

MAY 4 1973

LEASE OF RAILROAD EQUIPMENT
Dated as of April 16, 1973

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INTERSTATE COMMERCE COMMISSION

AMONG

TRUST COMPANY FOR USL, INC.
As Trustee

AND

UNITED STATES LEASING INTERNATIONAL, INC.
As Agent for the Trustee

AND

UNION CARBIDE CORPORATION
As Lessee

Railroad Equipment
U. C. Trust No. 10

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LEASE OF RAILROAD EQUIPMENT

Re: Union Carbide Corporation
(U. C. Trust No. 10)

THIS LEASE OF RAILROAD EQUIPMENT, dated as of April 16, 1973, between TRUST COMPANY FOR USL, INC., not in its individual capacity but solely as Trustee under a Trust Agreement dated as of April 16, 1973 (the "Lessor"), UNITED STATES LEASING INTERNATIONAL, INC., a California corporation, as Agent for the Lessor (the "Agent"), and UNION CARBIDE CORPORATION, a New York corporation (the "Lessee");

W I T N E S S E T H:

SECTION 1. MANUFACTURE AND DELIVERY OF EQUIPMENT.

1.01. Intent to Lease and Hire. The Lessor is acquiring certain equipment (collectively the "Equipment" and individually "Item of Equipment") described in Schedules 1-A through 1-C attached hereto and made a part hereof and, upon delivery of each Item of Equipment by the Manufacturer thereof (the "Manufacturer") to the Lessee at the direction of the Lessor, the Lessor shall lease and let such Item of Equipment to the Lessee and the Lessee shall hire such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.02. Inspection and Acceptance. Upon delivery of each Item of Equipment by the Manufacturer thereof to the Lessee, the Lessee will inspect such Item of Equipment and if such Item of Equipment tendered for delivery appears to meet the specifications, the Lessee will accept delivery thereof and execute and deliver to such Manufacturer and Lessor duplicate Certificates of Acceptance, substantially in the form of Exhibit 1 attached hereto and made a part hereof.

1.03. Certificates of Acceptance. The Lessee's execution and delivery to the Lessor of the Certificates of Acceptance with respect to each Item of Equipment shall conclusively establish as between the Lessor and the Lessee, but without prejudice to any rights either party may have against the Manufacturer thereof that such Item of Equipment is acceptable to and accepted by the

(U. C. Trust No. 10)

Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that each Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable Interstate Commerce Commission and/or the United States Department of Transportation requirements and specifications, if any. The Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTS AND PAYMENT DATES.

2.01. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment designated in Schedules 1-A through 1-C hereto and leased hereunder:

(a) Daily Interim Rent. The amount per day provided for such Item on such Schedules from and including the date of payment of the invoice for the purchase of such Item to, but not including, the date of commencement of the primary term set forth in Section 3.

(b) Periodic Rent. Fifty semi-annual installments of Periodic Rent each payable in arrears and each in an amount equal to 3.6559% of the total cost to the Lessor of such Item.

2.02. Rent Payment Dates. The total amount of Daily Interim Rent for all Items of Equipment delivered to the Lessee hereunder shall be due and payable on the date of commencement of the primary term set forth in Section 3. Installments of Periodic Rent for all Items of Equipment shall be due and payable on July 3, 1974 and semi-annually on January 3 and July 3 of each year thereafter, to and including January 3, 1999. Such payment dates are hereinafter referred to as the "Rent Payment Dates".

2.03. Place of Rent Payment. All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor at 1211 West 22nd Street, Oak Brook, Illinois 60521, or at such other place as the Lessor, or its assigns pursuant to Section 16 hereof, shall specify in writing.

2.04. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Manufacturer of the Equipment, 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 failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until the Equipment is surrendered and placed in storage pursuant to Section 13 hereof.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and shall terminate at 12:00 Noon Eastern Standard time on January 3, 1974. The primary term of this Lease as to each Item of Equipment shall commence upon the expiration of the interim term and, subject to the provisions of Section 11 hereof, shall terminate at 12:00 Noon Eastern Standard time on January 3, 1999.

SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.

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

4.02. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with the car number as set forth in Schedules 1-A through 1-C and to be kept plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one-half inch in height as follows:

"Leased through United States Leasing International, Inc., as Agent for Owner-Trustee, and subject to a Security Interest Recorded with the I. C. C. "

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

4.03. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia of the Lessee and/or its divisions and affiliates and its or their products or descriptions thereof for the purpose of identifying the right of Lessee to use the Equipment under this Lease or for advertising purposes, and provided further, that Lessee may make further designations by stencilling, placarding or lettering on the Equipment as may be from time to time required by so-called trip subleases to Lessee's vendors, customers or consignees of goods being shipped.

4.04. Indemnification for Improper Marking. The Lessee shall indemnify the Lessor, the Agent, Wilmington Trust Company, a Delaware bank and trust company, the Trustor under the Trust Agreement (the "Trustor"), and any assignee under Section 16 hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia, except expenses incurred in removing same at the termination of this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S

RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT AS TO ACTS OR OMISSIONS OF THE LESSOR, THE AGENT OR THE TRUSTOR), OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee as its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any party whomsoever, including, but not limited to, manufacturers or contractors in respect of the Equipment. The costs and expenses incurred by the Lessee, including attorneys' fees, in connection with any recovery, shall first be deducted from such recovery, and the balance, if any, shall be distributed between the Lessor and the Lessee, as their interests may appear.

SECTION 6. LESSEE'S INDEMNITY.

6.01. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, the Agent and the Trustor and their successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them with respect to the transactions contemplated by this Lease (i) relating to the Equipment or any part thereof, including without limitation the construction, purchase, delivery, installation, ownership, sale, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, (iv) in connection with the remittance by the Lessor of Mileage as defined in Section 17.02 hereof, or (v) as a result of claims for strict liability in tort.

6.02. Continuation of Indemnities and Assumptions.

The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.01 hereof solely attributable to acts, events or omissions occurring after the termination of this Lease, except for any such matters occurring after the termination which arise in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or, as the case may be, Section 15 hereof. The foregoing does not guarantee a residual value. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

6.03. Exceptions to Indemnity. Notwithstanding anything

in this Lease to the contrary, Lessee shall in no case pay, reimburse or become liable to the Lessor, the Agent and/or the Trustor and/or their respective successors, assigns, directors, officers and agents for any loss, claim, liabilities and expenses arising out of or related to (i) out-of-pocket expenses, including counsel fees incurred by the Lessor, the Agent and/or the Trustor in connection with the negotiation, preparation and execution of this Lease; (ii) any income taxes, local and state franchise taxes, or any other taxes on or measured by net income unless otherwise assumed by the Lessee under Section 10.02 hereof; (iii) an action (but not an omission) which is the fault or negligence of the Lessor, the Agent and/or the Trustor or their respective successors, assigns, officers, directors and which action is the principal and proximate cause of any such loss, claim, liabilities or expenses; or (iv) breach principally caused by the fault of the Lessor, the Agent and/or the Trustor of any contract, agreement or instrument related to the Equipment to which any or all may be a party.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission and the current Interchange Rules and supplements thereto of the Mechanical Division Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be

required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements.

SECTION 8. USE, MODIFICATION AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense as additional rent, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall have the right, at its own cost and expense as additional rent, to make changes, modifications, alterations or installations in or on any Item of Equipment which are not prohibited by any governmental law, regulation, requirement or rule and which do not impair the value of such Item or the use of such Item in the service for which the Item was originally designed. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor; provided, however, that the Lessee shall have the right at any time during the term of this Lease, without accounting to the Lessor therefor, to remove from any Item of Equipment any accessory, equipment or device which can be removed without impairing the value of such Item or the use of such Item in the service for which the Item was originally designed. The Lessee shall be liable for the repair of any damage to an Item of Equipment caused by such removal. Subject to the requirements of this Section 8, the Lessee shall have the right to dispose of any worn out or obsolete parts, accessories, equipment or devices with or without replacement thereof and to replace the same with other parts, accessories, equipment or devices without accounting to the Lessor for any thereof.

SECTION 9. LIENS ON THE EQUIPMENT.

9.01. Liens to be Discharged by Lessee. The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure

of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims during any period that it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

9.02. Liens to be Discharged by Lessor. The Lessor shall pay or satisfy and discharge any and all claims against, through or under the Lessor and its successors or assigns (other than the assignments referred to in Section 16 and claims resulting from the Lessee's failure to perform or observe any of its agreements hereunder or under the Agreement to Acquire and Lease dated as of April 16, 1973, among the Lessor, the Agent and the Lessee) which, if unpaid, might constitute or become a lien or charge upon the Equipment and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessor to perform any of its covenants or agreements under this Lease, which, if allowed to remain, would affect or endanger the Lessee's right of quiet enjoyment and use of the Equipment. Lessor shall not be required to pay or discharge any such claims during any period that it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the Lessee's right of quiet enjoyment and use of the Equipment. The Lessor's obligations under this Section 9.02 shall survive termination of the Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.01. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title to the Equipment and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, including the assignments referred to in Section 16 hereof, for the purpose of protecting the Lessor's title to the Equipment or the security interest granted to any assignee pursuant to Section 16 to the satisfaction of the Lessor's

or such assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay, as additional rent, all costs, expenses and charges incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.02. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, as additional rent, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing levied or assessed against the Equipment or the interest of the Lessor or Lessee therein and in respect thereof arising during the term of this Lease and all sales and use taxes which may be levied or assessed against or payable by Lessor or Lessee on account of the acquisition, leasing or subleasing or use of the Equipment, exclusive, however, of any income taxes, local and state franchise taxes, and any other taxes on or measured by net income (except any taxes based on such net income which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor, the Agent, the Lessee, or the Trustor, provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee.

10.03. Investment Tax Credit. The Lessor hereby agrees and covenants that it will in accordance with Section 48(d) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder, make a timely and proper election to treat the

Lessee as having acquired the Equipment for purposes of the investment tax credit provided by Section 38 (and related Sections) of said Code so that the Lessee may receive the benefit of such credit to the extent it is available; provided, however, that the Lessee shall be solely responsible for the preparation and filing of all documents necessary to effect such election.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE OR EQUIPMENT UNSERVICEABLE FOR USE.

11.01. Notification by Lessee of Casualty Occurrence. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms does not exceed the remaining term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.02. Payment for Casualty Occurrence. When the aggregate Casualty Value (as defined) of Items of Equipment having suffered a Casualty Occurrence (exclusive of Items of Equipment having suffered a Casualty Occurrence with respect to which a payment shall theretofore have been made to the Lessor pursuant to this Section 11) shall exceed \$100,000, the Lessee, on the next succeeding Rent Payment Date, shall pay to the Lessor a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided, that notwithstanding the foregoing the Lessee shall on the last Rent Payment Date of each calendar year pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during the year ended on such date or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11.02.

11.03. Optional Retirement of Equipment. In the event that, in the good faith judgment of the Lessee, any Item of Equipment shall have become economically unserviceable or unserviceable due to restrictions on use by Lessee imposed by governmental law, regulation, requirement or rule, the Lessee may upon not less than 30 days prior written notice to the Lessor, which notice shall identify such Item and designate the date on which termination will be effective and settlement for such Item will be made,

terminate this Lease with respect to such Item as of the twenty-first Rent Payment Date therefor or as of any succeeding Rent Payment Date upon payment to the Lessor of an amount equal to the Termination Value (as defined) of such Item. For the purposes of this Section 11.03, interest rates or similar finance charges payable by the Lessee in connection with the acquisition of equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price, shall be disregarded in the determination of economic unserviceability.

11.04. Rent Termination. Upon (and not until) payment of the Casualty Value or, as the case may be, the Termination Value in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment (including the Periodic Rent installment due on the Casualty Value or Termination Value payment date) shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment. The Lessee shall pay when due all rent payments as to an Item or Items due prior to the date on which the Casualty Value or, as the case may be, the Termination Value thereof is payable. In connection with the payment of the Casualty Value or, as the case may be, the Termination Value of any Item of Equipment, the Lessee shall furnish to the Lessor a schedule listing the Equipment which remains subject to this Lease after giving effect to such Casualty or Termination Value payment and the Periodic Rent which will accrue and become payable with respect to such Equipment.

11.05. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment for which settlement has been made pursuant to Section 11.02 or 11.03 as promptly as possible for the highest price obtainable. Any such disposition shall be on an "as is", "where is" basis without representation or warranty express or implied. As to each separate Item of Equipment so disposed of the Lessee shall be entitled to receive and retain all proceeds of the disposition (including in the case of a Casualty Occurrence, any insurance proceeds and damages received by the Lessee or the Lessor) up to the sum of (i) the out-of-pocket expenses (including legal costs and attorneys' fees) incurred by the Lessee in connection with such disposition, and (ii) the Casualty Value or, as the case may be, the Termination Value thereof, and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which

the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. Neither the Lessee nor any person, firm or corporation controlled by, in the control of or under common control with the Lessee shall be permitted to purchase any Item of Equipment with respect to which the Lease has been terminated pursuant to Section 11.03. It is understood and agreed that the Lessor shall not be liable to the Lessee for any costs or expenses incurred by the Lessee in connection with the disposition of any Item of Equipment.

11.06. Casualty Prior to Commencement of Periodic Rent. In the event the Lessee shall have notified the Lessor that an Item or Items of Equipment have suffered a Casualty Occurrence 15 days or more prior to the commencement of Periodic Rent hereunder with respect thereto, the Casualty Value for such Item or Items shall be an amount equal to 101% of its cost plus the Daily Interim Rent therefor, if any, to the date of payment of such Casualty Value, which date shall not be more than 15 days after the date of notice to the Lessor of such Casualty Occurrence. If the Lessee shall have notified the Lessor that an Item or Items of Equipment have suffered a Casualty Occurrence less than 15 days prior to the commencement of Periodic Rent hereunder with respect thereto, the date of such Casualty Occurrence for such Item or Items shall be deemed to be one day after the commencement of the primary term hereof.

11.07. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in Section 11.02 hereof (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Casualty Value attached hereto as Schedule 2.

11.08. Termination Value. The Termination Value of each Item of Equipment shall be the amount determined as of the date the Termination Value is paid as provided in Section 11.03 hereof equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Termination Value attached hereto as Schedule 3.

11.09. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof.

11.10. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property subject to the terms and provisions of the Trust Agreement. In the event of any requisition constituting a Casualty Occurrence, the Lessee shall be entitled to receive and retain for its own account all sums payable by the governmental authority as compensation for such requisition up to the sum of (i) the out-of-pocket expenses (including legal costs and attorneys' fees) incurred by the Lessee in connection with such requisition and (ii) the Casualty Value of the Item or Items of Equipment which were requisitioned, and the balance, if any, shall be payable to and retained by the Lessor as its sole property subject to the terms and provisions of the Trust Agreement.

11.11. Recovery of and Prosecution of Claims. The Lessor hereby authorizes and empowers the Lessee as Agent for the Lessor to negotiate, accept, reject, file and prosecute any claims, including what otherwise would be the Lessor's claim, for any award or compensation on account of any loss, damage, destruction, confiscation, requisition or taking of any Item of Equipment and to collect and retain the proceeds thereof to the extent permitted by this Section 11. The proceeds obtained by the Lessee for any loss or damage which is not a Casualty Occurrence shall be retained by the Lessee and applied to the repair or replacement of such damage or loss.

SECTION 12. ANNUAL REPORTS.

12.01. Duty of Lessee to Furnish. On or before April 1 in each year, commencing with the year 1974, the Lessee will furnish to the Lessor or its assigns an accurate statement, as of the close of the preceding calendar year (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and number of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first

such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.02 hereof shall have been preserved or replaced.

12.02. Lessor's Inspection Rights. The Lessor or its assigns shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Lease. Lessee shall not be required to retain any records with respect to the Equipment beyond its normal retention policy or as may otherwise be required by any governmental law, rule or regulation.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense as additional rent, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks within 25 miles of any one of the following locations selected by the Lessee: Chicago, Illinois, Los Angeles, California, Texas City, Texas, Marietta, Ohio, South Bound Brook, New Jersey or South Charleston, West Virginia. The Lessee will use reasonable efforts to place at least 25 Items of Equipment at any one location. The Lessee shall give prompt written notice to the Lessor of the location or locations selected for surrender of the Equipment and the car numbers of the Items of Equipment placed on the storage tracks at each such location. The Lessee will provide storage for such Item of Equipment on such tracks for a period not exceeding 45 days. All such storage of each such Item is to be at the risk and expense as additional rent of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same. The assembling, delivery and storage of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.01 Events of Default. If, during the continuance of this Lease, one or more of the following events ("Events of Default") shall occur and be continuing:

(a) Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for more than five days after written notice from the Lessor to the Lessee of such nonpayment; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of Lessee's interest in the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein within 15 days after written notice from the Lessor to the Lessee demanding such cancellation; or

(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 or in any other agreement entered into by the Lessee with the Lessor, the Agent or the Trustor in respect of the Equipment, and such default shall continue for 15 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished pursuant to this Lease or the Loan Agreements to be entered into among the Lessor, the Agent and, respectively, State Mutual Life Assurance Company of America, American United Life Insurance Company and Indianapolis Life Insurance Company proves untrue in any material respect as of the date of issuance or making thereof and shall not be made good within 15 days after notice thereof to the Lessee by the Lessor; or

(e) The Lessee shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; or

(f) Bankruptcy, reorganization, arrangement or insolvency proceedings or other proceedings for relief under any

bankruptcy or similar law or laws for the relief of debtors shall be instituted by or against Lessee; or Lessee shall permit or there shall occur any involuntary transfer of its interest hereunder or of all or substantially all of Lessee's property by bankruptcy or by the appointment of a receiver or trustee or by execution or by any judicial or administrative decree or process or otherwise; unless in every such case such proceedings (if instituted against the Lessee) shall be dismissed or such assignment, transfer, decree or process shall within 60 days from the filing or other effective date therein be nullified, stayed or otherwise rendered ineffective, or unless any such receiver or trustee shall within 60 days from the date of his appointment adopt and assume this Lease pursuant to due authority of law and of the court appointing him;

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

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

(2) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment, cause the removal and storage at the Lessee's cost and expense of any freight on board the Equipment, and thenceforth hold, possess and enjoy the Equipment free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose 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 the full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period)

and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, an amount, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of $4\frac{1}{2}\%$ per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) 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 or covenants of this Lease, other than for the payment of rent.

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

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

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.01. Lessee's Duty to Return. If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee

shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith assemble and place such Equipment upon such storage tracks within 25 miles of Chicago, Illinois, as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Provide storage at the risk of the Lessee for such Equipment on such tracks for a period not exceeding 180 days after written notice to the Lessor specifying the place of storage and the car numbers of the Items so stored; and

(c) Transport any Items of Equipment, at any time within such 180 days' period, to any place on the lines of a railroad within a 25-mile radius of such storage tracks, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

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

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

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of the Lessor except upon written notice

of such assignment from the Lessor. In the event that separate assignments are executed by the Lessor in respect of this Lease and the rental and other sums due and to become due hereunder, insofar as the same relate to Items of Equipment described in Schedule 1 hereto, the Lessor and the Lessee agree that so long as such separate assignments remain in force and effect this Lease shall be deemed to be and shall be construed as a divisible and severable contract between the Lessor and the Lessee for the leasing of Equipment covered by each such separate assignment, all to the same extent and with the same force and effect as though a separate lease had been entered into by the Lessor and the Lessee in respect of such Equipment. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee. No such assignee shall be bound by or obligated to perform or see to the performance of any duty, covenant or condition or warranty (express or implied) made by the Lessor or required to be observed or performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee by its execution hereof, acknowledges and agrees that notwithstanding such assignment each and all of such covenants and agreements of the Lessor and all representations and warranties shall survive such assignment and shall be and remain the sole liability of the Lessor. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in the Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of such assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of an assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment to it, and (ii) each assignee shall have the sole right to exercise all rights, privileges and remedies relating to the subject matter of the assignment to it (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE: USE AND POSSESSION.

17.01. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession, use and quiet enjoyment of the Equipment in accordance with the terms of this Lease (including delivery of the same to railroad companies or other carriers for movement thereof in accordance with instructions of Lessee) but, without the prior written consent of the Lessor which will not be unreasonably withheld, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment.

17.02. Use and Possession by Lessee, Interchange, "Mileage". So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment. The Lessee agrees that the Equipment will be used within the continental United States, Mexico, Canada and Puerto Rico, provided that each Item of Equipment shall be used wholly or in part within the United States. The Lessee agrees that it will not, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the assignment or sublease of any Item of Equipment to a subsidiary of the Lessee, or to the Lessee's vendors, customers and consignees of goods being shipped, or the use of any Item of Equipment by others in the continental United States, Mexico, Canada and Puerto Rico in the usual interchange of traffic. No such assignment, sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety. The Lessee may receive and retain for its own account such compensation for subletting the Equipment and/or for the use of the Equipment by others as the Lessee may determine. Without limiting the foregoing, it is contemplated that the Lessor shall collect all mileage allowances, rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use, ownership or operation of the Equipment, and the Lessor shall remit said Mileage so collected to the Lessee to the extent of the aggregate of the rentals and additional rentals paid or payable by the Lessee to and including the date of any such remittance, less the aggregate of any prior remittance of Mileage; provided, however, that if, at any time during the term of this Lease, or within sixty (60) days after termination of this Lease, the Lessee

shall furnish to the Lessor an opinion, ruling or other evidence reasonably satisfactory to the Lessor's legal counsel to the effect that the Lessor may lawfully remit to the Lessee all or any portion of said Mileage which exceeds the rentals and additional rentals hereunder, the Lessor shall remit such excess Mileage within ten days after demand therefor by the Lessee or, in the case of any such excess Mileage collected by the Lessor after such demand by the Lessee, within thirty (30) days after the collection thereof by the Lessor. The obligation of the Lessor shall survive termination of this Lease.

The term "additional rent" has been used throughout this Lease to describe certain expenditures to be incurred by the Lessee which will be used in the computation of "Mileage" earned by the Lessee under this Section 17.02.

17.03. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

SECTION 18. OPINION OF LESSEE'S COUNSEL AND OFFICER'S CERTIFICATE.

Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee and a certificate of a Vice President of the Lessee, each addressed to the Lessor, the Agent and to any assignee under Section 16 of which the Lessee has notice, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of New York;

(b) The Lessee has the corporate power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of this Lease;

(c) This Lease and the Agreement to Acquire and Lease of even date herewith, among the Lessor, the Agent and the Lessee have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance of the Agreement to Acquire and Lease or this Lease;

(f) The execution and delivery by Lessee of the Agreement to Acquire and Lease and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement or other instrument to which Lessee is a party or by which it, or any of its property, is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Lessee, except as contemplated and permitted hereby; and

(g) As to any other matters which Lessor shall reasonably request.

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

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 8-1/2% per annum (or the lawful rate, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. NOTICES.

Any notice required or permitted to be given by either party hereof to the other shall be deemed to have been given when deposited in the United States mails, certified first class postage prepaid, addressed as follows:

If to the Lessor: Trust Company for USL, Inc.
Trustee under U. C. Trust No. 10
1211 West 22nd Street
Oak Brook, Illinois 60521

(with a copy of such notice to be sent to the Agent)

If to the Agent: United States Leasing International, Inc.
633 Battery Street
San Francisco, California 94111

Attn: Vice President - Lease Underwriting Group

If to the Lessee: Union Carbide Corporation
270 Park Avenue
New York, New York 10017

Attention: Treasurer

(with a copy of such notice to be sent
Attention: Director of Distribution)

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

SECTION 21. EXECUTION IN COUNTERPARTS.

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

SECTION 22. LAW GOVERNING.

This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

SECTION 23. HEADINGS AND TABLE OF CONTENTS.

The headings of the sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

SECTION 24. OPTION TO PURCHASE.

24.01. Terms. Provided that the Lessee is not in default, Lessee shall have the following option to purchase:

(a) The Lessee shall have the right at the expiration of the term of this Lease to purchase all but not less than all of the Items of Equipment then leased hereunder at a price equal to the "fair market value" (as defined). The Lessee shall give to the Lessor written notice at least 120 days, and not more than 180 days, prior to the end of said term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of (i) a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to such Items of Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of this Lease; (ii) a satisfaction and discharge of this Lease duly executed in recordable form by the Lessor or its successors and assigns as to such Items of Equipment; (iii) satisfactions of all security interests in respect of such Items of Equipment duly executed in recordable form by the respective secured parties. The Lessor shall not be required to make any representation or warranties as to the condition of the Equipment or any other matters.

(b) The "fair market value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Item or Items of Equipment in question within thirty (30) days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within ninety (90) days after receipt by the Lessor of the

Lessee's election to purchase, the same shall be determined by American Appraisal Company. The fair market value, as finally determined, shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 7-3/4% per annum. In determining the fair market value of any Item of Equipment, any accessory, equipment and device installed thereon which, under the terms of Section 8 hereof, the Lessee is entitled to remove without an accounting to the Lessor, shall be separately appraised and the fair market value thereof shall not be included in the price to be paid by the Lessee.

(c) Unless the Lessee has given the Lessor the notice required in connection with the exercise of the foregoing option, such Items of Equipment so affected and then leased hereunder shall be returned to the Lessor in accordance with Section 13 hereof.

24.02. Election to Purchase. Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 23, in which event such purchase price shall govern.

SECTION 25. CONCERNING THE LESSOR AND THE AGENT.

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, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of Trust Company for USL, Inc. are nevertheless each and every one of them, made and intended not as representations, covenants, undertakings and agreements of it in its individual corporate capacity or for the purpose or with the intention of binding it in its individual corporate capacity, but are made and intended for the purposes of binding only the Trust and the Trust Estate as that term is used in the Trust Agreement; said Trust is the Lessor hereunder, and this Lease is executed and delivered by Trust Company for USL, Inc. not in its own right but solely in the exercise of the powers conferred upon it as such Trustee; and no liability or responsibility in its individual

corporate capacity is assumed by nor shall at any time be asserted or enforceable against such corporation or the Agent or any incorporator or any past, present or future subscriber to the capital stock of the Trustee or the Agent, on account of this Lease or on account of any representation, covenant, undertaking or agreement of such corporation or the Agent in this Lease contained, either expressed or implied, all such individual corporate liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under said Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Trust and the Trust Estate for satisfaction of the same.

SECTION 26. SUCCESSORS AND ASSIGNS.

This Lease shall be binding upon and shall inure to the benefit of the Lessor and Lessee and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

Attest:

Joanne L. Miller

Secretary

TRUST COMPANY FOR USL, INC.,
as Trustee under a Trust Agreement
dated as of April 16, 1973

By

Bm Mandant
Its President

LESSOR

[CORPORATE SEAL]

Attest:

John F. Shanklin

Secretary

UNION CARBIDE CORPORATION

By

J. C. Mills
Its Vice President

LESSEE

[CORPORATE SEAL]

Attest:

Joanne L. Miller

Secretary

UNITED STATES LEASING INTERNATIONAL,
INC.

By

David A. Hooley
Its Vice President

AGENT FOR LESSOR

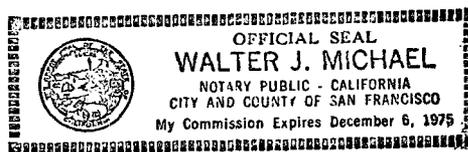
STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 4th day of May, 1973, before me personally appeared BEN MAUSHARDT, to me personally known, who being by me duly sworn, says that he is _____ President of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Walter J. Michael
Notary Public

My commission expires:



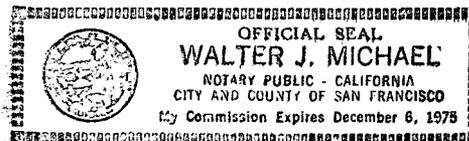
STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 4th day of May, 1973, before me personally appeared DAVID A. WOOLSEY, to me personally known, who being by me duly sworn, says that he is Vice President of UNITED STATES LEASING INTERNATIONAL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Walter J. Michael
Notary Public

My commission expires:



STATE OF NEW YORK)
) SS
CITY AND COUNTY OF NEW YORK)

On this 9th day of May, 1973, before me personally appeared D. C. Willis, to me personally known, who being by me duly sworn, says that he is Vice President of UNION CARBIDE 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.

[NOTARIAL SEAL]

Jon Bruce Ipe
Notary Public

My commission expires:

JON BRUCE IPE
Notary Public, State of New York
No. 31-7039510
Qualified in New York County
Commission Expires March 30, 1974

Type A

MANUFACTURER: General American Transportation Corporation

DESCRIPTION OF EQUIPMENT: 57 New coiled, insulated steel tank cars for general purpose use. (DOT 111-A-100W-1) Car numbers: RAIX 6308 thru 6364, both inclusive.

PRICE PER UNIT: \$21,177.57 per unit

TOTAL PRICE: \$1,207,121.49 for all 57 units

DELIVER TO: Union Carbide Corporation, as directed by the Corporation

OUTSIDE DELIVERY DATE: December 31, 1973

PRIMARY TERM: Twenty-five (25) years commencing January 3, 1974

PERIODIC RENT: 50 semi-annual installments, in arrears, of \$774.23 per unit, or an aggregate of \$44,131.11 for all 57 units

INTERIM DAILY RENTAL: \$4.5591 per car per day

LESSEE: Union Carbide Corporation - Trust #10

TRUSTOR: Wilmington Trust Company

LENDER: State Mutual Life Assurance Company of America

MANUFACTURER: Type A General American Transportation Corporation
Type B General American Transportation Corporation
Type D Union Tank Car Co.

DESCRIPTION OF EQUIPMENT INCLUDING CAR NUMBERS:

Type A 7 New coiled, insulated steel tank cars for general purpose use.
(DOT 111-A-100W-1)
Car Numbers RAIX 6365 thru 6371, both inclusive.

Type B 25 New coiled, insulated steel tank cars with steam jacketed bottom out valve for use in phenol service.
(DOT 111-A-100W-1)
Car Numbers RAIX 6283 thru 6307, both inclusive.

Type D 25 New steel tank cars for fluorocarbon service. (DOT-114-A-340W)
Car Numbers RAIX 8000-8024, both inclusive

PRICE PER UNIT: Type A \$21,177.57 per unit
Type B \$21,247.57 per unit
Type D \$21,551.50 per unit

TOTAL EQUIPMENT COST: \$1,218,219.74 for all 57 units

DELIVER TO: Union Carbide Corporation, as directed by the Corporation

OUTSIDE DELIVERY DATE: December 31, 1973

PRIMARY TERM: Twenty-five (25) years commencing on January 3, 1974

PERIODIC RENT: 50 semi-annual installments, in arrears,
Type A: \$774.23 for 7 units
Type B: \$776.79 for 25 units
Type D: \$787.90 for 25 units
or an aggregate of \$44,536.86 for all 57 units

INTERIM DAILY RENTAL: Type A: \$4.5591 per car per day
Type B: \$4.5741 per car per day
Type D: \$4.6396 per car per day

LESSEE: Union Carbide Corporation - Trust #10
TRUSTOR: Wilmington Trust Company
LENDER: American United Life Insurance Company

MANUFACTURER: Type A General American Transportation Corporation
Type C ACF Industries, Incorporated

DESCRIPTION OF EQUIPMENT INCLUDING CAR NUMBERS:
Type A 6 New coiled, insulated steel tank cars for general purpose use.
(DOT 111-A-100W-1)
Car Numbers: RAIX 6372 thru 6377, both inclusive.

Type C 15 New insulated tank cars for ethylene oxide service.
(DOT 111-A-100W-4)
Car Numbers: RAIX 7000 thru 7014, both inclusive.

PRICE PER UNIT: Type A \$21,177.57 per unit
Type C \$22,850.00 per unit

TOTAL EQUIPMENT COST: \$469,815.42 for all 21 units

DELIVER TO: Union Carbide Corporation, as directed by the Corporation

OUTSIDE DELIVERY DATE: December 31, 1973

PRIMARY TERM: Twenty-five (25) years commencing on January 3, 1974

PERIODIC RENT: 50 semi-annual installments, in arrears
arrears,
Type A \$774.23 per unit for 6 units
Type C \$835.37 per unit for 15 units
or an aggregate of \$17,175.93 for all 21 units

INTERIM DAILY RENTAL: Type A: \$4.5591 per car per day
Type C: \$4.9191 per car per day

LESSEE: Union Carbide Corporation - Trust #10
TRUSTOR: Wilmington Trust Company
LENDER: Indianapolis Life Insurance Company

SCHEDULE 1-C

SCHEDULE OF CASUALTY VALUE

UNION CARBIDE CORPORATION

CASUALTY VALUE: The following per cent of original cost to Lessor of an Item of Equipment, set forth in Schedules 1-A through 1-C to the Lease, including all taxes and delivery charges, is to be paid on each Rent Payment Date pursuant to Section 11 of the Equipment Lease as the result of an Item becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid:

<u>After Rent Payment No.</u>	<u>Payable on Date and in Lieu of Payment No.</u>	<u>Casualty Value Payable Per Item (in lieu of rental payment for such item due on such date)</u>
0	1	106.375 %
1	2	107.500
2	3	108.500
3	4	109.125
4	5	109.625
5	6	109.875
6	7	110.000
7	8	109.875
8	9	109.500
9	10	108.875
10	11	108.250
11	12	107.250
12	13	106.250
13	14	105.000
14	15	103.625
15	16	102.125
16	17	100.500
17	18	98.625
18	19	96.750
19	20	94.875
20	21	92.750
21	22	90.625
22	23	88.500
23	24	86.375
24	25	84.125

(U. C. Trust No. 10)

SCHEDULE OF CASUALTY VALUE

(Cont'd)

<u>After Rent Payment No.</u>	<u>Payable on Date and in Lieu of Payment No.</u>	<u>Casualty Value Payable Per Item (in lieu of rental payment for such item due on such date)</u>
25	26	81.875 %
26	27	79.625
27	28	77.375
28	29	75.000
29	30	72.750
30	31	70.500
31	32	68.125
32	33	65.750
33	34	63.375
34	35	60.875
35	36	58.250
36	37	55.625
37	38	53.000
38	39	50.250
39	40	47.375
40	41	44.500
41	42	41.625
42	43	38.625
43	44	35.500
44	45	32.500
45	46	29.250
46	47	27.500
47	48	26.125
48	49	25.250
49	50	23.375
50		21.450

(U. C. Trust No. 10)

SCHEDULE 2

page 2

SCHEDULE OF TERMINATION VALUE

UNION CARBIDE CORPORATION

TERMINATION VALUE: The following per cent of original cost to Lessor of an Item of Equipment, set forth in Schedules 1-A through 1-C to the Lease, including all taxes and delivery charges, is to be paid on each Rent Payment Date pursuant to Section 11.03 of the Equipment Lease as the result of the Lease terminating with respect to an item of Equipment, depending upon when the Termination Value is paid:

<u>Payable on Date and in Lieu of Payment No.</u>	<u>Termination Value Payable Per Item (in lieu of rental payment for such item due on such date)</u>
21	92.750
22	90.625
23	88.500
24	86.375
25	84.125
26	81.875
27	79.625
28	77.375
29	75.000
30	72.750
31	70.500
32	68.125
33	65.750
34	63.375
35	60.875
36	58.250
37	55.625
38	53.000
39	50.250
40	47.375
41	44.500
42	41.625
43	38.625
44	35.500
45	32.500
46	29.250
47	27.500
48	26.125
49	25.250
50	23.375

(U. C. Trust No. 10)

CERTIFICATE OF ACCEPTANCE NO.
UNDER EQUIPMENT LEASE

TO: TRUST COMPANY FOR USL, INC., as Trustee under
Trust Agreement dated as of April 16, 1973

UNITED STATES LEASING INTERNATIONAL, INC.,
as Agent for the Trustee

I, duly appointed inspector and authorized representative of Union Carbide Corporation ("Lessee") for the purpose of the Agreement to Acquire and Lease and the Equipment Lease, both dated as of April 16, 1973, between Trust Company for USL, Inc., Trustee under the Trust Agreement dated as of April 16, 1973, as Lessor, United States Leasing International, Inc., as Agent for the Trustee, and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery on behalf of Lessee and under said Agreement, of the following pieces of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto and to all applicable requirements and specifications of the Interstate Commerce Commission and/or United States Department of Transportation and that each Item has been marked in accordance with Section 4.02 of the Lease.

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

DATED: , 19

Inspector and Authorized
Representative of
UNION CARBIDE CORPORATION

EXHIBIT 1 TO LEASE