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COUNSEL

RECORDATION NO. 9247 Filed & Recorded
FEB 22 1978 -3 30 PM
INTERSTATE COMMERCE COMMISSION

8-054A084

February 23, 1978

RECORDATION NO. 9247 Filed & Recorded
FEB 22 1978 -3 30 PM
INTERSTATE COMMERCE COMMISSION

Date FEB 23 1978

Fee $ 100

ICC Washington, D. C.

Dear Mr. Homme:

On behalf of First Security Bank of Utah, N.A., I am submitting for filing and recording under Section 20c of the Interstate Commerce Act, ten (10) executed counterparts each of the following four documents:

1. Conditional Sale Agreement (No. 1) dated as of January 1, 1978 between First Security State Bank as Owner-Trustee, Salt Lake City, Utah, New England Merchants Leasing Corporation, B-6, Owner-Vendee, Boston, Massachusetts, ACF Industries Incorporated, Vendor, 750 Third Avenue, New York, New York 10017, Union Tank Car Company, Vendor, 11 West Jackson Boulevard, Chicago, Illinois 60604, Richmond Tank Car Company, Vendor, 777 South Post Oak Road, Suite 777, Houston, Texas 77056.

RECORDATION NO. 9247-B Filed & Recorded
FEB 22 1978 -3 30 PM
INTERSTATE COMMERCE COMMISSION

2. Agreement and Assignment (No. 1) dated as of January 1, 1978, relating to the above-mentioned CSA, between ACF Industries Incorporated, Union Tank Car Company, and Richmond Tank Car Company each as Builder-Assignor, and First Security Bank of Utah, N.A., as Agent-Assignee, Salt Lake City, Utah.

RECORDATION NO. 9247-C Filed & Recorded
FEB 22 1978 -3 30 PM
INTERSTATE COMMERCE COMMISSION

Lease of Railroad Equipment (No. 1) dated as of January 1, 1978 between Hooker Chemical Properties Corporation as Lessee, Los Angeles, California, First Security State Bank as Trustee-Lessor, and New England Merchants Leasing Corporation, B-6, as Owner-Lessor.

RECEIVED
FEB 23 3 27 PM '78
CERTIFICATION UNIT

Counterpart

Larry D Utterback

4. Assignment of Lease and Agreement (No. 1) dated as of January 1, 1978, relating to the above-mentioned Lease, by and between First Security State Bank as Owner-Assignor and First Security Bank of Utah, N.A., as Agent-Assignee.

The equipment covered in the above-mentioned CSA and Lease is as attached: Annex B as listed in the CSA, and Appendix A as listed in the Leases.

Please enter in the ICC Register each party above mentioned under their own name, cross-indexing to these filings as may be necessary.

Enclosed is our firm's check for $100.00 in payment of the recording fee.

Once the filings have been made, please return to the bearer the stamped counterparts of each of the four documents not required for filing purposes, the fee receipt and the letter from the Interstate Commerce Commission acknowledging the filings, together with the extra copies of this letter of transmittal.

Very truly yours,

Allen H. Harrison, Jr.
Attorney for
First Security Bank of Utah, N.A.

Mr. H. Gordon Homme, Jr.
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Encs.

BY HAND

SEE - E for change of rec #s

RECORDATION NO. 9247-B Filed & Recorded

FEB 23 1978 -3 30 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT
(No. 1)

Dated as of January 1, 1978

Between

HOOKER CHEMICAL PROPERTIES CORPORATION,

as Lessee,

and

FIRST SECURITY STATE BANK,
not in its individual capacity but solely as
Trustee under a Trust Agreement (No. 1) dated as of January 1,
1978, with NEW ENGLAND MERCHANTS LEASING CORPORATION B-6,

as Lessor.

LEASE OF RAILROAD EQUIPMENT

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APPENDIX A TO LEASE

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APPENDIX C TO LEASE

LEASE OF RAILROAD EQUIPMENT (No. 1) (hereinafter called the Lease or this Lease) dated as of January 1, 1978, between HOOKER CHEMICAL PROPERTIES CORPORATION, a California corporation (hereinafter called the Lessee), and FIRST SECURITY STATE BANK, a Utah corporation, acting not in its individual capacity but solely as Trustee (hereinafter called the Owner-Trustee) under a Trust Agreement (No. 1) dated as of the date hereof (hereinafter called the Trust Agreement) with NEW ENGLAND MERCHANTS LEASING CORPORATION B-6 (hereinafter called the Owner).

WHEREAS the Owner-Trustee is entering into a Conditional Sale Agreement (No. 1) dated as of the date hereof with ACF Industries, Incorporated, Union Tank Car Company and Richmond Tank Car Company (hereinafter individually called a Builder and collectively the Builders) (such agreement being hereinafter called the CSA), wherein the Builders have agreed to manufacture, sell and deliver to the Owner-Trustee the units of railroad equipment described in Appendix A hereto;

WHEREAS the Builders are assigning a portion of their interests in the CSA pursuant to an Agreement and Assignment (No. 1) dated the date hereof (hereinafter called the Assignment) to First Security Bank of Utah, N.A., acting as agent under a Participation Agreement (No. 1) dated as of the date hereof (hereinafter called the Participation Agreement) among said agent, the Lessee, Hooker Chemical Corporation, a California corporation (hereinafter called the Guarantor), the Owner-Trustee, the Owner and Bankers Life Company, an Iowa corporation (hereinafter, together with its successors and assigns, called the Investors) (said agent as so acting, being hereinafter, together with its successors and assigns, called the Vendor);

WHEREAS the Guarantor is executing a Guaranty (No. 1) dated as of the date hereof (hereinafter called the Guaranty) under which it guarantees the obligations of the Lessee hereunder and under certain other agreements of the Lessee;

WHEREAS the Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted and settled for under the CSA (hereinafter together with the Linings as defined in Article 2 hereof called the Units) at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS the Owner-Trustee will assign this Lease for security purposes to the Vendor pursuant to an Assignment of Lease and Agreement (No. 1) (hereinafter called the Lease Assignment) dated as of the date hereof;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

ARTICLE 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically provided, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or the Owner under this Lease or the CSA including the Lessee's rights by subrogation thereunder to the Builders or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, 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 in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. 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 Units 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 Owner-Trustee, the Owner or the Vendor for any reason whatsoever.

ARTICLE 2. DELIVERY

The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Owner-Trustee under the CSA shall be deemed to be a delivery hereunder to the Lessee at the point or points at which such Unit is so delivered to the Owner-Trustee. Upon such delivery, the Lessee will cause an employee or other agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the CSA and on behalf of itself hereunder and execute and deliver to the Owner-Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner-Trustee on the date of such Certificate of Acceptance and is marked in accordance with Article 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

As promptly as possible after acceptance of each Unit, the Lessee shall, for the account of the Owner-Trustee, arrange for the linings (hereinafter called the Linings) described in Appendix A hereto to be incorporated in each caustic Unit at a cost of approximately $1,400.00 per such Unit. The Owner-Trustee agrees, upon presentation of invoices therefor by the installer of the Linings, approved by the Lessee, to pay such invoices directly to such installer.

ARTICLE 3. RENTALS

§ 3.1. Amount and Date of Payment. (1) The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, 42 consecutive semiannual payments payable, in arrears, on January 15 and July 15 in each year, commencing January 15, 1979, to and including July 15, 1999.

The first 20 rental payments shall each be in an amount equal to 3.1427% of the Purchase Price (as defined in this § 3.1(1)) of each such Unit, the next 20 rental payments shall be in an amount equal to 3.8408% of such Purchase Price and the last two rental payments shall be in an amount equal to 3.4917% of such Purchase Price (the term Purchase Price as used in this Lease shall mean the Purchase Price defined in the CSA plus the cost of the Linings).

(2) In addition to the foregoing rentals, the Lessee hereby agrees to pay, as additional rentals, to the Owner-Trustee amounts equal to the amounts required for the Owner-Trustee to make the payments provided for in the third paragraph of Paragraph 2 and the last sentence of the first paragraph and in the last paragraph of Paragraph 10 of the Participation Agreement at the times required for such payments therein (without regard to the limitation of the obligations of the Owner-Trustee set forth therein) and the Owner-Trustee agrees to apply such rentals for such purposes.

§ 3.2. Payments on Nonbusiness Days. If any of the semiannual rental payment dates referred to in § 3.1 is not a business day the payment otherwise payable on such date shall be payable on the next succeeding business day, and no interest shall be payable thereon for the period from and after the nominal date for payment thereof to such next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Salt Lake City, Utah, are authorized or obligated to remain closed.

§ 3.3. Instructions To Pay Vendor and Owner-Trustee. If the Lease Assignment is executed and delivered, until the Vendor shall have advised the Lessee in writing that all sums due from the Owner-Trustee under the CSA have been fully satisfied and discharged, the Owner-Trustee irrevocably instructs the Lessee to make all the payments provided for in this Lease to the Vendor, for the account of the Owner-Trustee, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to or upon the order of the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

§ 3.4. Payment in Immediate Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

ARTICLE 4. TERM OF LEASE

The term of this Lease as to each Unit shall begin on the date of delivery of such Unit under the CSA and, subject to the provisions of Articles 7, 13 and 16 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3.1 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under Articles 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease.

ARTICLE 5. IDENTIFICATION MARKS

The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c", or other appropriate words designated by the Owner-Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Owner-Trustee's and Vendor's title to and property in such Unit and the rights of the Owner-Trustee under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Owner-Trustee and filed and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner-Trustee an opinion of counsel to the effect that such statement has been so filed and deposited, such filing and deposit will protect the Vendor's and

the Owner-Trustee's interests in such Units and no filing, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner-Trustee in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates. Except as provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

ARTICLE 6. TAXES

§ 6.1. Indemnification for Non-income Taxes. The Lessee agrees to pay, and to indemnify and hold the Owner-Trustee, the Owner, and the Vendor harmless from, all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, the Owner, the Vendor, the Lessee, the trust estate created by the Trust Agreement or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the indebtedness with respect thereto; the rentals, receipts or earnings arising therefrom; or this Lease, the Trust Agreement, the Participation Agreement, the CSA, the Assignment, the Lease Assignment, the Guaranty, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Trust Agreement (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called Taxes); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is entitled to a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Participation Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee (in its individual capacity), the Owner or the Vendor, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease, provided

that Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its world-wide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of creditors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease; and (iii) penalties, fines and additional interest resulting only from and payable only because of the negligent acts or omissions to act by the Owner-Trustee, the Owner or the Vendor; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in § 6.2 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same.

§ 6.2. Claims; Contests; Refunds. If claim is made against the Owner-Trustee, the Owner or the Vendor for any Taxes indemnified against under this Article 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, the Owner-Trustee or the Vendor, as the case may be, shall, upon receipt of a letter of indemnity from the Lessee reasonably satisfactory to it and to the Owner for all its reasonable charges for its services rendered in connection therewith and for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Owner-Trustee, the Owner or the Vendor; provided that, no proceeding or actions relating to such contest shall be

commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Owner-Trustee, the Owner or the Vendor in any such proceeding or action) if in the reasonable opinion of the Owner-Trustee and the Owner or the Vendor such contest or the nonpayment of the Taxes would adversely affect the title, property or rights of the Owner-Trustee hereunder or of the Vendor under the CSA. The Lessee agrees to give the Owner-Trustee notice of such contest within 30 days thereof. If the Owner-Trustee, the Owner or the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon, the Owner-Trustee or the Vendor or the Owner, as the case may be, shall pay the Lessee the amount of such refund or interest net of reasonable expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

§ 6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this Article 6 (except obligations resulting from the second sentence of § 6.1), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of the Owner-Trustee and the Vendor in the Units as shall be satisfactory to the Owner-Trustee and the Vendor or, where not so permitted, will notify the Owner-Trustee, the Vendor and the Owner of such requirement and will prepare and deliver such reports to the Owner-Trustee and the Vendor within a reasonable time prior to the time such reports are to be filed, or in such manner as shall be reasonably satisfactory to the Owner-Trustee, the Vendor and the Owner. All reasonable costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

§ 6.4. Survival. All the obligations of the Lessee under this Article 6 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the CSA or the termination of this Lease. Payments due from the Lessee to the Owner-Trustee, the Owner or the Vendor under this Article 6 shall be made directly to the party indemnified.

ARTICLE 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE; ECONOMIC OBSOLESCENCE; SURPLUS

§ 7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to Articles 14 or 17 hereof, or the Purchase Price of any Unit shall have been refunded by any Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 180 consecutive days during the term of this Lease or during any renewal term hereof (such occurrences being hereinafter called Casualty Occurrences), the Lessee shall promptly and fully notify the Owner-Trustee and the Vendor with respect thereto. On the next succeeding January 15 or July 15, whichever is earlier (each such date being hereinafter called a Casualty Payment Date), the Lessee shall pay to the Owner-Trustee a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of such Casualty Payment Date, plus (if not previously paid) the semiannual rental in respect of such Unit accrued as of such rent payment date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to Articles 14 and 17 hereof, the Lessee shall make such payment to the Owner-Trustee on a date 30 days after such Casualty Occurrence. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Owner-Trustee shall be entitled to recover possession of such Unit. It is understood that if a Unit is damaged the Lessee shall not be required to make a final determination as to whether it is irreparably damaged or can be repaired for a period of 180 days after such Unit is damaged but no later than the termination of this Lease or any renewal term hereof (but if the final determination is that it is irreparably damaged it shall, for the purposes of § 7.5 hereof, be deemed to have suffered a Casualty Occurrence on the date of the damage).

If any Unit shall have been taken or requisitioned by the United States Government or any other governmental

entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay the Owner-Trustee, as the Casualty Value therefor, an amount equal to 20% of the Purchase Price of such Unit. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value and any balance of such payments shall be the property of the Owner-Trustee. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Owner-Trustee, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value, and the balance of such proceeds shall be promptly paid to the Owner-Trustee. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Owner-Trustee in the manner provided in Article 17 hereof.

§ 7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Owner-Trustee or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no 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.

§ 7.3. Lessee Agent for Disposal. The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit or any component thereof suffering a Casualty Occurrence before and after expiration of the Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee (i) the Lessee shall be entitled

to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee and (ii) the Lessee shall be entitled to credit against the Casualty Value payable in respect of any Unit returned to any Builder pursuant to the patent indemnity provisions of the CSA an amount equal to any payment made by such Builder to the Owner-Trustee in respect thereof under the CSA.

§ 7.4. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in § 7.1 hereof in respect of any Unit is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

§ 7.5. Amount of Casualty Value of Units. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is made shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix B hereto opposite such Casualty Payment Date, plus, on any Casualty Payment Date with respect to a Casualty Occurrence occurring before the third, fifth or seventh anniversary of the date of the Certificate of Acceptance for such Unit, an amount equal to the percentage of the Purchase Price of such Unit suffering a Casualty Occurrence (such amount to be determined as of the actual date of the Casualty Occurrence) set forth below:

Anniversary of the date of the Certificate of Acceptance	Percentage of Purchase Price to be added
Third	21.2495%
Fifth	14.1663%
Seventh	7.0832%

§ 7.6. No Release. Except as hereinabove in this Article 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

§ 7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Owner-Trustee at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that, so long as the consolidated net worth of the Guarantor shall be at least $350,000,000, the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to

the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third party personal and property damage and the Lessee will continue to carry such insurance with such deductibles, in such amounts, for such risks and with such insurance companies as is consistent with prudent industry practice but in any event with no greater deductibles and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units, in each case reasonably satisfactory to the Owner. The proceeds thereof shall be payable to the Vendor, the Owner-Trustee and the Lessee, as their interests may appear, so long as the Indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Owner-Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Owner and the Vendor and (ii) name the Owner-Trustee and the Vendor as additional named insureds as their respective interests may appear and shall provide that, in respect of the interests of the Owner-Trustee and the Vendor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Owner-Trustee and the Vendor) and shall insure the Owner-Trustee and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies (or in the application therefor or in any other document submitted by the insurer in connection therewith) by the Lessee or by any other person (other than the Owner-Trustee or the Vendor). Prior to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 5 days prior to the expiration dates of the expiring policies required pursuant to this Article 7, the Lessee shall deliver to the Owner and the Owner-Trustee certificates of insurance issued by the insurers thereunder evidencing the insurance maintained pursuant to this Article 7; provided, however, that if the delivery of a certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Owner may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Owner for the cost thereof together with interest, on the amount of the

cost to the Owner of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in Article 19 hereof, computed from the date of the Owner's payment of such cost.

§ 7.8. Insurance Proceeds and Condemnation Payments. If the Owner-Trustee shall receive (directly or from the Vendor) any insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Owner-Trustee shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Owner-Trustee; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Unit, to the Owner-Trustee. All insurance proceeds received by the Owner-Trustee (directly or from the Vendor) in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof reasonably satisfactory to the Owner-Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 7.9. Economic Obsolescence; Surplus. In the event that the Lessee shall, in its reasonable judgment, determine that any Unit or Units become economically obsolete in, or surplus to, the Lessee's business, the Lessee shall have the right, at its option and on at least 90 days' prior written notice to the Owner-Trustee and the Vendor, to terminate (hereinafter called a Termination) this Lease as to such Unit (subject to the survival of the obligations described in Article 4 hereof) as of any succeeding rent payment date specified in such notice occurring after July 15, 1985 (the termination date specified in such notice being hereinafter called the Termination Date).

During the period from the 30th day after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of such Unit or Units, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date the Lessor shall sell such Unit or Units for

cash to the bidder who shall have submitted the highest bid prior to the Termination Date. The total sales price realized at such sale shall be paid to the Lessor in immediately available funds on the Termination Date and, in addition, on the Termination Date the Lessee shall pay to the Lessor the excess, if any, of the Termination Value as set forth in Appendix C hereto (hereinafter called the Termination Value) in respect of such Unit or Units over the net sales price of such Units after deducting from such sales price any and all out-of-pocket costs and expenses whatsoever incurred by the Lessor in connection with such sale. If no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect without change unless and until the Lessee pays the Lessor an amount equal to the Termination Value; provided, however, that the Lessee, on behalf of the Lessor, may attempt to sell the Units for cash at some later date upon 30 days' prior written notice to the Lessor and the Vendor and following the procedure set forth above. In the event of any such sale for cash and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to Article 3 hereof in respect of such Units subject to a Termination on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any such sale pursuant to this § 7.9, other than to transfer or to cause to be transferred all of the Lessor's right, title and interest in and to such Units to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale pursuant to this § 7.9 shall be free and clear of all of the Lessee's rights to such Units, but otherwise shall be made without warranties other than against Lessor's acts.

ARTICLE 8. REPORTS

On or before April 30 in each year, commencing with the calendar year 1979, the Lessee will furnish to the Owner-Trustee and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence or Termination during

the preceding calendar year or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Article 5 hereof have been preserved or replaced. The Owner-Trustee, the Vendor and the Owner shall each have the right, by its agents, to inspect the Units and the Lessee's maintenance records with respect thereto at such reasonable times as the Owner-Trustee, the Vendor or the Owner may request during the continuance of this Lease.

ARTICLE 9. DISCLAIMER OF WARRANTIES

THE OWNER-TRUSTEE DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE OWNER-TRUSTEE DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints 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 of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against the Builders under the provisions of Items 3 and 4 of Annex A of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Owner-Trustee may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Owner-Trustee 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 Units 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 Units 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 Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee that the Units 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 Owner-Trustee or the Vendor based on any of the foregoing matters.

ARTICLE 10. LAWS AND RULES

§ 10.1. Compliance. The Lessee agrees, for the benefit of the Owner-Trustee and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the Interchange Rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Owner-Trustee or the Vendor, adversely affect the property or rights of the Owner-Trustee or the Vendor under this Lease or under the CSA.

§ 10.2. Reports by Owner-Trustee. The Lessee agrees to prepare and deliver to the Owner-Trustee and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee and the Vendor) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Vendor of the Units or the leasing thereof to the Lessee.

ARTICLE 11. MAINTENANCE

§ 11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted.

§ 11.2. Additions and Accessions. (1) The Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall (except to the extent required to be made pursuant to §§ 10.1 and 11.1 hereof or paragraph (2) of this § 11.2) be owned by the Lessee.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of its agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the Interchange Rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Owner-Trustee and the Vendor as their respective interests may appear in the Unit itself.

ARTICLE 12. INDEMNIFICATION

§ 12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee (in both its individual and fiduciary capacities), the Owner, the Vendor, and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), harmless from and against any and all causes of action,

suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Owner-Trustee, the Vendor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; or (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except to the extent such claim arises from an act or omission of the Owner-Trustee. The Lessee shall be obligated under this § 12.1, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 12.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding,

or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person and, in the event of any failure by the Lessee to do so, the Lessee shall pay all reasonable costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 12.1 the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 12.1 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 12.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. Nothing in this § 12.1 shall constitute a guaranty by the Lessee of the Indebtedness of the Owner-Trustee under the CSA or a guaranty of the residual value of any Unit.

§ 12.2. Indemnification of Builder. The Lessee further agrees to indemnify, protect and hold harmless each Builder as a third party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by such Builder or of any design,

system, process, formula or combination specified by the Lessee and not developed or purported to be developed by such Builder which infringes or is claimed to infringe on any patent or other right.

§ 12.3. Survival. The indemnities contained in this Article 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

ARTICLE 13. DEFAULT

§ 13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in Articles 3, 7, 12, 16 or 19 hereof or Paragraph 11 of the Participation Agreement, and such default shall continue for ten days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. the Lessee shall, for more than 35 days after the Vendor, the Owner or the Owner-Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Lease or of the Participation Agreement on its part to be complied with or performed;

D. any representation or warranty made by the Lessee or by the Guarantor herein or in the Participation Agreement or in any certificate or statement furnished to the Owner-Trustee or the Owner pursuant

to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. a petition for reorganization under the Bankruptcy Act, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee or the Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease or the Guarantor under the Guaranty, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

F. 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 the Guarantor under the Guaranty under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder or the Guarantor under the Guaranty, as the case may be), and, unless such proceedings shall be dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease or the Guarantor under the Guaranty, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or the Guarantor, as the case may be, or for the property of the Lessee or the Guarantor, as the case may be, in connection with any such proceedings in such manner that such obligations shall have the

same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

G. an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder;

then, in any such case, the Owner-Trustee, at its option, may:

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

(b) upon 5 days' written notice to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises, in so far as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover forthwith from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full 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 as damages for loss of the bargain and not as

a penalty whichever of the following amounts that the Owner-Trustee in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present values, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Owner-Trustee reasonably estimates to be obtainable for each Unit during such period, such present value to be computed in each case on the basis of a 10% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or, if such Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty in this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Owner-Trustee reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any unit, the Owner-Trustee, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee 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 for such Unit, as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Owner-Trustee's remedies with respect thereto.

§ 13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Owner-Trustee

shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

§ 13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Owner-Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 13.4. Notice of Event of Default. The Lessee also agrees to furnish the Owner-Trustee, the Owner and the Vendor, 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 § 13.4, 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.

ARTICLE 14. RETURN OF UNITS UPON DEFAULT

§ 14.1. Return of Units. If this Lease shall terminate pursuant to § 13.1 hereof or pursuant to Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, shall meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or

other organization with jurisdiction and shall have attached or affixed thereto any special device considered an accession thereto as provided in Article 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in Article 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks as the Owner-Trustee reasonably may designate;

(b) permit the Owner-Trustee to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Owner-Trustee; and

(c) cause the same to be transported to any reasonable place as directed by the Owner-Trustee.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Owner-Trustee 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 Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair, continue to maintain property insurance in the limits and in the manner described in § 7.7(1) hereof, and will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be promptly turned over to the Owner-Trustee. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall in addition, pay to the Owner-Trustee for each day thereafter

an amount equal to the amount, if any, by which that percentage of the Purchase Price of such Unit for each such day obtained by dividing the average of the basic lease rates for such Units as set forth in § 3.1 hereof for each semiannual payment for such Unit by 180 exceeds the actual earnings received by the Owner-Trustee on such Unit for each such day. Payment shall be made on the 15th day of each month for all moneys due in the preceding sentence.

§ 14.2. Owner-Trustee Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14.1 the Lessee hereby irrevocably appoints the Owner-Trustee 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 Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

ARTICLE 15. ASSIGNMENT, POSSESSION AND USE

§ 15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Owner-Trustee upon prior written consent of the Lessee, which consent shall not be unreasonably withheld. The Lessee hereby consents to the assignment of this Lease pursuant to the Lease Assignment.

§ 15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) Without the prior written consent of the Owner-Trustee and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as provided in subparagraph (2) of this § 15.2; and the Lessee shall not, without the prior written consent of the Owner-Trustee and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of said paragraph (2). The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, would become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Owner-Trustee, the Owner or the Vendor or resulting from claims against the Owner-Trustee, the Owner

or the Vendor not related to the ownership of the Units, other than any encumbrance on the leasehold estate of the Lessee or other than liens for taxes, assessments or governmental charges or levies, either not due and delinquent or being contested in accordance with § 6.2 hereof or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, either not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension)) upon or with respect to any Unit, including any accession thereto, or the interest of the Owner-Trustee, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the quiet enjoyment and possession of the Units and to the use of the Units by it or any affiliate (including, without limitation, any direct or indirect domestic subsidiary of Occidental Petroleum Corporation) upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Units or to sublease the Units to any such affiliate (or, with prior written notice to the Owner-Trustee, to any other solvent corporation in the United States for nonconsecutive periods of one year or less), but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee assign or sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code. The Lessee may receive and retain compensation for the use of any of the Units from other railroads so using such Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the

Units included in such sublease and the use thereof; provided, however, that every such sublease shall by its express provisions be subject to the rights and remedies of the Owner-Trustee under this Lease in respect of the Units covered by such sublease upon the occurrence of an Event of Default hereunder.

Lessee agrees that, if any proceeding shall be brought for the sale or foreclosure of the Lessor's interest under the CSA, and if the Lessor's interest in the Equipment shall be sold pursuant to the CSA, Lessee will, in the event that this Lease shall not, prior to such sale, have been terminated or have expired in accordance with its terms, attorn to the purchaser upon any such sale at foreclosure or otherwise, including the Vendor if it should be the purchaser thereof, and will recognize such purchaser as Lessor under this Lease, and this Lease shall continue in full force and effect as a direct lease between Lessee and such purchaser upon and subject to all the terms, covenants, conditions and agreements set forth in this Lease, if (i) such purchaser shall have assumed and agreed to perform all obligations required to be performed by the original Lessor under this Lease in respect of periods after such purchase, and (ii) such purchase shall have been made expressly subject to the rights of Lessee under this Lease. Lessee agrees that, upon compliance with clauses (i) and (ii) of the preceding sentence, it will execute and deliver, at any time and from time to time, upon the request of the Vendor or any such purchaser, any agreement, instrument or other document which, in the judgment of the party making such request, may be necessary or appropriate in any such foreclosure proceeding, or otherwise, to evidence such attornment.

§ 15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this Article 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

ARTICLE 16. RENEWAL OPTION AND RIGHT OF FIRST REFUSAL

§ 16.1. Renewal for Successive Period. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Owner-Trustee not less than 180 days prior to the end of the original term of this Lease in respect of the Units still subject to this Lease, elect to extend such original term of this Lease in respect of all but not less than all the Units then covered by this Lease for a period of five years commencing on the scheduled expiration of such original term of this Lease, at a semiannual rental of 1.0255% of the Purchase Price of the Units payable, in arrears, on January 15 and July 15 of each year. If the Lessee shall exercise its right to extend this Lease pursuant to this § 16.1, the parties agree that Termination Values for the period of the renewal, including July 15, 1999, shall be determined in a manner consistent with the original calculations of the prior Termination Values.

§ 16.2. Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Owner-Trustee elects to sell any Units to third parties at the expiration of the original or any extended term of this Lease, the Lessee shall be given written 60 days' notice of such intention prior to the expiration of such term. In the event that the Owner-Trustee shall receive a bona fide offer in writing from another party unrelated to the Lessee to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer, the Owner-Trustee shall give prompt written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party in writing to the Owner-Trustee. The Lessee shall have the sole right and option to purchase the Units for cash at the price at which the Units are proposed to be sold or under the other terms and conditions of payment offered by the other party, as hereinafter provided. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice within 15 days of receipt of notice of the proposed sale from the Owner-Trustee specifying a date of purchase, which date shall not be later than 20 days after the date of delivery of such notice by the Lessee to the Owner-Trustee; provided, however, that the purchase price shall be the greater of Fair Market Value, as hereinafter determined, or the price offered by the other party. Not less than 180 days prior to the expiration of the original term or any renewal term of this Lease, the Lessee may notify the Owner-Trustee in writing that the Lessee desires a determination of the Fair Market Value of the Equipment as of the end of such term.

Upon receiving such notice, the Owner-Trustee shall consult with the Lessee for the purposes of determining such Fair Market Value of the Units, and any value agreed upon in writing shall constitute such Fair Market Value for the purposes of this Lease. If the Owner-Trustee and the Lessee fail to agree upon such values within 60 days after the Lessee's notice pursuant to the last sentence of the preceding paragraph, the Lessee may request that such values be determined by a qualified independent Appraiser. Such Fair Market Value 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 buyer-user or lessee (other than a lessee currently in possession or a used equipment or scrap dealer) and an informed and willing seller or lessor under no compulsion to sell, and in making such determination, cost of removal from the location of current use shall not be a deduction from such value.

The term Appraiser shall mean such independent appraiser as the Owner-Trustee and the Lessee may mutually agree upon, or failing such agreemet, a panel of three independent appraisers, one of whom shall be selected by the Owner-Trustee, the second by the Lessee and the third designated by the first two so selected. 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 Owner-Trustee and the Lessee. The determination so made shall be conclusively binding upon both Owner-Trustee and Lessee.

The Lessee's request for a determination of the Fair Market Value shall not obligate the Lessee to exercise any of the options provided in this Article 16. All costs and expenses of the Appraiser appointed pursuant hereto shall be borne by the Lessee.

ARTICLE 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable after the expiration of the original or extended term of this Lease with respect to any Unit and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Owner-Trustee, deliver possession of such Unit to the Owner-Trustee upon such storage tracks as the Lessee may reasonably designate, or, in the absence of such designation,

as the Owner-Trustee may select, and permit the Owner-Trustee to store such Unit on such tracks for a period not exceeding two months and transport the same upon disposition of the Units, at any time within such two-month period, to any connecting carrier for shipment, all as directed by the Owner-Trustee, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, 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 Owner-Trustee or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Owner-Trustee pursuant to this Article 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in Article 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall (i) maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, and (ii) continue to carry and maintain insurance as required pursuant to § 7.7 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee 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 Units.

ARTICLE 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit, and recording

required of the Owner-Trustee under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Owner-Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto reasonably satisfactory to the Vendor and the Owner-Trustee. This Lease, the CSA, the Assignment and the Lease Assignment shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

ARTICLE 19. INTEREST ON OVERDUE RENTALS

Any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at 9.70% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

ARTICLE 20. OWNER-TRUSTEE'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Owner-Trustee may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable out-of-pocket cost and expenses of the Owner-Trustee incurred in connection with such performance or compliance, together with interest on such amount at the rate per annum which Manufacturers Hanover Trust Company, New York, New York, charges for unsecured 90-day loans to large corporate borrowers at the time in effect shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Owner-Trustee shall be deemed a waiver of the rights and remedies of the Owner-Trustee or

any assignee of the Owner-Trustee against the Lessee hereunder.

ARTICLE 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Owner-Trustee, at Box 30007, Salt Lake City, Utah 84125, Attention of Corporate Trust Division, with copies to Itel Corporation, Leasing Division, One Embarcadero Center, San Francisco, California 94111, Attention of Contract Administration; and

(b) if to the Lessee, at the following: Hooker Chemical Properties Corporation, c/o Occidental Petroleum Corporation, 10889 Wilshire Boulevard, Suite 1500, Los Angeles, California 90024, to the attention of the Associate Director-Finance,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

ARTICLE 22. 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 provision in any other jurisdiction.

ARTICLE 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Guaranty, this Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its

provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner-Trustee and the Lessee.

ARTICLE 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Builders, the Vendor and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

ARTICLE 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

ARTICLE 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

ARTICLE 27. IMMUNITIES; NO RECOURSE

(1) No recourse shall be had in respect of any obligation due under this Lease against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Owners, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity,

by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

(2) It is expressly agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security State Bank, including its successors and assigns, or for the purpose or with the intention of binding said institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Owner-Trustee solely in the exercise of the powers expressly conferred upon the Owner-Trustee as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Owner-Trustee or the Owner on account of any representation, undertaking or agreement herein of the Owner-Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

ARTICLE 28. AGREEMENTS FOR BENEFIT OF OWNER-TRUSTEE'S ASSIGNS

All rights and remedies of the Owner-Trustee hereunder (including, but not limited to, its rights under Articles 6, 7, 9, 12, 13, 14 and 17 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner-Trustee's assigns (including the Vendor).

ARTICLE 29. TERM OWNER-TRUSTEE

Whenever the term Owner-Trustee is used in this Lease it shall apply and refer to the Owner-Trustee and any assignee of the Owner-Trustee (including, so long as any Indebtedness under the CSA or interest thereon shall remain

unpaid or any other obligation thereunder be continuing, the Vendor).

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

HOOKER CHEMICAL PROPERTIES CORPORATION,

by _____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

FIRST SECURITY STATE BANK, not in its individual capacity, but solely as Owner-Trustee,

by _____
Authorized Officer

[Seal]

Attest:

_____
~~Assistant Secretary~~
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF LOS ANGELES,)

On this 22nd day of February 1978, before me personally appeared R. C. Casriel, to me personally known, who, being by me duly sworn, says that he is a Vice President of HOOKER CHEMICAL PROPERTIES CORPORATION, that one of the seals 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 or its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

OFFICIAL SEAL
JACQUELINE LAND
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires APR 26, 1981

[Notarial Seal]

J. C. Jacqueline Land
Notary Public

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 21st day of February 1978, before me personally appeared Fred L. Murphy, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals 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.

Verna L. Gaetawski
Notary Public

[Notarial Seal]

My Commission expires

My Commission Expires November 15, 1981

APPENDIX A TO LEASE (No. 1)*

Builder	Type	Builder's Specifications	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries Incorporated	100 ton, roller bearing, DOT 105A500W 17,360 gallons, non-coil insulated, chlorine tank cars	77-OEO-214 Rev.E dated 11/3/77	85	$ 42,000	$ 3,570,000	HOKX 7815-7899	February-March 1978, at Milton, Pennsylvania
Union Tank Car Company	100 ton, roller bearing, DOT 105A500W, 17,300 gallons, chlorine tank cars	BD-70-100-17 Appr. No. 3661	86	42,000	3,612,000	HOKX 7901-7909; 7911-7987	February-April 1978, at East Chicago, Indiana
Union Tank Car Company	100 ton, roller bearing, DOT111A100W1, 16,327 gallons, exterior header heaters, caustic soda tank cars**	BD-35-100-16 Appr. No. 3665	42	39,000	1,638,000	HOKX 8181, 8185, 8186, 8190, 8201, 8204, 8205, 8208, 8212, 8214, 8215,	February-March 1978, at East Chicago, Chicago, Indiana

*
**
The footnotes to this Appendix A appear on the next succeeding page.

Builder	Type	Builder's Specifications	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
Union Tank Car Company (cont'd)						8219, 8220, 8222, 8224-8226, 8230, 8236, 8238-8260	
Richmond Tank Car Company	16,000 gallon, roller bearing, DOT 111A100W1, caustic soda tank cars**	2797-TS	180	38,500	6,930,000	HOKX 8000-8179	February-April 1978, at Sheldon, Texas
	Totals		393		$15,750,000		

* This Appendix A sets forth a description of Units having an estimated aggregate base price of $15,750,000. It is understood, however, that certain of said Units may be delivered to and accepted by the Lessee by the appropriate builder prior to the execution and delivery of this Lease, in which case any Units so delivered and accepted will be excluded from this Appendix A by an appropriate supplement hereto. It is further understood and agreed, however, that Lease of Railroad Equipment (No. 1) dated as of January 1, 1978, between First Security State Bank, not in its individual capacity, but solely as Owner-Trustee (hereinafter called the Owner-Trustee) for New England Merchants Leasing Corporation B-6 will cover only the Units delivered and accepted under Conditional Sale Agreement (No. 1) dated as of January 1, 1978, among the Owner-Trustee and ACF Industries, Incorporated, Union Tank Car Company and Richmond Tank Car Company (hereinafter called the Builders) and that Lease of Railroad Equipment (No. 2) dated as of January 1, 1978, between the Owner-Trustee, not in its individual capacity, but solely as Owner-Trustee for Republic National Leasing Corporation will cover the Units delivered and accepted under Conditional Sale Agreement (No. 2) dated as of January 1, 1978, among the Owner-Trustee and the Builders. After delivery and acceptance of all Units covered by both Conditional Sale Agreements, this Appendix A will be appropriately amended to describe only those Units covered by this Lease of Railroad Equipment (No. 1).

** There will be installed in each caustic soda tank car Unit Glidden 301H linings.

APPENDIX B TO LEASE (No. 1)

Casualty Values

Casualty Payment Dates	Percentage of Purchase Price*
July 15, 1978	87.8517
January 15, 1979	89.0613
July 15, 1979	90.0506
January 15, 1980	90.8246
July 15, 1980	91.4253
January 15, 1981	91.8824
July 15, 1981	91.9035
January 15, 1982	91.8946
July 15, 1982	91.6378
January 15, 1983	91.4231
July 15, 1983	90.9700
January 15, 1984	90.3717
July 15, 1984	89.6452
January 15, 1985	88.7868
July 15, 1985	87.9115
January 15, 1986	86.9179
July 15, 1986	85.7191
January 15, 1987	85.3206
July 15, 1987	85.2777
January 15, 1988	84.5666
July 15, 1988	83.4750
January 15, 1989	81.3192
July 15, 1989	77.7841
January 15, 1990	74.1571
July 15, 1990	71.1821
January 15, 1991	68.7070
July 15, 1991	66.1882
January 15, 1992	63.6446
July 15, 1992	61.0659
January 15, 1993	58.4669
July 15, 1993	55.8348
January 15, 1994	53.1856
July 15, 1994	50.5056
January 15, 1995	47.8125
July 15, 1995	45.0804
January 15, 1996	42.2966
July 15, 1996	39.4219
January 15, 1997	36.4713
July 15, 1977	33.4262
January 15, 1998	30.3005
July 15, 1998	27.0753
January 15, 1999	24.1135
July 15, 1999 (and thereafter)	20.00

* As defined in the Lease.

APPENDIX C TO LEASE (No. 1)

Termination Values

Termination Dates	Percentage of Purchase Price*
July 15, 1978	
January 15, 1979	
July 15, 1979	
January 15, 1980	
July 15, 1980	
January 15, 1981	
July 15, 1981	
January 15, 1982	
July 15, 1982	
January 15, 1983	
July 15, 1983	
January 15, 1984	
July 15, 1984	
January 15, 1985	
July 15, 1985	
January 15, 1986	80.1448
July 15, 1986	78.9452
January 15, 1987	78.4445
July 15, 1987	78.2978
January 15, 1988	77.4813
July 15, 1988	76.2828
January 15, 1989	74.0185
July 15, 1989	70.3731
January 15, 1990	66.6343
July 15, 1990	63.5458
January 15, 1991	60.9553
July 15, 1991	58.3196
January 15, 1992	55.6571
July 15, 1992	52.9579
January 15, 1993	50.2365
July 15, 1993	47.4802
January 15, 1994	44.7049
July 15, 1994	41.8969
January 15, 1995	39.0739
July 15, 1995	36.2098
January 15, 1996	33.2922
July 15, 1996	30.2816
January 15, 1997	27.1930
July 15, 1977	24.0078
January 15, 1998	20.7400
July 15, 1998	17.3705
January 15, 1999	14.2622
July 15, 1999	0

* As defined in the Lease.