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TELEX
RECORDATION NO. 10041
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10041
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION

No. 9-0244639
Date JAN 24 1979

Fee \$1.00

ICC Washington, D. C.

RECORDATION NO. 10041
Filed 1425

JAN 24 1979 - 1 30 PM

INTERSTATE COMMERCE COMMISSION January 22, 1979

RECORDATION NO. 10041
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

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RECEIVED

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

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A
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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.

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BY HAND

OCC
filed
copy

10041-B
RECORDATION NO. Filed 1425

JAN 24 1979 -1 32 PM

INTERSTATE COMMERCE COMMISSION

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 accessions 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.

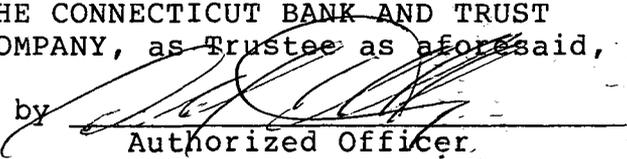
IN WITNESS WHEREOF, the parties hereto have

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 *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.



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

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

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 accessions 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 *Paul H. Feader*
Vice President

[Corporate Seal]

Attest:

William F. K...
Assistant Secretary

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~~ ^{COOK},)

On this 19th day of *January* , 1979, before me personally appeared *Barrell L. Baker* , to me personally known, who, being by me duly sworn, says that he is a *Vice President* 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.

Helene B. Morton

Notary Public

[Notarial Seal]

My Commission expires *June 26, 1982*

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	115.3542	
4 15 May 80	115.3658	
5 15 Aug. 80	114.6201	
6 15 Nov. 80	<u>114.6963</u>	
7 15 Feb. 81	118.7741	
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.