19801  
Attention: Mr. J. A. Barbera, President

Southwestern Electric Power Company  
P. O. Box 21106  
Shreveport, Louisiana 71156  
Attention: Mr. A. G. Hammett, III,  
Treasurer

Please deliver six (6) counterparts of the  
lease referred to above, each bearing recordation data  
with respect to the filing pursuant to the provisions  
of Section 20c of the Interstate Commerce Act, to the  
bearer of this letter.

Very truly yours,

SOUTHWESTERN ELECTRIC POWER COMPANY

By W. H. Snow  
W. H. Snow  
Vice President and Controller

Enclosures

WELSH POWER PLANT - UNIT #1  
RAILROAD CAR NUMBERS

SEPX 100013	SEPX 100731	SEPX 101431	SEPX 102172	SEPX 102890
SEPX 100021	SEPX 100749	SEPX 101440	SEPX 102181	SEPX 102903
SEPX 100030	SEPX 100757	SEPX 101478	SEPX 102199	SEPX 102911
SEPX 100048	SEPX 100765	SEPX 101486	SEPX 102202	SEPX 102920
SEPX 100054	SEPX 100773	SEPX 101494	SEPX 102211	SEPX 102938
SEPX 100064	SEPX 100781	SEPX 101506	SEPX 102229	SEPX 102946
SEPX 100073	SEPX 100790	SEPX 101516	SEPX 102237	SEPX 102954
SEPX 100081	SEPX 100803	SEPX 101524	SEPX 102245	SEPX 102962
SEPX 100099	SEPX 100811	SEPX 101532	SEPX 102253	SEPX 102971
SEPX 100102	SEPX 100820	SEPX 101541	SEPX 102261	SEPX 102989
SEPX 100111	SEPX 100838	SEPX 101559	SEPX 102270	SEPX 102997
SEPX 100129	SEPX 100846	SEPX 101567	SEPX 102288	SEPX 103004
SEPX 100137	SEPX 100854	SEPX 101575	SEPX 102296	SEPX 103012
SEPX 100145	SEPX 100862	SEPX 101583	SEPX 102300	SEPX 103021
SEPX 100153	SEPX 100871	SEPX 101591	SEPX 102318	SEPX 103039
SEPX 100161	SEPX 100889	SEPX 101605	SEPX 102326	SEPX 103047
SEPX 100170	SEPX 100897	SEPX 101613	SEPX 102334	SEPX 103055
SEPX 100188	SEPX 100901	SEPX 101621	SEPX 102342	SEPX 103063
SEPX 100196	SEPX 100919	SEPX 101630	SEPX 102351	SEPX 103071
SEPX 100200	SEPX 100927	SEPX 101648	SEPX 102369	SEPX 103080
SEPX 100218	SEPX 100935	SEPX 101656	SEPX 102377	SEPX 103098
SEPX 100226	SEPX 100943	SEPX 101664	SEPX 102385	SEPX 103101
SEPX 100234	SEPX 100951	SEPX 101672	SEPX 102393	SEPX 103110
SEPX 100242	SEPX 100960	SEPX 101681	SEPX 102407	SEPX 103128
SEPX 100251	SEPX 100978	SEPX 101699	SEPX 102415	SEPX 103136
SEPX 100269	SEPX 100986	SEPX 101702	SEPX 102423	SEPX 103144
SEPX 100277	SEPX 100994	SEPX 101711	SEPX 102431	SEPX 103152
SEPX 100285	SEPX 101001	SEPX 101729	SEPX 102440	SEPX 103161
SEPX 100293	SEPX 101010	SEPX 101737	SEPX 102458	SEPX 103179
SEPX 100307	SEPX 101028	SEPX 101745	SEPX 102466	SEPX 103187
SEPX 100315	SEPX 101036	SEPX 101753	SEPX 102474	SEPX 103195
SEPX 100323	SEPX 101044	SEPX 101761	SEPX 102482	SEPX 103209
SEPX 100331	SEPX 101052	SEPX 101770	SEPX 102491	SEPX 103217
SEPX 100340	SEPX 101061	SEPX 101788	SEPX 102504	SEPX 103225
SEPX 100358	SEPX 101079	SEPX 101796	SEPX 102512	SEPX 103233
SEPX 100366	SEPX 101087	SEPX 101800	SEPX 102521	SEPX 103241
SEPX 100374	SEPX 101095	SEPX 101818	SEPX 102539	SEPX 103250
SEPX 100382	SEPX 101109	SEPX 101826	SEPX 102547	SEPX 103268
SEPX 100391	SEPX 101117	SEPX 101834	SEPX 102555	SEPX 103276
SEPX 100404	SEPX 101125	SEPX 101842	SEPX 102563	SEPX 103284
SEPX 100412	SEPX 101133	SEPX 101851	SEPX 102571	SEPX 103292
SEPX 100421	SEPX 101141	SEPX 101869	SEPX 102580	SEPX 103306
SEPX 100439	SEPX 101150	SEPX 101877	SEPX 102598	SEPX 103314
SEPX 100447	SEPX 101168	SEPX 101885	SEPX 102601	SEPX 103322
SEPX 100455	SEPX 101176	SEPX 101893	SEPX 102610	SEPX 103331
SEPX 100463	SEPX 101184	SEPX 101907	SEPX 102628	SEPX 103349
SEPX 100471	SEPX 101192	SEPX 101915	SEPX 102636	SEPX 103357
SEPX 100480	SEPX 101206	SEPX 101923	SEPX 102644	SEPX 103365
SEPX 100498	SEPX 101214	SEPX 101931	SEPX 102652	SEPX 103373
SEPX 100501	SEPX 101222	SEPX 101940	SEPX 102661	SEPX 103381
SEPX 100510	SEPX 101231	SEPX 101958	SEPX 102679	SEPX 103390
SEPX 100528	SEPX 101249	SEPX 101966	SEPX 102687	SEPX 103403
SEPX 100536	SEPX 101257	SEPX 101974	SEPX 102695	SEPX 103412
SEPX 100544	SEPX 101265	SEPX 101982	SEPX 102709	SEPX 103420
SEPX 100552	SEPX 101273	SEPX 101991	SEPX 102717	SEPX 103438
SEPX 100561	SEPX 101281	SEPX 102008	SEPX 102725	SEPX 103446
SEPX 100579	SEPX 101290	SEPX 102016	SEPX 102733	SEPX 103454
SEPX 100587	SEPX 101303	SEPX 102024	SEPX 102741	SEPX 103462
SEPX 100595	SEPX 101311	SEPX 102032	SEPX 102750	SEPX 103471
SEPX 100609	SEPX 101320	SEPX 102041	SEPX 102768	SEPX 103489
SEPX 100617	SEPX 101338	SEPX 102059	SEPX 102776	SEPX 103497
SEPX 100625	SEPX 101346	SEPX 102067	SEPX 102784	SEPX 103501
SEPX 100633	SEPX 101354	SEPX 102075	SEPX 102792	SEPX 103519
SEPX 100641	SEPX 101362	SEPX 102083	SEPX 102806	SEPX 103527
SEPX 100650	SEPX 101371	SEPX 102091	SEPX 102814	SEPX 103535
SEPX 100668	SEPX 101389	SEPX 102103	SEPX 102822	SEPX 103543
SEPX 100676	SEPX 101397	SEPX 102113	SEPX 102831	SEPX 103551
SEPX 100684	SEPX 101401	SEPX 102121	SEPX 102849	SEPX 103560
SEPX 100692	SEPX 101419	SEPX 102130	SEPX 102857	SEPX 103578
SEPX 100706	SEPX 101427	SEPX 102148	SEPX 102865	SEPX 103586
SEPX 100714	SEPX 101435	SEPX 102156	SEPX 102873	SEPX 103594
SEPX 100722	SEPX 101443	SEPX 102164	SEPX 102881	SEPX 103608
				SEPX 103616
				SEPX 103624
				SEPX 103632

**Interstate Commerce Commission**  
Washington, D.C. 20423

8/10/76

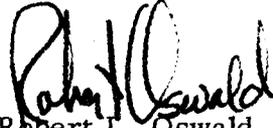
OFFICE OF THE SECRETARY

W.H. Snow  
Vice President & Controller  
Southwestern Electric Power Company  
P.O.Box 1106  
Shreveport, Louisiana 71156

Dear

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 **8/10/76** at **10:50am** and assigned recordation number(s) **8436**

Sincerely yours,

  
Robert L. Oswald  
Secretary

Enclosure(s)

SE-30  
(5/76)

RECORDATION NO. 0406

AUG 1 0 1976 10 50 AM

INTERSTATE COMMERCE COMMISSION

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LEASE

between

CITY ISLAND COAL COMPANY

Lessor

and

SOUTHWESTERN ELECTRIC POWER COMPANY

Lessee

Dated as of August 1, 1976

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List of Schedules

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LEASE

LEASE, dated as of August 1, 1976, by and between City Island Coal Company, a Delaware corporation (herein referred to as "Lessor"), and Southwestern Electric Power Company, a Delaware corporation (herein referred to as "Lessee").

WHEREAS, Lessor is the owner of a 183 acre tract in Alliance, Nebraska, more fully described in Schedule A hereto (herein referred to as the "Land");

WHEREAS, Lessee has assigned and conveyed or will assign and convey to Lessor various construction contracts, purchase orders, other agreements, materials and supplies and construction work in progress for the construction, erection and acquisition upon the Land of a facility for the maintenance of high-side gondola railroad cars, more fully described in Schedule A hereto (herein referred to as the "Facility");

WHEREAS, Lessee has sold or will sell to Lessor 100 high-side gondola railroad cars and has assigned or will assign to Lessor purchase orders for the purchase of an additional 263 such cars, all more fully described in Schedule A hereto (herein referred to as the "Equipment");

WHEREAS, Lessee desires that Lessor complete the construction, erection and acquisition of the Facility and purchase and acquire the Equipment, and that Lessor lease to Lessee the Land, the Facility and the Equipment; and

WHEREAS, Lessor desires to perform the various duties and obligations required of it as aforesaid;

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.1. General. This Lease may hereinafter sometimes be referred to as "this Lease Agreement" or "this Lease", and such terms shall include the attached Schedules as such schedules may be amended, changed or supplemented from time to time as provided herein.

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

Except as the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease Agreement:

SECTION 1.2. "Affiliate" shall have the meaning assigned thereto in the Participation Agreement.

SECTION 1.3. "Authorized Officer" shall mean the chairman of the board of directors, the president, any vice president, the treasurer or secretary of the designated party.

SECTION 1.4. "Basic Rent" shall mean the payments to be made pursuant to Section 4.1 hereof.

SECTION 1.5. "Cost of the Project" shall have the meaning assigned thereto in the Participation Agreement.

SECTION 1.6. "Equipment" shall mean the equipment described in Schedule A hereto as said schedule may be amended, or shall be required to be amended from time to time, as provided herein or by Section 13 of the Participation Agreement.

SECTION 1.7. "Event of Default" and "Default" shall have the meanings assigned thereto in Section 11.1 hereof.

SECTION 1.8. "Facility" shall mean the facility described in Schedule A hereto as said schedule may be amended, or shall be required to be amended from time to time, as provided herein or by Section 13 of the Participation Agreement.

SECTION 1.9. "Land" shall mean the parcel of land described in Schedule A hereto as said schedule may be amended, or shall be required to be amended from time to time, as provided herein or by Section 13 of the Participation Agreement.

SECTION 1.10. "Lease Payments" shall mean those amounts payable by Lessee pursuant to Sections 4.1 and 4.2 hereof.

SECTION 1.11. "Lease Payment Date" shall mean February 1 or August 1 of every year during the term of this Lease commencing on February 1, 1977; provided, that if such February 1 or August 1 is not a New York Business Day, as defined in the Participation Agreement, "Lease Payment Date" shall mean the next succeeding Business Day.

SECTION 1.12. "Notes" shall have the meaning assigned thereto in the Participation Agreement.

SECTION 1.13. "Outstanding" shall have, with respect to any Notes, the meaning assigned thereto in the Participation Agreement.

SECTION 1.14. "Participation Agreement" shall mean the Participation Agreement dated the date hereof among Lessee, Metropolitan Life Insurance Company and Lessor.

SECTION 1.15. "Permitted Liens" shall mean (i) any lien attaching to the Project by reason of the existence of an after-acquired property clause in any mortgage to which Lessee is a party covering substantially all of its utility property, (ii) liens for taxes, assessments or other governmental charges or levies either not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings, so long as such proceedings do not involve any risk of the sale, forfeiture or loss of the Project or any portion

thereof, title thereto, or any interest therein, (iii) inchoate materialmen's, repairmen's, employees' or other like liens arising in the ordinary course of business, which are not delinquent, or which are bonded, or the enforcement of which has been suspended, but then only for the duration of such suspension, (iv) liens arising out of judgments or awards against Lessor or Lessee which have been bonded, with respect to which at the time an appeal or proceeding for review is being presented in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review; and (v) rights created by this Lease Agreement, the Participation Agreement or the Notes.

SECTION 1.16. "Project" shall mean, collectively, the Equipment, the Facility and the Land.

SECTION 1.17. "Project Component" shall mean, separately, the Equipment, the Facility or the Land.

SECTION 1.18. "Supplemental Rent" shall mean the payments to be made pursuant to Section 4.2 hereof.

SECTION 1.19. "Termination Date" shall mean any date on which Lessee is obligated to, or may, terminate this Agreement as to any Project Component and shall be the date specified as the Termination Date in any notice provided in respect to the termination of this Lease.

SECTION 1.20. "Termination Value" with respect to any Project Component on any Termination Date shall be an amount equal to the amount shown on Schedule C hereto (as such Schedule shall be amended from time to time pursuant to Section 13 of the Participation Agreement) as such Termination Value for such Termination Date.

## ARTICLE TWO

### ACQUISITION AND COMPLETION OF THE PROJECT

SECTION 2.1. Conveyance and Assignment of Lessee's Interest. Lessee hereby conveys and assigns to Lessor all of Lessee's right, title and interest in and to the Project in the state of acquisition or completion prevailing at the date hereof, including without limitation all of Lessee's title in and to the Land; its interest under and in the various construction contracts, purchase orders, other agreements, materials and supplies and construction work in progress relating to the Facility; and its interest under and in the purchase orders for the Equipment. Lessee agrees to execute and deliver to Lessor all additional deeds, bills of sale, assignments and conveyances as Lessee may request from time to time in order effectively to vest in Lessor as of the date hereof all of the right, title and interest intended to be conveyed by this Section 2.1 and leased hereby.

SECTION 2.2. Lessor's Acquisition and Completion of Project. Lessor will acquire, construct, erect, equip and complete the Project in accordance with plans, specifications and instructions received from Lessee and as otherwise

directed by Lessee. In connection therewith, Lessor hereby appoints Lessee as general contractor and agent for the purpose of such acquisition and completion of the Project. Lessee accepts such appointment and agrees that it will take all action which may be requisite or appropriate for such acquisition and completion. As general contractor, Lessee is authorized to enter into contracts in its own name and with third parties in connection with such acquisition and completion and such third parties shall be regarded as subcontractors or suppliers of Lessor under this Lease. So long as no event of default or default under this Lease has occurred and is continuing, the power and obligation of Lessee to act as provided in this Section 2.2 shall be irrevocable and shall not be terminated by Lessor or Lessee.

SECTION 2.3. Payment of Cost of the Project.

Lessor shall pay directly, or shall reimburse or pay Lessee, for any Cost of the Project, including any cost incurred prior to the date hereof. All such payments shall be made, not more frequently than once every month, upon the authorization and direction of an Authorized Officer of Lessee in its capacity as general contractor and agent.

SECTION 2.4. Limitation of Lessor's Obligations.

Notwithstanding any other provision of this Lease or the Participation Agreement, Lessor shall not be obligated to pay any Cost of the Project except to the extent of the proceeds available to it from the sale of Notes and from

any Supplemental Rent paid to it by Lessee for such purpose. Lessee agrees to pay as Supplemental Rent amounts sufficient to pay the Cost of the Project to the extent such Cost exceeds the proceeds so available from the sale of Notes.

### ARTICLE THREE

#### LEASE OF THE PROJECT

SECTION 3.1. Lease of the Project. Lessor hereby demises and leases to Lessee, and Lessee hereby leases from Lessor, for the term set forth in Section 3.2. hereof, the Project subject to Permitted Liens.

SECTION 3.2. The Term. This Lease shall be effective on the date it is executed by the parties hereto; provided, however, that the term hereof shall commence on the Closing Date (as defined in the Participation Agreement) and shall end on August 1, 1996, unless previously terminated as otherwise provided herein.

### ARTICLE FOUR

LEASE PAYMENTS; NET LEASE: UNCONDITIONAL OBLIGATION; NO SET-OFFS OR COUNTERCLAIMS

SECTION 4.1. Basic Rent. The Lessee will pay to the Lessor as Basic Rent for the Project on each Lease Payment Date an amount equal to the amount shown for such date on Schedule B hereto, as the same shall be amended from time to time in accordance with Section 13 of the Participation Agreement.

SECTION 4.2. Supplemental Rent. In addition to the Basic Rent payable by the Lessee under Section 4.1

above, Lessee shall, within forty-five days upon actual delivery of invoices therefor to Lessee, pay to Lessor as Supplemental Rent an amount equal to the out-of-pocket expenses and costs of the Lessor expended in connection with the Project and all other amounts, liabilities and other obligations (other than Basic Rent) which Lessee assumes or agrees to pay hereunder.

SECTION 4.3. Time and Place of Lease Payments.

Unless and until the Lessee shall receive from the Lessor written notice of a different place for payment, all payments of Basic Rent hereunder shall be paid by 10:00 a.m., New York time, on each Lease Payment Date in New York Clearing House funds at Bankers Trust Company, New York, New York.

SECTION 4.4. Net Lease: Unconditional Obligation; No Set-Off or Counterclaims. (a) This Lease is and shall be construed to be a net lease, and Lessee shall pay all costs, taxes, assessments and other expenses of every character, foreseen or unforeseen, for the payment of which Lessor or Lessee is or shall become liable by reason of its estate or interest in the Project, or Lessor's right to receive Basic Rent, which are connected with or arise out of this Lease or the possession, use, occupancy, operation, maintenance, repair, replacement, alteration, modification or rebuilding of the Project or any portion thereof.

(b) Lessee's obligations hereunder, including, without limitation, its obligations to pay Lease Payments and payments of Termination Value as provided hereunder,

shall be absolute and unconditional, shall be paid without notice or demand except as herein otherwise expressly provided and shall not be affected by any circumstance, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or any other person for any reason whatsoever; (ii) any of the matters specified in Section 10.5 hereof, as to which Lessor makes no representation; or (iii) any interruption or cessation in the planning, construction, use or possession of the Project or any portion thereof for any reason whatsoever, including, without limitation, whether or not such interruption or cessation shall have been caused by loss, damage or casualty to or destruction of the Project or any portion thereof, or the use or possession of any portion of the Project shall have been affected by condemnation proceedings or taken by the exercise of the power of eminent domain. Except as herein otherwise expressly provided, pursuant to Article Fifteen hereof, this Lease shall not terminate, nor shall Lessee have any right to terminate this Lease or to be released, relieved or discharged from any obligations or liabilities hereunder for any reason.

SECTION 4.5. Continuing Obligation in Event of Default; Payments of Interest on Amounts in Default.

In the event Lessee shall fail to make any of the payments required hereunder, any such payment so in default shall continue as an obligation of Lessee until the amount in

default shall have been fully paid, regardless of the termination of this Lease pursuant to Article Fifteen hereof, and Lessee will pay the same with interest thereon until paid at the rate of 10-3/8% per annum.

SECTION 4.6. Application of Gains on Investments and Other Amounts Held by Lessor. Notwithstanding anything herein to the contrary, at Lessee's direction, any net gains as a result of investments made pursuant to Section 5.5 of the Participation Agreement, which net gains are held by Lessor in immediately available funds on the date of any payment due pursuant to Section 4.1 or 4.2 hereof, shall be applied by Lessor towards the satisfaction of such payment. For the purposes of this Section 4.6 only, "net gains" shall include proceeds available to the Lessor from the sale of the Notes to the extent that such proceeds exceed the total Cost of the Project when all Equipment has been delivered to the Lessor, the Facility has been completed and the Project has been paid for. Any amount required to be paid to Lessor by Lessee or otherwise received by Lessor under Sections 5.8, 7.1 or 7.2, shall be applied by Lessor, upon the direction of Lessee, as a credit towards the satisfaction of any future payment enumerated in whichever of said Sections is applicable, provided that such amount is held by Lessor at the date such payment is due in immediately available funds. Nothing in this Section 4.6 shall alter the amount of any payment due under this Lease Agreement or the Participation Agreement.

## ARTICLE FIVE

### PROJECT MAINTENANCE, OPERATION AND MODIFICATION; REPLACEMENT OF PARTS; REPAIRS; ALTERATIONS AND ADDITIONS

SECTION 5.1. Maintenance and Operation. Lessee, at its expense, shall maintain, service, overhaul, test and repair the Project to the same extent as Lessee would, in the prudent management of its properties, maintain, service, overhaul, test and repair similar property owned by Lessee and in any event to the extent required to maintain the Project in good operating condition without adversely affecting the economic value of the Project and in compliance with any applicable requirements of law or of any federal, state or local governmental authority having jurisdiction over the Project. Lessee will not permit the Project to be used or operated in violation of any law or any rule, regulation or order of any such governmental authority or agency having jurisdiction, unless the validity thereof is being contested in good faith and by appropriate proceedings, but only so long as such proceedings do not involve any risk of the sale, forfeiture or loss of the Project or any interest therein.

SECTION 5.2. Replacement of Parts. Subject to Article Seven and Sections 5.6 and 5.7 hereof, Lessee, at its own expense, shall, to the extent necessary in its judgment to maintain the usefulness of the Project to it, promptly replace all cars comprising the Equipment and all appliances, parts, instruments, appurtenances, accessories, furnishings, fixtures, machinery, apparatus, tools, instruments, other movable property and other equipment and materials

otherwise constituting part of the Project of whatever nature (herein for the purpose of this Section 5.2 and Sections 5.3, 5.7, 5.8 and 5.9 hereof collectively called a "Part" or "Parts") which may from time to time be incorporated or installed in or attached to the Project and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered technologically obsolete or unfit for use for any reason whatsoever. It is understood that in the event of technological change or obsolescence, replacements of Parts required to be made by Lessee by this Section 5.2 may be made with parts of wholly new design and function. In addition, in the ordinary course of maintenance, service, repair, overhaul or testing, Lessee at its expense may remove any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, that Lessee at its expense shall replace such Parts as promptly as practicable.

SECTION 5.3. Removed Parts. All Parts at any time removed from the Project shall remain the property of Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Project and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Project as above provided, without further act, (a) title to the removed Part shall thereupon vest in such person as shall be designated by Lessee, free and clear of all rights of Lessor, (b) title to

such replacement Part shall thereupon vest in Lessor, and (c) such replacement Part shall become subject to this Lease and be deemed part of the Project for all purposes hereof to the same extent as the Parts originally incorporated or installed in the Project; provided, that Lessee at its expense may elect to replace a Part temporarily with a replacement Part which is owned by a third party or which is otherwise subject to a lien, encumbrance or right of a third party, and in such case title to such replacement Part shall not vest in Lessor, but (i) Lessee at its expense shall be required to substitute for such temporary replacement Part a further replacement Part meeting the requirements for replacement Parts specified above, or cause such temporary replacement Part to meet such requirements, as promptly as practicable, but in any event within the shorter of twelve months or the remainder of the term of this Lease, and (ii) title to the removed Part shall remain in Lessor until the requirements of the preceding clause (i) shall be satisfied, at which time title to the removed Part shall vest in such person as shall be designated by Lessee, free and clear of all rights of Lessor.

SECTION 5.4. Alterations, Modifications and Additions Required to be Made by Lessee. Lessee, at its own expense, shall make such alterations and modifications and install such property additional (herein for the purpose of this Article collectively called "Alterations") to the Project as may be required from time to time to meet the requirements of law or of any federal, state or local governmental authority having jurisdiction. Any such

Alterations shall be subject to this Lease, shall be deemed a part of the Project and title thereto shall vest in the Lessor. Nothing in this Section shall require Lessee to make Alterations required by any law, regulation or order if the validity thereof is being contested in good faith and by appropriate proceedings, so long as such proceedings do not involve any risk of the sale, forfeiture or loss of the Project or any interest therein.

SECTION 5.5. Alterations Which Lessee Is Permitted to Make. Lessee, at its own expense, may, from time to time, make such Alterations to the Project as Lessee may deem desirable in the proper conduct of its business; provided, that no such Alteration materially diminishes the usefulness of the Project to the Lessee; and provided, further, that any such Alteration shall be subject to this Lease, shall be deemed part of the Project and may not be removed from the Project and that title to such Alteration shall vest in the Lessor, unless such Alteration can be removed from the Project without materially diminishing or impairing such usefulness. In the event Lessee makes any Alteration permitted by this Section 5.5 which has an original cost of \$100,000 or more or any Alterations which in any calendar year have an aggregate original cost of \$500,000 or more, or in the event Lessee wishes to remove any such Alteration or Alterations, Lessee shall furnish Lessor a certificate of an Authorized Officer of Lessee, with respect

to such Alteration or removal, setting forth the reason for the making of such Alteration or the removal thereof and certifying that the usefulness of the Project to Lessee will not be materially adversely affected by such Alteration or removal.

SECTION 5.6. Alterations and Additions by Lessor.

At the direction of Lessee, Lessor will make any alterations, modifications or additions required or permitted under Sections 5.4 or 5.5 at its expense, and in connection therewith Lessee shall act as general contractor and agent of Lessor and shall be reimbursed for all costs and expenses incurred by it in like manner as provided in Sections 2.2 and 2.3 hereof; provided, however, that Lessee shall pay Lessor in advance as Supplemental Rent amounts sufficient to reimburse Lessor for all costs and expenses hereunder and Lessor shall have no obligation except to the extent of such Supplemental Rent received by it.

SECTION 5.7. Repairs, Replacements, Modifications Not Required to Be Made by Lessee. Subject to Article Seven, Section 5.1 and Section 5.4 hereof, Lessee shall be under no obligation to repair, replace or modify any Part of the Project when in Lessee's sole judgment prudent management would not so dictate; provided, that such failure to repair, replace or modify any Part of the Project shall not materially adversely affect the usefulness of the Project to Lessee. In the event the Part not repaired, replaced or modified had an

original cost of \$100,000 or more, Lessee shall furnish Lessor a certificate of an Authorized Officer of Lessee setting forth the reason such Part will not be repaired, replaced or modified and certifying that the usefulness of the Project to the Lessee will not be materially adversely affected by such failure to replace, modify or repair such Part.

SECTION 5.8. Sales Permitted to Be Made by Lessee.

Subject to the provisions of Sections 5.1 and 5.3 hereof, Lessee may, from time to time, sell or otherwise dispose of any Part or Parts which had an original cost of up to \$100,000 (provided that the aggregate original cost of all such Parts disposed of in any calendar year under this Section 5.8 shall not exceed \$500,000) which Lessee in good faith deems to be no longer needed or useful for the operation of the Project; provided, that the removal of such Part or Parts shall not materially adversely affect the usefulness of the Project to the Lessee. The proceeds of such sales shall be paid to Lessor promptly upon receipt thereof by Lessee and shall be applied by Lessor at the direction of Lessee against any future payment of (i) Basic Rent, (ii) Termination Value or (iii) redemption price of Notes pursuant to Section 6.9 of the Participation Agreement, as the case may be, all in accordance with Section 4.6 hereof. If the Part or Parts so removed had an original cost of \$100,000 or more or any Parts removed within any calendar year had an aggregate original cost of \$500,000 or more, Lessee shall furnish to

Lessor a certificate of an Authorized Officer of Lessee setting forth the reason for the sale of such Part or Parts and the reason that such Part or Parts is no longer needed or useful in the operation of the Project, and certifying that the usefulness of the Project to the Lessee will not be materially adversely affected thereby.

SECTION 5.9. Lessee's Obligation to Amend Schedule A to the Lease. Lessee shall amend Schedule A hereto as of each succeeding August 1 during the term of this Lease and at such other times as a Majority in Interest of the Noteholders (as defined in the Participation Agreement) may reasonably request in order to reflect all replacements, sales, modifications, additions and repairs contemplated by this Article Five; provided, however, no such amendment (other than the amendment on August 1 of every year) need be made with respect to the replacement, sale, modification, addition or repair of any Part having a cost less than \$100,000. Lessee shall promptly deliver such amended Schedules to the Lessor and the registered holders of the Notes.

## ARTICLE SIX

### INSURANCE AND INDEMNIFICATION

SECTION 6.1. Lessee's Obligation to Maintain Insurance. Lessee agrees that at its expense the Project will be insured at all times during the term of this Lease against loss or damage from such hazards and risks, to such extent, and in such amounts, as are consistent with insurance carried by Lessee on like properties it owns. Each such insurance policy shall include as insured interests the

interest of Lessor and its assigns and an agreement by the insurer that it will advise Lessor in writing at least thirty days prior to any cancellation, expiration, termination or material change in the coverage of any policy of insurance; provided, however, that Lessee shall not be obligated to maintain insurance pursuant to this Section 6.1 in the event that, and for such periods as, Lessee self-insures such losses.

SECTION 6.2. Liability Insurance. Subject to Section 6.1 hereof, Lessee shall at all times maintain comprehensive general liability insurance covering the legal liability of Lessee and Lessor and their assigns against claims of bodily injury, death or property damage, occurring on, in or about the Project, in the minimum limits of \$1,000,000 with respect to bodily injury, sickness, or death in any one occurrence, and \$1,000,000 for loss of or damage to property in any one occurrence.

SECTION 6.3. No Right of Subrogation of Insurer. Any insurance policies issued pursuant to this Article Six shall provide that the insurer shall not have any right of subrogation against Lessor or its assigns.

SECTION 6.4. Payee of Insurance Proceeds. Except as otherwise expressly provided herein, all proceeds of insurance with respect to any particular loss in connection with the Project shall be paid directly to Lessor or to any party designated by Lessor, to be held and applied by

Lessor or such party as provided herein for the specific type of loss.

SECTION 6.5. Insurance Reports; Certificate of Insurance. On or before September 1, 1976 and thereafter on August 1 of each year, so long as any of Lessee's obligations hereunder are outstanding, Lessee shall furnish to Lessor a certificate of an Authorized Officer showing the insurance (including self-insurance) then in force and maintained by Lessee as required by this Article Six and stating that such insurance (including self-insurance) complies with the terms hereof and containing the names of the insurance companies, the property, risks and hazards covered thereby and the names of the persons to whom losses are payable. Lessee shall on demand deliver to Lessor a Certificate of Insurance evidencing policies of insurance (including self-insurance) carried by or at the direction of Lessee pursuant to this Article Six.

SECTION 6.6. Indemnification. Except as may arise from the wilful misconduct or gross negligence of Lessor, Lessee releases Lessor from, and agrees that Lessor shall not be liable for, and agrees to indemnify and hold harmless Lessor from, any and all liabilities, obligations, costs, expenses (including all reasonable attorneys' fees and expenses), losses, damages, penalties, judgments, claims, actions and suits, of whatsoever kind and nature (whether or

not also indemnified against by any other Person under any other documents), imposed on, incurred by or asserted against Lessor in any way relating to or arising out of the purchase, manufacture, installation, acceptance, rejection, ownership, lease, possession, use, operation, condition, replacement or return of the Project, including acts of Lessee performed as general contractor or agent for Lessor pursuant to this Lease.

#### ARTICLE SEVEN

##### DAMAGE, CASUALTY, LOSS, DESTRUCTION, CONDEMNATION AND EMINENT DOMAIN

##### SECTION 7.1. Damage, Casualty, Loss and Destruction.

(a) In the event of any damage, loss or casualty to or destruction of any portion of the Project, Lessee shall give prompt notice thereof to Lessor, specifying the nature and extent of such damage, loss, casualty or destruction and shall, within 45 days of such event, if such damage, loss, casualty or destruction does not, in the sole judgment of Lessee, materially adversely affect the usefulness of the Project to Lessee, furnish Lessor a certificate of an Authorized Officer of Lessee to the effect that such damage, loss, casualty or destruction does not materially adversely affect the usefulness of the Project to Lessee; provided, however, that Lessee shall have no obligation to deliver such notice if the damage to the Project in the good faith judgment of Lessee will not cost in excess of \$100,000 to repair and if

such damage does not materially adversely affect the usefulness of the Project to Lessee. In the event any insurance proceeds are received by Lessor with respect to damage, casualty, loss or destruction as contemplated by this Section 7.1(a), any insurance proceeds with respect to such occurrences shall be applied by Lessor, upon receipt thereof, at the direction of Lessee, to reimburse Lessee for the costs of repairing such damage upon presentation by Lessee of invoices or other bills with respect to such costs incurred by it, or (and in any case to the extent of any excess of such proceeds over such costs of repair) as a credit against future payments of Basic Rent or the Termination Value or payment of the redemption price of Notes pursuant to Section 6.9 of the Participation Agreement.

(b) In the event of any damage, casualty or loss to or destruction of any Project Component which materially adversely affects the usefulness of the Project to Lessee, Lessee will furnish Lessor, within 45 days of such event, the certificate of an Authorized Officer of Lessee to such effect. In the event of such material damage, destruction, loss or casualty, Lessee, at its option, shall either (1) terminate this Lease with respect to such Project Component in accordance with Article Fifteen hereof by purchasing such Project Component by paying to Lessor, within 165 days of such occurrence, the Termination Value applicable thereto at the date of the redemption of Notes required pursuant to

Section 15.2 of the Participation Agreement in connection with such termination, including an amount equal to the unpaid interest on the Notes then to be redeemed accrued to such date of redemption, or (2) rebuild, restore, or replace such Project Component so that it shall have substantially the same usefulness to Lessee as such Project Component had immediately preceding such damage, casualty, loss or destruction. Lessee shall notify Lessor of its election in writing within 45 days of such occurrence. In the event Lessee decides to rebuild, restore or replace such Project Component as set forth in Clause (2) of this Section 7.1(b), Lessee shall deliver to Lessor within 45 days of the occurrence of such damage, casualty, loss or destruction a certificate of an Authorized Officer of Lessee certifying that such Project Component can be so restored, rebuilt or replaced within 24 months of the date of such occurrence and stating the reasonably estimated cost thereof and shall deliver to Lessor any insurance proceeds when received. All insurance proceeds received by Lessor shall be held and applied by Lessor for the sole purpose of reimbursing Lessee for the costs of such repair and restoration, and when such insurance proceeds are received by Lessor, such proceeds shall be disbursed to Lessee promptly upon the presentation by Lessee of invoices or other bills with respect to such rebuilding, replacement and restoration. After reimbursing Lessee with respect to

such rebuilding, any excess insurance proceeds shall be applied by Lessor, upon receipt thereof, at the direction of Lessee, as a credit against future payments of Basic Rent or the Termination Value or payment of the redemption price of Notes pursuant to Section 6.9 of the Participation Agreement.

If such certificate of an Authorized Officer of Lessee is not received by Lessor within such 45 day period, Lessee shall be deemed to have elected to purchase such Project Component at the Termination Value thereof applicable at the time of such occurrence. Payment of such Termination Value shall be made within 120 days after the expiration of such 45 day notice period provided above. In the event of the termination of this Lease with respect to such Project Component pursuant to this Section 7.1(b), upon payment in full of such Termination Value, all insurance proceeds shall be paid to Lessee.

(c) At the direction of Lessee, Lessor will rebuild, replace or restore any portion of the Project, damaged, affected by casualty, lost or destroyed, and in connection therewith Lessee shall act as general contractor and agent of Lessor and shall be reimbursed for all costs and expenses incurred by it in like manner as provided in Sections 2.2 and 2.3 hereof; provided, however, that Lessee shall pay Lessor in advance as Supplemental Rent amounts sufficient to reimburse Lessor for all costs and expenses hereunder, after application of any insurance proceeds held

by Lessor, and Lessor shall have no obligation except to the extent of such proceeds or Supplemental Rent received by it.

SECTION 7.2. Condemnation and Eminent Domain.

(a) In the event Lessee receives notice of any threatened or actual condemnation or eminent domain proceeding relating to any Project Component, Lessee shall give prompt notice thereof to Lessor. If in Lessee's reasonable judgment such condemnation or eminent domain proceeding with respect to such Project Component does not materially adversely affect the usefulness of the Project to Lessee, Lessee shall deliver to Lessor within 45 days of such occurrence a certificate of an Authorized Officer of Lessee specifying that such condemnation or eminent domain proceeding will not have any material adverse effect on the usefulness of the Project to it.

(b) In the event of the condemnation of a portion of any Project Component or the taking by eminent domain of a portion of any Project Component, which condemnation or taking materially adversely affects the usefulness of the Project to Lessee, Lessee shall within 45 days of such occurrence deliver to the Lessor a certificate of an Authorized Officer of Lessee to such effect. In the event of such condemnation or taking, Lessee, at its option, shall either (1) terminate this Lease with respect to such Project Component pursuant to Article Fifteen hereof by purchasing such Project Component by the payment to Lessor, within 165

days of such occurrence the Termination Value applicable thereto at the date of the redemption of Notes required pursuant to Section 15.2 of the Participation Agreement in connection with such termination, including an amount equal to the unpaid interest on the Notes then to be redeemed accrued to such date of redemption, or (2) rebuild, restore or replace such Project Component so that it shall have substantially the same usefulness to Lessee as such Project Component had immediately preceding such condemnation or taking. Lessee shall notify Lessor of its election in writing within 45 days of such occurrence. In the event Lessee decides to rebuild, restore or replace such Project Component, as set forth in Clause (2) of this Section 7.2(b), Lessee shall deliver to Lessor within 45 days of the occurrence of such condemnation or taking a certificate of an Authorized Officer of Lessee certifying that such Project Component can be so restored and rebuilt within 24 months of the date of such occurrence and stating the reasonably estimated cost thereof.

If such certificate of an Authorized Officer of Lessee is not received by Lessor within such 45-day period, Lessee shall be deemed to have elected to purchase such Project Component at the Termination Value thereof applicable at the time of such condemnation or taking. Payment of such Termination Value shall be made within 120 days after the expiration of such 45-day notice period provided above. In

the event of the termination of this Lease pursuant to this Section 7.2(b), upon payment in full of such Termination Value, all insurance proceeds shall be paid to Lessee.

(c) Any and all actions to be taken with respect to condemnation or eminent domain proceedings shall be taken at the expense of Lessee, with the cooperation of Lessor. In no event shall Lessor voluntarily settle such proceeding without the consent of Lessee. Any proceeds received with respect to such proceedings shall be paid to Lessor and shall be applied by Lessor, upon receipt thereof, at the direction of Lessee, to reimburse Lessee for the costs of restoring or replacing any portion of the Project Component condemned or taken as a result of such proceeding upon presentation by Lessee of invoices or other bills with respect to such costs incurred by it, or (and in any case to the extent of any excess of such proceeds over such costs of repair) as a credit against future payments of Basic Rent or the Termination Value or payment of the redemption price of Notes pursuant to Section 6.9 of the Participation Agreement.

## ARTICLE EIGHT

### TAXES

SECTION 8.1. General Indemnity. Subject to Sections 8.2 and 8.4 of this Article Eight, Lessee hereby agrees to indemnify Lessor against, and to hold it harmless from, and agrees to pay on written demand of or on behalf of

Lessor, all license and registration fees and all taxes, or similar levies, imposts, duties, charges or withholdings of any nature whatsoever (hereinafter, together with any penalties, fines or interest thereon, in this Article Eight sometimes collectively called "taxes or other impositions" and individually called a "tax or other imposition"), imposed upon or with respect to Lessor by reason of any Project Related Transaction (as hereinafter defined) or imposed upon or with respect to the Project, or any portion of or interest in the Project, by any Federal, state or other taxing authority. As used in the preceding sentence, the term "Project Related Transaction" shall mean all and any of the following (regardless of the extent or degree of participation therein, if any, by Lessor):

(a) The purchase, ownership, delivery, leasing, possession, use, operation, return, sale, exchange, or other disposition of the Project, or any portion of or interest in the Project;

(b) The payment or receipt of any rentals, receipts or earnings arising from or with respect to the Project or any portion of or interest in the Project; and

(c) The participation, and the incurring or performance of rights or obligations under this Lease.

SECTION 8.2. Exceptions to Indemnity. Section 8.1 and the indemnity provided therein shall not apply to (i) Lessor with respect to any Federal, state or local tax

or other imposition on, or any tax to the extent measured (in whole or in part) by, any fees paid to Lessor under the Participation Agreement, (ii) any Federal, state or local tax or other imposition to the extent such tax or other imposition is payable as a result of any actions taken, or omissions to take any actions, by Lessor in breach of any covenants set forth in this Lease Agreement, the Participation Agreement or any agreement constituting an exhibit to the Participation Agreement.

SECTION 8.3. Payment. It is the intent of the parties hereto that the amount paid by Lessee to Lessor with respect to any tax or other imposition indemnified against shall be such amount as is equitably and reasonably calculated to place Lessor in substantially the same position Lessor would have enjoyed had such tax or other imposition not been imposed.

SECTION 8.4. Notice of Tax Claim. If a claim is made against Lessor for any such tax or other imposition with respect to which Lessee is liable for a payment or indemnity hereunder, Lessor shall, within 15 days of the receipt of notice by Lessor of such claim, give Lessee notice in writing of such claim, and (regardless of the time at which notice of such claim is given to Lessee or whether notice is so given) shall in good faith and at Lessee's expense if requested in writing by Lessee, contest (or shall permit Lessee to contest in the name of Lessee or Lessor)

the validity, applicability or amount of such tax or other imposition by (a) resisting payment thereof if practicable, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings; provided, however, that Lessor shall not be required to take any action pursuant to this sentence (other than the giving of notice as aforesaid) unless and until it shall have received from Lessee a bond or other indemnity satisfactory to it (including, without limitation, indemnification for costs, expenses, losses, legal and accounting fees and disbursements, penalties and interest which it is reasonably anticipated will be incurred in taking such action) and shall have determined in good faith that the action to be taken will not result in the sale, forfeiture or loss of the Project, any portion thereof or any interest therein. Failure of Lessor to give the aforesaid 15 days' notice shall in no way limit or affect the indemnities otherwise provided for herein, except to the extent such failure results in the imposition of any penalties, fines or interest, in which event any indemnity otherwise payable hereunder will be reduced to the extent of such penalties, fines or interest, provided, however, if any claim for any tax or other imposition (which would otherwise be indemnified hereunder) is made against Lessor and Lessor after having received actual knowledge of such

claim fails to notify Lessee of such claim in writing within 15 days of receipt of such actual knowledge by Lessor and such failure to notify Lessee has a material adverse effect upon Lessee's ability to resist or reduce the amount of such claim (it being agreed, without limiting the generality of the foregoing, that if such failure leaves Lessee or Lessor no recourse other than to pay the tax and file with the appropriate taxing authority for a refund thereof, it shall be deemed to have a material adverse effect), then Lessee shall not be liable to Lessor for any indemnity payments hereunder with respect to such tax or other imposition.

SECTION 8.5. Payment Prior to Claim; Direct Indemnity.

For purposes of Section 8.4, a claim for tax shall be deemed made against Lessor at the earlier of (i) Lessor's receipt of written notice from the taxing authority imposing the tax that such authority believes such tax is payable, or (ii) Lessor's inclusion of such tax, in an appropriate return, if Lessor, acting in good faith and upon a reasonable interpretation of existing law, regulations and published interpretations by the taxing authority, believes such tax should be included.

All amounts payable by Lessee pursuant to this Article Eight shall be payable directly to Lessor except to the extent paid on behalf of Lessor (at Lessee's option) to a governmental agency or taxing authority. All the indemnities contained in this Article Eight shall continue in

full force and effect notwithstanding the expiration or other termination of this Lease or the Participation Agreement, and are expressly made for the benefit of, and shall be enforceable by, the Lessor.

SECTION 8.6. Submission of Project; Tax Returns.

Lessee, or an appropriate Affiliate thereof, shall submit the Project to all appropriate taxing jurisdictions for purposes of ad valorem property taxation.

Lessee shall be responsible for the preparation and timely filing of any tax reports or returns required to be made with respect to Lessor's liability for such ad valorem property taxation and will send a completed copy of such reports or returns to Lessor not later than the due date (including any extensions) of any such reports or returns. Lessor will promptly forward to Lessee any notice, bill or any advice received by Lessor concerning such tax liability and will use its best efforts and take such lawful and reasonable steps as may be proposed by Lessee to minimize any such tax liability.

ARTICLE NINE

SPECIAL COVENANTS OF LESSEE

SECTION 9.1. Lessee's Corporate Existence.

Lessee covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation; provided, however, that Lessee may

voluntarily or pursuant to the order of any court, administrative agency, consent decree or law consolidate with or merge into another corporation which is an Affiliate of Lessee, or sell or otherwise transfer to another corporation which is an Affiliate of Lessee all or substantially all of its assets as an entirety and thereafter dissolve, if the successor corporation assumes by written instrument delivered to Lessor all the obligations of Lessee hereunder.

If consolidation, merger, sale or other transfer is made as permitted by this Section 9.1, the provisions of this Section 9.1 shall continue in full force and effect, and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section 9.1.

SECTION 9.2. Applications for Permits, Licenses, etc. In the event it may be necessary for the proper performance of this Lease on the part of Lessee that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by Lessee, Lessee agrees to execute such application or applications and to pay all expenses in connection therewith.

SECTION 9.3. Right of Access. Lessor shall have the right to reasonable access to the Project during normal business hours for the purpose of making necessary inspections and examinations of the Project; provided, however, that to the extent such examinations or inspections include any

property subject to any confidentiality or similar agreement between Lessee and any other party, or trade secrets, Lessor shall only make such examinations or inspections after execution of a confidentiality agreement on the same terms and conditions as such agreement (or with respect to trade secrets, an appropriate confidentiality agreement).

SECTION 9.4. Lessee's Obligations with Respect to Liens, Etc.; Assignment; Sublease. (a) Lessee will not create or suffer to exist any lien, charge or encumbrance now or hereafter existing on the Project except Permitted Liens and will take all steps necessary to remove forthwith any such liens, charges or encumbrances at its own expense. Lessee will not sell or assign this Lease or lease, sublease, or otherwise dispose of or encumber the Project, except as provided in this Section 9.4 or in Section 5.3 hereof.

(b) Lessee may, with the consent of Lessor, assign this Lease or sublease the Project as a whole or in part, subject to the interest of Lessor created hereby, which consent shall not be unreasonably withheld; provided that no assignment or sublease (other than pursuant to Section 9.1 hereof) shall relieve Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or sublease Lessee shall continue to remain primarily liable for the payments specified in Article Four hereof and for performance and observance of the other covenants and agreements on its part herein provided.

SECTION 9.5. Waiver by Lessee. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Such waiver shall expressly include any right to terminate this Lease due to substitution of another lessor. It is intended that upon any substitution as provided herein for any reason or under any circumstances whatever, Lessee's obligations hereunder shall continue unabated as if no such substitution had taken place.

#### ARTICLE TEN

##### SPECIAL COVENANTS OF LESSOR; NO REPRESENTATIONS, WARRANTIES, ETC. BY LESSOR

SECTION 10.1. Right of Quiet Enjoyment and Possession. Lessor covenants that during the term of this Lease, Lessee, upon observing and performing the terms, conditions and covenants on Lessee's part to be observed and performed under this Lease, shall peaceably and quietly have, hold and enjoy the Project as Lessee in possession, free from molestation, hindrance, eviction or disturbance by Lessor or by any other person or persons lawfully claiming the same by, through or under Lessor.

SECTION 10.2. Applications for Permits, Licenses, Etc. In the event it may be necessary for the proper performance of this Lease on the part of Lessor that any

application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by Lessor, Lessor agrees, upon being furnished completed copies thereof, to execute upon the request and at the expense of Lessee such application or applications.

SECTION 10.3. Amendments or Modifications of the Participation Agreement or the Notes. Lessor covenants that it will take no action to amend or modify the Participation Agreement or the Notes which has any material effect on Lessee's rights or obligations hereunder without obtaining the prior written consent of Lessee to such amendment or modification, which consent shall not be unreasonably withheld.

SECTION 10.4. Prohibited Encumbrances; Assignment of Lease Agreement. Except as provided for in Section 14.1, Lessor will not sell, assign, sublease, or otherwise dispose of or encumber the Project. Lessor will not assign this Lease Agreement without the prior written consent of Lessee.

SECTION 10.5. No Representations or Warranties as to the Project. LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, MERCHANTABILITY, OPERATION OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF, OR

ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED,  
WITH RESPECT TO THE PROJECT WHATSOEVER.

ARTICLE ELEVEN

EVENTS OF DEFAULT

SECTION 11.1. Events of Default and Default. The terms "Event of Default" or "Default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Failure by Lessee to pay when due Lease Payments or payments of Termination Value (including any interest).

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed pursuant to Sections 6.1 and 6.2 of this Lease.

(c) Failure by Lessee to perform any other covenant, condition or agreement on its part to be observed or performed under this Lease (other than as referred to in paragraphs (a) and (b) of this Section 11.1), which failure shall continue for a period of 30 days after written notice thereof, specifying such failure and requesting that it be remedied, is given to Lessee by Lessor unless Lessor and the Required Percentage in Interest of Noteholders (as defined in the Participation Agreement) shall agree in writing to an extension of such time prior to its expiration.

(d) The making of any material representation by Lessee in any certificate or other instrument delivered under or pursuant to any provision hereof or of the Participation Agreement which shall prove to have been false or incorrect in any material respect on the date as of which made.

(e) The breach by Lessee of any covenant contained in the Participation Agreement.

(f) If a default (as defined in any instrument evidencing or under which Lessee has outstanding at any time any debt for money borrowed) shall occur and be continuing for such period of time, or for such period of time after the giving of appropriate notice, if required, as the case may be, as would permit the holder thereof or of obligations issued thereunder to accelerate the maturity thereof or of any such obligations; provided, however, that if such default shall be remedied or cured by Lessee, or waived prior to such holder's declaration of acceleration thereof, then the Event of Default hereunder by reason thereof shall be deemed to have been thereupon remedied, cured or waived without further action upon the part of any holder of the Notes.

(g) Either Lessor or Lessee shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) commence any proceedings relating

to Lessor or Lessee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, or in any such proceedings indicate its approval thereof, consent thereto or acquiescence therein, (iii) make an assignment for the benefit of its creditors or (iv) on a petition in bankruptcy or insolvency filed against Lessor or Lessee, as the case may be, such petition is consented to by Lessor or Lessee, as the case may be.

(h) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Lessor or Lessee, as the case may be, a receiver, trustee or liquidator of Lessor or Lessee, as the case may be, or the dissolution of Lessor or Lessee, as the case may be, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days after the date of such appointment.

SECTION 11.2. Force Majeure. The foregoing provisions of Section 11.1(c) are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances, acts of public enemies; orders of any kind of the Government of the United States or of any State or any department, agency, political subdivision or official of any of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning;

earthquakes; fires; tornadoes; storms; floods; washouts; droughts; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; shortage of material and supplies; or any cause or event not reasonably within the control of Lessee, Lessee is unable in whole or in part to carry out its covenants, obligations and agreements contained in Article Five hereof, Lessee shall not be deemed to be in default during the continuance of such inability. Lessee agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its covenants, obligations and agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee, and Lessee shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such settlement is in the judgment of Lessee unfavorable to Lessee.

## ARTICLE TWELVE

### CONDITIONAL AGREEMENT TO PURCHASE AND REMEDIES

#### SECTION 12.1. Conditional Agreement to Purchase.

Whenever any Event of Default or Default referred to in Section 11.1 hereof shall have happened and be continuing, whether or not Lessor shall have exercised or shall thereafter at any time exercise any of its remedies for such Default or

Event of Default under this Lease, and provided that Lessee has not theretofore become obligated to purchase the Project pursuant to Section 7.1(b) or 7.2(b), Lessee agrees that it will, upon written demand of Lessor (made at Lessor's option) purchase the Project from the Lessor by paying to the Lessor in cash the Termination Value applicable at the date of such purchase together with all accrued and unpaid payments due under Section 4.1 or 4.2 hereof and all interest then accrued on such payments, all of which shall be immediately due and payable from Lessee to Lessor upon tender by Lessor of an assignment and conveyance of all of Lessor's right, title and interest in and to the Project, without warranty, express or implied, it being expressly stipulated and provided in this regard that Lessee acknowledges and agrees that if Lessor should elect to sell the Project to Lessee pursuant to Lessee's agreement to purchase same as set out in this Section 12.1, Lessor shall be entitled to specific enforcement of Lessee's obligation and agreement to purchase and pay for the Project, it being stipulated, acknowledged and agreed by Lessee that Lessor will not in such event have an adequate remedy at law and that the mere allowance of monetary damages would not adequately or equitably compensate Lessor for breach of Lessee's commitment and obligation to purchase and pay for the Project, as provided in this Section 12.1.

Any amounts collected pursuant to any action taken under this Section 12.1 shall be applied in accordance with the Participation Agreement.

SECTION 12.2. Remedies of Lessor. Whenever any Event of Default or Default referred to in Section 11.1 hereof shall have occurred and be continuing, whether or not Lessor shall thereafter at any time exercise any of its other rights or remedies under this Lease, Lessor may at any time take any one or more of the following remedial steps:

(a) Lessor may terminate this Lease, remove Lessee from possession of the Project, without being deemed guilty of any manner of trespass and without liability for any damage or loss thereby occasioned; and in such event Lessee covenants and agrees, notwithstanding such termination of this Lease and notwithstanding any entry or reentry by Lessor, whether by summary proceedings, termination or otherwise, to pay and to be liable for, on all the days originally fixed herein for the payment thereof, amounts equal to the several installments of rent and all other amounts and charges which would, under the terms of this Lease, become due if this Lease had not been terminated or if Lessor had not entered or reentered as aforesaid, and whether the Project be relet or remain unleased in whole or in part for the entire remaining term hereof or for any period or periods less than the remainder of

such term (subject only to a credit for the net amount of rentals, if any, actually collected by Lessor through reletting the Project during said term, less the costs to Lessor of so doing); or at the election of Lessor, Lessee shall, upon such termination, pay to Lessor, as damages, such a sum as at the time of such termination represents the excess of the rental and other amounts and payments herein provided to be paid and borne by Lessee during the entire remainder of the term originally provided for herein, above the reasonable rental value of the Project for such remainder of said term; or

(b) Lessor may take any other remedial action permitted or available to it under applicable law or under the terms of this Lease in order to enforce its rights under this Lease.

SECTION 12.3. Rights and Remedies Not Exclusive.

No right or remedy conferred upon or reserved to Lessor by this Lease is intended to be exclusive of any other available remedy or remedies, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given under this Lease as now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and

as often as may be deemed expedient. In order to entitle Lessor to exercise any right or remedy reserved or granted to it in this Article Twelve, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 12.4. Reimbursement of Legal Fees, Expenses, Etc. If a Default or Event of Default on the part of Lessee shall occur under any of the provisions of this Lease and Lessor shall employ attorneys or incur other expenses to collect payments due under Section 4.1 or 4.2 hereof or to secure possession or to lease or sell the Project or to enforce the performance or observance of any obligation or agreement on the part of Lessee under this Lease or incur any expenses under the Indenture by reason of default hereunder, Lessee will upon demand therefor reimburse Lessor for reasonable attorneys fees and such other reasonable expenses so incurred.

## ARTICLE THIRTEEN

### WAIVERS

SECTION 13.1. Waivers. Lessor may waive any of the aforesaid Defaults or Events of Default, in any particular instance, but no such waiver shall extend to any subsequent Default or Event of Default or impair any right consequent thereon and shall not be deemed to waive any other breach hereunder.

## ARTICLE FOURTEEN

### PURCHASE OPTION

SECTION 14.1. Purchase Option. So long as no default shall exist under this Lease or the Participation Agreement, Lessee shall have the option, at any time during the term of this Lease on or before February 1, 1996, to purchase any Project Component from Lessor, such option to be exercised by Lessee's assumption, on a pro rata basis, of partial liability on the Notes then outstanding pursuant to Section 6.5 of the Participation Agreement, such liability to be in that proportion which the Termination Value of the Project Component being purchased bears to the Termination Value of the entire Project.

## ARTICLE FIFTEEN

### LEASE TERMINATION

SECTION 15.1. Lease Termination. This Lease shall terminate as to the entire Project or as to any Project Component, as the case may be, upon the earliest of:

- (a) As to the entire Project, the date all Lease Payments due hereunder shall have been made;
- (b) As to the entire Project or as to any Project Component, as the case may be, (i) the date set forth in any notice given to Lessor by Lessee pursuant to Section 7.1(b) or Section 7.2(b) hereof of its exercise of its option to purchase the Project or such Project Component, as the case may be or (ii) the day immediately following the expiration of the time period within

which Lessee must give notice to Lessor with respect to its option to rebuild, as provided in Section 7.1(b) or 7.2(b) hereof; provided, that the Termination Value (including interest) shall have been paid as provided in such Section 7.1(b) or Section 7.2(b) on or before such day or date;

(c) As to the entire Project, the date set forth in any notice given by Lessee to Lessor of Lessee's exercise of its option to cause the redemption by the Lessor of all outstanding Notes pursuant to Section 5.6 of the Participation Agreement; provided, that all Notes outstanding shall have been redeemed in accordance with the terms of the Participation Agreement on or before such date;

(d) As to the entire Project or as to any Project Component, as the case may be, the date upon which the Notes or a pro rata liability with respect thereto, as the case may be, are or is assumed by Lessee pursuant to Article Fourteen hereof; or

(e) August 1, 1996.

SECTION 15.2. Transfer of Project or Project Component. Upon any termination of the Lease as provided in Section 15.1(b), (c) and (d) hereof, Lessor shall transfer all of its right and title to and interest in the Project or such Project Component, as the case may be, to Lessee or Lessee's designee; provided all Lease Payments due hereunder have been made.

SECTION 15.3. Grant of Easement. In the event that this Lease terminates as to the Land but not as to the Facility, Lessee hereby grants to Lessor an easement and right of access in, to and across the Land necessary or appropriate to permit Lessor to exercise its rights and obligations with respect to the Facility.

ARTICLE SIXTEEN

MISCELLANEOUS

SECTION 16.1. Notices. All notices, certificates, requests or other communications required hereunder shall be deemed sufficiently given only when mailed by registered mail, postage prepaid, addressed as follows:

(a) If to Lessor, to it at:

c/o The Corporation Trust Company  
P. O. Box 631  
100 West Tenth Street  
Wilmington, Delaware 19801

(b) If to Lessee, to it at:

P. O. Box 21106  
Shreveport, Louisiana 71156

Attention: Treasurer

Any of the above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communication shall be sent.

SECTION 16.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor,

Lessee and their respective successors and assigns, subject to the limitation that any obligation of Lessor created by or arising out of this Lease shall not be a general debt of Lessor, but shall be payable solely out of the proceeds derived from this Lease or the sale of the Notes.

SECTION 16.3. Amendments. This Lease may be amended in any respect but only by written agreement of the parties hereto.

SECTION 16.4. Counterparts. This Lease may be executed in any number of counterparts, each of which, when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same agreement. For purposes of §9-305 of the Uniform Commercial Code, if applicable, the parties agree that the original of this Lease has been delivered to, and is in the possession, of, Lessor.

SECTION 16.5. Severability. If any clause, provision or section of this Lease be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Lease shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement, covenant or obligation contained in this Lease be held to be in violation of law, then such agreement, covenant or obligation shall be deemed to be the

agreement or obligation of Lessor or Lessee, as the case may be, to the full extent permitted by law.

SECTION 16.6. Governing Law. This Lease shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 16.7. Lease in Full Force and Effect. This Lease shall remain in full force and effect from the date hereof to August 1, 1996, unless sooner terminated pursuant to the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed as of the day and year first above written.

SOUTHWESTERN ELECTRIC POWER COMPANY  
Lessee

(Corporate Seal)

By: *J. Lamar Stalle*  
President

Attest:

*W. Henry Jackson*  
Secretary

CITY ISLAND COAL COMPANY  
Lessor

(Corporate Seal)

By: *M. D. ...*  
President

Attest:

Assistant  
Secretary

*B. Day*



STATE OF LOUISIANA )  
 ) SS.  
PARISH OF CADDO )

On this 30th day of July, 1976, before me personally appeared J. Lamar Stahl, to me personally known, who being by me duly sworn, says that he is the President of Southwestern Electric Power Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

MARILYN PRINCE  
NOTARY PUBLIC, Caddo Parish, Louisiana  
My Commission is for Life

[SEAL]

My commission expires:

\_\_\_\_\_

STATE OF DELAWARE )  
 ) SS.  
COUNTY OF NEW CASTLE )

On this 2nd day of August, 1976, before me personally appeared J. A. BARBERA, to me personally known, who being by me duly sworn, says that he is the President of City Island Coal Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

[SEAL]

My commission expires:

June 25, 1978

DESCRIPTION OF PROJECT

The Equipment consists of 363 high-side gondola railroad cars to be used in unit train operation for the purpose of carrying coal between Gillette, Wyoming, and the Guarantor's Welsh Power Plant near Cason, Texas.

The Facility consists of a railroad car maintenance facility and associated equipment, including approximately 30,000 feet of rail on the Land to handle storage and switching of cars associated with the Facility. The Facility's main building will be 150 feet by 220 feet of which 30 feet by 220 feet will be office and storeroom space. Four spot car repair tracks will be located within the larger building area. Two of these tracks will be equipped for the fast repair and maintenance work done on a somewhat repetitive basis. Body work and items requiring longer periods of time will be handled on the other two tracks. These tracks will have jib cranes, air and welding outlets and necessary equipment at work stations for work on the Equipment. Foundations and pits for future jacks and car pullers on these tracks will be provided in the initial work. The Facility has been planned so that future expansion can be accomplished if necessary.

The Land consists of a 183-acre tract, on which the Facility is located, approximately two miles east of Alliance, Nebraska, with the following legal description:

"That part of the South Half of Section 34, Township 25 North, Range 47, West of the 6th P.M. in Box Butte County, Nebraska, situated south of the right-of-way line of the Burlington Northern Railroad."

Schedule B  
to  
Lease

BASIC RENT

<u>Lease Payment Date</u>	<u>Basic Rent Balance</u>	<u>Interest</u>	<u>Principal</u>	<u>Level Basic Rent Payment</u>
Closing	\$14,600,000.00			
1	14,469,611.81	\$684,375.00	\$130,388.19	\$814,763.19
2	14,333,111.68	678,263.05	136,500.13	814,763.19
3	14,190,213.10	671,864.61	142,898.58	814,763.19
4	14,040,616.15	665,166.24	149,596.95	814,763.19
5	13,884,006.84	658,153.88	156,609.31	814,763.19
6	13,720,056.48	650,812.82	163,950.37	814,763.19
7	13,548,420.94	643,127.65	171,635.54	814,763.19
8	13,368,739.98	635,082.23	179,680.96	814,763.19
9	13,180,636.48	626,659.69	188,103.50	814,763.19
10	12,983,715.63	617,842.34	196,920.85	814,763.19
11	12,777,564.11	608,611.67	206,151.52	814,763.19
12	12,561,749.24	598,948.32	215,814.87	814,763.19
13	12,335,818.04	588,832.00	225,931.19	814,763.19
14	12,099,296.33	578,241.47	236,521.72	814,763.19
15	11,851,687.65	567,154.52	247,608.67	814,763.19
16	11,592,472.33	555,547.86	259,215.33	814,763.19
17	11,321,106.28	543,397.14	271,366.05	814,763.19
18	11,037,019.95	530,676.86	284,086.33	814,763.19
19	10,739,617.07	517,360.31	297,402.88	814,763.19
20	10,428,273.43	503,419.55	311,343.64	814,763.19
21	10,102,335.56	488,825.32	325,937.87	814,763.19
22	9,761,119.35	473,546.98	341,216.21	814,763.19
23	9,403,908.63	457,552.47	357,210.72	814,763.19
24	9,029,953.66	440,808.22	373,954.97	814,763.19
25	8,638,469.55	423,279.08	391,484.11	814,763.19
26	8,228,634.62	404,928.26	409,834.93	814,763.19
27	7,799,588.68	385,717.25	429,045.94	814,763.19
28	7,350,431.21	365,605.72	449,157.47	814,763.19
29	6,880,219.49	344,551.46	470,211.73	814,763.19
30	6,387,966.59	322,510.29	492,252.90	814,763.19
31	5,872,639.34	299,435.93	515,327.25	814,763.19
32	5,333,156.12	275,279.97	539,483.22	814,763.19
33	4,768,384.62	249,991.69	564,771.50	814,763.19
34	4,177,139.46	223,518.03	591,245.16	814,763.19
35	3,558,179.69	195,803.41	618,959.78	814,763.19
36	2,910,206.17	166,789.67	647,973.52	814,763.19
37	2,231,858.90	136,415.91	678,347.27	814,763.19
38	1,521,714.09	104,618.39	710,144.80	814,763.19
39	778,281.25	71,330.35	743,432.84	814,763.19
40	0.00	36,481.93	778,281.25	814,763.19

TERMINATION VALUE

If Purchased During the 6-Month Period Beginning	Termination Values*			
	Project	Equipment	Land	Facility
August 1, 1976	\$14,600,000.00	\$11,164,620.00	\$132,860.00	\$3,302,520.00
February 1, 1977	14,469,611.81	11,064,912.15	131,673.47	3,273,026.19
August 1, 1977	14,333,111.68	10,960,530.50	130,431.32	3,242,149.86
February 1, 1978	14,190,213.10	10,851,255.96	129,130.94	3,209,826.20
August 1, 1978	14,040,616.15	10,736,859.17	127,769.61	3,175,987.37
February 1, 1979	13,884,006.84	10,617,100.03	126,344.46	3,140,562.35
August 1, 1979	13,720,056.48	10,491,727.19	124,852.51	3,103,476.78
February 1, 1980	13,548,420.94	10,360,477.49	123,290.63	3,064,652.82
August 1, 1980	13,368,739.98	10,223,075.46	121,655.53	3,024,008.98
February 1, 1981	13,180,636.48	10,079,232.72	119,943.79	2,981,459.97
August 1, 1981	12,983,715.63	9,928,647.34	118,151.81	2,936,916.47
February 1, 1982	12,777,564.11	9,771,003.27	116,275.83	2,890,285.00
August 1, 1982	12,561,749.24	9,605,969.64	114,311.92	2,841,467.68
February 1, 1983	12,335,818.04	9,433,200.06	112,255.94	2,790,362.04
August 1, 1983	12,099,296.33	9,252,331.90	110,103.60	2,736,860.83
February 1, 1984	11,851,687.65	9,062,985.55	107,850.36	2,680,851.75
August 1, 1984	11,592,472.33	8,864,763.59	105,491.50	2,622,217.24
February 1, 1985	11,321,106.28	8,657,249.97	103,022.07	2,560,834.24
August 1, 1985	11,037,019.95	8,440,009.15	100,436.88	2,496,573.91
February 1, 1986	10,739,617.07	8,212,585.17	97,730.52	2,429,301.38
August 1, 1986	10,428,273.43	7,974,500.69	94,897.29	2,358,875.45
February 1, 1987	10,102,335.56	7,725,256.00	91,931.25	2,285,148.30
August 1, 1987	9,761,119.35	7,464,327.97	88,826.19	2,207,965.20
February 1, 1988	9,403,908.63	7,191,168.93	85,575.57	2,127,164.13
August 1, 1988	9,029,953.66	6,905,205.56	82,172.58	2,042,575.52
February 1, 1989	8,638,469.55	6,605,837.67	78,610.07	1,954,021.81
August 1, 1989	8,228,634.62	6,292,436.90	74,880.58	1,861,317.15
February 1, 1990	7,799,588.68	5,964,345.47	70,976.26	1,764,266.96
August 1, 1990	7,350,431.21	5,620,874.75	66,888.92	1,662,667.54
February 1, 1991	6,880,219.49	5,261,303.84	62,610.00	1,556,305.65
August 1, 1991	6,387,966.59	4,884,878.05	58,130.50	1,444,958.04
February 1, 1992	5,872,639.34	4,490,807.30	53,441.02	1,328,391.02
August 1, 1992	5,333,156.12	4,078,264.48	48,531.72	1,206,359.91
February 1, 1993	4,768,384.62	3,646,383.72	43,392.30	1,078,608.60
August 1, 1993	4,177,139.46	3,194,258.55	38,011.97	944,868.95
February 1, 1994	3,558,179.69	2,720,940.01	32,379.44	804,860.25
August 1, 1994	2,910,206.17	2,225,434.66	26,482.88	658,288.64
February 1, 1995	2,231,858.90	1,706,702.50	20,309.92	504,846.48
August 1, 1995	1,521,714.09	1,163,654.77	13,847.60	344,211.73
February 1, 1996	778,281.25	595,151.68	7,082.36	176,047.22
August 1, 1996	0.00	0.00	0.00	0.00

\* The Termination Value set forth opposite each Lease Payment Date in columns 1 and 3 of this Schedule C shall be increased by an amount equal to interest computed at the rate of 9-3/8% per annum (on a 360-day year, 30-day month basis) on such Termination Value, for the period from, but not including, such Lease Payment Date to and including the date of payment. In addition, Lessee shall be obligated to pay the Basic Rent due on each Lease Payment Date occurring prior to or on, but not after, the date of payment of the Termination Value, whether or not such Lease Payment Date occurs after the event giving rise to the payment of the Termination Value.