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December 29 1987

REGISTRATION NO. Filed 1425

REGISTRATION NO. 15428-A
DEC 29 1987 - 11

DEC 29 1987 - 11 19 AM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Date 12-29-87
Fee \$ 20.00

ICC Washington, D.C.

Dear Ms. McGee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are one original copy and two counterpart originals of an Equipment Lease Agreement, dated as of November 1, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The name and address of the parties to the enclosed Equipment Lease Agreement are:

Lessor: Pullman Leasing Company,
a division of Signal Capital
Corporation
200 S. Michigan Avenue
Chicago, Illinois 60604

Lessee: Occidental Chemical Corporation
360 Rainbow Blvd. South
Niagara Falls, N.Y. 14303

A description of the railroad equipment covered by the enclosed document is set forth in Appendix A hereto.

Also enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are one original copy and two counterpart originals of a Guarantee dated as of November 1, 1987, a secondary document as defined in the Commission's Rules for the Recordation of Documents, which guarantees the Lessee's obligations under the above-described Equipment Lease Agreement.

Counterpart - Cindy Davis

Ms. Noreta R. McGee
December 28, 1987
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The name and address of the parties to the enclosed Guarantee are:

Guarantor: Occidental Petroleum Corporation
360 Rainbow Blvd. South
Niagara Falls, N.Y. 14303

Lessor: Pullman Leasing Company,
a division of Signal Capital
Corporation
200 S. Michigan Avenue
Chicago, Illinois 60604

Also enclosed is a check in the amount of \$20.00 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return two stamped counterpart originals of each of the enclosed documents to the messenger.

Following is a short summary of the enclosed documents:

Equipment Lease Agreement to be Recorded

Equipment Lease Agreement dated as of November 1, 1987 between Pullman Leasing Company, a division of Signal Capital Corporation, Lessor, and Occidental Chemical Corporation, Lessee, covering 105 covered quadruple hopper cars.

Guarantee to be Recorded

Guarantee dated as of November 1, 1987 from Occidental Petroleum Corporation, Guarantor, to Pullman Leasing Company, a division of Signal Capital Corporation, Lessor, guaranteeing the obligations of Occidental Chemical Corporation under an Equipment Lease Agreement dated as of November 1, 1987 between Pullman Leasing Company, a division of Signal

Ms. Noreta R. McGee
December 28, 1987
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Capital Corporation and Occidental Chemical
Corporation covering 105 covered quadruple
hopper cars.

Very truly yours,


Susan G. Lichtenfeld

SGL:tk
Enclosure

DESCRIPTION OF LEASED EQUIPMENT

PVC COVERED HOPPER CARS

Type: 100 Ton - 6150 cu. ft.
Covered quadruple hopper cars

Quantity: 105

Reporting Marks: OCPX 70201 through OCPX 70305

AAR Mechanical Designation: LO Hopper Car

Specifications: Compartments 4; Est. Light Weight 69,500 lbs., Gross Rail Load 263,000 lbs.; Length: overstrickers 65'7"; over truck centers 54'0"; Height: extreme 15' 5 3/16"; Width: at Bolster 10' 4 11/16"; at center 10' 2 5/8"; Truck wheel base 5'10"; number of roof hatches 10 at 20" diameter; Outlets: 4-Youngstown pneumatic; Couplers: AAR SBE60CE; 100 Ton Trucks; 6 1/2 x 12 roller bearings per AAR M101 Spec; Bolsters AAR Spec. M-210 Grade B; 1 1/2" Brake shoes; Exterior paint: Epoxy Urethane or 2 coat Alkyd; AAR and DOT stenciling applied; and OWNED BY PULLMAN LEASING COMPANY stencil applied.

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RECORDATION NO. _____ Filed 1425

DEC 29 1987 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of November 1, 1987

between

PULLMAN LEASING COMPANY,

a division of **SIGNAL CAPITAL CORPORATION**

and

OCCIDENTAL CHEMICAL CORPORATION

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303, at _____ : _____ .m., on December __, 1987, recordation number _____.

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SCHEDULES AND EXHIBITS

Schedule A	Definitions
Schedule B	Description of Leased Equipment
Schedule C	Casualty Loss Value
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EQUIPMENT LEASE AGREEMENT INTERSTATE COMMERCE COMMISSION

This EQUIPMENT LEASE AGREEMENT dated as of the 1st day of November, 1987, by and between PULLMAN LEASING COMPANY, a division of SIGNAL CAPITAL CORPORATION, a Delaware corporation ("Lessor"), and OCCIDENTAL CHEMICAL CORPORATION, a New York corporation ("Lessee"),

W I T N E S S E T H:

1. Definitions:

Unless the context otherwise requires, the terms in Schedule A annexed hereto shall have the meanings set forth therein for all purposes of this Lease and such definitions shall be equally applicable to both the singular and the plural forms of the terms therein defined.

2. Lease of Equipment:

(a) Leased Equipment. Subject to all the terms, conditions and covenants of this Lease, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the Leased Equipment.

(b) Improvements. Lessor hereby agrees to purchase and lease to Lessee such additional items of equipment as are designated by Lessee provided that:

(i) Such items of equipment (x) comprise additions, improvements or modifications to the Leased Equipment (specifically excluding relining of the Units) which are not readily removable without causing material damage to any Unit, (y) are made by Lessee in performance of its obligations under Section 9(b) hereof, and (z) are made by Lessee to comply with a change or amendment to a law, rule, regulation, requirement or order of a governmental authority having jurisdiction over the use, maintenance, condition or operation of such Unit from that which exists as of the date hereof, which change or amendment is applicable generally to equipment of the type and vintage of the Unit to which such addition, improvement or modification is to be made; provided, however, that such additions, improvements and modifications are not being made by Lessee in performance of its obligations under Section 9(a) hereof;

(ii) Lessor's Cost of such items of equipment shall not in the aggregate exceed \$525,000 nor shall Lessor's Cost of all such additions, improvements or modifications to any single Unit exceed \$5,000;

(iii) The Basic Rent for each such item of equipment shall be payable in equal payments on the same Rental Payment Dates as the Rental Payment Dates for the Unit to which such item of equipment relates and shall be equal to such percentage of Lessor's Cost of such item of equipment as shall fully amortize Lessor's Cost of such item of equipment over the then remaining term of this Lease at an interest rate equal to two percent over the per annum rate of interest publicly announced by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as its prime rate of interest at the time such item of equipment is paid for by Lessor, calculated on a pre-tax basis and assuming a zero residual value for such item of equipment;

(iv) The Casualty Loss Values and Termination Values for each such item of equipment shall be agreed to by Lessor and Lessee and shall be calculated in accordance with the standard established in clause (iii) immediately above;

(v) This Lease will terminate for each such item of equipment at the same time it terminates for the Unit to which such item of equipment relates, including a termination caused by a Casualty Occurrence to the Unit to which such addition, improvement or modification was made; and

(vi) Any purchase and lease of an item of equipment pursuant to this Section 2(b) shall be subject to the conditions of purchase and lease set forth in Section 3(c) hereof. The lease of such items of equipment shall otherwise be on the same terms, conditions and covenants as provided in this Lease.

3. Purchase, Delivery and Acceptance:

(a) Purchase. Subject to the conditions in subparagraph (c) below, Lessor agrees to purchase each Unit on its Delivery Date by paying on such Delivery Date to Lessee the amounts paid or incurred by it, for the purchase, delivery (including freight charges), assembly and inspection of such Unit.

(b) Delivery and Acceptance. On and as of the Delivery Date for each Unit, Lessee shall evidence its acceptance of such Unit hereunder by executing and delivering to Lessor a Certificate of Delivery and Acceptance covering such Unit (which Certificate shall be acknowledged by Lessor), whereupon such Unit shall for all purposes be deemed to be a Unit of Leased Equipment under this Lease. Lessee shall give Lessor at least two (2) business days prior written or telephonic (confirmed in writing) notice of the Delivery Date of any Unit and Lessor's Cost of such Unit.

(c) Conditions of Purchase and Lease. The obligation of Lessor to purchase and lease any Unit on any Delivery Date shall be subject to the fulfillment of the following conditions to the reasonable satisfaction of Lessor and its counsel on or before said Delivery Date:

(i) Lessor shall have received an executed Certificate of Delivery and Acceptance for such Unit.

(ii) Lessor shall have received invoices (or other evidence reasonably satisfactory to Lessor) certified by Lessee, confirming that the amount to be paid for such Unit by Lessor represents the amounts paid or incurred by Lessee for the purchase, delivery (including freight charges), assembly and inspection of such Unit.

(iii) Lessor shall have received a copy of the warranty bill of sale from the manufacturer of such Unit to Lessee and a separate warranty bill of sale from Lessee to Lessor evidencing the transfer to Lessor of title to such Unit.

(iv) Lessor shall have received certificates of such insurance as Lessee is required to maintain pursuant to Section 7 hereof.

(v) The representations and warranties of Lessee contained herein or of Guarantor contained in the Guarantee and of either party contained in any certificate delivered pursuant hereto and thereto shall be true and correct on and as of said Delivery Date with the same effect as though made on and as of said Delivery Date (except to the extent that such representations and warranties expressly relate solely to an earlier date); on said Delivery Date there shall be no Event of Default hereunder or default under the Guarantee or the occurrence of any event which, but for the lapse of time or the giving of notice or both, would be such an Event of Default or default; and Lessor shall have received from Lessee and Guarantor certificates to such effect dated said Delivery Date signed on behalf of Lessee and Guarantor.

(vi) The amount required to be paid by Lessor for such Unit shall not exceed \$52,000.

The obligation of Lessor to purchase and lease any Unit on any Delivery Date shall be subject to the fulfillment of the following further conditions to the reasonable satisfaction of Lessor and its counsel on or before the first Delivery Date:

(i) Lessor shall have received fully executed counterparts of this Lease and the Guarantee.

(ii) Lessor shall have received a signed opinion, dated the first Delivery Date, of such legal counsel for Guarantor and Lessee (who may be an employee of Guarantor or Lessee) as is reasonably acceptable to Lessor, substantially to the effect set forth in Exhibits B-1 and B-2 annexed hereto.

(iii) Lessor shall have received with respect to each Unit a certificate of a representative of Lessee (who shall be a qualified expert), in substance and form reasonably satisfactory to Lessor, as to such Unit's having a useful life (calculated from the Delivery Date for such Unit) of thirty-two (32) years, or more, and having on January 15, 2008 a residual value, without regard to inflation or deflation, of 20% or more of Lessor's Cost.

(iv) The Lease and the Guarantee shall have been recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303.

(v) Lessor shall have received certified copies dated as of the first Delivery Date of the appropriate proceedings of the respective boards of directors of Lessee and Guarantor with respect to (as applicable) this Lease and the Guarantee and other instruments contemplated herein and therein and to the execution, delivery and performance thereof by the respective party.

(d) Transaction Indemnity. In the event that, as to any Unit, for any reason whatsoever, each condition precedent to the transactions as contemplated herein is not satisfied or waived and/or such Unit is not leased to Lessee hereunder, Lessee hereby unconditionally agrees (i) that such Unit shall be excluded from the definition of "Leased Equipment" and (ii) to indemnify, protect and keep harmless the Lessor and its successors, permitted assigns, representatives, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, costs, expenses or disbursements (including reasonable out-of-pocket legal fees and expenses) of any kind and nature whatsoever (excluding, however, any such liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement which is made by or through or arises under the Lessor as a result of the Lessor's gross negligence, willful misconduct or breach of its obligations under this Lease) which may be imposed on, incurred by or asserted against the Lessor in any way relating to or arising out of this Lease or any document or agreement contemplated hereby with respect to such Unit, or the performance of any of the terms hereunder, or in any way relating to or arising out of the purchase, acceptance, ownership, delivery, use, sale, return or other disposition of such Unit. The provisions of this Section 3(d) shall survive the expiration or earlier termination of this Lease.

4. Term of Agreement:

(a) Term. The term of this Lease as to each Unit shall commence on the Delivery Date of such Unit and, subject to Lessee's renewal option as provided in Section 6(c) hereof, shall

end on the Expiration Date for such Unit unless sooner terminated pursuant to Sections 4(b), 11(b) or 19 hereof.

(b) Right of Termination. Provided that no Event of Default or no event, which, but for the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, Lessee shall have the right to terminate this Lease with respect to any or all of the Leased Equipment as of any Termination Date if Lessee shall have determined in good faith that such equipment is obsolete in or surplus to the business of Guarantor or any of its affiliates, upon not less than three hundred (300) days' written notice prior to such Termination Date. Lessee shall use its best efforts during the period prior to such Termination Date to obtain bids for the purchase of such equipment, and Lessor agrees to sell such equipment to the highest bidder without recourse or warranty other than for liens or claims resulting from or arising out of acts of Lessor or claims of Lessor's creditors (but excluding therefrom any warranty with respect to Lessee's rights hereunder or to liens or claims resulting from or arising out of Lessee's obligations hereunder). Such sale shall take place on such Termination Date at which time, and upon receipt by Lessor in immediately available funds of the full sale price of such equipment together with the payments to be made by Lessee as provided below, Lessor agrees to transfer to the purchaser all of Lessor's rights, title and interest in and to such equipment. In no event shall Lessee, Guarantor or any affiliate of Lessee or Guarantor be the purchaser of such equipment in a sale on any Termination Date pursuant to Section 4 (b) herein.

On such Termination Date, Lessee shall pay Lessor in immediately available funds the amount, if any, by which the Termination Value of such equipment computed as of such Termination Date exceeds the sale price after deduction from such sale price of Lessor's reasonable out-of-pocket costs and expenses, if any, in connection with such sale. If no such sale occurs on the Termination Date as above provided, or if Lessee does not make the above required payment, this Lease shall continue in full force and effect as though no notice of termination had been given by Lessee. In the event of any such sale and the receipt by Lessor of the above-described amount, all obligations of Lessee under this Lease with respect to such equipment after such Termination Date shall cease except for such obligations which, by the terms hereof, expressly survive the termination of this Lease. No later than sixty (60) days prior to the Termination Date, Lessor may notify Lessee that it intends to retain such equipment on the Termination Date, in which case Lessor shall be deemed to have purchased such equipment on such Termination Date for an amount equal to its Termination Value.

Notwithstanding the foregoing, Lessee may elect by written notice at least one hundred eighty (180) days prior to such

Termination Date to rescind its notice of termination whereupon this Lease will continue in full force and effect as though no notice of termination had been given by Lessee, and Lessee shall pay Lessor's reasonable out-of-pocket costs and expenses incurred in anticipation of the notice of termination which was rescinded; provided, however, that Lessee shall have thereafter the right to terminate this Lease with respect to such equipment as provided above as of any subsequent Termination Date.

5. Payments of Rent:

(a) Basic Rent. Lessee hereby agrees to pay Basic Rent to Lessor for each Unit on each Rental Payment Date for such Unit.

(b) Supplemental Rent. Lessee also agrees to pay as Supplemental Rent any and all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder, including, without limitation, Casualty Loss Value payable under Section 11(b) hereof, the payments provided for in Section 4(b) hereof and the indemnities provided for in Sections 3(d), 13, and 24 hereof, promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor or its permitted assigns shall have all rights, powers, and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. Lessee will also pay to Lessor on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Default Interest Rate on any part of any installment of Basic Rent, any payment of Casualty Loss Value and any payment of Termination Value not paid when due for the period for which the same shall be overdue and on any other payment of Supplemental Rent not paid when demanded by Lessor for the period until the same shall be paid.

(c) Obligation to Pay Rent. Each payment of Basic Rent and Supplemental Rent shall be in immediately available funds. If such payment or any other payment required to be made by Lessee in immediately available funds is made by federal funds wire transfer, Lessee shall not be liable for interest for late receipt if Lessee initiated the transfer in a timely manner, obtained therefor a wire transfer number and thereafter notified in a timely manner the payee of such number. Lessee's obligation to pay all Basic Rent and Supplemental Rent payable hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation: (i) any setoff, counterclaim, recoupment, deduction, defense or other right which Lessee may have against Lessor or against any one else for any reason whatsoever; (ii) any defect in the title, condition, design, operation, merchantability or fitness for use of any Unit; (iii) the existence of any liens, encumbrances or rights of others whatsoever with respect to any Unit, whether or not re-

sulting from claims against the Lessor not related to the ownership of the Leased Equipment; (iv) any loss or destruction of, or damage to, any Unit or any interruption or cessation in the use or possession thereof for any reason whatsoever and of whatever duration; (v) the invalidity or unenforceability of the Lease or any other infirmity therein or any lack of power or authority of Lessor or Lessee to enter into this Lease; (vi) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or Lessor; or (vii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If for any reason whatsoever (other than pursuant to Sections 4(b) and 11(b) hereof) this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees to pay to Lessor an amount equal to each payment of Basic Rent at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease, except in accordance with the express terms hereof. Each payment of Basic Rent or Supplemental Rent made by Lessee shall be final, and Lessee will not seek to recover all or any part of such payments from Lessor or any other person for any reason whatsoever. This provision, however, shall not be construed to waive Lessee's right of action, if any, against Lessor or any other person for damages incurred by Lessee on account of any breach by Lessor or such other person of any provision of this Lease or any other agreement relating or not relating hereto.

6. Sublease and Assignment by Lessee; Purchase and Renewal Options:

(a) Sublease and Assignment by Lessee. Provided that no Event of Default or no event which, but for the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, Lessee may, without notice to or the prior consent of Lessor, sublease any or all of the Units of the Leased Equipment, or assign any or all of its rights under this Lease, to (i) its customers or its suppliers, for single trips, and such Units subleased may be boarded or placarded with the names of the sublessees in accordance with the provisions of demurrage tariffs lawfully in effect, or (ii) any affiliate or subsidiary of the Lessee or the Guarantor. Provided Lessee obtains the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee may sublease any or all of the Units of the Leased Equipment, or assign any or all of its rights under this Lease, to any party unaffiliated with Lessee. In addition, provided the unaffiliated third party then has a credit rating of at least Baa2 by Moody's Investors Service, Inc. and a tangible net worth of not less than

\$100,000,000 or, if not rated, meets, in the reasonable opinion of Lessor, the minimum financial criteria then in effect for such rating, the assignee may assume (which assumption shall be in form and substance reasonably satisfactory to Lessor) liability for the payment of all Rent and for the full performance of all the terms, covenants and conditions set forth in this Lease and, upon satisfaction of such credit rating condition and delivery to Lessor of such assumption agreement, Lessee and Guarantor shall be fully discharged from their obligations under this Lease and the Guarantee, respectively, with respect to events occurring after the date of such assignment and assumption. Except as hereinabove expressly provided, no such sublease or assignment shall in any way relieve Lessee from any obligations under this Lease, and Lessee hereby waives any rights it may now have or hereafter acquire to avoid any such obligation by reason of such sublease or assignment or any circumstances arising from such sublease or assignment. Lessee agrees to indemnify and hold harmless Lessor against any and all out-of-pocket expenses, claims, demands and liabilities, of whatsoever nature, relating to or in any way arising out of such sublease or assignment and all out-of-pocket costs, damages, charges, reasonable out-of-pocket attorneys' fees and expenses arising out of or necessitated by assertion of any such claim or demand with regard to such sublease or assignment; provided, however, that Lessee shall not be responsible for any expense incurred by Lessor in evaluating any sublease or assignment under clauses (i) or (ii) above. Lessee agrees that it will not intentionally use or permit the use of any Unit predominantly outside of the continental United States, without the written consent of Lessor, which consent shall not be unreasonably withheld.

(b) Purchase Option. Upon three hundred (300) days' prior written notice and provided no Event of Default or no event which, but for the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, Lessee shall be entitled to purchase all of the Leased Equipment on an "as is" basis:

(i) at the expiration of the initial term of this Lease at a price equal to 65% of the aggregate of Lessor's Cost of the Leased Equipment, excluding any portion of Lessor's Cost attributable to additions, improvements or modifications paid for by Lessor pursuant to Section 2(b) hereof; and

(ii) at the expiration of the second renewal term of this Lease (if Lessee renews this Lease for both such renewal terms) at a price equal to the lesser of (x) 45% of the aggregate of Lessor's Cost of the Leased Equipment, excluding any portion of Lessor's Cost attributable to additions, improvements or modifications paid for by Lessor pursuant to Section 2(b) hereof, or (y) the then Fair Market Value of the Leased Equipment.

Notwithstanding the foregoing, at any time at least one hundred eighty (180) days prior to any such end of the applicable term of this Lease or within ten (10) days after the determination of Fair Market Value pursuant to Section 6(d) hereof, whichever is later, Lessee may elect by written notice to rescind its notice to purchase whereupon Lessee shall pay Lessor's reasonable out-of-pocket costs and expenses incurred by reason of the notice to purchase which was rescinded.

(c) Renewal Option. Upon three hundred (300) days' prior written notice and provided no Event of Default or no event which, but for the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, Lessee shall be entitled to renew this Lease with respect to any or all of the Leased Equipment on an "as is" basis:

(i) at the expiration of the initial term of this Lease, for a first renewal term of four (4) years at a Basic Rent, payable semi-annually in arrears on each January 15 and July 15 during such renewal term, equal to the lesser of (x) 4.4% of Lessor's Cost of such equipment, excluding any portion of Lessor's Cost attributable to additions, improvements or modifications paid for by Lessor pursuant to Section 2(b) hereof, or (y) the then Fair Market Rental Value of such equipment;

(ii) at the expiration of the first renewal term of this Lease (if Lessee exercised its option to renew pursuant to clause (i) above), for a second renewal term of four (4) years at a Basic Rent, payable semi-annually in arrears on each January 15 and July 15 during such renewal term, equal to the lesser of (x) 4.4% of Lessor's Cost of such equipment, excluding any portion of Lessor's Cost attributable to additions, improvements or modifications paid for by Lessor pursuant to Section 2(b) hereof, or (y) the then Fair Market Rental Value of such equipment; and

(iii) at the expiration of the second renewal term of this Lease (if Lessee exercises its option to renew pursuant to clause (ii) above), for a final renewal term of four (4) years at a Basic Rent, payable semi-annually in arrears on each January 15 and July 15 during such renewal time, equal to the then Fair Market Rental Value of such equipment.

Casualty Loss Values for each such renewal term shall be as set forth in Schedule C hereto; provided, however, that in no event shall any Casualty Loss Value be less than 20% of the aggregate of Lessor's Cost for the Leased Equipment, excluding any portion of Lessor's Cost attributable to additions, improvements or modifications paid for by Lessor pursuant to Section 2(b) hereof.

Notwithstanding the foregoing, at any time at least one hundred eighty (180) days prior to any such end of the initial or

any renewal term of this Lease, or, if applicable, within ten (10) days after the determination of Fair Market Rental Value pursuant to Section 6(d) hereof, whichever is later, Lessee may elect by written notice to rescind its notice to renew whereupon Lessee shall pay Lessor's reasonable out-of-pocket costs and expenses incurred by reason of the notice to renew which was rescinded.

(d) Fair Market Value and Fair Market Rental Value. Lessee and Lessor agree to negotiate in good faith the Fair Market Value or Fair Market Rental Value, as the case may be, and, in the event such agreement cannot be reached at least two hundred sixty (260) days prior to any such end of the applicable term of this Lease, shall, at Lessee's or Lessor's option, submit the question of value to independent appraisers in the manner specified in Section 19 hereof. Lessor and Lessee agree to be bound by the determination of such independent appraisers.

7. Insurance:

(a) Policies. Lessee will, at all times prior to the return of the Leased Equipment to Lessor, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to the Leased Equipment, and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks and with such insurance companies as is carried by corporations of established reputation engaged in the transportation of chemicals, but in any event with no greater deductibles and at least comparable in amounts and against risks customarily insured against by Guarantor with respect to equipment it, or its affiliates, own or lease similar in nature to the Leased Equipment; provided, however, Lessee may in any event self-insure with respect to the Leased Equipment and third party personal and property damage in a manner and to the extent such self-insurance is consistent with the self-insurance practices of such other corporations and with the self-insurance practices of Guarantor, or its affiliates, with respect to equipment owned or leased by Guarantor or its affiliates similar in nature to the Leased Equipment. The proceeds thereof shall be payable to Lessee and Lessor as their respective interests may appear and as provided in Section 7 (c) hereof. Any policies of insurance carried in accordance with this Section 7 shall (i) require thirty (30) days' prior notice to Lessor of cancellation or material change in coverage, (ii) name Lessor as an additional insured, (iii) provide that, in respect of the interests of Lessor in such policies, the insurance shall not be invalidated by any action or inaction of Lessee or any other person (other than Lessor), (iv) insure Lessor regardless of any breach or violation of any warranty, declaration or condition contained in such policies (or in the application therefor or in any other document submitted to the insurer in connection therewith) by Lessee or by

any other person (other than Lessor), (v) provide that such insurance is primary without right of contribution from any other insurance which might otherwise be available to the insured party, (vi) provide that in the event of any loss payment under a policy the insurer shall waive any rights of subrogation against the insured party and shall waive any setoff or counterclaim or any other deduction whether by attachment or otherwise, and (vii) include a cross-liability endorsement providing that inasmuch as the policies are written to cover more than one insured, all terms and conditions, insuring agreements and endorsements, with the exception of limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. On or prior to the first Delivery Date, and thereafter not less than five (5) days prior to the expiration dates of the expiring policies required pursuant to this Section 7, Lessee shall deliver to Lessor (i) certificates of insurance issued by the insurers thereunder or by an insurance broker authorized to bind such insurers evidencing the insurance maintained pursuant to this Section 7, (ii) notice (which may be by telephone to Lessor's Vice President-Finance) that the insurance has been renewed, or (iii) notice (which may be by telephone to Lessor's Vice President-Finance) that the insurance was not renewed; provided, however, that if the delivery of any certificate is delayed, Lessee shall use all reasonable efforts to deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

(b) Performance by Lessor. In the event that Lessee shall fail to maintain insurance as herein provided, Lessor may at its option, but without obligation, provide such insurance and, in such event, Lessee shall, upon demand from time to time, reimburse Lessor for the cost thereof, together with interest on such cost at the Default Interest Rate computed from the date of payment of such cost to the date of reimbursement. Lessor shall give Lessee prompt written notice of any such insurance.

(c) Proceeds. If no Event of Default or no event which, but for the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, and if Lessee shall have made payment to Lessor of the Casualty Loss Value for any Unit, Lessee shall be entitled to receive any insurance proceeds or condemnation payments with respect to the related Casualty Occurrence (as defined in Section 11(b) hereof) up to an amount equal to such Casualty Loss Value, and any balance of such proceeds or payments shall remain the property of the Lessor and its successors and assigns. All casualty insurance proceeds in respect of any Unit not suffering a Casualty Occurrence shall be paid to Lessee upon proof reasonably satisfactory to Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

(d) Separate Insurance. Nothing in this Section 7 shall be construed to prohibit Lessor from insuring at its own expense any Unit or its interest therein, and any insurance so maintained shall not provide for or result in a reduction of the coverage or the amounts payable under any of the insurance required to be maintained by Lessee under this Section 7.

8. Additions and Improvements:

(a) Generally. Except as may be required pursuant to Section 8(b) or Section 9(b) hereof, Lessee shall not, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, make any addition or improvement to any Unit which is not readily removable without causing material damage to any Unit, unless such addition or improvement (i) is made pursuant to Section 2(b) hereof or (ii) constitutes an "Improvement" which Lessee may finance pursuant to the provisions of Revenue Procedure 79-48 or any successor revenue procedure, revenue ruling or law. Lessee shall be entitled from time to time during the term of this Lease to acquire and install, at Lessee's expense, such additions or improvements to the Leased Equipment as are readily removable without causing material damage to any Unit and which do not impair the value or utility of any Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted).

(b) Compliance with Law. Lessee agrees to make, at its own expense or pursuant to Section 2(b) hereof and without offset for Rent due hereunder, any addition or improvement required to be made to any Unit in order to satisfy Lessee's obligations set forth in Section 9(b) hereof.

(c) Severable Additions. Should Lessee install, at its own expense, any addition or improvement on any Unit which is readily removable without causing material damage to such Unit and which does not impair the value or utility of such Unit as originally delivered hereunder to Lessee (ordinary wear and tear excepted), and provided that no Event of Default or event which but for the lapse of time or the giving of notice or both would be an Event of Default, shall have occurred and be continuing, Lessee may remove such addition or improvement before such Unit is returned to Lessor, and Lessee shall thereafter own such addition or improvement. Lessee shall repair all damage to such Unit resulting from such installation and removal so as to restore such Unit to the condition in which it existed prior to the installation of such addition or improvement (ordinary wear and tear excepted). Lessee shall not be required to remove any such addition or improvement if the retention of such addition or improvement will not adversely affect the operating capabilities or Fair Market Value of such Unit in the possession of Lessor. Any addition or improvement not so removed shall become the property of Lessor.

(d) Nonseverable Additions. Should Lessee make, to any Unit, any addition or improvement which is not readily removable without causing material damage to such Unit, such addition or improvement shall immediately and without further act become the property of Lessor.

9. Maintenance and Operation:

(a) Generally. Lessee, at its own expense, will maintain, service and repair each Unit and from time to time make or cause to be made all necessary restorations thereto as are consistent with prudent practice of the chemical transportation industry, but in any event to the same extent that Lessee would, in the prudent management of its properties, maintain, service and repair comparable equipment if owned by Lessee, to the extent necessary to maintain such Unit in good repair, working order and operating condition, ordinary wear and tear excepted, and in compliance with Section 9(b) hereof. Any replacements made by Lessee to or upon any Unit shall be considered accessions to such Unit and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor, but the replaced parts shall no longer be the property of Lessor, provided the replacements have a value and utility at least equal to the replaced parts.

(b) Compliance with the Law. Lessee agrees to comply with the maintenance and operation standards under the Interchange Rules of the Association of American Railroads and all laws, rules, regulations, requirements and orders of all governmental authorities having jurisdiction with respect to the use, maintenance, condition and operation of each Unit (regardless of upon which person such laws, rules, regulations, requirements or orders shall, by their terms, be nominally imposed), unless Lessee shall be contesting the validity thereof in good faith and by appropriate proceedings, but only so long as such proceedings (i) shall not involve any substantial danger of the sale, forfeiture or loss of such Unit, or any part thereof or interest therein, and (ii) shall not result in, or involve any substantial probability of resulting in, the creation of any lien on or with respect to such Unit, or any part thereof or interest therein, which is not a Permitted Lien. Lessee will maintain all records, logs and other materials required by any governmental authority having jurisdiction to be maintained in respect of any Unit, regardless of upon which person any such requirements shall, by their terms, be nominally imposed. Lessee, at its own expense, will procure and pay for all permits, franchises, inspections and licenses necessary or appropriate in connection with any Unit and any repair, restoration, replacement, renewal, addition or improvement thereof and thereto.

(c) Lessor's Rights and Obligations. Lessor shall not be required to maintain, service or repair, or to make any repair, restoration, replacement, renewal, addition or improvement

of any nature or description with respect to, any Unit, or, except to the extent specifically provided herein, to incur any cost or expense in connection with this Lease. In the event Lessee fails or is unable to perform maintenance and repairs as provided herein, Lessor shall have the right, but not the obligation, to perform the same, and Lessee shall forthwith reimburse Lessor, as Supplemental Rent, for all costs and expenses incurred by Lessor in performing the same. Lessor and its agents and employees shall have at all reasonable times during normal business hours (upon forty-eight (48) hours' written or telephonic request) the right of access to Lessee's premises where any Unit is located for the purposes of inspecting such Unit and its applicable maintenance records and observing its use and operation.

10. Title:

(a) Lessor and Lessee agree that this is an agreement of lease only and nothing herein contained shall be construed as conveying to Lessee any right, title or interest in or to the Leased Equipment except as a lessee. Lessor and Lessee intend that the Leased Equipment is and shall remain personal property, and each of them agrees that it will not take any action which would cause any Unit to lose such character. The Leased Equipment shall remain personal property regardless of the degree or manner of its attachment to realty and title thereto shall remain exclusively in Lessor. Lessee shall keep the Leased Equipment free from any and all liens, encumbrances and claims (except Permitted Liens) in accordance with Section 15 hereof and shall not do or permit any act or thing whereby Lessor's title or rights may be encumbered or impaired. Lessee agrees that it will execute and deliver to Lessor all financing statements and continuation statements which are presented to Lessee as necessary or appropriate to perfect, confirm and protect the interests of Lessor in and to the Leased Equipment and this Lease. Lessor may file with the proper filing or recording officers any other papers or documents which it deems necessary or appropriate for the protection of its interests hereunder, and Lessee further agrees to execute and deliver to Lessor, upon its request, any and all further documents and instruments which Lessor may reasonably require to perfect, confirm and protect its interests in and to the Leased Equipment and this Lease.

(b) Lessee agrees to take such action (including the obtaining and recording of waivers), at its own expense, as may be necessary to prevent any third party, except third parties claiming by, through or under Lessor, from acquiring any right to or interest in the Leased Equipment by virtue of the Leased Equipment being deemed to be real property or part of any real property, and if at any time any such person shall claim any right or interest referred to above, Lessee will, at its own expense, cause such claim to be waived in writing or otherwise

eliminated to Lessor's reasonable satisfaction within thirty (30) days after such claim shall at first become known to Lessee. Lessee represents and warrants that it is not now, and agrees that during the term of this Lease it will not be, a party to any mortgage or lease of the realty where any Unit is or is to be located which restricts (whether expressly or by implication) the removal of such Unit at any time by Lessor or Lessee.

11. Risk of Loss and Payment of Casualty Loss Value:

(a) During the term of this Lease and for so long thereafter as the Leased Equipment remains in the possession of Lessee, Lessee shall bear the risk of and all responsibility for loss or damage to the Leased Equipment. Lessee agrees to indemnify and hold Lessor harmless against loss or damage caused by fire, lightning, tornadoes, wind storm, water damage, explosion, smoke and smudge, aircraft and motor vehicle damage, strikes, riots, civil commotion, vandalism, malicious mischief, burglary and theft and all other risks to the Leased Equipment.

(b) In the event that any Unit shall be or become lost, stolen, destroyed or, in Lessee's reasonable judgment, irreparably damaged or damaged beyond economic repair, from any cause whatsoever or, if resulting in loss of possession by Lessee for a period of more than one hundred eighty (180) consecutive days or for a stated period which exceeds the then remaining term of this Lease with respect to such Unit, taken or requisitioned by condemnation or otherwise prior to the actual redelivery of such Unit to Lessor (any such event herein called a "Casualty Occurrence"), Lessee shall fully inform Lessor in regard thereto within thirty (30) days from the date Lessee first learns of such Casualty Occurrence. On the Casualty Loss Payment Date for such Unit, Lessee shall pay to Lessor in immediately available funds an amount equal to the Casualty Loss Value of such Unit together with the installment of Basic Rent due on such Casualty Loss Payment Date. Upon the making of such payment by Lessee in respect to any Unit, Basic Rent with respect to such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate, Lessee shall be entitled to recover possession of such Unit, and Lessor shall, upon request of Lessee, execute and deliver to, or upon the order of Lessee, a bill of sale (without warranties other than for liens or claims resulting from or arising out of acts of Lessor or claims of Lessor's creditors) for such Unit; provided, however, that Lessee may not acquire such Unit if such Unit's Fair Market Value at such time is greater than its Casualty Loss Value unless Lessee shall pay Lessor the difference between said Fair Market Value and Casualty Loss Value.

Lessee shall not be required to make a final determination as to whether or not a Unit is irreparably damaged or damaged beyond economic repair for a period of one hundred eighty

(180) days after such Unit is damaged, but in any event Lessee shall make such final determination no later than the termination of this Lease with respect to such Unit. This Lease (including, without limitation, the obligation to pay Rent) shall continue during such period, but if the final determination is that such Unit is irreparably damaged or damaged beyond economic repair, a Casualty Occurrence shall be deemed to have occurred on the date such Unit was damaged. Except as provided hereinabove in this Section 11(b), Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any such Casualty Occurrence to any Unit after delivery to and acceptance thereof by Lessee hereunder and prior to termination of this Lease and delivery by Lessee to Lessor of the Leased Equipment pursuant to Section 17 hereof.

12. Guarantees, Warranties and Representations:

(a) LESSOR SHALL NOT BE DEEMED TO HAVE MADE OR GIVEN, AND LESSOR EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF ANY UNIT OR AS TO TITLE THERETO, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH UNIT, except that Lessor hereby represents and warrants that on the Delivery Date for each Unit Lessor shall have received whatever title was conveyed to it by Lessee and that each Unit shall be free of liens and encumbrances which may result from claims against Lessor not arising out of or relating to the ownership of the Leased Equipment. Lessee agrees that the only other guarantees or warranties made with respect to any Unit are those made by the seller or manufacturer thereof and the parties agree that they shall cooperate in enforcing such guarantees and warranties when such action is necessary. So long as no Event of Default or event which, with the lapse of time or the giving of notice or both, would be an Event of Default, shall have occurred and be continuing, Lessor hereby assigns to Lessee, for and during the term of this Lease, any applicable seller or manufacturer warranty issued on or applicable to any Unit, and Lessor hereby authorizes Lessee during the term of this Lease to obtain, at Lessee's sole expense, any and all services furnished in connection therewith by any seller or manufacturer.

(b) Lessee represents and warrants to and for the benefit of Lessor that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the corporate power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby;

(ii) This Lease has been duly authorized, executed and delivered by Lessee and is the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles regardless of whether considered in a proceeding in equity or at law;

(iii) No approval of any governmental authority is necessary for the execution, delivery and performance by Lessee of this Lease or for the use and maintenance of the Leased Equipment;

(iv) Neither the execution, delivery or performance by Lessee of this Lease, nor compliance with the terms and provisions hereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provision of any law, governmental rule or regulation presently in effect having applicability to Lessee or the Articles of Incorporation or By-laws of Lessee, or any order, writ, injunction or decree of any court or governmental authority presently in effect having applicability to Lessee or by which it or any of its properties is bound, or of any indenture or mortgage, or any contract or other agreement or instrument (which is, individually or in the aggregate, material to the consolidated financial condition of Lessee and its consolidated subsidiaries) to which Lessee is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder;

(v) Except as disclosed in the Disclosure Documents, there are, as of the date of execution of this Lease by Lessee, no suits or proceedings pending or, to the knowledge of Lessee, threatened in any court or before any regulatory commission, board or other administrative governmental agency against Lessee which are likely (to the extent not covered by insurance) to have a material adverse effect on its ability to fulfill its obligations under this Lease;

(vi) Title to each Unit, immediately upon delivery and acceptance of each Unit hereunder, will be validly vested in Lessor, free of all claims, liens and encumbrances by or in favor of any person other than (A) the rights of Lessee under this Lease, (B) such defect in title as may exist or occur by reason of a breach of Lessor's limited warranty of title set forth in Section 12(a) hereof and (C) Permitted Liens;

(vii) Neither Lessee nor anyone acting on its behalf has directly or indirectly offered any interest in this Lease, or similar securities related thereto, for sale to, or solicited any offer to acquire the same from, anyone other than Lessor and no more than twenty-five (25) other institutional investors;

(viii) Neither (A) this Lease, (B) the consolidated balance sheet of Guarantor and its consolidated subsidiaries as of December 31, 1986 and the related consolidated statement of operations of Guarantor and its consolidated subsidiaries for the year then ended, nor (C) the Disclosure Documents, complete and correct copies of each of which have been delivered to Lessor, nor any other document furnished or to be furnished to Lessor by or on behalf of Lessee or Guarantor pursuant hereto or in connection herewith, contains or will contain, as of its date, any untrue statement of a material fact or omits or will omit to state, as of its date, a material fact regarding Lessee or Guarantor necessary in order to make the statements contained herein and therein regarding Lessee or Guarantor not misleading. There are no facts presently known to Lessee which, individually or in the aggregate, materially and adversely affect or involve any substantial probability (so far as Lessee can foresee) of materially and adversely affecting the financial condition of Lessee or Guarantor or their respective properties and assets, which have not been disclosed herein or in said documents;

(ix) Each Unit is intended for a use related to interstate commerce within the meaning of 49 U.S.C. § 11303, and prior to the first Delivery Date, this Lease and the Guarantee shall have been recorded, without cost to Lessor, with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and

(x) Lessee shall be the first user of each Unit of the Leased Equipment and no Unit shall have been used by Lessee prior to September 1, 1986.

13. Taxes:

Lessee agrees to pay, indemnify and hold Lessor harmless from, and to reimburse Lessor for, all taxes and governmental charges, including, without limitation, income, franchise, business and occupation, gross receipts, sales, use, personal property, stamp and interest equalization taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever (together with any penalties, fines or interest thereon, other than penalties, fines or interest resulting from the gross negligence or wilful misconduct of Lessor, and together with any increase to Lessor in federal, state or local income taxes as a result of the inclusion in Lessor's income of any amounts required to be paid by Lessee under this Section 13) imposed against Lessor by any federal, state or local government or taxing authority or any subdivision thereof: (i) upon or with respect to the Leased Equipment or any Unit or any part thereof, (ii) upon the ordering, purchase, ownership, delivery, leasing, possession, maintenance, registration, titling, documentation, use, operation, return or other disposition thereof, (iii) upon the rentals, receipts or earnings arising therefrom, or (iv) upon or

with respect to this Lease (all such expenses, taxes, fees, charges, fines, penalties and additions to tax being hereinafter called "Impositions") unless, and to the extent only that, and only so long as, any such Imposition is not delinquent or is being contested or protested by Lessee in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the collection thereof from or against Lessor, the Leased Equipment, any Unit and any part thereof; provided, however, that this Section 13 shall not apply to (1) Impositions included in Lessor's Cost of the Leased Equipment, (2) Impositions which are based upon or measured by Lessor's net income, (3) Impositions which are in substitution for, or relieve Lessor from, any Imposition based upon or measured by Lessor's net income, or (4) any Imposition based upon or arising from any transfer, assignment or other disposition by Lessor of any interest in any Unit or this Lease (other than after an Event of Default by Lessee which results in the termination of this Lease).

Notwithstanding the foregoing and to the extent, if any, that Lessor receives or is allowed a credit against any Imposition, which Lessor would not have been entitled to but for the occurrence of the Imposition indemnified against, Lessee's obligations under this Section 13 to Lessor shall be offset to the extent of such credit. If during the term or upon termination of this Lease, such offset exceeds Lessee's obligations to Lessor under this Section 13, Lessor shall pay such excess to Lessee on the date that Lessor files the corporate income tax or franchise tax return (or similar return) that evidences such credit. Within thirty (30) days after the end of each of its fiscal years during the term hereof, an officer of Lessor shall certify to Lessee the amount, if any, of such credit which has been or will be so used by Lessor as such a credit.

Lessee is hereby authorized by Lessor to act for and on Lessor's behalf in any and all of the foregoing respects, including, but not limited to, the above-mentioned contests and protests. Lessee shall timely prepare and file all reports and returns which are required to be made with respect to any obligation of Lessee under, or arising out of, this Section 13. Lessee shall, to the extent permitted by law, cause all billings of such fees, taxes, levies, imposts, duties, withholdings and governmental charges to be made to Lessor in care of Lessee, make payment thereof and, from time to time on written request of Lessor, submit written evidence of such payment. Lessor shall furnish Lessee, promptly after receipt, copies of all requests for information from any taxing authority relating to any obligation of Lessee under, or arising out of, this Section 13 and shall request such taxing authority to contact Lessee regarding any such information. The provisions of this Section 13 shall survive the expiration or earlier termination of this Lease.

14. Identification Marks:

Lessee will cause each Unit to be kept numbered with the identification number set forth in Schedule B hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNED BY PULLMAN LEASING COMPANY", or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and property in such Unit and the rights of the Lessor under this Lease. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefore shall have been filed with Lessor and filed and deposited by Lessee in all public offices where this Lease shall have been filed and deposited and (ii) Lessee shall have furnished Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, that such filing and deposit will protect Lessor's interests in such Units and that no other filing, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of Lessor in such Units. The Units may be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates. Except as provided herein, 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.

15. Liens, Encumbrances and Rights of Others:

Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, attachment, charge, encumbrance or right of others whatsoever on or with respect to the Leased Equipment, title thereto or any interest therein except (a) the respective rights of Lessor and any of Lessee's permitted sublessees or assignees as herein provided, (b) liens or encumbrances which result from claims against Lessor not related to the ownership of the Leased Equipment or any interest therein, (c) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of any Unit or any part thereof or interest therein and (d) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension). Lessee will

promptly notify Lessor in writing of any mortgage, pledge, lien, attachment, charge, encumbrance or right of others which arises at any time on or with respect to the Leased Equipment, title thereto or any interest therein and will promptly, at Lessee's expense, cause any of the same not excepted above to be duly discharged, dismissed or removed as soon as possible, but in any event within forty-five (45) days after the existence of the same shall have first become known to Lessee.

16. Notices:

(a) Lessee and Lessor shall each promptly notify the other in writing:

(i) of the amount of any delinquent taxes assessed or charged to Lessor, Lessee or any sublessee or assignee hereunder which arises under any law now or hereafter in force, of which Lessee or Lessor has had notice, that may reasonably subject the Leased Equipment to the hazard of seizure or lien;

(ii) of any claim, demand, action or dispute that involves the rights of Lessor, Lessee or any sublessee or assignee hereunder, or that involves the interpretation of any of the provisions of this Lease that directly or indirectly affects the tax or other liability or rights of either Lessor, Lessee or any sublessee or assignee, in each case of which Lessee or Lessor has had notice; and if any litigation, suit or action is begun by or against Lessee or any sublessee or assignee relating to this Lease or the Leased Equipment, Lessor shall have the right, but not the obligation, to intervene in said litigation, suit or action at its own expense and assist in the prosecution or defense of same; and

(iii) within ten (10) business days from the date thereof, of any claim or legal proceeding of which Lessee or Lessor has had notice arising from any accident in which the Leased Equipment is directly or indirectly involved.

(b) All notices herein required shall be given not later than the date required hereunder and shall be deemed to have been duly given when signed by an appropriate officer or other representative and either delivered to an officer of Lessor at Lessor's address indicated herein, to an officer of Lessee at Lessee's address indicated herein or mailed postage prepaid by first class mail, and addressed to the address indicated herein for such party or to such other address as such party may designate in writing pursuant hereto.

(c) Lessee agrees to give to Lessor the following:

(i) Within one hundred twenty (120) days after the end of each calendar year, a certificate of an authorized officer

of Lessee or Guarantor stating that a review of the activities of Lessee during such calendar year has been made with a view to determining whether Lessee has kept, observed, performed and fulfilled all of its obligations under this Lease, and that, to the best knowledge, information and belief of such officer, there has occurred no Event of Default and no event which, but for the lapse of time or the giving of notice or both, would be an Event of Default, or, if any such Event of Default or event has occurred, specifying the nature thereof, the period of continuance thereof and what action Lessee has taken or proposes to take with respect thereto; and

(ii) Promptly after the same shall have come to the notice of a responsible officer of Lessee, notice of the occurrence of any Event of Default and any event which, but for the lapse of time or the giving of notice or both, would be an Event of Default. For the purposes of this clause (ii), a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of Lessee contained in this Lease, any corporate officer of Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

17. Return of Leased Equipment:

Upon the termination of this Lease with respect to any Unit, by expiration hereof, by termination pursuant to Section 4(b) hereof or on account of default, each Unit shall be free and clear of all liens and rights of others (except Permitted Liens) and shall be in the condition and repair required to be maintained during the term hereof under Section 9 hereof. Lessee will, on or prior to such termination and at Lessee's expense and risk, (a) to the extent applicable, completely sever and disconnect each Unit from Lessee's property, all without any liability of Lessor to Lessee, or to anyone claiming by, through or under Lessee, for damage or loss caused by such severance and/or disconnection; (b) to the extent applicable prepare such Unit so as to be fit for loading and interchange service and (c) deliver possession of such Unit to Lessor at an industrial plant of Lessee or any affiliate of Lessee then engaged in the production of any of the products generally transported in such Unit, on railroad tracks connecting with tracks of a railroad which directly or indirectly interchanges freight with not less than one Class 1 railroad or, if so requested by Lessor and at Lessee's cost to such other site as is mutually agreeable to Lessee and Lessor, together with plans, specifications and other warranties and documents furnished by the manufacturer or seller of such Unit and other documents reasonably accessible to Lessee relating to the maintenance and operation of such Unit. Lessee shall give Lessor at least thirty (30) days' prior written notice of the location where such Unit shall be returned pursuant to this

Section 17. In any event, Lessor has no right hereunder to abandon any Unit to Lessee.

18. Default:

The following events shall constitute Events of Default hereunder:

(a) Lessee shall fail to make any payment of Basic Rent or Casualty Loss Value within ten (10) days after written notice to Lessee from Lessor that such payment is overdue;

(b) Lessee shall fail to maintain insurance as provided by Section 7 hereof and such failure shall continue unremedied for a period of fifteen (15) days after written notice thereof to Lessee from Lessor;

(c) Lessee shall fail to make any other payment, perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, or Guarantor shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it under the Guarantee, and, in either case, such failure shall continue unremedied for a period of sixty (60) days after written notice thereof to Lessee by Lessor;

(d) Any representation or warranty made by Lessee herein or by Guarantor in the Guarantee or by either such party in any certificate furnished to Lessor in connection herewith or therewith shall prove to be incorrect in any material respect when made;

(e) Lessee or Guarantor shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee, custodian or receiver;

(f) A trustee, custodian or receiver shall be appointed for Lessee or Guarantor or for a substantial part of its respective property without its consent and shall not be dismissed within ninety (90) days after appointment; or

(g) Bankruptcy, debt, arrangement, reorganization or insolvency proceedings shall be instituted by or against Lessee or Guarantor and, if instituted against Lessee or Guarantor, shall not be dismissed within ninety (90) days after they were instituted.

19. Remedies:

Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default, and at any time thereafter Lessor may do one or more of the following

with respect to any Unit or the Leased Equipment as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with, any mandatory requirements of applicable law then in effect:

(a) Lessor may cause Lessee, upon the written demand of Lessor and at Lessee's expense, to return promptly any Unit or the Leased Equipment to Lessor at the location, in the condition and otherwise in accordance with all of the terms of Sections 9 and 17 hereof, or Lessor, at its option, may enter upon the premises where such Unit or the Leased Equipment is located, if this can be done without breach of the peace, and take immediate possession of and remove such Unit or the Leased Equipment by summary proceedings or otherwise, all without liability to Lessee for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by and reasonably necessary to such taking or otherwise.

(b) Lessor may sell any Unit or the Leased Equipment at public or private sale, with notice to Lessee but with or without advertisement as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle any Unit or the Leased Equipment as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inactions or for any proceeds with respect thereto except to the extent required by paragraph (d) below in the event Lessor elects to exercise its rights under said paragraph in lieu of its rights under paragraph (c) below.

(c) Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or paragraph (b) above, Lessor, with respect to any Unit, by written notice to Lessee specifying a payment date not earlier than fifteen (15) days from the date of such notice ("Payment Date"), may cause Lessee to pay to Lessor, on the Payment Date, as liquidated damages for loss of a bargain and not as a penalty, (A) any unpaid Supplemental Rent and (B) any unpaid Basic Rent with respect to such Unit due up to and including the Rental Payment Date (or the date which would have been such Rental Payment Date but for the termination of this Lease) preceding the Payment Date plus an amount for Basic Rent for the period from such Rental Payment Date to the Payment Date, calculated by prorating the semi-annual Basic Rent charge over the period between such dates, and (C) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Default Interest Rate from the Payment Date, to the date of actual payment):

(i) an amount equal to the Casualty Loss Value of such Unit, such Casualty Loss Value to be computed as of the immediately preceding Rental Payment Date; provided, however,

that Lessor shall only be entitled without deduction to such amount for such Unit only if Lessor shall have demanded the return of such Unit pursuant to paragraph (a) above and Lessee shall have failed to return such Unit in accordance with the terms of said paragraph;

(ii) an amount equal to the excess, if any, of the Casualty Loss Value referred to in clause (i) above over the aggregate Fair Market Rental Value (computed as hereafter in this Section 19 provided) of such Unit for the remainder of the lease term hereunder of such Unit after discounting at the Discount Rate such Fair Market Rental Value on such periodic basis as Basic Rent is payable hereunder to present worth as of the Payment Date; or

(iii) an amount equal to the excess, if any, of the Casualty Loss Value referred to in clause (i) above over the aggregate Fair Market Value (computed as hereafter in this Section 19 provided) of such Unit as of the Payment Date.

(d) In the event Lessor, pursuant to paragraph (b) above, shall have sold any Unit, Lessor, in lieu of exercising its rights under paragraph (c) above with respect to such Unit, may, if it shall so elect, cause Lessee to pay Lessor, as liquidated damages for loss of a bargain and not as a penalty, (i) any unpaid Supplemental Rent, (ii) any unpaid Basic Rent with respect to such Unit due up to but not including the Rental Payment Date (or the date which would have been such Rental Payment Date but for the termination of this Lease) preceding the date of such sale plus a pro-rated charge for Basic Rent to the date of actual payment, as calculated in paragraph (c) above, and (iii) the amount of any deficiency between the net proceeds of such sale and the Casualty Loss Value of such Unit computed as of the date of such sale, together with interest at the Default Interest Rate on the amount of such deficiency from the date of such sale until the date of actual payment.

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to terminate or rescind this Lease as to any Unit or the Leased Equipment.

In addition, Lessee shall be liable for any and all unpaid Supplemental Rent due hereunder before, after or during the exercise of any of the foregoing remedies and for all reasonable out-of-pocket legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit in accordance with the terms hereof or the placing of such Unit in the condition required hereunder.

Except as otherwise expressly provided above, no remedy referred to in this Section 19 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to take any judicial proceedings in connection with the Leased Equipment or to give any notice or to sell, lease or otherwise use any Unit in mitigation of Lessor's damages as set forth in this Section 19 or which may otherwise limit or modify any of Lessor's rights or remedies under this Section 19.

For purposes of this Lease, the following procedure shall be followed for determining the Fair Market Value or Fair Market Rental Value of any property: If either party hereto shall have given written notice to the other requesting determination of such Value, the parties shall attempt to agree upon such Value, and, failing such agreement within twenty (20) days after the giving of such notice, the parties shall consult for the purpose of appointing one qualified independent appraiser by mutual agreement. If no such appraiser shall be so appointed within thirty (30) days after such notice shall have been given, each party shall appoint an independent appraiser (which shall not be a manufacturer of such property) within thirty-five (35) days after such notice shall have been given, and the two appraisers so appointed shall within forty (40) days after such notice shall have been given, appoint a third independent appraiser (which shall not be a manufacturer of such property). If no such third appraiser shall be so appointed within forty (40) days after such notice shall have been given, either party may apply to the American Arbitration Association (or any successor thereto) for the appointment of an appraiser in the City of Houston or such other city as shall be agreed upon by the parties, and both parties shall be bound by any appointment made by such Association. Each appraiser appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value or Fair Market Rental Value, as the case may be, of the property in question within thirty (30) days after his appointment. If the parties shall have appointed a single appraiser, his determination of value shall be final and binding as the Fair Market Value or the Fair Market Rental Value, as the case may be. If three appraisers shall have been appointed as hereinabove set forth, the values determined by the three appraisers shall be averaged, the determination which shall differ most from such average shall be disregarded, the remaining two determinations shall be averaged, and such average shall be final and

binding as the Fair Market Value or the Fair Market Rental Value, as the case may be. Lessee and Lessor shall equally bear all expenses of such appraisers, provided that if three appraisers are chosen, Lessor and Lessee shall each bear all expenses of its chosen appraiser, and further provided that if the appraisal is requested in connection with the exercise of the remedies described in this Section 19 or in connection with a rescinded notice to purchase or renew given pursuant to Section 6 hereof, all expenses of such appraisers shall be borne by Lessee.

20. Indemnity:

(a) Lessee agrees to indemnify and hold harmless from, and defend Lessor against, any and all claims, demands and liabilities, including reasonable out-of-pocket attorneys' fees, of whatsoever nature (together with any increase to Lessor in federal, state or local income taxes as a result of the inclusion in Lessor's income of any amounts required to be paid by Lessee under this Section 20) relating to or in any way arising out of this Lease or the possession, use, delivery, operation, control or disposition of any Unit, including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee, any claim or demand based upon any infringement of any patent, copyright or other similar right, any claim arising under the strict liability doctrine in tort and any claim arising by reason of the existence, at the time Lessor takes possession of a Unit pursuant to Section 17 hereof, of any lien or right of others against such Unit, except such liens or rights as are described in clause (b) of Section 15 hereof. Lessor will make available to Lessee all of Lessor's rights under any similar indemnification from any seller or manufacturer of the Leased Equipment. The indemnities contained herein shall survive the expiration or other termination of this Lease.

(b) To the extent that Lessee in fact indemnifies Lessor under the indemnity provisions of this Lease, Lessee shall be subrogated to Lessor's rights in the affected transaction and shall have the right to control litigation related to the transaction and to determine the settlement of claims therein. The indemnities and assumptions of liabilities of Lessee under this Lease are not intended as, and do not constitute, a guarantee of the residual value of any Unit or the payment of principal of, or interest on, any debt owing by Lessor.

(c) If requested by Lessee and upon receipt of notice from Lessee stating that, in its opinion, reasonable grounds exist to take the action requested by Lessee, Lessor shall in good faith contest, at Lessee's expense, the validity, applicability or amount of any claim made against Lessor for which Lessee is liable hereunder. If any such claim is made against Lessor, it shall, upon its receipt of written notice of such claim, give prompt written notice thereof to Lessee. No failure

so to notify Lessee shall discharge, diminish or relieve Lessee from any indemnification obligation set forth in this Section 20, and no payment by Lessee to Lessor pursuant to this Section 20 shall be deemed to constitute a waiver or release of any right or remedy which Lessee may have against Lessor as a result of any failure by Lessor to give Lessee notice of such claim in the manner provided in the preceding sentence; provided Lessee shall have no such right or remedy unless such failure of Lessor to give notice of such claim was the sole cause of Lessee's inability to contest such claim.

(d) The indemnity in this Section 20 with regard to any particular Unit and to Lessor shall not extend to any expense which (i) directly results from the breach by Lessor of any of its representations, warranties or covenants in this Lease or the wilful misconduct or gross negligence of Lessor or its successors, permitted assigns, servants, agents or employees, (ii) so long as no Event of Default shall have occurred and be continuing, to the extent such expense (1) results from any sale, transfer or other disposition of the interest of Lessor in such Unit, (2) is attributable to acts or events not attributable to Lessee under the Lease which occur after such Unit is no longer leased under the Lease and is no longer in possession of Lessee (provided that such indemnified expense does not relate to acts or events arising or occurring prior to or coincident with such time) or (3) results from a lien arising as a result of a claim for which Lessor is not indemnified hereunder or (iii) is to be borne by Lessor, or is not to be borne by the Lessee, pursuant to the express provisions of this Lease, or (iv) is attributable to the transactional costs of Lessor incurred in consummating this transaction.

21. Assignment:

(a) This Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

(b) Except as provided in this Section 21, Lessor shall have no right or power to assign any of its right, title or interest in and to this Lease or the Leased Equipment or the Rents and the sums due or to become due to Lessor hereunder. Lessor shall be permitted to assign all or any portion of its rights hereunder (i) with the consent of Lessee (which consent shall not be unreasonably withheld), (ii) to any bank, savings institution or trust company having a combined capital and surplus of at least \$50,000,000, (iii) with the consent of Lessee (which consent shall not be unreasonably withheld) to any leasing company or any finance company having a net worth of at least \$50,000,000, or (iv) in connection with a recourse borrowing by Lessor secured in whole or in part by the Leased Equipment; provided, however, that any such assignment shall be subject to the condition that such assignment will not violate any provision

of, or create a relationship which would be in violation of, the Securities Act of 1933, as amended, the Employee Retirement Income Security Act of 1974, as amended, or of any other applicable provision of law.

(c) Any assignment by Lessor pursuant to Section 21(b) of this Lease shall not be effective unless the assignee has given notice of such assignment to Lessee in a writing mailed by certified mail direct from such assignee to Lessee. Such notice by the assignee shall be delivered to Lessee within sixty (60) days of the effective date of the assignment, shall contain the following information and shall be signed by an officer of the assignee who shall acknowledge same under oath before a notary public or other public official authorized to administer oaths in the jurisdiction wherein such oath is taken:

(i) Full legal name of the assignee;

(ii) Address for notices to the assignee;

(iii) Description of assignment (without reference to details of the consideration for same), including a description of the type and percentage of interest acquired (e.g., security interest or ownership interest) by the assignee;

(iv) Statement by the assignee that it has received, reviewed and understands the terms of this Lease and each other document delivered pursuant hereto, together with a full description of which of such documents it is referring to, and that it has acquired its rights subject to the terms thereof and subject to the rights of Lessee thereunder; and

(v) Instructions to Lessee concerning the place and party to which Lessee's payments which are attributable to the assignee's interests shall be made. No such instructions shall be effective until a writing in compliance with Section 21(d) hereof is received by Lessee.

(d) Any assignment by Lessor pursuant to Section 21(b) of this Lease shall not be effective unless Lessor has given notice of such assignment to Lessee in a writing mailed to Lessee direct from Lessor. Such notice shall be delivered to Lessee within sixty (60) days of the effective date of the assignment, shall contain the following information and shall be signed by an authorized representative of Lessor who shall acknowledge same under oath before a notary public or other public official authorized to administer oaths in the jurisdiction wherein such oath is taken:

(i) Full legal name of the assignee;

(ii) Address for notice to the assignee;

(iii) Description of assignment (without reference to details of the consideration for same), including a description of the type and percentage of interest acquired (e.g., security interest or ownership interest) by the assignee;

(iv) Statement by Lessor that such transaction does not in any way limit or modify Lessor's obligations hereunder, and that same shall continue in full force and effect; and

(v) Express authorization for, and details regarding, any change in the manner for payment of Lessee's obligations under this Lease.

(e) In the event of an assignment by Lessor pursuant to Section 21(b) of this Lease of all of its rights hereunder, together with an assumption by the assignee (which assumption shall be in form and substance reasonably satisfactory to Lessee) of the obligation to perform all of the duties, covenants and conditions required to be performed by Lessor hereunder, Lessor's assignee shall be deemed the "Lessor" for all purposes hereof and each reference herein to Lessor shall thereafter be deemed to include a reference to such assignee. In the event of an assignment by Lessor pursuant to Section 21(b) of this Lease of any or all of its rights hereunder as security for the repayment of indebtedness, Lessor's assignee shall not (until such time, if any, as such assignee shall have foreclosed on the interest assigned and then only with respect to obligations arising after the date of such foreclosure and relating to the portion of the rights of Lessor so assigned) be obligated to perform any duty, covenant or condition required to be performed by Lessor hereunder other than the obligation of Lessor under Section 23 hereof. In the event of an assignment by Lessor pursuant to Section 21(b) of this Lease of a portion of its rights hereunder (other than an assignment of the type described in the immediately preceding sentence), Lessor's assignee shall be obligated to perform, with respect to the interest assigned, all of the duties, covenants or conditions required to be performed by Lessor hereunder, and no such assignment shall have the effect of releasing Lessor from its obligation to perform such duties, covenants or conditions. In the case of conflict between Lessor and its assignee as to any assignment pursuant to Section 21(b) of this Lease, Lessee shall have the right of interpleader.

(f) No assignment of, or granting of a security interest in, Lessor's rights under this Lease shall operate to increase the obligations of Lessee hereunder and, in particular, shall not cause Lessee to be liable for any amount of loss suffered by Lessor or any assignee of Lessor as a result of adverse income tax consequences attributable to such assignment or grant of a security interest, except for assignments made after and as a consequence of an Event of Default by Lessee.

22. Waivers:

Lessor's failure at any time to require strict performance by Lessee of any of the provisions hereof shall not waive or diminish Lessor's right thereafter to demand strict compliance therewith or with any other provision. Waiver of any default shall not waive any other default. Failure by Lessor to collect the rent reserved herein or any other sums as and when the same fall due, or to exercise its right to take possession of the Leased Equipment as herein provided, shall not waive or in any way affect Lessor's rights under this Lease or extend the time for making said payments. None of the conditions or provisions of this Lease shall be held to have been waived by any act or knowledge of Lessor, its agents or employees, but only by an instrument in writing signed by an officer of Lessor and delivered to Lessee.

23. Quiet Enjoyment:

Lessor covenants that Lessee and its permitted successors and assigns, so long as no Event of Default has occurred and is continuing hereunder, may and shall peaceably and quietly have, hold, possess, use and enjoy the Leased Equipment as provided in this Lease without suit, molestation or interruption by Lessor or by reason of Lessor's acts.

24. Federal Income Tax Indemnity:

(a) In entering into this Lease and the transactions contemplated thereby, it is the intention of Lessor that such transactions will result in making available to Lessor the following tax benefit (the "Tax Benefits") for the purpose of determining its liability for income taxes imposed by the United States:

(i) Lessor will be considered the lessor under this Lease and owner of each Unit, and Lessee is and will be the lessee for all purposes under this Lease.

(ii) Lessor will have a basis in each Unit under Section 1012 of the Internal Revenue Code of 1986, as amended (the "Code"), and related sections equal to the Lessor's Cost of such Unit.

(iii) Lessor, in computing its taxable income, is entitled to accelerated cost recovery deductions under the Accelerated Cost Recovery System ("Recovery Deductions") as provided in Section 168(e)(3)(C) of the Code with respect to each Unit.

(b) (i) Lessee agrees that neither it nor any corporation or other entity controlled by it, in control of it, or under common control with it, directly or indirectly, will at any

time during the term of the Lease or any extended term hereof take any action or fail to take any action or file or fail to file any returns, certificates or other documents where any such action, failure to act, filing or failure to file would be inconsistent with the foregoing Tax Benefits or which would increase the amount of rentals with respect to any Unit required to be taken into income by Lessor over the amounts specified to be payable under this Lease on the dates due hereunder with respect to such Unit and that Lessee will file such returns, take such action, execute such documents and keep and make available for inspection and copying by Lessor such records (other than Lessee's or its direct or indirect parent's corporate income tax returns), or cause the same to be accomplished, all as may be reasonable and necessary to facilitate accomplishment of the foregoing.

(ii) If Lessor shall lose, shall not have the right to claim, shall suffer a disallowance of or shall be required to recapture all or any portion of the Tax Benefits for purposes of income taxes imposed by the United States with respect to any Unit as a direct result of the occurrence of any one or more of the following: (x) the breach by Lessee of any of its agreements set forth in subsection (b)(i) of this Section 24, or (y) any act or failure to act by Lessee or the Guarantor, including, without limitation, the use of any Unit by Lessee in a manner inconsistent with Lessor's claim to any of the Tax Benefits, then in any such case Lessee shall pay to Lessor on each of the Rental Payment Dates for such Unit commencing with the first such Rental Payment Date following the date on which the liability of Lessee hereunder shall become fixed as hereinafter provided in subsection (b)(v) of this Section 24, such sums which, after deduction of all taxes required to be paid by Lessor as a result of its receipt of such sums and after taking into effect any present or future tax benefits (such as offsets resulting from any additional deductions or credits due to increased tax liabilities to any taxing authorities) and when taken together with the portion of the Basic Rent due on such dates under the Lease, will maintain the Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by Lessor in originally evaluating this transaction) in respect of such Unit hereunder and under this Lease at the same level that would have been available if the Lessor had been entitled to utilization of all of the Tax Benefits for purposes of income taxes imposed under the laws of the United States. In the event that this Lease is terminated with respect to any Unit prior to the time Lessee is obligated to make payments to Lessor as set forth in the preceding sentence (for example because no such payment obligation had become fixed under such sentence prior to such termination or because the due date of such payment or payments shall occur following such termination), then Lessee shall pay to Lessor, in lieu of such payment or payments, on or before thirty (30) days after the liability of Lessee hereunder in respect of

such termination shall become fixed, such lump sum calculated in the same manner as provided in the prior sentence as shall be necessary to maintain Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by Lessor in originally evaluating this transaction) in respect of such Unit hereunder and under this Lease at the same level that would have been available if Lessor had been entitled to utilization of all the Tax Benefits for purposes of income taxes imposed under the laws of the United States.

(iii) The Casualty Loss Values and the Termination Values computed as set forth in this Lease are intended to maintain Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by Lessor in originally evaluating this transaction) in respect of any Unit through the date of payment of the Casualty Loss Value or the Termination Value with respect to such Unit and, therefore, include an amount intended to make up for any recapture of the Recovery Deductions incident to an event requiring payment of the applicable Casualty Loss Value or Termination Value. Accordingly, in the event that Lessee becomes obligated pursuant to subsection (b)(ii) of this Section 24 to make a payment or payments to Lessor with respect to such Unit, said Casualty Loss Values and Termination Values for such Unit shall be revised as may be necessary so that, in all events, the combination of such payment or payments and the revised Casualty Loss Values or Termination Values for such Unit shall maintain Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by Lessor in originally evaluating this transaction) in respect of such Unit at the level that would have been available to Lessor if the loss of Tax Benefits which required such payment or payments had not occurred. The revised Termination Values and Casualty Loss Values shall be applied to any payment thereof made after the liability of Lessee hereunder shall become fixed as hereinafter provided in subsection (b)(v) of this Section 24 regardless of the date of the termination of this Lease or the Casualty Occurrence. Furthermore, with respect to any previous payment of any Termination Value or any Casualty Loss Value, Lessee shall pay promptly to Lessor in a lump sum the additional amount, in excess of such Termination Value or such Casualty Loss Value actually paid, that would have been payable had the liability of Lessee hereunder become fixed prior to the date of the original payment, and the Termination Values and the Casualty Loss Values had, accordingly, been revised as above provided.

(iv) Anything in subsection (b)(ii) of this Section 24 to the contrary notwithstanding, Lessee shall not be required to make to Lessor any payment provided for herein if Lessor shall have lost, or shall not have the right to claim, or shall have suffered a disallowance of, or shall have been required to recapture all or any portion of the Tax Benefits with respect to any Unit as a direct result of the occurrence of any one or more of the following:

(A) a Casualty Occurrence with respect to such Unit, if Lessor shall have been paid the applicable Casualty Loss Value;

(B) the termination of the Lease with respect to such Unit pursuant to Section 4(b) of the Lease, if Lessor shall have been paid the applicable Termination Value;

(C) transfer, assignment or other disposition by Lessor of any interest in any Unit or this Lease (except any such disposition occasioned by Lessee's default);

(D) the failure of Lessor timely or properly to claim all or any portion of the Tax Benefits in its federal income tax return for the appropriate year;

(E) the failure of Lessor to have sufficient taxable income to benefit from the Recovery Deductions;

(F) the failure of Lessor promptly to notify Lessee of a claim against Lessor by the Internal Revenue Service, of which Lessor has received notice from the Internal Revenue Service, that Lessor is not entitled to all or any portion of the Tax Benefits in sufficient time to permit Lessee to request Lessor to contest such claim;

(G) Lessor not being engaged in a trade or business or holding depreciable property for the production of income, to the degree required by Section 168 of the Code or the regulations issued thereunder, for any portion of Lessor's taxable year within which the Delivery Date of a Unit occurs;

(H) any act or failure to act by any assignee of all or any part of Lessor's interest in the Leased Equipment or this Lease;

(I) the failure of Lessor to comply with the provisions of subsection (b)(v) of this Section 24;

(J) there is included into Lessor's income for purposes of income taxes imposed under the laws of the United States any amount allocable to Lessee financed additions, improvements or modifications which are made after Lessee's request that Lessor purchase and lease such additions, improvements or modifications pursuant to the terms and conditions Section 2(b) of this Lease and such additions, improvements or modifications are not so purchased and leased because Lessor defaults in its obligations thereunder;

(K) any change in the tax law (including, without limitation, any change in or modification of the Code or any applicable regulations promulgated thereunder) enacted or effective on or after the Delivery Date of the Unit.

(v) Lessor agrees to notify Lessee of any claim against Lessor by the Internal Revenue Service that Lessor is not entitled to all or any portion of the Tax Benefits. Lessor agrees that if, in the opinion of independent tax counsel selected by Lessee and reasonably acceptable to Lessor (herein referred to as "Independent Tax Counsel"), there is a reasonable basis to contest any above-mentioned claim by the Internal Revenue Service that Lessor is not entitled to all or any portion of the Tax Benefits with respect to any Unit and in respect of which claim Lessee would otherwise be required to make payments to Lessor pursuant hereto, Lessor shall, upon request and at the expense of Lessee, contest such claim in such administrative proceeding or forum as Lessor, in its sole judgment, shall select. Lessor may, at its option, contest such claim prior to making payment of any tax, interest and penalty attributable to the disallowance or recapture with respect to all or any portion of the Tax Benefits (the "Tax Payment") or may make the Tax Payment and then sue for a refund. During the course of any such contest, Lessee shall have the right to participate in the conduct thereof, at Lessee's expense, to the extent that such participation by the Lessee does not materially interfere with Lessor's control of such contest. Lessor agrees that it will not settle or otherwise compromise a contested claim for which Lessee would be required to make an indemnity payment pursuant to the provisions of this Section without Lessee's prior written consent.

If Lessor contests such claim prior to making the Tax Payment and if the Final Determination (as hereinafter defined) shall be adverse to Lessor, the sums payable under subsection (b)(ii) of this Section 24 shall commence and be payable by Lessee on the first Rental Payment Date after such Final Determination (or if this Lease has been terminated, within thirty (30) days after such Final Determination).

If Lessor elects to make the Tax Payment prior to contesting such claim and then sue for a refund, the Lessor shall notify Lessee and Lessee, promptly following written notice of such Tax Payment, shall pay to Lessor as an interest-free loan an amount equal to the Tax Payment. If the Final Determination shall be in whole or in part in favor of Lessor, Lessor shall pay to Lessee the amount of the Tax Payment refunded to Lessor as a result of such Final Determination and any interest paid to Lessor by the government on such refund, promptly upon receipt thereof.

"Final Determination," for the purposes of this subsection, means a final decision by the Internal Revenue Service (after exhaustion of all administrative procedures) or a court of competent jurisdiction, in either case after all allowable appeals or other actions requested by Lessee in accordance with this Section have been exhausted or taken by either party to the action.

(c) For purposes of this Section 24, the term Lessor shall include any affiliated group, within the meaning of Section 1504 of the Code, of which Lessor presently or hereafter is a member if consolidated returns are filed for such affiliated group for federal income tax purposes.

(d) The obligations and liabilities of Lessee arising under this Section 24 shall continue in full force and effect, notwithstanding the expiration of this Lease, until all such obligations have been met and such liabilities have been paid in full.

25. General:

This Lease shall be governed by the laws of the State of Illinois and constitutes the entire lease agreement between the parties. No other agreement, oral or written, express or implied, has been made between the parties. If any provision of this Lease or the application thereof to any party or circumstances is held invalid or unenforceable, the remainder of this Lease and the application of such provision to other parties or circumstances shall not be affected thereby, and to this end the provisions of this Lease are declared severable. Notwithstanding any provision hereof to the contrary, any payment required under this Lease which is due on a day which is not a business day may be paid, without any interest charge for such delay, on the next day which is a business day.

26. Miscellaneous:

(a) 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.

(b) This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for Lessor and Lessee.

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

(d) This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to Lessor 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.

(e) Lessee shall pay (i) the costs of producing and reproducing any amendments or supplements to this Lease or the Guarantee requested by Lessee and the reasonable out-of-pocket fees and disbursements of Lessor's counsel in connection therewith, and (ii) the fees and disbursements of its counsel. Lessor shall pay (i) the costs of filing, recording and giving public notice or publication as to such filing and recording of this Lease, the Guarantee and any amendments or supplements hereto or thereto with the Interstate Commerce Commission, (ii) the lease broker fee of D'Accord Financial Services, Inc. and (iii) the fees and disbursements of its counsel, except as otherwise expressly provided herein.

(f) All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

IN WITNESS WHEREOF, the parties have duly executed this Lease as of the day first above written.

Lessor

PULLMAN LEASING COMPANY,
a division of SIGNAL CAPITAL CORPORATION

By Terence H. Hindkoff
Title: Vice President

Address:

Pullman Leasing Company
200 S. Michigan Avenue
Chicago, Illinois 60604
Attention: Vice President-Finance

Lessee

OCCIDENTAL CHEMICAL CORPORATION

[SEAL]

By [Signature]
Title: Vice President
and Treasurer

Attest: S.P. Paris

Address:

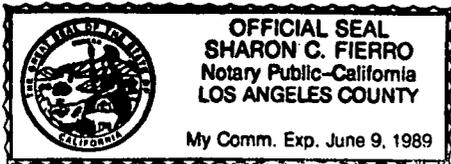
Occidental Chemical Corporation
360 Rainbow Boulevard South
Niagara Falls, New York 14303
Attention: Debt Compliance

Copy to:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Vice President and
Treasurer

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

On this 23rd day of December, 1987 before me personally appeared R. B. Casriel, to me personally known, who being by me duly sworn, says that he is V. P. & Treasurer of Occidental Chemical Corporation, that one of the seals affixed to the foregoing Equipment Lease Agreement 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.



Sharon C. Fierro
Notary Public

My Commission expires 6/9/89

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 28th day of December, 1987 before me personally appeared Terrence Heidkamp to me being personally known, who by me duly sworn, says that he is Vice President of Pulman Leasing Company, a division of Signal Capital 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 instruments was the free act and deed of said corporation.

Luis P. Hernandez
Notary Public

My Commission expires

June 20, 1990.

"Certificate of Delivery and Acceptance" shall mean each of the Certificates of Delivery and Acceptance, substantially in the form of Exhibit A annexed hereto and covering the Unit or Units listed therein, executed by Lessee and its counsel and acknowledged by Lessor, which shall conclusively evidence the delivery and leasing to, and the acceptance by, Lessee of such Unit or Units.

"Default Interest Rate" shall mean, to the extent legally enforceable, the greater of (i) 12% per annum or (ii) 2% over the per annum rate of interest publicly announced from time to time by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as its prime rate of interest.

"Delivery Date" for any Unit shall mean the date such Unit is delivered to, and accepted by, Lessee; provided, however, in no event shall any Delivery Date for any Unit occur after December 31, 1987.

"Disclosure Documents" shall mean (i) Guarantor's annual report on Form 10-K for the period ended December 31, 1986 and its quarterly reports on Form 10-Q for the periods ended March 31, 1987, June 30, 1987 and September 30, 1987, as filed with the Securities and Exchange Commission and (ii) other written disclosures provided by Guarantor to Lessor on or prior to the date of the execution of this Lease by Lessee.

"Discount Rate" shall mean 6% per annum.

"Event of Default" shall mean any of the events referred to in Section 18 of this Lease.

"Expiration Date" shall mean January 15, 2000.

"Fair Market Rental Value" shall mean an amount equal to the rental of any Unit which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession or a used equipment dealer) and an informed and willing lessor under no compulsion to lease. For purposes of Section 6(c) hereof, Fair Market Rental Value shall be determined on an "as is" basis. Costs of removal from the location of current use shall not be a deduction from such value.

"Fair Market Value" shall mean an amount equal to the value of any Unit which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a buyer currently in possession or a used equipment dealer) and an informed and willing seller under no compulsion to sell. For purposes of Section 6(b) hereof, Fair Market Value shall be determined on an "as is" basis. Costs of removal from the location of current use shall not be a deduction from such value.

"Guarantee" shall mean that certain Guarantee dated as of the date hereof from Guarantor to Lessor.

"Guarantor" shall mean Occidental Petroleum Corporation, a Delaware corporation.

"Lease", "herein", "hereunder" or other like words, unless the context otherwise requires, shall mean and include this Equipment Lease Agreement and each amendment hereto from time to time entered into.

"Leased Equipment" shall mean collectively all Units subject to this Lease at any given time.

"Lessor's Cost" for any Unit or any item of equipment covered by Section 2(b) hereof shall mean the actual cost thereof to Lessor, including assembly and inspection costs, freight charges, other charges, if any, payable by Lessor and any applicable state and local sales and use taxes. Lessor's Cost with respect to the Leased Equipment shall be the sum of the amounts of Lessor's Cost with respect to all the Units and all items of equipment covered by Section 2(b) hereof, provided that Lessor's Cost with respect to the Leased Equipment exclusive of the items of equipment covered by Section 2(b) hereof shall not exceed \$5,500,000 in the aggregate or \$52,000 per Unit.

"Permitted Liens" shall mean those liens and encumbrances on the Leased Equipment permitted by the provisions of Section 15 hereof.

"Rent" shall mean Basic Rent and Supplemental Rent, collectively.

"Rental Payment Date" for any Unit shall mean July 15, 1988 and each July 15 and January 15 during the period commencing with January 15, 1989, and ending January 15, 2000, inclusive.

"Supplemental Rent" shall mean the amounts payable pursuant to Section 5(b) hereof.

"Termination Date" for any Unit shall mean January 15, 1993 and every January 15 thereafter during the term hereof (including any renewal term).

"Termination Value" on the Termination Date for any Unit (and any additions, improvements or modifications thereof pursuant to Section 2(b) hereof) shall mean an amount equal to the sum of the Casualty Loss Value, Rent and any other amounts payable hereunder which would have been payable on such Termination Date if the Unit sustained a Casualty Occurrence during the six month period preceding such Termination Date and the applicable

Casualty Loss Value was to be paid by Lessee on such Termination Date.

"Unit" shall mean, unless the context otherwise requires, an item of the Leased Equipment described in Schedule B annexed hereto, together with any item of equipment relating thereto covered by Section 2(b) hereof.

SCHEDULE B TO
EQUIPMENT LEASE
AGREEMENT

DESCRIPTION OF LEASED EQUIPMENT

PVC COVERED HOPPER CARS

Type: 100 Ton - 6150 cu. ft.
Covered quadruple hopper cars

Quantity: 105

Reporting Marks: OCPX 70201 through OCPX 70305

AAR Mechanical Designation: LO Hopper Car

Specifications: Compartments 4; Est. Light Weight
69,500 lbs., Gross Rail Load 263,000
lbs.; Length: overstrickers 65'7";
over truck centers 54'0"; Height:
extreme 15' 5 3/16"; Width: at
Bolster 10' 4 11/16"; at center 10'
2 5/8"; Truck wheel base 5'10";
number of roof hatches 10 at 20"
diameter; Outlets: 4-Youngstown
pneumatic; Couplers: AAR SBE60CE;
100 Ton Trucks; 6½ x 12 roller
bearings per AAR M101 Spec; Bolsters
AAR Spec. M-210 Grade B; 1½" Brake
shoes; Exterior paint: Epoxy
Urethane or 2 coat Alkyd; AAR and
DOT stenciling applied; and OWNED BY
PULLMAN LEASING COMPANY stencil
applied.

EXHIBIT A TO
EQUIPMENT LEASE
AGREEMENT

CERTIFICATE OF DELIVERY AND ACCEPTANCE

CERTIFICATE OF DELIVERY AND ACCEPTANCE NO. ____

OCCIDENTAL CHEMICAL CORPORATION (Lessee under that certain Equipment Lease Agreement ("Lease") dated as of November 1, 1987, between Lessee and Pullman Leasing Company, a division of Signal Capital Corporation ("Lessor")) hereby acknowledges and accepts delivery of the following equipment ("Equipment") under the Lease:

TYPE OF EQUIPMENT: 105 covered quadruple hopper cars

REPORTING MARKS: OCPX 70201 through OCPX 70305

MANUFACTURER: Trinity Industries, Inc.

LESSOR'S COST: \$5,259,535.11

Lessor hereby leases to Lessee, and Lessee hereby accepts and leases from Lessor, the Equipment pursuant to the Lease. Lessee warrants that the Equipment is in good order and in compliance with the requirements of the Lease and that no original use nor placing in service thereof has commenced prior to September 1, 1986. Lessor warrants that Lessor's initial basis in the Equipment for purposes of any depreciation shall at least equal Lessor's Cost of the Equipment and that Lessor has paid Lessor's Cost pursuant to Section 3 of the Lease on the date hereof.

OCCIDENTAL CHEMICAL CORPORATION

By _____
R. B. Casriel
Vice President and Treasurer

Dated: December __, 1987

ACKNOWLEDGEMENT

This Certificate of Delivery and Acceptance No. _____ is hereby acknowledged and agreed to this ___ day of December, 1987.

Lessor

Pullman Leasing Company
a division of
Signal Capital Corporation

By _____

Title _____

leg-15953

EXHIBIT B-1 TO
EQUIPMENT LEASE
AGREEMENT

OPINION OF LESSEE

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD, SUITE 1500

LOS ANGELES, CALIFORNIA 90024

(213) 208-8800

JOHN M. NANOS

COUNSEL

December __, 1987

Pullman Leasing Company,
a division of Signal Capital
Corporation
200 S. Michigan Avenue
Chicago, Illinois 60604

Re: Occidental Chemical Corporation
Equipment Lease Agreement dated
as of November 1, 1987

Gentlemen:

I am a Counsel of Occidental Petroleum Corporation, a Delaware corporation, and have acted as counsel to Occidental Chemical Corporation, a New York corporation (the "Lessee"), in connection with the negotiation, execution and delivery by the Lessee of the Equipment Lease Agreement, dated as of November 1, 1987 (the "Lease"), by and between Pullman Leasing Company, a division of Signal Capital Corporation, a Delaware corporation (the "Lessor"), and the Lessee. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Lease.

I am familiar with the corporate proceedings taken by the Lessee in connection with the negotiation and authorization of the Lease and the transactions contemplated thereby. In addition, I have made such inquiry of such officers and attorneys of the Lessee and examined such corporate records, certificates of officers of the Lessee and of public officials and such other documents and such questions of law and fact as I have considered necessary or appropriate to form the basis of the opinions hereinafter expressed.

Based upon, and subject to, the foregoing and the three final paragraphs hereof, I am of the opinion that:

1. The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the corporate power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby.

2. The Lease has been duly authorized, executed and delivered by the Lessee and is the legal, valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles regardless of whether considered in a proceeding in equity or at law. I express no opinion with respect to the availability of equitable remedies and, in addition, advise you that an Illinois court (or a Federal court applying Illinois law) may not strictly enforce certain terms of the Lease if it concludes that such enforcement would be unreasonable under the then existing circumstances or, with respect to indemnities, would be precluded by public policy.

3. No approval of any Federal or Illinois governmental authority is necessary for the execution, delivery and performance by the Lessee of the Lease or, to my knowledge, for the use and maintenance of the Leased Equipment.

4. Neither the execution, delivery or performance by the Lessee of the Lease, nor compliance with the terms and provisions thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provision of any Federal or Illinois law, governmental rule or regulation presently in effect having applicability to the Lessee or the Articles of Incorporation or By-laws of the Lessee, or any order, writ, injunction or decree of any court or governmental authority in each case known to me which is presently in effect having applicability to the Lessee or by which it or any of its properties is bound, or of any indenture or mortgage, or any contract or other agreement or instrument, in each case known to me, to which the Lessee is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder.

5. Except as disclosed in the Disclosure Documents, there are, to my knowledge after due inquiry, no suits or proceedings pending or threatened in any court or before any regulatory commission, board or other administrative governmental agency against the Lessee which are likely (to the extent not covered by insurance) to have a material adverse effect on its ability to fulfill its obligations under this Lease.

I am a member of the California, Georgia, Illinois and Ohio Bars and for purposes of this opinion do not hold myself out as an expert on, nor do I express any opinion as to, the laws of any jurisdiction other than the laws of the State of Illinois and the Federal laws of the United States.

In rendering the opinion set forth in numbered paragraph 2 above with respect to the Lease, I have assumed, with your approval, the due authorization, execution and delivery of the Lease on the part of the Lessor, and the legality, validity, binding

effect on and enforceability against the Lessor, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles regardless of whether considered in a proceeding in equity or at law. Additionally, in rendering the opinion expressed in numbered paragraph 2 above, I have assumed that the Lessor will exercise its rights under the Lease in a commercially reasonable manner.

With your approval, I have relied, as to certain matters of fact, on information obtained from public officials, officers of the Lessee and other sources believed by me to be responsible, and I have assumed that the signatures on all documents examined by me are genuine, that all documents submitted to me as originals are authentic and that all documents submitted to me as copies conform with the originals, which assumptions I have not independently verified.

Very truly yours,

SHK:gg
LEG-15933

EXHIBIT B-2 TO
EQUIPMENT LEASE
AGREEMENT

OPINION OF GUARANTOR

OCCEIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD, SUITE 1500

LOS ANGELES, CALIFORNIA 90024

(213) 208-8800

STANLEY H. KRANTZ
COUNSEL

December __, 1987

Pullman Leasing Company,
a division of Signal
Capital Corporation
200 S. Michigan Avenue
Chicago, Illinois 60604

Re: Occidental Petroleum
Corporation Guarantee
Dated as of November 1, 1987

Gentlemen:

I am a Counsel of Occidental Petroleum Corporation, a Delaware corporation (the "Guarantor"), and have acted as counsel to the Guarantor in connection with the negotiation, execution and delivery by the Guarantor of the Guarantee, dated as of November 1, 1987 (the "Guarantee"), executed by the Guarantor in favor of Pullman Leasing Company, a division of Signal Capital Corporation, a Delaware Corporation (the "Lessor"). Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Guarantee.

I am familiar with the corporate proceedings taken by the Guarantor in connection with the negotiation and authorization of the Guarantee and the transactions contemplated thereby. In addition, I have made such inquiry of such officers and attorneys of the Guarantor and its subsidiaries and examined such corporate records, certificates of officers of the Guarantor, of officers of the Guarantor's subsidiaries and of public officials, and such other documents and such questions of law and fact as I have considered necessary or appropriate to form the basis of the opinions hereinafter expressed.

Based upon, and subject to, the foregoing and the three final paragraphs hereof, I am of the opinion that:

1. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby.

2. The Guarantor has full corporate power and authority to execute, deliver and perform the Guarantee.

3. Neither the execution, delivery and performance by the Guarantor of the Guarantee, nor compliance with the terms and provisions thereof, contravenes or will contravene the Articles of Incorporation or the By-laws of the Guarantor, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any Federal or California law, governmental rule or regulation presently in effect having applicability to the Guarantor, or any order, writ, injunction or decree of any court or governmental authority (which is, individually or in the aggregate, material to the consolidated financial condition of Guarantor and its consolidated subsidiaries), in each case known to me, which is presently in effect having applicability to the Guarantor or by which it or any of its properties is bound, or of any indenture or mortgage, or any agreement or other instrument (which is, individually or in the aggregate, material to the consolidated financial condition of Guarantor and its consolidated subsidiaries), in each case known to me, to which the Guarantor is a party or by which its property may be bound, or constitutes or will constitute a default thereunder.

4. The Guarantee has been duly authorized, executed and delivered by the Guarantor and is the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles regardless of whether considered in a proceeding in equity or at law. I express no opinion with respect to the availability of equitable remedies and, in addition, advise you that a California court (or a Federal court applying California law) may not strictly enforce certain terms of the Guarantee if it concludes that such enforcement would be unreasonable under the then existing circumstances or, with respect to indemnities, would be precluded by public policy.

5. No approval of any Federal or California governmental authority is necessary for the execution, delivery or performance by the Guarantor of the Guarantee.

6. Except as disclosed in the Disclosure Documents (as defined in the Lease), there are, to my knowledge after due inquiry, no suits or proceedings pending or threatened in any court or before any regulatory commission, board or other administrative governmental agency against the Guarantor which are likely (to the extent not covered by insurance) to have a material adverse effect on its ability to fulfill the Obligations under the Guarantee.

I am a member of the California Bar and for purposes of this opinion do not hold myself out as an expert on, nor do I express any opinion as to, the laws of any jurisdiction other than the laws of the the State of California, the Federal laws of the United States and the General Corporation Law of the State of Delaware.

In rendering the opinion set forth in numbered paragraph 4 above with respect to the Guarantee, I have assumed, with your approval, the due authorization, execution and delivery of the Lease on the part of the Lessor and the legality, validity, binding effect on and enforceability against the Lessor of the Lease, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles regardless of whether considered in a proceeding in equity or at law. Additionally, in rendering the opinion expressed in numbered paragraph 4 above, I have assumed that the Lessor will exercise its rights under the Guarantee in a commercially reasonable manner.

With your approval, I have relied, as to certain matters of fact, on information obtained from public officials, officers of the Guarantor and its subsidiaries and other sources believed by me to be responsible, and I have assumed that the signatures on all documents examined by me are genuine, that all documents submitted to me as originals are authentic and that all documents as copies conform with the originals, which assumptions I have not independently verified.

Very truly yours,

SHK/vmh
Leg-15942