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TELEX
CA 233663
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RECORDATION NO. 10041
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10041/A
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

No. 9-0241039
Date JAN 24 1979

Fee \$100.00

ICC Washington, D. C.

RECORDATION NO. 10041/B
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION January 22, 1979

RECORDATION NO. 10041/C
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

International Minerals & Chemical Corporation
Lease Financing Dated as of December 1, 1978
9.7% Conditional Sale Indebtedness
Due February 15, 1999

Dear Sir:

Pursuant to 49 U.S.C. § 11303(a), formerly Section 20c of the Interstate Commerce Act, I enclose herewith on behalf of International Minerals & Chemical Corporation for filing and recordation counterparts of the following documents:

1. (a) Conditional Sale Agreement dated as of December 1, 1978, between The Connecticut Bank and Trust Company, as Trustee, and Marine Industrie Limitee, as Builder;

(b) Agreement and Assignment dated as of December 1, 1978, between Marine Industrie Limitee, as Builder, and First Security Bank of Utah, N.A., as Agent;

2. (a) Lease of Railroad Equipment dated as of December 1, 1978, between International Minerals & Chemical Corporation and The Connecticut Bank and Trust Company, as Trustee; and

JAN 24 1 24 PM '79

RECEIVED

Handwritten notes and signatures:
New member
- A
- B
C. [Signature]

—C
(b) Assignment of Lease and Agreement dated as of December 1, 1978, between The Connecticut Bank and Trust Company, as Trustee, and First Security Bank of Utah, N.A., as Agent.

The names and addresses of the parties to the aforementioned Agreements are as follows:

(1) Agent-Vendor-Assignee:

First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111

(2) Trustee-Lessor-Vendee:

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115

(3) Builder:

Marine Industrie Limitee
Tracy (Sorel)
Quebec,
CANADA

(4) Lessee:

International Minerals & Chemical Corporation
2315 Sanders Road
Northbrook, Illinois 60062

Please file and record the documents referred to in this letter and cross-index them under the names of the Agent-Vendor-Assignee, the Trustee-Lessor-Vendee, the Builder and the Lessee.

The equipment covered by the aforementioned documents consist of the following:

Six-hundred (600) one-hundred Ton Steel Covered Railroad Cars, 4,650 Cubic Feet each, with Trough-Type Hatch, AAR Mechanical Designation: AAR-LO, bearing identifying numbers IMCX12000 through IMCX12599, both inclusive.

There is also enclosed a check for \$100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document) and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for International
Minerals & Chemical Corporation

H. G. Homme, Jr., Esq.,
Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

31

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

1/24/79

OFFICE OF THE SECRETARY

Laurence V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act,

49 U.S.C. 20(c), on

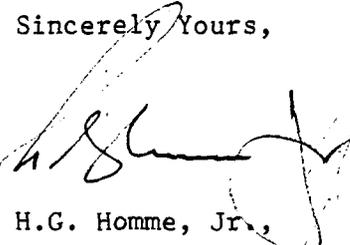
at

and assigned recordation number(s) ^{1/24/79}

1:30pm

10041, 10041-A, 10041-B, 10041-C

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

2-100-1
RECORDATION NO. Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of December 1, 1978

between

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof with Bankers Trust Company

and

MARINE INDUSTRIE LIMITEE

CONDITIONAL SALE AGREEMENT dated as of December 1, 1978, between MARINE INDUSTRIE LIMITEE (hereinafter called the "Builder" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with BANKERS TRUST COMPANY, as beneficial owner (said Trustee, when acting in such capacity, being hereinafter called the "Vendee" and said owner being hereinafter called the "Beneficiary").

WHEREAS the Builder has agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (the "Equipment"); and

WHEREAS the Vendee is entering into a lease with International Minerals & Chemical Corporation (the "Lessee") in substantially the form annexed hereto as Annex C (the "Lease"); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the "Assignee" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (the "Participation Agreement"), among the Assignee, the Vendee, the Lessee, the Beneficiary, the Builder and the parties named in Schedule A thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish to the Assignee for payment to the Builder that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder

by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between the Builder and the Assignee, as agent (the "CSA Assignment").

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all requirements of the Federal Railroad Administration of the United States Department of Transportation and Interstate Commerce Commission applicable to the Equipment and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment

when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. The Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto, freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until the Lessee has notified orally or in writing (irrespective of the requirements of Article 20) the Vice President of the Railway Car Division of the Builder that this Agreement and the Lease have been filed with the Interstate Commerce Commission; and provided, further, that the Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the Builder being notified in writing of the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time or demand, could constitute such an event of default, or (ii) unless the Builder shall have been notified by the Assignee that the conditions precedent to the Assignee's performance under the Participation Agreement, this Agreement and the CSA Assignment have been met or waived, and the Builder shall have been notified by the Vendee that the conditions precedent to the Vendee's performance under the Participation Agreement, this Agreement and the CSA Assignment have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 3 of Annex A hereto.

Subject to the provisos set forth in the first paragraph of this Article 3, and subject to specified delays resulting from causes beyond the Builder's reasonable control set forth in the third paragraph of this Article 3, the Builder covenants to deliver the units of Equipment to the Vendee in accordance with the following schedule:

<u>Number of Units Delivered</u>	<u>Schedule Delivery Date</u>
411 or more	on or before March 31, 1979
483 or more	on or before April 15, 1979
600	on or before May 4, 1979

Notwithstanding the foregoing, the Builder shall use its best efforts to deliver 500 units of Equipment to the Vendee on or before March 31, 1979.

The Builder's obligation as to the time of delivery is subject, however, to delays ("Force Majeure Delays") resulting from causes beyond the Builder's reasonable control including but not limited to acts of God, acts of government (such as embargoes, priorities and allocations) war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials from builder's suppliers or delays of carriers or subcontractors. A delay in Builder's receiving necessary materials from Builder's suppliers shall mean a reasonably unavoidable delay in spite of the fact that the Builder shall have used best efforts to obtain materials in a timely manner from all practicably available sources. Any delay in receiving necessary materials from a particular supplier or at a particular price when identical materials are available for purchase from other practicably available suppliers at reasonable prices shall not be deemed to be a Force Majeure Delay.

If the delivery of any unit of Equipment is delayed beyond its Scheduled Delivery Date as the result of any proviso set forth in the first paragraph of this Article 3 ("First Paragraph Proviso Delays"), such unit may be delivered at any time on or before December 30, 1979, provided that the condition preventing such delivery shall have been removed. If the delivery of any unit of Equipment is delayed beyond December 30, 1979, as the result of any First Paragraph Proviso Delays, such unit shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such units of excluded Equipment and any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder as provided in Paragraph 1 of the Participation Agreement.

If the delivery of any unit of Equipment is delayed beyond its Scheduled Delivery Date as the result of a Force Majeure Delay, such unit may be delivered at any time on or before December 30, 1979. If the delivery of any unit of Equipment is delayed beyond December 30, 1979, as the result of a Force Majeure Delay, such unit shall be excluded from this Agreement. The Vendee shall be relieved of its obligation to purchase and pay for such Equipment and the Builder shall be relieved of its obligation to construct, sell and deliver such Equipment. The Lessee shall not be obligated

to purchase any such unit of Equipment.

If the Builder shall not have delivered 411 units of Equipment on or before March 31, 1979, due to any reason other than (i) Force Majeure Delays or (ii) any First Paragraph Proviso Delays, a number of units of Equipment equal to the difference between the number of units of Equipment that have been delivered and 411 shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. If the Builder shall not have delivered 483 units of Equipment less the number of units of Equipment excluded from this Agreement (the "Excluded Units") pursuant to the first sentence of this paragraph, if any, on or before April 15, 1979, for any reason other than Force Majeure Delays or First Paragraph Proviso Delays, a number of units of Equipment equal to the difference between the number of units of Equipment that have been delivered and 483 less the number of Excluded Units shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. Any unit of Equipment that shall not have been delivered on or before May 4, 1979, for any reason other than Force Majeure Delays or First Paragraph Proviso Delays shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. The Vendee shall be relieved of its obligation to purchase and pay for any unit of Equipment excluded from this Agreement pursuant to this paragraph and the Builder shall be relieved of its obligation to construct, sell and deliver such unit of Equipment. The Lessee shall not be obligated to purchase any such unit of Equipment.

If any unit of Equipment is delayed beyond its Scheduled Delivery Date due to any reason other than Force Majeure Delays or First Paragraph Proviso Delays (such delayed unit being hereinafter referred to as a unit of "Delayed Equipment"), the Builder shall cause the Vendee and the Lessee to receive written notice by telex or otherwise within two business days after such Scheduled Delivery Date of the Date (the "Expected Delivery Date") that the Builder reasonably expects such unit to be delivered. Notwithstanding the provisions of the sixth paragraph of this Article 3, the Lessee (acting on behalf of the Vendee) may give written notice by telex or otherwise to the Builder that it does not wish to exclude from this Agreement any unit of Delayed Equipment if the Expected Delivery Date for such unit is on or before December 30, 1979. If such written notice is received by the Builder with respect to a unit of Delayed

Equipment within four business days after its Scheduled Delivery Date, and if such unit of Delayed Equipment is delivered on or before the Expected Delivery Date, such unit shall not be excluded from this Agreement notwithstanding the provisions of the sixth paragraph of this Article 3. If any unit of Equipment is delayed beyond its Scheduled Delivery Date due to any reason other than Force Majeure Delays or First Paragraph Proviso Delays, the Vendee's sole remedy shall be the option to (i) allow the units of Delayed Equipment to be excluded from this Agreement pursuant to the sixth paragraph of this Article 3, or (ii) give written notice to the Builder in accordance with the seventh paragraph of this Article 3.

Time shall be deemed to be of the essence of this Agreement.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Subject to conditions beyond the reasonable control of the Vendee, and except as otherwise provided in this Article 3, within 24 hours after the Vendee has been advised that a unit or units of the Equipment are ready for acceptance, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder six counterparts of a certificate of acceptance substantially in the form set forth in Annex C hereto (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof. If the authorized representative of the Vendee does not execute and deliver a Certificate of Acceptance with respect to any unit, such representative shall specify in writing to the Builder the reason for his failure to execute and deliver such Certificate.

On delivery and acceptance of each such unit at the place specified for delivery, the acceptance shall be final and binding for all purposes with respect to the Vendee and the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof; provided, further, however, that the Builder shall remain obligated after delivery of any units to correct invoices not in accord with the first paragraph of Article 4 hereof and refund any overpayment made to the Builder as a result of such incorrect invoices. The Vendee represents and warrants that each unit of the Equipment is originally destined for the United States and will, forthwith upon delivery, be transported unloaded into the United States.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to increase or decrease (at actual cost) in accordance with the following:

(a) any change in the cost of materials from prices determined as of May 18, 1978;

(b) any change in the cost of specialties from prices determined as of May 18, 1978;

(c) any freight cost incurred by the Builder for delivery of such materials or such specialties;

(d) any change in the cost to the Builder of United States materials or specialties due to fluctua-

tion in the value of United States dollars as expressed in Canadian funds from C\$1.0903; and

(e) any change in the Builder's profits or costs due to any change in taxes or Canadian government rulings from those in effect as of August 22, 1978.

The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased, together with any duty, excise, levy or other tax imposed by the United States of America on the importation of the units of Equipment (the "Duty"), financing charges at the rate of 12% per annum on the amounts extended by the Builder in payment of the Duty from and including the date that the Duty is paid to but excluding the date of payment with respect to such unit, to the Builder pursuant to subparagraph (a) of the third paragraph of this Article and Section 4 of the CSA Assignment and custom broker's fees, as evidenced by the Builder's invoice or invoices (which invoice or invoices shall be accompanied by copies of any invoices received by the Builder which have caused such increase or decrease; provided, however, that if such invoices remain unavailable at the time the Builder presents its invoices and after the Builder has made reasonable efforts to procure such invoices, then the Builder shall present in lieu of such invoices written notification of the reasons for any increase or decrease in the base price or prices) delivered to the Vendee expressed in Canadian dollars (such invoice or invoices being hereinafter called the "Invoices"); provided, however, that for all purposes of this Agreement other than for the purpose of determining the amount payable to the Builder pursuant to subparagraph (a) of the third paragraph hereof, the term Purchase Price shall be deemed to mean the amount specified in the Builder's invoice but expressed in United States dollars based on the actual cost to the Vendee and the Assignee of the Canadian dollars used to make the payments to the Builder pursuant to subparagraph (a) of the third paragraph of this Article and Section 4 of the CSA Assignment. If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 3 of Annex A hereto or such higher amount as the Vendee may agree to, the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then

proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 3 of Annex A hereto or such higher amount as the Vendee may agree to, and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded. If any Duty paid on the Equipment is rebated to the Builder or the Vendor by the United States of America (a "Rebate of Duty"), the Builder agrees promptly to pay to the Assignee the amount of such Rebate of Duty received by the Builder and the Vendor agrees promptly to pay to the Assignee the amount of such Rebate of Duty received by the Vendor. The Builder represents and warrants that no quantity discount or other discount not reflected in the Purchase Price has been made available to the Vendee or the Lessee in connection with this transaction.

The units of Equipment shall be settled for and payment shall be made pursuant to this Article 4 and Section 4 of the CSA Assignment as follows: All units of Equipment delivered and accepted during the calendar month of January 1979 ("Group 1") shall be settled for on February 15, 1979; all units of Equipment delivered and accepted during the calendar month of February 1979 ("Group 2") shall be settled for on March 15, 1979; all units of Equipment delivered and accepted during the calendar month of March 1979 ("Group 3") shall be settled for on April 12, 1979; all units of Equipment delivered and accepted during the period commencing April 1, 1979, through and including May 10, 1979 ("Group 4"), shall be settled for on May 15, 1979; all units of Equipment delivered and accepted during the period commencing May 11, 1979, through and including May 31, 1979 ("Group 5"), shall be settled for on June 15, 1979; all units of Equipment delivered and accepted during the period commencing on June 1, 1979, through and including December 30, 1979 (also "Group 5"), shall be settled for on the fifteenth day of the calendar month next succeeding the calendar month in which such units were delivered and accepted unless such day is not a business day in which event such units shall be settled for on the next succeeding business day (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean the date of settlement for

such Group. The Builder shall present the Vendee with Invoices and with a counterpart or counterparts of the Certificate or Certificates of Acceptance for the Equipment for which settlement is to be made not less than five business days prior to the applicable Closing Date. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 27% of the aggregate Purchase Price of such Group and, if on a Closing Date, the aggregate Purchase Price of all Equipment for which settlement has theretofore been or is then being made exceeds the Maximum Purchase Price, any amount in excess thereof as to which the Vendee shall have consented pursuant to the first paragraph of this Article 4; and

(b) in 72 quarterannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "CSA Indebtedness") shall be payable on each February 15, May 15, August 15 and November 15, commencing May 15, 1981, to and including February 15, 1999 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such CSA Indebtedness was incurred at the rate of 9.7% per annum. Such interest shall be payable, to the extent accrued, on May 15, 1979, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in

proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the remaining CSA Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on May 15, 1979, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 10.7% per annum.

The payments to be made to the Builder pursuant to subparagraph (a) of the third paragraph hereof shall be made by bank wire transfer of immediately available funds to the Bank of Montreal, 119 rue St. Jacques, Montreal, Quebec, Canada, for the account of Marine Industrie Limitee in such coin or currency of Canada as at the time of payment shall be legal tender for the payment of public and private debts. All other payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

The Builder shall furnish to the Vendee the documents required to be furnished by the Builder pursuant to Section 4 of the CSA Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out

of or in connection with the performance of its obligations hereunder and excluding only (i) the obligations set forth in the proviso in the third paragraph of Article 12 hereof, (ii) the payment of the CSA Indebtedness and interest thereon if the Vendee elects to retain the Equipment pursuant to the eighth paragraph of § 7 of the Lease and (iii) the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease, (b) any and all amounts received from a Rebate of Duty, and (c) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a), (b) and (c) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (x) amounts referred to in the foregoing clauses (a), (b) and (c) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee (in its

individual capacity) or the Beneficiary pursuant to §§ 6 and 9 of the Lease or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment.

The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 or 7 hereof

and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, provincial, national (whether of Canada or of the United States of America) or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties which are not excepted above being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all other impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the

Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences; Lease Termination. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called "Casualty Occurrences") or the Vendee shall receive a termination notice pursuant to § 7 of the Lease, the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the CSA Indebtedness occurring not ^{later} ~~later~~ than August 15, 1979 (hereinafter called a "Casualty Payment Date"), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect

to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original CSA Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the CSA Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original CSA Indebtedness in respect of such unit bears to the aggregate original CSA Indebtedness in respect of the Equipment.

If the Lease is terminated pursuant to § 7 thereof, the Vendee shall prepay the entire unpaid CSA Indebtedness and all accrued interest thereon on the termination date (as defined in the Lease).

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it; provided, however, that the amount of such insurance shall be at least equal to the aggregate Casualty Value of the units of the Equipment.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1979, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 "Owned by a Bank or Trust Company. Ownership subject to a security agreement filed with the Interstate Commerce Commission", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed,

recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment 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 Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, 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 Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of such Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as

provided in the Lease, and (subject to the provisions of the first sentence of the second paragraph of § 12 of the Lease) the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the CSA Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, 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, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, its successors and assigns, and, to the extent that it receives funds from the Beneficiary pursuant to Section 6.01 of the Trust Agreement sufficient for such purposes, from, through or under the Beneficiary or its successors or assigns, not arising out of

the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

The Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the CSA Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Builder, and articles and materials specified by the Lessee and not manufactured by the Builder, the Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any Canadian or United States patent. The Vendee likewise will indemnify, protect and hold harmless the Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right, or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified

by the Lessee and used by the Builder in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The party claiming indemnification (the "Indemnatee") will give prompt written notice to the Builder of any claim known to the Indemnatee on the basis of which liability may be charged against the Builder hereunder, and the Builder shall be afforded a reasonable opportunity to settle or defend, as the Builder may in good faith see fit, any claim or suit, and every reasonable assistance in so settling or defending shall be rendered by the Indemnatee. The Builder shall not in any event be liable for special, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest.

The agreement of the parties relating to the Builder's warranties of material and workmanship is set forth in Item 2 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time; provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a

recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least \$50,000,000. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its respective obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the

Vendee or the Lessee, as the case may be, against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, the Beneficiary or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement or of the Vendee or the Beneficiary under the Trust Agreement, or of the Lessee under the Lease and the Consent, 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 Vendee, the Beneficiary or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession authorized under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease; provided, however, that an Event of Default under paragraph (A) of § 10 of the Lease shall not be deemed to be an event of default hereunder if, prior to the expiration of the ten day period provided by subparagraph (a) of Article 15 hereof, the Vendee shall make payment of all amounts in default under subparagraph (a) of Article 15 hereof; provided, further, however, that the Vendee shall not have the right to remedy more than three consecutive such defaults or an aggregate of more than nine such defaults and any additional Events of Default under the Lease shall constitute events of default hereunder whether or not so remedied;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a

"Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such

removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads or other parties to which any unit or units of the Equipment have been interchanged or which are using such unit to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable destination or to any connecting carrier for shipment to a particular destination, all as directed by the Vendor. Upon delivery to any such destination, the markings on any unit identifying the Lessee shall be removed by the Lessee, the Vendee or others.

During any storage period, the Vendee will, at its own cost and expense, insure to the same extent as is provided in the Lease, maintain and keep each such unit in good order and repair to the same extent as is provided in the Lease and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days' notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without adver-

tisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to

have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the CSA Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses,

including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable law of Canada or the United States of America) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly filed with the Interstate Commerce Commission; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the

purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at 2315 Sanders Road, Northbrook, Illinois 60062, attention of Treasurer,

(c) to the Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at 280 Park Avenue, 9th Floor, West Building, New York, New York 10017, attention of Lease Financing Division,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of

Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, 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 Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied with respect to the Builder to the extent that the Lessee fulfills such obligations pursuant to the Lease. The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied with respect to the Vendor subsequent to the execution of the CSA Assignment by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding

the said bank 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 Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank 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 said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary (except, with respect to each such party, in connection with the payment or discharge of claims, liens, charges or security interests claimed from, through or under such party or its successors and assigns, pursuant to the proviso to the last paragraph of Article 12 hereof and, except in the case of the Beneficiary, its obligations under § 4.01 of the Trust Agreement) on account of any representation, warranty, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Participation Agreement and the Lease; provided, however, that without the prior written consent of the Vendor the Vendee may not take any action which would terminate the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although

for convenience this Agreement is dated as of the date first above written, 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.

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

MARINE INDUSTRIE LIMITEE,

by

[Signature]
Vice President

[Signature]

[Corporate Seal]

Attest:

[Signature]

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

PROVINCE OF QUEBEC,)
) ss.:
CITY OF MONTREAL ,)

On this 19th day of JANUARY , 1979, before me personally appeared DONALD GUÉVREMONT AND LAURENT MARCHAND, to me personally known, who being by me duly sworn, says that ~~he is~~ ^{THEY ARE RESPECTIVELY} of MARINE INDUSTRIE LIMITEE, 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~~ ^{THEY} acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

VICE PRESIDENT
RAILWAY CAR DIVISION
AND TREASURER
epm

Carole B. Gauthier
Commissioner for Oaths
District of Montreal



My Commission expires
MAY 30th, 1983

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this _____ day of _____ 197 , before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of
CSA Indebtedness Payable in (i) Eight Interim Payments
and (ii) 72 Installments
from May 15, 1981, Through February 15, 1999

<u>Date</u>	<u>Principal Balance*</u>	<u>Interest Payment**</u>	<u>Principal Recovery</u>	<u>Payment</u>
5/15/79	\$1,000,000.00	**	--	**
8/15/79		24,250.00		24,250.00
11/15/79		24,250.00		24,250.00
2/15/80		24,250.00		24,250.00
5/15/80		24,250.00		24,250.00
8/15/80		24,250.00		24,250.00
11/15/80		24,250.00		24,250.00
2/15/81		24,250.00		24,250.00
5/15/81	999,603.91	24,250.00	396.08	24,646.08
8/15/81	992,047.05	24,240.39	7,556.87	31,797.26
11/15/81	984,306.93	24,057.14	7,740.12	31,797.26
2/15/82	976,379.11	23,869.44	7,927.82	31,797.26
5/15/82	968,259.05	23,677.19	8,120.07	31,797.26
8/15/82	959,942.07	23,480.28	8,316.98	31,797.26
11/15/82	951,423.40	23,278.60	8,518.67	31,797.26
2/15/83	942,698.16	23,072.02	8,725.24	31,797.26
5/15/83	933,761.33	22,860.43	8,936.83	31,797.26
8/15/83	924,607.78	22,643.71	9,153.55	31,797.26
11/15/83	915,232.26	22,421.74	9,375.52	31,797.26
2/15/84	905,629.38	22,194.38	9,602.88	31,797.26
5/15/84	895,793.64	21,961.51	9,835.75	31,797.26
8/15/84	885,719.37	21,723.00	10,074.26	31,797.26
11/15/84	875,400.81	21,478.69	10,318.57	31,797.26
2/15/85	864,832.01	21,228.47	10,568.79	31,797.26
5/15/85	854,006.93	20,972.18	10,825.08	31,797.26
8/15/85	842,919.34	20,709.67	11,087.59	31,797.26
11/15/85	831,562.87	20,440.79	11,356.47	31,797.26
2/15/86	819,931.01	20,165.40	11,631.86	31,797.26
5/15/86	808,017.08	19,833.33	11,913.93	31,797.26

* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the CSA.

<u>Date</u>	<u>Principal Balance</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Payment</u>
8/15/86	795,814.23	19,594.41	12,202.85	31,797.26
11/15/86	783,315.47	19,298.50	12,498.77	31,797.26
2/15/87	770,513.61	18,995.40	12,801.86	31,797.26
5/15/87	757,401.30	18,684.95	13,112.31	31,797.26
8/15/87	743,971.02	18,366.98	13,430.28	31,797.26
11/15/87	730,215.06	18,041.30	13,755.96	31,797.26
2/15/88	716,125.52	17,707.72	14,089.54	31,797.26
5/15/88	701,694.30	17,366.04	14,431.22	31,797.26
8/15/88	686,913.13	17,016.09	14,781.17	31,797.26
11/15/88	671,773.51	16,657.64	15,139.62	31,797.26
2/15/89	656,266.76	16,290.51	15,506.75	31,797.26
5/15/89	642,033.15	15,914.47	14,233.61	30,148.08
8/15/89	621,405.49	15,569.30	20,627.66	36,196.96
11/15/89	603,707.32	15,069.08	17,698.17	32,767.25
2/15/90	585,617.63	14,639.90	18,089.70	32,729.60
5/15/90	571,604.63	14,201.23	14,013.00	28,214.23
8/15/90	557,437.14	13,861.41	14,167.49	28,023.90
11/15/90	540,702.40	13,517.85	16,734.74	30,252.60
2/15/91	523,731.45	13,112.03	16,970.94	30,082.97
5/15/91	512,812.63	12,700.49	10,918.82	23,619.31
8/15/91	501,825.20	12,435.71	10,987.43	23,423.13
11/15/91	486,492.25	12,169.26	15,332.95	27,502.21
2/15/92	470,923.66	11,797.44	15,568.60	27,366.03
5/15/92	461,743.25	11,419.90	9,180.41	20,600.31
8/15/92	452,539.70	11,197.27	9,203.55	20,400.82
11/15/92	437,638.26	10,974.09	14,901.44	25,875.53
2/15/93	422,493.85	10,612.73	15,144.41	25,757.13
5/15/93	413,513.35	10,245.48	8,980.50	19,225.98
8/15/93	404,516.89	10,027.70	8,996.46	19,024.16
11/15/93	389,011.87	9,809.53	15,505.02	25,314.55
2/15/94	373,248.73	9,433.54	15,763.14	25,196.67
5/15/94	363,921.70	9,051.20	9,327.03	18,378.31
8/15/94	354,578.79	8,825.10	9,342.91	18,168.01
11/15/94	338,442.09	8,598.54	16,136.70	24,735.24
2/15/95	322,036.56	8,207.22	16,405.53	24,612.75
5/15/95	312,346.65	7,809.39	9,689.91	17,499.29
8/15/95	302,640.88	7,574.41	9,705.77	12,280.18
11/15/95	285,847.18	7,339.04	16,793.70	24,132.74
2/15/96	268,773.55	6,931.79	17,073.63	24,005.43
5/15/96	258,706.24	6,517.76	10,067.31	16,585.06
8/15/96	248,623.10	6,273.63	10,083.15	16,356.77
11/15/96	231,146.09	6,029.11	17,477.00	23,506.11
2/15/97	213,377.60	5,605.29	17,768.49	23,373.79
5/15/97	202,917.79	5,174.41	10,459.81	15,634.22
8/15/97	192,442.16	4,920.76	10,475.63	15,396.39
11/15/97	174,254.50	4,666.72	18,187.66	22,854.39

<u>Date</u>	<u>Principal Balance</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Payment</u>
2/15/98	145,743.40	4,225.67	28,511.10	32,736.77
5/15/98	110,606.44	3,534.28	35,136.96	38,671.23
8/15/98	74,617.42	2,682.21	35,989.03	38,671.23
11/15/98	37,755.66	1,809.47	36,861.76	38,671.23
2/15/99	(- .00)	915.57	37,755.66	38,671.23

ANNEX A
to
Conditional Sale Agreement

- Item 1: Marine Industrie Limitee, Tracy (Sorel), Quebec, Canada, attention of Vice President, Railway Car Division.
- Item 2: The Builder warrants that the Equipment built by it will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called "this Agreement") and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by the Builder) and workmanship under normal use and service, the Builder's obligation under this Item 2 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to the Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which the Builder's examination shall disclose to its satisfaction to have been thus defective; provided, however, that the Builder only warrants material and specialties not manufactured by the Builder to the extent that such material or specialties have been warranted by the manufacturer thereof; provided, further, that the Builder supplies the Vendee upon request a copy of any such manufacturer's warranty and provided, further, however, that the foregoing provisos shall not limit the Builder's warranty as set forth in this Item 2 with respect to the functioning of a unit of the Equipment as the sum of its parts. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF THE BUILDER UNDER ARTICLES 2, 3, 4 AND 13 OF THIS AGREEMENT, THE FOREGOING WARRANTY OF THE BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES, AND THE BUILDER DOES NOT ASSUME OR

AUTHORIZE ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL THE BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND. The Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 2.

This warranty shall apply only to defects that appear under proper use of the items, and in particular this warranty does not cover defects arising from faulty maintenance or from alterations carried out without the Builder's consent in writing or from repairs carried out improperly. This warranty does not cover normal wear and tear. Nothing set forth above shall imply that the Vendee or Lessee must obtain the Builder's consent prior to making any alteration to any unit of the Equipment.

Item 3: The Maximum Purchase Price referred to in Articles 3 and 4 of the Agreement is \$U.S. 25,342,465.75.

ANNEX B
to
Conditional Sale Agreement

<u>Builder</u>	<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
Marine Industrie Limitee	One-hundred Ton Steel Covered Rail-road Cars, 4,650 Cubic Feet Each, With Trough-Type Hatch, AAR Mechanical Designation: AAR-LO	Builder's General Arrangement drawing No. 9-14310 dated August 18, 1978, and Specification No. 364 dated August 18, 1978	Tracy (Sorel), Quebec	600	\$Can.40,120	\$Can.24,072,000	IMCX 12000-12599	January-May 4, 1979 at Canadian National Railway Track, Tracy (Sorel), Quebec

ANNEX C

Certificate of Acceptance

I, _____, a duly authorized representative of THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of December 1, 1978 (hereinafter called the Vendee), and INTERNATIONAL MINERALS & CHEMICAL CORPORATION (hereinafter called the Lessee), do hereby certify that I have inspected, received, approved and accepted, on behalf of the Vendee and the Lessee, under the Conditional Sale Agreement dated as of December 1, 1978, between the Vendee and MARINE INDUSTRIE LIMITEE and the Lease of Railroad Equipment dated as of December 1, 1978, between the Vendee and the Lessee, the following units of equipment (hereinafter called the Equipment):

TYPE OF EQUIPMENT: 100-ton steel covered railroad cars,
4,650 cubic feet each, with trough-type
hatch

BUILDER: Marine Industrie Limitee

DATE ACCEPTED: _____, 1979

NUMBER OF UNITS:

ROAD NUMBERS: IMCX

I do further certify that the Equipment is in good order and condition and conforms to the Specifications applicable thereto, and at the time of delivery to the Vendee and the Lessee each unit of the Equipment was marked with its respective road number and there was plainly, distinctly, permanently and conspicuously marked upon each side of each unit of the Equipment the following legend in letters not less than one inch in height, in all caps,

OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP
SUBJECT TO A SECURITY AGREEMENT FILED WITH THE
INTERSTATE COMMERCE COMMISSION.

I do further certify, on behalf of the Lessee, that none of the Units of Equipment were placed in service by the Lessee or any other person prior to delivery and acceptance

of such Units hereunder.

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

Authorized Representative of
The Connecticut Bank and Trust
Company, as Trustee as aforesaid
and
International Minerals and
Chemical Corporation

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of December 1, 1978

between

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of December 1, 1978, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with BANKERS TRUST COMPANY (the "Beneficiary").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Marine Industrie Limitee (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Units");

WHEREAS the Builder is assigning its interest in the CSA pursuant to an Agreement and Assignment (the "CSA Assignment") to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessee, the Lessor, the Beneficiary, the Builder and the parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the CSA at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent");

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

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduc-

tion 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 Lessor under this Lease or under the CSA, or against the Builder, the Vendor, the Beneficiary or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in 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 Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at the point or points at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the CSA), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (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

Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the penultimate sentence hereof, 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. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the CSA are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the CSA shall be null and void as to this Lease and ineffective to subject such Unit to this Lease. The Lessee agrees that each Unit is originally destined for the United States and will, forthwith upon delivery, be transported unloaded into the United States.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit described as in Group 1, 2, 3 or 4 (a "Group 1, 2, 3 or 4 Unit") in the second paragraph of Article 4 of the CSA, 81 consecutive quarterannual payments on February 15, May 15, August 15 and November 15 in each year, commencing May 15, 1979. The term "Cost" of each Unit as used herein shall mean the Purchase Price (as defined in the third sentence of Article 4 of the CSA). The rental payment due on May 15, 1979, shall be an amount equal to interest, computed at the annual rate of 120% of the annual rate which Bank of America on such date charges its most credit-worthy corporate borrowers, provided that such annual rate shall be at least 9.7% (the "Prime Rate"), on the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the CSA) for such Unit to and including the date of such payment. The next 40 quarterannual rental payments shall each be an amount equal to 2.3212% of the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease and the last 40 quarterannual payments shall each be an amount equal to 2.8230% of the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease. There shall be allowed as a credit against each rental payment any amount to be so credited pursuant to the third paragraph of Paragraph 10 of the Participation Agreement.

Subject to the fourth paragraph of this § 3, the Lessee agrees to pay to the Lessor, as rental for each Unit described as Group 5 (a "Group 5 Unit") in the second paragraph of Article 4 of the CSA, 81 consecutive quarterannual payments on February 15, May 15, August 15 and November 15, in each year (the "Quarterannual Payment Dates") commencing on the first Quarterannual Payment Date (the "Group 5 Rent

Commencement Date") which is on or subsequent to the Closing Date for the last Unit of Equipment to be delivered and accepted pursuant to this Lease. The Group 5 Rent Commencement Date shall be designated as such by the Lessee by notice in writing to the Lessor and the Vendor not later than 10 business days prior to such Closing Date. The rental payment due on the Group 5 Rent Commencement Date shall be an amount equal to interest computed at the rate of 120% of the Prime Rate on the Cost of each Group 5 Unit for each day elapsed from the Closing Date (as defined in the CSA) for such Unit to and including the date of such payment; provided, however, that the Lessee shall have available as a credit against the rental payment due on the Group 5 Rent Commencement Date any rental theretofore paid pursuant to the fourth paragraph of this § 3. The next 40 quarterannual payments shall each be an amount equal to 2.3212% of the Cost of each Group 5 Unit and the last 40 quarterannual payments shall each be an amount equal to 2.8230% of the Cost of each Group 5 Unit.

Notwithstanding the provisions of the first and second paragraphs of this Section 3, in the event that the Cost of a Unit of Equipment exceeds U.S. \$45,000, the rentals payable for such Unit shall be recalculated so that each rental payment shall be an amount that would cause the Lessor's net after-tax rates of return on its investment to be equal to the rates of return (computed on the same assumptions used by the Lessor in originally evaluating the transactions contemplated by this Lease, the Participation Agreement and related documentation) that would have been available had the Cost of a Unit of Equipment been U.S. \$45,000 or less.

In addition to the foregoing rentals but without duplication thereof, the Lessee agrees to pay to the Lessor as additional rentals amounts which, after deduction of any taxes payable in respect of such amounts, will be equal to the total of (i) the amounts required by the Lessor to make the payments provided for in the penultimate sentence of the fourth paragraph of Paragraph 2 of the Participation Agreement, (ii) the amounts required by the Lessor to make the payments required to be made by the Lessor to the Vendor pursuant to Paragraph 9 of the Participation Agreement on the dates the Lessor is required to make such payments (without regard to any limitation of the obligation of the Lessor set forth therein) and the Lessor agrees to apply such rentals for such purposes, and (iii) any loss sustained by the Lessor by reason of the sale by the Vendor of any Futures Contract or Canadian dollars as provided in Paragraph 9 of the Participation Agreement.

If any of the quarterannual rental payment dates referred to above is not a business day, the quarterannual rental payment otherwise payable on such date shall be payable on the 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, Hartford, Connecticut, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the CSA Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the CSA), together with interest and all other payments required by the CSA, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. Subject to the provisions of the first sentence of the second paragraph of § 12 hereof, if an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor 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 and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road 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 Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

Except as provided in the immediately preceding paragraph, 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.

§ 6. Taxes. All payments to be made by the Lessee

hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor (both in its individual and fiduciary capacities) with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties which are not excepted above being hereinafter called "impositions"), all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof is permitted by law and does not, in the reasonable opinion of the Lessor or the Vendor adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall

not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall, in the opinion of its counsel, have been advised that it is legally liable with respect thereto.

Notwithstanding the exception of Lessor's taxes specified in lines 6 through 11 of the first paragraph of this § 6 (which taxes, except for Federal taxes, are hereinafter referred to as the "Excluded Taxes") from the Lessee's payment obligation hereunder, the Lessee shall be obligated to pay such Excluded Taxes, in the same manner and subject to the same conditions as other taxes payable by the Lessee pursuant to this § 6 in any jurisdiction specified in a written notice referred to below and in which the Beneficiary or the Lessor is subject to such Excluded Taxes solely by reason of this leasing transaction if: (i) such Excluded Taxes accrue subsequent to the date of receipt by Lessee of written notice from the Lessor or the Beneficiary to the effect that the Beneficiary has made a good faith determination that the continued use of the units of Equipment in a specified jurisdiction would subject the Lessor or the Beneficiary to an Excluded Tax in such jurisdiction; and (ii) the Lessee continues to use any units of Equipment in such jurisdiction.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the CSA to the Builder or the Vendor or otherwise pursuant to any correlative provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

Payments under this § 6 shall be made in such amounts as, after deduction of all taxes required to be paid with respect to such amounts, shall equal the net amounts otherwise required to be paid.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Vendor in such Units. The Lessor will provide to the

Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor in both its individual and fiduciary capacities harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee

(Not Earlier than August 15, 1979)

as soon as it has knowledge thereof shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due 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, or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Cost of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the CSA) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the

United States Government (the "Government") of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, 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, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 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.

Provided that the Lessee is not in default hereunder, the Lessee may if, in its reasonable opinion, the Equipment shall have become economically obsolete and no longer useful in the conduct of its business, terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than August 15, 1989, (ii) no Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th 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 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 Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such 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 hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessee 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 to 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 at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units 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 sale pursuant to this § 7, 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 sale pursuant to this § 7 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.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, upon prepayment of the entire CSA

Indebtedness and accrued interest thereon pursuant to the penultimate paragraph of Article 7 of the CSA, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date and after such delivery the Lessee shall have no liability with respect to such Units except as otherwise provided herein.

The Termination Value of each Unit on any rental payment date shall be that percentage of the Cost of such Unit as is set forth in Schedule B hereof opposite such rental payment date.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it; provided, however, that in no event shall such insurance be in amounts lower than the amounts presently carried by the Lessee on similar equipment owned or leased by the Lessee nor exclude risks presently covered by insurance on similar equipment owned by the Lessee. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice to the Vendor, the Lessor and the Beneficiary of cancelation or the removal of the Vendor, the Lessor or the Beneficiary as named insureds and (ii) name the Vendor, the Lessor and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is

delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1979, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or are then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor 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 § 5 hereof and by the CSA have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO 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 LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR 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 Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the CSA; provided, however, that

if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any 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 Lessor 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 Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable 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 mandatory 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 of 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 prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called "Removable Government Mandated Alterations") or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called "Nonremovable Government Mandated Alterations"), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations

(including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Cost of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Cost of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included if required by law in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated Alteration is made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alteration may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(f) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor and the Vendor, adversely affect the property or rights of the Lessor and the Vendor under this Lease or under the CSA. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to 30% of the Cost of the Units (excluding Duty).

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, 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 (and do not adversely and materially affect the value of the Units). All Removable

Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof; provided, however, that the Lessor may, at its option, purchase at the termination of this Lease, or any extension thereof, any Removable Government Mandated Alteration paid for by the Lessee at the "Fair Market Value" of such alteration as of the date of the exercise of such option. The Fair Market Value of any Removable Government Mandated Alteration shall be determined independently of the value of any other Removable Government Mandated Alteration and the value of the Unit to which such Removable Government Mandated Alteration is attached, and shall be determined on the basis of, and shall be equal in amount to, the price which would obtain in an arm's-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell. Notwithstanding anything to the contrary contained herein, the Lessee shall have the right to remove any Removable Government Mandated Alteration not purchased by the Lessor as provided above, upon return of the Units pursuant to §§ 11 and 14 hereof.

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 the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Cost 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 and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body and which are not readily removable without causing material damage to such unit, 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 Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever (including, without limitation, claims for strict liability in tort and claims in which negligence or breach of warranty or contract of such indemnified party is or are alleged) regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the CSA, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, leasing, manufacture, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the CSA; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the CSA Indebtedness (as defined in the CSA) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement. The Lessee's obligations with respect to certain other taxes are set forth in § 6 hereof.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other governmental or regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon

request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, 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 §§ 3, 7 or 13 hereof, and such default shall continue for five 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. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, 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, under the Consent or under the Participation Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent or the Participation Agreement 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 for the property of the Lessee, in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

E. an event of default set forth in Article 15 of the CSA shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be 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; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full 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 which the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, which represents (A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental 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 rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sale value of such Unit at such time. In addition, the 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 Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor 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 in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify 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.

Except as otherwise provided in this Lease and the CSA, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the CSA and any and all rights of redemption.

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

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. 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, with any nonremovable accessories to such Unit made pursuant to the second and fourth paragraphs of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor 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 or other parties to which any Unit or Units have been interchanged or which are using the Units to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

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

(c) transport the same to any reasonable destination or to any connecting carrier for shipment to a particular destination, all as directed by the Lessor. Upon or before the delivery to any such destination, unless the Lessor or other parties shall remove the markings on the Units identifying the Lessee, the Lessee shall have the right to remove such markings; provided, however, that the Lessor shall have no obligation to remove such markings.

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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor 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 rents and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. 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 Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which interest, computed at the Prime Rate, on the Cost of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without

the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the CSA; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof and provided that the Lessee is not in default under this Lease, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Units and any demurrage payments made with respect to the Units. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the

property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate, whether under sublease from it for any term or otherwise, upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease (not including a sublease to any one of the Lessee's subsidiaries or affiliates) for a term not exceeding one year, but only after written notice to the Lessor and upon and subject to all the terms and conditions of this Lease and the CSA. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of the United States of America or of any state thereof or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property 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.

§ 13. Renewal Option. 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 Lessor not less than 6 months prior to the end of the original term or not less than 6 months prior to the end of any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for 1 or 2 additional 5-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that such extended term will not extend beyond August 15, 2009, at the then "Fair Market Rental" payable in quarterannual payments on February 15, May 15, August 15 and November 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original term or any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on storage tracks within the United States; provided, that such place shall not be more than 500 miles from the location of

the Lessee's last use of any Unit, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. Upon or before the delivery to any such place, unless the Lessor or other parties shall remove the markings on the Units identifying the Lessee, the Lessee shall have the right to remove such markings; provided, however, that the Lessor shall have no obligation to remove such markings. During any storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the second and fourth paragraphs of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and any applicable mandatory rules of any governmental agency or other organization with jurisdiction. 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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All rent and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which interest, computed at the Prime Rate, on the Cost of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the CSA and the CSA Assignment to be duly filed with the Interstate Commerce Commission. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and 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 Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the CSA shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9, 10 and 13 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law 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.

§ 17. 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 Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at 280 Park Avenue, 9th Floor, West Building, New York, New York 10017, attention of Lease Financing Division and to ITEL Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at 2315 Sanders Road, Northbrook, Illinois 60062, attention of Treasurer;

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

§ 18. Severability; Effect and Modification of Lease. 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.

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, 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 Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank 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 said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, warranty, undertaking or agreement of said bank as Lessor, or the Beneficiary, 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.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement and, where appropriate for such

purposes, the term Lessor shall be deemed to include the Beneficiary.

§ 21. 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.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights arising out of the filing, depositing or recording of this Lease.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, 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.

IN WITNESS WHEREOF, the parties hereto have

executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee as aforesaid,

[Seal]

by _____
Authorized Officer

Attest:

Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,

by _____

[Corporate Seal]

Attest:

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF LAKE,)

On this day of , 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of INTERNATIONAL MINERALS & CHEMICAL 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, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
One-hundred Ton Steel Covered Railroad Cars, 4,650 Cubic Feet Each, with Trough- Type Hatch	600	IMCX 12000-12599
AAR Mechanical Designation: AAR-LO		

SCHEDULE B TO LEASE

Casualty Values and Termination Values

<u>Rental</u> <u>Payment Date Number</u> <u>Date</u>	<u>Casualty</u> <u>Value</u> <u>Percentage</u> <u>of Cost*</u>	<u>Termination</u> <u>Value Per-</u> <u>centage of</u> <u>Cost*</u>
1 15 Aug. 79	109.7182	
2 15 Nov. 79	<u>109.9771</u>	
3 15 Feb. 80	<u>115.3542</u>	
4 15 May 80	115.3658	
5 15 Aug. 80	114.6201	
6 15 Nov. 80	<u>114.6963</u>	
7 15 Feb. 81	<u>118.7741</u>	
8 15 May 81	118.6527	
9 15 Aug. 81	117.8016	
10 15 Nov. 81	<u>117.6893</u>	
11 15 Feb. 82	<u>120.7427</u>	
12 15 May 82	120.5210	
13 15 Aug. 82	119.6190	
14 15 Nov. 82	<u>119.3775</u>	
15 15 Feb. 83	<u>121.4761</u>	
16 15 May 83	121.1634	
17 15 Aug. 83	120.2077	
18 15 Nov. 83	<u>119.8343</u>	
19 15 Feb. 84	<u>121.0264</u>	
20 15 May 84	120.6174	
21 15 Aug. 84	119.6039	
22 15 Nov. 84	<u>119.1025</u>	
23 15 Feb. 85	<u>119.4928</u>	
24 15 May 85	118.9857	
25 15 Aug. 85	117.9142	
26 15 Nov. 85	<u>117.2916</u>	
27 15 Feb. 86	<u>117.0857</u>	
28 15 May 86	116.4311	
29 15 Aug. 86	115.3062	
30 15 Nov. 86	<u>114.5293</u>	
31 15 Feb. 87	<u>113.9546</u>	
32 15 May 87	113.0898	
33 15 Aug. 87	111.9227	
34 15 Nov. 87	<u>110.9610</u>	
35 15 Feb. 88	<u>110.0856</u>	
36 15 May 88	109.0513	
37 15 Aug. 88	107.8560	
38 15 Nov. 88	<u>106.7532</u>	

* As defined in § 7 of this Lease.

<u>Rental</u> <u>Payment Date Number</u> <u>Date</u>	<u>Casualty</u> <u>Value</u> <u>Percentage</u> <u>of Cost*</u>	<u>Termination</u> <u>Value Per-</u> <u>centage of</u> <u>Cost*</u>
39 15 Feb. 89	105.6505	
40 15 May 89	104.5577	
41 15 Aug. 89	102.7934	102.7934
42 15 Nov. 89	<u>101.0885</u>	<u>101.0885</u>
43 15 Feb. 90	99.3520	99.3520
44 15 May 90	97.5850	97.5850
45 15 Aug. 90	95.8056	95.8056
46 15 Nov. 90	<u>93.9947</u>	<u>93.9947</u>
47 15 Feb. 91	92.1545	92.1545
48 15 May 91	90.2875	90.2875
49 15 Aug. 91	88.4179	88.4179
50 15 Nov. 91	<u>86.5166</u>	<u>86.5166</u>
51 15 Feb. 92	84.5886	84.5886
52 15 May 92	82.6347	82.6347
53 15 Aug. 92	80.6837	80.6837
54 15 Nov. 92	<u>78.7001</u>	<u>78.7001</u>
55 15 Feb. 93	76.6904	76.6904
56 15 May 93	74.6540	74.6540
57 15 Aug. 93	72.6217	72.6217
58 15 Nov. 93	<u>70.5547</u>	<u>70.5547</u>
59 15 Feb. 94	68.4606	68.4606
60 15 May 94	66.3388	66.3388
61 15 Aug. 94	64.2213	64.2213
62 15 Nov. 94	<u>62.0677</u>	<u>62.0677</u>
63 15 Feb. 95	59.8858	59.8858
64 15 May 95	57.6750	57.6750
65 15 Aug. 95	55.4689	55.4689
66 15 Nov. 95	<u>53.2251</u>	<u>53.2251</u>
67 15 Feb. 96	50.9520	50.9520
68 15 May 96	48.6487	48.6487
69 15 Aug. 96	46.3504	46.3504
70 15 Nov. 96	<u>44.0129</u>	<u>44.0129</u>
71 15 Feb. 97	41.6447	41.6447
72 15 May 97	39.2454	39.2454
73 15 Aug. 97	36.8511	36.8511
74 15 Nov. 97	<u>34.4161</u>	<u>34.4161</u>
75 15 Feb. 98	31.9493	31.9493
76 15 May 98	29.4781	29.4781
77 15 Aug. 98	27.0812	27.0812
78 15 Nov. 98	<u>24.7144</u>	<u>24.7144</u>
79 15 Feb. 99	22.3683	22.3683
80 15 May 99	20.0000	--

* As defined in § 7 of this Lease.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1978 (this "Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY (the "Lessor" or the "Vendee"), not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with Bankers Trust Company (the "Beneficiary"), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Marine Industrie Limitee (the "Builder"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the CSA), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's (which term as used herein shall include the Beneficiary) right, title and interest, powers, privileges and other benefits under the Lease,

including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, termination value, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee required to be made to the Vendee in its individual capacity or the Beneficiary pursuant to §§ 6 and 9 of the Lease and (z) payments made by the Lessee to the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (the "Consent") permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at

the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, its successors and assigns, and, to the extent that it receives funds from the Beneficiary sufficient for such purposes, from, through or under the Beneficiary, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the CSA, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such

assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by the filing of this Agreement with the Interstate Commerce Commission.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the CSA, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the CSA (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank 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 Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, warranty, undertaking or agreement of said bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the CSA), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person

claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the CSA as long as there is no event of default under the CSA; provided, however, that the Lessor may not take any action which would terminate the Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee as afore-
said,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of the THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Notary Public

[Notarial Seal]

My Commission Expires

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

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national bank 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 national bank.

Notary Public

[Notarial Seal]

My Commission Expires

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease required to be paid to the Lessor in its individual capacity or the Beneficiary (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Lease Assignment, to be applied as provided in the CSA, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

[Corporate Seal]

Attest:

The foregoing Consent and Agreement is hereby accepted as of the first day of December 1979.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

Authorized Officer

CONDITIONAL SALE AGREEMENT

Dated as of December 1, 1978

between

THE CONNECTICUT BANK AND TRUST COMPANY, not in its
individual capacity but solely as Trustee under a
Trust Agreement dated as of the date hereof with
Bankers Trust Company

and

MARINE INDUSTRIE LIMITEE

CONDITIONAL SALE AGREEMENT dated as of December 1, 1978, between MARINE INDUSTRIE LIMITEE (hereinafter called the "Builder" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with BANKERS TRUST COMPANY, as beneficial owner (said Trustee, when acting in such capacity, being hereinafter called the "Vendee" and said owner being hereinafter called the "Beneficiary").

WHEREAS the Builder has agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (the "Equipment"); and

WHEREAS the Vendee is entering into a lease with International Minerals & Chemical Corporation (the "Lessee") in substantially the form annexed hereto as Annex C (the "Lease"); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the "Assignee" or the "Vendor", as the context may require, all as more particularly set forth in Article 1 hereof), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (the "Participation Agreement"), among the Assignee, the Vendee, the Lessee, the Beneficiary, the Builder and the parties named in Schedule A thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish to the Assignee for payment to the Builder that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder

by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between the Builder and the Assignee, as agent (the "CSA Assignment").

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment") and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all requirements of the Federal Railroad Administration of the United States Department of Transportation and Interstate Commerce Commission applicable to the Equipment and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment

when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. The Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto, freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until the Lessee has notified orally or in writing (irrespective of the requirements of Article 20) the Vice President of the Railway Car Division of the Builder that this Agreement and the Lease have been filed with the Interstate Commerce Commission; and provided, further, that the Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the Builder being notified in writing of the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time or demand, could constitute such an event of default, or (ii) unless the Builder shall have been notified by the Assignee that the conditions precedent to the Assignee's performance under the Participation Agreement, this Agreement and the CSA Assignment have been met or waived, and the Builder shall have been notified by the Vendee that the conditions precedent to the Vendee's performance under the Participation Agreement, this Agreement and the CSA Assignment have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 3 of Annex A hereto.

Subject to the provisos set forth in the first paragraph of this Article 3, and subject to specified delays resulting from causes beyond the Builder's reasonable control set forth in the third paragraph of this Article 3, the Builder covenants to deliver the units of Equipment to the Vendee in accordance with the following schedule:

<u>Number of Units Delivered</u>	<u>Schedule Delivery Date</u>
411 or more	on or before March 31, 1979
483 or more	on or before April 15, 1979
600	on or before May 4, 1979

Notwithstanding the foregoing, the Builder shall use its best efforts to deliver 500 units of Equipment to the Vendee on or before March 31, 1979.

The Builder's obligation as to the time of delivery is subject, however, to delays ("Force Majeure Delays") resulting from causes beyond the Builder's reasonable control including but not limited to acts of God, acts of government (such as embargoes, priorities and allocations) war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials from builder's suppliers or delays of carriers or subcontractors. A delay in Builder's receiving necessary materials from Builder's suppliers shall mean a reasonably unavoidable delay in spite of the fact that the Builder shall have used best efforts to obtain materials in a timely manner from all practicably available sources. Any delay in receiving necessary materials from a particular supplier or at a particular price when identical materials are available for purchase from other practicably available suppliers at reasonable prices shall not be deemed to be a Force Majeure Delay.

If the delivery of any unit of Equipment is delayed beyond its Scheduled Delivery Date as the result of any proviso set forth in the first paragraph of this Article 3 ("First Paragraph Proviso Delays"), such unit may be delivered at any time on or before December 30, 1979, provided that the condition preventing such delivery shall have been removed. If the delivery of any unit of Equipment is delayed beyond December 30, 1979, as the result of any First Paragraph Proviso Delays, such unit shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such units of excluded Equipment and any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder as provided in Paragraph 1 of the Participation Agreement.

If the delivery of any unit of Equipment is delayed beyond its Scheduled Delivery Date as the result of a Force Majeure Delay, such unit may be delivered at any time on or before December 30, 1979. If the delivery of any unit of Equipment is delayed beyond December 30, 1979, as the result of a Force Majeure Delay, such unit shall be excluded from this Agreement. The Vendee shall be relieved of its obligation to purchase and pay for such Equipment and the Builder shall be relieved of its obligation to construct, sell and deliver such Equipment. The Lessee shall not be obligated

to purchase any such unit of Equipment.

If the Builder shall not have delivered 411 units of Equipment on or before March 31, 1979, due to any reason other than (i) Force Majeure Delays or (ii) any First Paragraph Proviso Delays, a number of units of Equipment equal to the difference between the number of units of Equipment that have been delivered and 411 shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. If the Builder shall not have delivered 483 units of Equipment less the number of units of Equipment excluded from this Agreement (the "Excluded Units") pursuant to the first sentence of this paragraph, if any, on or before April 15, 1979, for any reason other than Force Majeure Delays or First Paragraph Proviso Delays, a number of units of Equipment equal to the difference between the number of units of Equipment that have been delivered and 483 less the number of Excluded Units shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. Any unit of Equipment that shall not have been delivered on or before May 4, 1979, for any reason other than Force Majeure Delays or First Paragraph Proviso Delays shall, subject to the provisions of the seventh paragraph of this Article 3, be excluded from this Agreement. The Vendee shall be relieved of its obligation to purchase and pay for any unit of Equipment excluded from this Agreement pursuant to this paragraph and the Builder shall be relieved of its obligation to construct, sell and deliver such unit of Equipment. The Lessee shall not be obligated to purchase any such unit of Equipment.

If any unit of Equipment is delayed beyond its Scheduled Delivery Date due to any reason other than Force Majeure Delays or First Paragraph Proviso Delays (such delayed unit being hereinafter referred to as a unit of "Delayed Equipment"), the Builder shall cause the Vendee and the Lessee to receive written notice by telex or otherwise within two business days after such Scheduled Delivery Date of the Date (the "Expected Delivery Date") that the Builder reasonably expects such unit to be delivered. Notwithstanding the provisions of the sixth paragraph of this Article 3, the Lessee (acting on behalf of the Vendee) may give written notice by telex or otherwise to the Builder that it does not wish to exclude from this Agreement any unit of Delayed Equipment if the Expected Delivery Date for such unit is on or before December 30, 1979. If such written notice is received by the Builder with respect to a unit of Delayed

Equipment within four business days after its Scheduled Delivery Date, and if such unit of Delayed Equipment is delivered on or before the Expected Delivery Date, such unit shall not be excluded from this Agreement notwithstanding the provisions of the sixth paragraph of this Article 3. If any unit of Equipment is delayed beyond its Scheduled Delivery Date due to any reason other than Force Majeure Delays or First Paragraph Proviso Delays, the Vendee's sole remedy shall be the option to (i) allow the units of Delayed Equipment to be excluded from this Agreement pursuant to the sixth paragraph of this Article 3, or (ii) give written notice to the Builder in accordance with the seventh paragraph of this Article 3.

Time shall be deemed to be of the essence of this Agreement.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Subject to conditions beyond the reasonable control of the Vendee, and except as otherwise provided in this Article 3, within 24 hours after the Vendee has been advised that a unit or units of the Equipment are ready for acceptance, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder six counterparts of a certificate of acceptance substantially in the form set forth in Annex C hereto (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof. If the authorized representative of the Vendee does not execute and deliver a Certificate of Acceptance with respect to any unit, such representative shall specify in writing to the Builder the reason for his failure to execute and deliver such Certificate.

On delivery and acceptance of each such unit at the place specified for delivery, the acceptance shall be final and binding for all purposes with respect to the Vendee and the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof; provided, further, however, that the Builder shall remain obligated after delivery of any units to correct invoices not in accord with the first paragraph of Article 4 hereof and refund any overpayment made to the Builder as a result of such incorrect invoices. The Vendee represents and warrants that each unit of the Equipment is originally destined for the United States and will, forthwith upon delivery, be transported unloaded into the United States.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to increase or decrease (at actual cost) in accordance with the following:

(a) any change in the cost of materials from prices determined as of May 18, 1978;

(b) any change in the cost of specialties from prices determined as of May 18, 1978;

(c) any freight cost incurred by the Builder for delivery of such materials or such specialties;

(d) any change in the cost to the Builder of United States materials or specialties due to fluctua-

tion in the value of United States dollars as expressed in Canadian funds from C\$1.0903; and

(e) any change in the Builder's profits or costs due to any change in taxes or Canadian government rulings from those in effect as of August 22, 1978.

The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased, together with any duty, excise, levy or other tax imposed by the United States of America on the importation of the units of Equipment (the "Duty"), financing charges at the rate of 12% per annum on the amounts extended by the Builder in payment of the Duty from and including the date that the Duty is paid to but excluding the date of payment with respect to such unit, to the Builder pursuant to subparagraph (a) of the third paragraph of this Article and Section 4 of the CSA Assignment and custom broker's fees, as evidenced by the Builder's invoice or invoices (which invoice or invoices shall be accompanied by copies of any invoices received by the Builder which have caused such increase or decrease; provided, however, that if such invoices remain unavailable at the time the Builder presents its invoices and after the Builder has made reasonable efforts to procure such invoices, then the Builder shall present in lieu of such invoices written notification of the reasons for any increase or decrease in the base price or prices) delivered to the Vendee expressed in Canadian dollars (such invoice or invoices being hereinafter called the "Invoices"); provided, however, that for all purposes of this Agreement other than for the purpose of determining the amount payable to the Builder pursuant to subparagraph (a) of the third paragraph hereof, the term Purchase Price shall be deemed to mean the amount specified in the Builder's invoice but expressed in United States dollars based on the actual cost to the Vendee and the Assignee of the Canadian dollars used to make the payments to the Builder pursuant to subparagraph (a) of the third paragraph of this Article and Section 4 of the CSA Assignment. If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 3 of Annex A hereto or such higher amount as the Vendee may agree to, the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then

proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 3 of Annex A hereto or such higher amount as the Vendee may agree to, and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded. If any Duty paid on the Equipment is rebated to the Builder or the Vendor by the United States of America (a "Rebate of Duty"), the Builder agrees promptly to pay to the Assignee the amount of such Rebate of Duty received by the Builder and the Vendor agrees promptly to pay to the Assignee the amount of such Rebate of Duty received by the Vendor. The Builder represents and warrants that no quantity discount or other discount not reflected in the Purchase Price has been made available to the Vendee or the Lessee in connection with this transaction.

The units of Equipment shall be settled for and payment shall be made pursuant to this Article 4 and Section 4 of the CSA Assignment as follows: All units of Equipment delivered and accepted during the calendar month of January 1979 ("Group 1") shall be settled for on February 15, 1979; all units of Equipment delivered and accepted during the calendar month of February 1979 ("Group 2") shall be settled for on March 15, 1979; all units of Equipment delivered and accepted during the calendar month of March 1979 ("Group 3") shall be settled for on April 12, 1979; all units of Equipment delivered and accepted during the period commencing April 1, 1979, through and including May 10, 1979 ("Group 4"), shall be settled for on May 15, 1979; all units of Equipment delivered and accepted during the period commencing May 11, 1979, through and including May 31, 1979 ("Group 5"), shall be settled for on June 15, 1979; all units of Equipment delivered and accepted during the period commencing on June 1, 1979, through and including December 30, 1979 (also "Group 5"), shall be settled for on the fifteenth day of the calendar month next succeeding the calendar month in which such units were delivered and accepted unless such day is not a business day in which event such units shall be settled for on the next succeeding business day (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean the date of settlement for

such Group. The Builder shall present the Vendee with Invoices and with a counterpart or counterparts of the Certificate or Certificates of Acceptance for the Equipment for which settlement is to be made not less than five business days prior to the applicable Closing Date. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 27% of the aggregate Purchase Price of such Group and, if on a Closing Date, the aggregate Purchase Price of all Equipment for which settlement has theretofore been or is then being made exceeds the Maximum Purchase Price, any amount in excess thereof as to which the Vendee shall have consented pursuant to the first paragraph of this Article 4; and

(b) in 72 quarterannual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "CSA Indebtedness") shall be payable on each February 15, May 15, August 15 and November 15, commencing May 15, 1981, to and including February 15, 1999 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such CSA Indebtedness was incurred at the rate of 9.7% per annum. Such interest shall be payable, to the extent accrued, on May 15, 1979, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in

proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the remaining CSA Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on May 15, 1979, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 10.7% per annum.

The payments to be made to the Builder pursuant to subparagraph (a) of the third paragraph hereof shall be made by bank wire transfer of immediately available funds to the Bank of Montreal, 119 rue St. Jacques, Montreal, Quebec, Canada, for the account of Marine Industrie Limitee in such coin or currency of Canada as at the time of payment shall be legal tender for the payment of public and private debts. All other payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due.

The Builder shall furnish to the Vendee the documents required to be furnished by the Builder pursuant to Section 4 of the CSA Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out

of or in connection with the performance of its obligations hereunder and excluding only (i) the obligations set forth in the proviso in the third paragraph of Article 12 hereof, (ii) the payment of the CSA Indebtedness and interest thereon if the Vendee elects to retain the Equipment pursuant to the eighth paragraph of § 7 of the Lease and (iii) the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease, (b) any and all amounts received from a Rebate of Duty, and (c) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a), (b) and (c) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (x) amounts referred to in the foregoing clauses (a), (b) and (c) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee (in its

individual capacity) or the Beneficiary pursuant to §§ 6 and 9 of the Lease or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment.

The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 or 7 hereof

and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, provincial, national (whether of Canada or of the United States of America) or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties which are not excepted above being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all other impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the

Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences; Lease Termination. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called "Casualty Occurrences") or the Vendee shall receive a termination notice pursuant to § 7 of the Lease, the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the CSA Indebtedness occurring not ~~later~~ ^{earlier} than August 15, 1979 (hereinafter called a "Casualty Payment Date"), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect

to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original CSA Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the CSA Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original CSA Indebtedness in respect of such unit bears to the aggregate original CSA Indebtedness in respect of the Equipment.

If the Lease is terminated pursuant to § 7 thereof, the Vendee shall prepay the entire unpaid CSA Indebtedness and all accrued interest thereon on the termination date (as defined in the Lease).

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it; provided, however, that the amount of such insurance shall be at least equal to the aggregate Casualty Value of the units of the Equipment.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1979, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 "Owned by a Bank or Trust Company. Ownership subject to a security agreement filed with the Interstate Commerce Commission", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed,

recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment 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 Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, 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 Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of such Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as

provided in the Lease, and (subject to the provisions of the first sentence of the second paragraph of § 12 of the Lease) the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the CSA Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, 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, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, its successors and assigns, and, to the extent that it receives funds from the Beneficiary pursuant to Section 6.01 of the Trust Agreement sufficient for such purposes, from, through or under the Beneficiary or its successors or assigns, not arising out of

the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

The Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the CSA Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Builder, and articles and materials specified by the Lessee and not manufactured by the Builder, the Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any Canadian or United States patent. The Vendee likewise will indemnify, protect and hold harmless the Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right, or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified

by the Lessee and used by the Builder in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The party claiming indemnification (the "Indemnitee") will give prompt written notice to the Builder of any claim known to the Indemnitee on the basis of which liability may be charged against the Builder hereunder, and the Builder shall be afforded a reasonable opportunity to settle or defend, as the Builder may in good faith see fit, any claim or suit, and every reasonable assistance in so settling or defending shall be rendered by the Indemnitee. The Builder shall not in any event be liable for special, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest.

The agreement of the parties relating to the Builder's warranties of material and workmanship is set forth in Item 2 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time; provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a

recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least \$50,000,000. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its respective obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the

Vendee or the Lessee, as the case may be, against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, the Beneficiary or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement or of the Vendee or the Beneficiary under the Trust Agreement, or of the Lessee under the Lease and the Consent, 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 Vendee, the Beneficiary or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession authorized under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease; provided, however, that an Event of Default under paragraph (A) of § 10 of the Lease shall not be deemed to be an event of default hereunder if, prior to the expiration of the ten day period provided by subparagraph (a) of Article 15 hereof, the Vendee shall make payment of all amounts in default under subparagraph (a) of Article 15 hereof; provided, further, however, that the Vendee shall not have the right to remedy more than three consecutive such defaults or an aggregate of more than nine such defaults and any additional Events of Default under the Lease shall constitute events of default hereunder whether or not so remedied;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a

"Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such

removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads or other parties to which any unit or units of the Equipment have been interchanged or which are using such unit to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable destination or to any connecting carrier for shipment to a particular destination, all as directed by the Vendor. Upon delivery to any such destination, the markings on any unit identifying the Lessee shall be removed by the Lessee, the Vendee or others.

During any storage period, the Vendee will, at its own cost and expense, insure to the same extent as is provided in the Lease, maintain and keep each such unit in good order and repair to the same extent as is provided in the Lease and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days' notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without adver-

tisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to

have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the CSA Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses,

including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable law of Canada or the United States of America) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly filed with the Interstate Commerce Commission; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the

purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at 2315 Sanders Road, Northbrook, Illinois 60062, attention of Treasurer,

(c) to the Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at 280 Park Avenue, 9th Floor, West Building, New York, New York 10017, attention of Lease Financing Division,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of

Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, 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 Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied with respect to the Builder to the extent that the Lessee fulfills such obligations pursuant to the Lease. The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof), 13 and 18 hereof shall be deemed in all respects satisfied with respect to the Vendor subsequent to the execution of the CSA Assignment by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding

the said bank 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 Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank 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 said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary (except, with respect to each such party, in connection with the payment or discharge of claims, liens, charges or security interests claimed from, through or under such party or its successors and assigns, pursuant to the proviso to the last paragraph of Article 12 hereof and, except in the case of the Beneficiary, its obligations under § 4.01 of the Trust Agreement) on account of any representation, warranty, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Participation Agreement and the Lease; provided, however, that without the prior written consent of the Vendor the Vendee may not take any action which would terminate the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although

for convenience this Agreement is dated as of the date first above written, 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.

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

MARINE INDUSTRIE LIMITEE,

by

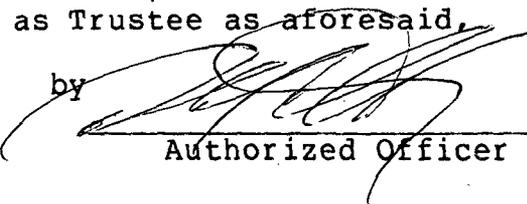
[Corporate Seal]

Vice President

Attest:

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

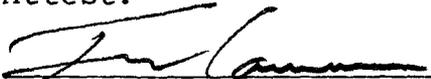
by



Authorized Officer

[Seal]

Attest:



Authorized Officer

PROVINCE OF QUEBEC,)
) ss.:
CITY OF ,)

On this _____ day of _____, 197 , before me personally appeared _____, to me personally known, who being by me duly sworn, says that ~~he is a~~ _____ of MARINE INDUSTRIE LIMITEE, 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.

Handwritten signature/initials

Handwritten initials

Commissioner for Oaths
District

My Commission expires _____

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this *19th* day of *January* 1979, before me personally appeared **DONALD E. SMITH**, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Handwritten signature: Barbara S. Kacich

Notary Public

[Notarial Seal]

My Commission expires _____

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of
CSA Indebtedness Payable in (i) Eight Interim Payments
and (ii) 72 Installments
from May 15, 1981, Through February 15, 1999

<u>Date</u>	<u>Principal Balance*</u>	<u>Interest Payment**</u>	<u>Principal Recovery</u>	<u>Payment</u>
5/15/79	\$1,000,000.00	**	--	**
8/15/79		24,250.00		24,250.00
11/15/79		24,250.00		24,250.00
2/15/80		24,250.00		24,250.00
5/15/80		24,250.00		24,250.00
8/15/80		24,250.00		24,250.00
11/15/80		24,250.00		24,250.00
2/15/81		24,250.00		24,250.00
5/15/81	999,603.91	24,250.00	396.08	24,646.08
8/15/81	992,047.05	24,240.39	7,556.87	31,797.26
11/15/81	984,306.93	24,057.14	7,740.12	31,797.26
2/15/82	976,379.11	23,869.44	7,927.82	31,797.26
5/15/82	968,259.05	23,677.19	8,120.07	31,797.26
8/15/82	959,942.07	23,480.28	8,316.98	31,797.26
11/15/82	951,423.40	23,278.60	8,518.67	31,797.26
2/15/83	942,698.16	23,072.02	8,725.24	31,797.26
5/15/83	933,761.33	22,860.43	8,936.83	31,797.26
8/15/83	924,607.78	22,643.71	9,153.55	31,797.26
11/15/83	915,232.26	22,421.74	9,375.52	31,797.26
2/15/84	905,629.38	22,194.38	9,602.88	31,797.26
5/15/84	895,793.64	21,961.51	9,835.75	31,797.26
8/15/84	885,719.37	21,723.00	10,074.26	31,797.26
11/15/84	875,400.81	21,478.69	10,318.57	31,797.26
2/15/85	864,832.01	21,228.47	10,568.79	31,797.26
5/15/85	854,006.93	20,972.18	10,825.08	31,797.26
8/15/85	842,919.34	20,709.67	11,087.59	31,797.26
11/15/85	831,562.87	20,440.79	11,356.47	31,797.26
2/15/86	819,931.01	20,165.40	11,631.86	31,797.26
5/15/86	808,017.08	19,833.33	11,913.93	31,797.26

* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the CSA.

<u>Date</u>	<u>Principal Balance</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Payment</u>
8/15/86	795,814.23	19,594.41	12,202.85	31,797.26
11/15/86	783,315.47	19,298.50	12,498.77	31,797.26
2/15/87	770,513.61	18,995.40	12,801.86	31,797.26
5/15/87	757,401.30	18,684.95	13,112.31	31,797.26
8/15/87	743,971.02	18,366.98	13,430.28	31,797.26
11/15/87	730,215.06	18,041.30	13,755.96	31,797.26
2/15/88	716,125.52	17,707.72	14,089.54	31,797.26
5/15/88	701,694.30	17,366.04	14,431.22	31,797.26
8/15/88	686,913.13	17,016.09	14,781.17	31,797.26
11/15/88	671,773.51	16,657.64	15,139.62	31,797.26
2/15/89	656,266.76	16,290.51	15,506.75	31,797.26
5/15/89	642,033.15	15,914.47	14,233.61	30,148.08
8/15/89	621,405.49	15,569.30	20,627.66	36,196.96
11/15/89	603,707.32	15,069.08	17,698.17	32,767.25
2/15/90	585,617.63	14,639.90	18,089.70	32,729.60
5/15/90	571,604.63	14,201.23	14,013.00	28,214.23
8/15/90	557,437.14	13,861.41	14,167.49	28,023.90
11/15/90	540,702.40	13,517.85	16,734.74	30,252.60
2/15/91	523,731.45	13,112.03	16,970.94	30,082.97
5/15/91	512,812.63	12,700.49	10,918.82	23,619.31
8/15/91	501,825.20	12,435.71	10,987.43	23,423.13
11/15/91	486,492.25	12,169.26	15,332.95	27,502.21
2/15/92	470,923.66	11,797.44	15,568.60	27,366.03
5/15/92	461,743.25	11,419.90	9,180.41	20,600.31
8/15/92	452,539.70	11,197.27	9,203.55	20,400.82
11/15/92	437,638.26	10,974.09	14,901.44	25,875.53
2/15/93	422,493.85	10,612.73	15,144.41	25,757.13
5/15/93	413,513.35	10,245.48	8,980.50	19,225.98
8/15/93	404,516.89	10,027.70	8,996.46	19,024.16
11/15/93	389,011.87	9,809.53	15,505.02	25,314.55
2/15/94	373,248.73	9,433.54	15,763.14	25,196.67
5/15/94	363,921.70	9,051.20	9,327.03	18,378.31
8/15/94	354,578.79	8,825.10	9,342.91	18,168.01
11/15/94	338,442.09	8,598.54	16,136.70	24,735.24
2/15/95	322,036.56	8,207.22	16,405.53	24,612.75
5/15/95	312,346.65	7,809.39	9,689.91	17,499.29
8/15/95	302,640.88	7,574.41	9,705.77	12,280.18
11/15/95	285,847.18	7,339.04	16,793.70	24,132.74
2/15/96	268,773.55	6,931.79	17,073.63	24,005.43
5/15/96	258,706.24	6,517.76	10,067.31	16,585.06
8/15/96	248,623.10	6,273.63	10,083.15	16,356.77
11/15/96	231,146.09	6,029.11	17,477.00	23,506.11
2/15/97	213,377.60	5,605.29	17,768.49	23,373.79
5/15/97	202,917.79	5,174.41	10,459.81	15,634.22
8/15/97	192,442.16	4,920.76	10,475.63	15,396.39
11/15/97	174,254.50	4,666.72	18,187.66	22,854.39

<u>Date</u>	<u>Principal Balance</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Payment</u>
2/15/98	145,743.40	4,225.67	28,511.10	32,736.77
5/15/98	110,606.44	3,534.28	35,136.96	38,671.23
8/15/98	74,617.42	2,682.21	35,989.03	38,671.23
11/15/98	37,755.66	1,809.47	36,861.76	38,671.23
2/15/99	(- .00)	915.57	37,755.66	38,671.23

ANNEX A
to
Conditional Sale Agreement

- Item 1: Marine Industrie Limitee, Tracy (Sorel),
Quebec, Canada, attention of Vice President,
Railway Car Division.
- Item 2: The Builder warrants that the Equipment built by
it will be built in accordance with the require-
ments, specifications and standards set forth in
Article 2 of the Conditional Sale Agreement to
which this Annex A is attached (hereinafter called
"this Agreement") and warrants its Equipment will
be free from defects in material (except as to
specialties incorporated therein which were speci-
fied or supplied by the Lessee and not manufactured
by the Builder) and workmanship under normal use
and service, the Builder's obligation under this
Item 2 being limited to making good at its factory
any part or parts of any unit of the Equipment
which shall be returned to the Builder with trans-
portation charges prepaid, within one year after
the delivery of such unit to the Vendee, and which
the Builder's examination shall disclose to its
satisfaction to have been thus defective; provided,
however, that the Builder only warrants material
and specialties not manufactured by the Builder to
the extent that such material or specialties have
been warranted by the manufacturer thereof;
provided, further, that the Builder supplies the
Vendee upon request a copy of any such manufacturer's
warranty and provided, further, however, that the
foregoing provisos shall not limit the Builder's
warranty as set forth in this Item 2 with respect
to the functioning of a unit of the Equipment as
the sum of its parts. EXCEPT FOR THE OBLIGATIONS
AND LIABILITIES OF THE BUILDER UNDER ARTICLES 2, 3,
4 AND 13 OF THIS AGREEMENT, THE FOREGOING WARRANTY
OF THE BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER
WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY
IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR
A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR
FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMER-
CIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR
LIABILITIES, AND THE BUILDER DOES NOT ASSUME OR

AUTHORIZE ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL THE BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND. The Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 2.

This warranty shall apply only to defects that appear under proper use of the items, and in particular this warranty does not cover defects arising from faulty maintenance or from alterations carried out without the Builder's consent in writing or from repairs carried out improperly. This warranty does not cover normal wear and tear. Nothing set forth above shall imply that the Vendee or Lessee must obtain the Builder's consent prior to making any alteration to any unit of the Equipment.

Item 3: The Maximum Purchase Price referred to in Articles 3 and 4 of the Agreement is \$U.S. 25,342,465.75.

ANNEX B
to
Conditional Sale Agreement

<u>Builder</u>	<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
Marine Industrie Limitee	One-hundred Ton Steel Covered Rail-road Cars, 4,650 Cubic Feet Each, With Trough-Type Hatch, AAR Mechanical Designation: AAR-LO	Builder's General Arrangement drawing No. 9-14310 dated August 18, 1978, and Specification No. 364 dated August 18, 1978	Tracy (Sorel), Quebec	600	\$Can.40,120	\$Can.24,072,000	IMCX 12000-12599	January-May 4, 1979 at Canadian National Railway Track, Tracy (Sorel), Quebec

ANNEX C

Certificate of Acceptance

I, _____, a duly authorized representative of THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of December 1, 1978 (hereinafter called the Vendee), and INTERNATIONAL MINERALS & CHEMICAL CORPORATION (hereinafter called the Lessee), do hereby certify that I have inspected, received, approved and accepted, on behalf of the Vendee and the Lessee, under the Conditional Sale Agreement dated as of December 1, 1978, between the Vendee and MARINE INDUSTRIE LIMITEE and the Lease of Railroad Equipment dated as of December 1, 1978, between the Vendee and the Lessee, the following units of equipment (hereinafter called the Equipment):

TYPE OF EQUIPMENT: 100-ton steel covered railroad cars,
4,650 cubic feet each, with trough-type
hatch

BUILDER: Marine Industrie Limitee

DATE ACCEPTED: _____, 1979

NUMBER OF UNITS:

ROAD NUMBERS: IMCX

I do further certify that the Equipment is in good order and condition and conforms to the Specifications applicable thereto, and at the time of delivery to the Vendee and the Lessee each unit of the Equipment was marked with its respective road number and there was plainly, distinctly, permanently and conspicuously marked upon each side of each unit of the Equipment the following legend in letters not less than one inch in height, in all caps,

OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP
SUBJECT TO A SECURITY AGREEMENT FILED WITH THE
INTERSTATE COMMERCE COMMISSION.

I do further certify, on behalf of the Lessee, that none of the Units of Equipment were placed in service by the Lessee or any other person prior to delivery and acceptance

of such Units hereunder.

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

Authorized Representative of
The Connecticut Bank and Trust
Company, as Trustee as aforesaid
and
International Minerals and
Chemical Corporation

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of December 1, 1978

between

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of December 1, 1978, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (the "Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as Trustee (the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with BANKERS TRUST COMPANY (the "Beneficiary").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Marine Industrie Limitee (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (the "Units");

WHEREAS the Builder is assigning its interest in the CSA pursuant to an Agreement and Assignment (the "CSA Assignment") to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessee, the Lessor, the Beneficiary, the Builder and the parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the CSA at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (the "Consent");

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

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduc-

tion 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 Lessor under this Lease or under the CSA, or against the Builder, the Vendor, the Beneficiary or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in 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 Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. The Lessor will cause each Unit to be delivered to the Lessee at the point or points at which such Unit is delivered to the Lessor under the CSA. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the CSA), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (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

Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the penultimate sentence hereof, 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. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the CSA are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the CSA shall be null and void as to this Lease and ineffective to subject such Unit to this Lease. The Lessee agrees that each Unit is originally destined for the United States and will, forthwith upon delivery, be transported unloaded into the United States.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit described as in Group 1, 2, 3 or 4 (a "Group 1, 2, 3 or 4 Unit") in the second paragraph of Article 4 of the CSA, 81 consecutive quarterannual payments on February 15, May 15, August 15 and November 15 in each year, commencing May 15, 1979. The term "Cost" of each Unit as used herein shall mean the Purchase Price (as defined in the third sentence of Article 4 of the CSA). The rental payment due on May 15, 1979, shall be an amount equal to interest, computed at the annual rate of 120% of the annual rate which Bank of America on such date charges its most credit-worthy corporate borrowers, provided that such annual rate shall be at least 9.7% (the "Prime Rate"), on the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the CSA) for such Unit to and including the date of such payment. The next 40 quarterannual rental payments shall each be an amount equal to 2.3212% of the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease and the last 40 quarterannual payments shall each be an amount equal to 2.8230% of the Cost of each Group 1, 2, 3 or 4 Unit then subject to this Lease. There shall be allowed as a credit against each rental payment any amount to be so credited pursuant to the third paragraph of Paragraph 10 of the Participation Agreement.

Subject to the fourth paragraph of this § 3, the Lessee agrees to pay to the Lessor, as rental for each Unit described as Group 5 (a "Group 5 Unit") in the second paragraph of Article 4 of the CSA, 81 consecutive quarterannual payments on February 15, May 15, August 15 and November 15, in each year (the "Quarterannual Payment Dates") commencing on the first Quarterannual Payment Date (the "Group 5 Rent

Commencement Date") which is on or subsequent to the Closing Date for the last Unit of Equipment to be delivered and accepted pursuant to this Lease. The Group 5 Rent Commencement Date shall be designated as such by the Lessee by notice in writing to the Lessor and the Vendor not later than 10 business days prior to such Closing Date. The rental payment due on the Group 5 Rent Commencement Date shall be an amount equal to interest computed at the rate of 120% of the Prime Rate on the Cost of each Group 5 Unit for each day elapsed from the Closing Date (as defined in the CSA) for such Unit to and including the date of such payment; provided, however, that the Lessee shall have available as a credit against the rental payment due on the Group 5 Rent Commencement Date any rental theretofore paid pursuant to the fourth paragraph of this § 3. The next 40 quarterannual payments shall each be an amount equal to 2.3212% of the Cost of each Group 5 Unit and the last 40 quarterannual payments shall each be an amount equal to 2.8230% of the Cost of each Group 5 Unit.

Notwithstanding the provisions of the first and second paragraphs of this Section 3, in the event that the Cost of a Unit of Equipment exceeds U.S. \$45,000, the rentals payable for such Unit shall be recalculated so that each rental payment shall be an amount that would cause the Lessor's net after-tax rates of return on its investment to be equal to the rates of return (computed on the same assumptions used by the Lessor in originally evaluating the transactions contemplated by this Lease, the Participation Agreement and related documentation) that would have been available had the Cost of a Unit of Equipment been U.S. \$45,000 or less.

In addition to the foregoing rentals but without duplication thereof, the Lessee agrees to pay to the Lessor as additional rentals amounts which, after deduction of any taxes payable in respect of such amounts, will be equal to the total of (i) the amounts required by the Lessor to make the payments provided for in the penultimate sentence of the fourth paragraph of Paragraph 2 of the Participation Agreement, (ii) the amounts required by the Lessor to make the payments required to be made by the Lessor to the Vendor pursuant to Paragraph 9 of the Participation Agreement on the dates the Lessor is required to make such payments (without regard to any limitation of the obligation of the Lessor set forth therein) and the Lessor agrees to apply such rentals for such purposes, and (iii) any loss sustained by the Lessor by reason of the sale by the Vendor of any Futures Contract or Canadian dollars as provided in Paragraph 9 of the Participation Agreement.

If any of the quarterannual rental payment dates referred to above is not a business day, the quarterannual rental payment otherwise payable on such date shall be payable on the 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, Hartford, Connecticut, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the CSA Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the CSA), together with interest and all other payments required by the CSA, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the CSA, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. Subject to the provisions of the first sentence of the second paragraph of § 12 hereof, if an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNED BY A BANK OR TRUST COMPANY. OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor 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 and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road 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 Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

Except as provided in the immediately preceding paragraph, 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.

§ 6. Taxes. All payments to be made by the Lessee

hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor (both in its individual and fiduciary capacities) with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties which are not excepted above being hereinafter called "impositions"), all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof is permitted by law and does not, in the reasonable opinion of the Lessor or the Vendor adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the CSA. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall

not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall, in the opinion of its counsel, have been advised that it is legally liable with respect thereto.

Notwithstanding the exception of Lessor's taxes specified in lines 6 through 11 of the first paragraph of this § 6 (which taxes, except for Federal taxes, are hereinafter referred to as the "Excluded Taxes") from the Lessee's payment obligation hereunder, the Lessee shall be obligated to pay such Excluded Taxes, in the same manner and subject to the same conditions as other taxes payable by the Lessee pursuant to this § 6 in any jurisdiction specified in a written notice referred to below and in which the Beneficiary or the Lessor is subject to such Excluded Taxes solely by reason of this leasing transaction if: (i) such Excluded Taxes accrue subsequent to the date of receipt by Lessee of written notice from the Lessor or the Beneficiary to the effect that the Beneficiary has made a good faith determination that the continued use of the units of Equipment in a specified jurisdiction would subject the Lessor or the Beneficiary to an Excluded Tax in such jurisdiction; and (ii) the Lessee continues to use any units of Equipment in such jurisdiction.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the CSA to the Builder or the Vendor or otherwise pursuant to any correlative provision of the CSA not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

Payments under this § 6 shall be made in such amounts as, after deduction of all taxes required to be paid with respect to such amounts, shall equal the net amounts otherwise required to be paid.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Vendor in such Units. The Lessor will provide to the

Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor in both its individual and fiduciary capacities harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called "Casualty Occurrences"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee

(not earlier than August 15, 1979)

as soon as it has knowledge thereof shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due 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, or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Cost of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the CSA) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the

United States Government (the "Government") of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, 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, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 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.

Provided that the Lessee is not in default hereunder, the Lessee may if, in its reasonable opinion, the Equipment shall have become economically obsolete and no longer useful in the conduct of its business, terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than August 15, 1989, (ii) no Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th 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 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 Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such 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 hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessee 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 to 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 at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units 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 sale pursuant to this § 7, 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 sale pursuant to this § 7 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.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, upon prepayment of the entire CSA

Indebtedness and accrued interest thereon pursuant to the penultimate paragraph of Article 7 of the CSA, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date and after such delivery the Lessee shall have no liability with respect to such Units except as otherwise provided herein.

The Termination Value of each Unit on any rental payment date shall be that percentage of the Cost of such Unit as is set forth in Schedule B hereof opposite such rental payment date.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it; provided, however, that in no event shall such insurance be in amounts lower than the amounts presently carried by the Lessee on similar equipment owned or leased by the Lessee nor exclude risks presently covered by insurance on similar equipment owned by the Lessee. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice to the Vendor, the Lessor and the Beneficiary of cancelation or the removal of the Vendor, the Lessor or the Beneficiary as named insureds and (ii) name the Vendor, the Lessor and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is

delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1979, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the CSA, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or are then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor 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 § 5 hereof and by the CSA have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO 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 LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR 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 Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the CSA; provided, however, that

if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any 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 Lessor 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 Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable 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 mandatory 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 of 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 prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called "Removable Government Mandated Alterations") or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called "Nonremovable Government Mandated Alterations"), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations

(including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Cost of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Cost of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included if required by law in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated Alteration is made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alteration may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(f) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor and the Vendor, adversely affect the property or rights of the Lessor and the Vendor under this Lease or under the CSA. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to 30% of the Cost of the Units (excluding Duty).

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, 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 (and do not adversely and materially affect the value of the Units). All Removable

Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof; provided, however, that the Lessor may, at its option, purchase at the termination of this Lease, or any extension thereof, any Removable Government Mandated Alteration paid for by the Lessee at the "Fair Market Value" of such alteration as of the date of the exercise of such option. The Fair Market Value of any Removable Government Mandated Alteration shall be determined independently of the value of any other Removable Government Mandated Alteration and the value of the Unit to which such Removable Government Mandated Alteration is attached, and shall be determined on the basis of, and shall be equal in amount to, the price which would obtain in an arm's-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell. Notwithstanding anything to the contrary contained herein, the Lessee shall have the right to remove any Removable Government Mandated Alteration not purchased by the Lessor as provided above, upon return of the Units pursuant to §§ 11 and 14 hereof.

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 the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Cost 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 and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body and which are not readily removable without causing material damage to such unit, 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 Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever (including, without limitation, claims for strict liability in tort and claims in which negligence or breach of warranty or contract of such indemnified party is or are alleged) regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the CSA, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, leasing, manufacture, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the CSA; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the CSA Indebtedness (as defined in the CSA) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement. The Lessee's obligations with respect to certain other taxes are set forth in § 6 hereof.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other governmental or regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon

request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, 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 §§ 3, 7 or 13 hereof, and such default shall continue for five 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. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, 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, under the Consent or under the Participation Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, the Consent or the Participation Agreement 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 for the property of the Lessee, in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

E. an event of default set forth in Article 15 of the CSA shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be 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; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full 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 which the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, which represents (A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental 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 rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sale value of such Unit at such time. In addition, the 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 Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor 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 in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify 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.

Except as otherwise provided in this Lease and the CSA, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the CSA and any and all rights of redemption.

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

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. 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, with any nonremovable accessories to such Unit made pursuant to the second and fourth paragraphs of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor 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 or other parties to which any Unit or Units have been interchanged or which are using the Units to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

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

(c) transport the same to any reasonable destination or to any connecting carrier for shipment to a particular destination, all as directed by the Lessor. Upon or before the delivery to any such destination, unless the Lessor or other parties shall remove the markings on the Units identifying the Lessee, the Lessee shall have the right to remove such markings; provided, however, that the Lessor shall have no obligation to remove such markings.

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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor 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 rents and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. 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 Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which interest, computed at the Prime Rate, on the Cost of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without

the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the CSA; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof and provided that the Lessee is not in default under this Lease, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Units and any demurrage payments made with respect to the Units. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the

property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate, whether under sublease from it for any term or otherwise, upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease (not including a sublease to any one of the Lessee's subsidiaries or affiliates) for a term not exceeding one year, but only after written notice to the Lessor and upon and subject to all the terms and conditions of this Lease and the CSA. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of the United States of America or of any state thereof or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property 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.

§ 13. Renewal Option. 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 Lessor not less than 6 months prior to the end of the original term or not less than 6 months prior to the end of any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for 1 or 2 additional 5-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that such extended term will not extend beyond August 15, 2009, at the then "Fair Market Rental" payable in quarterannual payments on February 15, May 15, August 15 and November 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original term or any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on storage tracks within the United States; provided, that such place shall not be more than 500 miles from the location of

the Lessee's last use of any Unit, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. Upon or before the delivery to any such place, unless the Lessor or other parties shall remove the markings on the Units identifying the Lessee, the Lessee shall have the right to remove such markings; provided, however, that the Lessor shall have no obligation to remove such markings. During any storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the second and fourth paragraphs of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and any applicable mandatory rules of any governmental agency or other organization with jurisdiction. 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 Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All rent and per diem charges earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which interest, computed at the Prime Rate, on the Cost of such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the CSA and the CSA Assignment to be duly filed with the Interstate Commerce Commission. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the CSA and 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 Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the CSA shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9, 10 and 13 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law 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.

§ 17. 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 Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at 280 Park Avenue, 9th Floor, West Building, New York, New York 10017, attention of Lease Financing Division and to ITEL Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at 2315 Sanders Road, Northbrook, Illinois 60062, attention of Treasurer;

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

§ 18. Severability; Effect and Modification of Lease. 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.

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, 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 Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank 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 said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, warranty, undertaking or agreement of said bank as Lessor, or the Beneficiary, 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.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement and, where appropriate for such

purposes, the term Lessor shall be deemed to include the Beneficiary.

§ 21. 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.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights arising out of the filing, depositing or recording of this Lease.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, 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.

IN WITNESS WHEREOF, the parties hereto have

executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee as aforesaid,

[Seal]

by _____
Authorized Officer

Attest:

Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL
CORPORATION,

by _____

[Corporate Seal]

Attest:

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF LAKE,)

On this day of , 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of INTERNATIONAL MINERALS & CHEMICAL 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, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
One-hundred Ton Steel Covered Railroad Cars, 4,650 Cubic Feet Each, with Trough- Type Hatch	600	IMCX 12000-12599
AAR Mechanical Designation: AAR-LO		

SCHEDULE B TO LEASE

Casualty Values and Termination Values

<u>Rental Payment Date Number</u> <u>Date</u>	<u>Casualty Value Percentage of Cost*</u>	<u>Termination Value Per- centage of Cost*</u>
1 15 Aug. 79	109.7182	
2 15 Nov. 79	109.9771	
3 15 Feb. 80	115.3542	
4 15 May 80	115.3658	
5 15 Aug. 80	114.6201	
6 15 Nov. 80	114.6963	
7 15 Feb. 81	118.7741	
8 15 May 81	118.6527	
9 15 Aug. 81	117.8016	
10 15 Nov. 81	117.6893	
11 15 Feb. 82	120.7427	
12 15 May 82	120.5210	
13 15 Aug. 82	119.6190	
14 15 Nov. 82	119.3775	
15 15 Feb. 83	121.4761	
16 15 May 83	121.1634	
17 15 Aug. 83	120.2077	
18 15 Nov. 83	119.8343	
19 15 Feb. 84	121.0264	
20 15 May 84	120.6174	
21 15 Aug. 84	119.6039	
22 15 Nov. 84	119.1025	
23 15 Feb. 85	119.4928	
24 15 May 85	118.9857	
25 15 Aug. 85	117.9142	
26 15 Nov. 85	117.2916	
27 15 Feb. 86	117.0857	
28 15 May 86	116.4311	
29 15 Aug. 86	115.3062	
30 15 Nov. 86	114.5293	
31 15 Feb. 87	113.9546	
32 15 May 87	113.0898	
33 15 Aug. 87	111.9227	
34 15 Nov. 87	110.9610	
35 15 Feb. 88	110.0856	
36 15 May 88	109.0513	
37 15 Aug. 88	107.8560	
38 15 Nov. 88	106.7532	

* As defined in § 7 of this Lease.

<u>Rental</u> <u>Payment Date</u> <u>Number</u>	<u>Casualty</u> <u>Value</u> <u>Percentage</u> <u>of Cost*</u>	<u>Termination</u> <u>Value Per-</u> <u>centage of</u> <u>Cost*</u>
39 15 Feb. 89	105.6505	
40 15 May 89	104.5577	
41 15 Aug. 89	102.7934	102.7934
42 15 Nov. 89	101.0885	101.0885
43 15 Feb. 90	99.3520	99.3520
44 15 May 90	97.5850	97.5850
45 15 Aug. 90	95.8056	95.8056
46 15 Nov. 90	93.9947	93.9947
47 15 Feb. 91	92.1545	92.1545
48 15 May 91	90.2875	90.2875
49 15 Aug. 91	88.4179	88.4179
50 15 Nov. 91	86.5166	86.5166
51 15 Feb. 92	84.5886	84.5886
52 15 May 92	82.6347	82.6347
53 15 Aug. 92	80.6837	80.6837
54 15 Nov. 92	78.7001	78.7001
55 15 Feb. 93	76.6904	76.6904
56 15 May 93	74.6540	74.6540
57 15 Aug. 93	72.6217	72.6217
58 15 Nov. 93	70.5547	70.5547
59 15 Feb. 94	68.4606	68.4606
60 15 May 94	66.3388	66.3388
61 15 Aug. 94	64.2213	64.2213
62 15 Nov. 94	62.0677	62.0677
63 15 Feb. 95	59.8858	59.8858
64 15 May 95	57.6750	57.6750
65 15 Aug. 95	55.4689	55.4689
66 15 Nov. 95	53.2251	53.2251
67 15 Feb. 96	50.9520	50.9520
68 15 May 96	48.6487	48.6487
69 15 Aug. 96	46.3504	46.3504
70 15 Nov. 96	44.0129	44.0129
71 15 Feb. 97	41.6447	41.6447
72 15 May 97	39.2454	39.2454
73 15 Aug. 97	36.8511	36.8511
74 15 Nov. 97	34.4161	34.4161
75 15 Feb. 98	31.9493	31.9493
76 15 May 98	29.4781	29.4781
77 15 Aug. 98	27.0812	27.0812
78 15 Nov. 98	24.7144	24.7144
79 15 Feb. 99	22.3683	22.3683
80 15 May 99	20.0000	--

* As defined in § 7 of this Lease.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of December 1, 1978 (this "Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY (the "Lessor" or the "Vendee"), not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with Bankers Trust Company (the "Beneficiary"), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with Marine Industrie Limitee (the "Builder"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in Annex B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the CSA), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the CSA, all the Lessor's (which term as used herein shall include the Beneficiary) right, title and interest, powers, privileges and other benefits under the Lease,

including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, termination value, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee required to be made to the Vendee in its individual capacity or the Beneficiary pursuant to §§ 6 and 9 of the Lease and (z) payments made by the Lessee to the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (the "Consent") permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the CSA then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at

the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the CSA. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the CSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, its successors and assigns, and, to the extent that it receives funds from the Beneficiary sufficient for such purposes, from, through or under the Beneficiary, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the CSA, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such

assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by the filing of this Agreement with the Interstate Commerce Commission.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the CSA, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the CSA (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank 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 Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, warranty, undertaking or agreement of said bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the CSA), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person

claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the CSA as long as there is no event of default under the CSA; provided, however, that the Lessor may not take any action which would terminate the Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, as Trustee as afore-
said,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of the THE CONNECTICUT BANK AND TRUST COMPANY, 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.

Notary Public

[Notarial Seal]

My Commission Expires

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

On this day of 197 , before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national bank 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 national bank.

Notary Public

[Notarial Seal]

My Commission Expires

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease required to be paid to the Lessor in its individual capacity or the Beneficiary (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units (as defined in the Lease) leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Lease Assignment, to be applied as provided in the CSA, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

[Corporate Seal]

Attest:

The foregoing Consent and Agreement is hereby accepted as of the first day of December 1979.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

Authorized Officer

