

AUG 30 1985 - 1 55 PM

Lease Addendum No. 1

INTERSTATE COMMERCE COMMISSION

In connection with that certain Equipment Lease Agreement dated as of August 28, 1985 ("Lease") between MDFC Equipment Leasing Corporation as Lessor ("Lessor") and ASARCO Incorporated ("Lessee") covering certain items of equipment ("Equipment") more fully described in the Individual Equipment Records ("IER") thereto, it is agreed that upon execution by the parties hereto, this Lease Addendum No. 1 shall constitute a part of said Lease.

Lessee is hereby granted an option, which option shall not be assignable, to agree to purchase AS-IS-WHERE-IS all, but not less than all, of the Equipment covered by the Lease, at the expiration of the original term of each of the IER's to the Lease, for 34% of Equipment Cost. If Lessee elects its option, pursuant to Lease Addendum No. 2, to renew the Lease Term then Lessee shall have the option, which option shall not be assignable, to agree to purchase AS-IS-WHERE-IS all, but not less than all of the Equipment covered by the Lease, at the expiration of the renewed lease Term for each of the IER's to the Lease, for the then Fair Market Value of the Equipment. The Fair Market Value shall be an amount mutually agreed upon by Lessor and Lessee. Lessee's reasonable estimate of Fair Market Value of the Equipment covered by the first expiring IER shall accompany the one hundred twenty (120) days' notice set forth above; and one hundred twenty (120) days prior to the expiration of each subsequently expiring IER, Lessee shall send its reasonable estimate of the Fair Market Value of the Equipment covered by each such IER. If Lessor and Lessee are unable to agree upon the amount of the Fair Market Value of the Equipment within sixty (60) days after Lessor's receipt of the estimate thereof, then the Fair Market Value shall be determined by an appraiser selected by mutual agreement. If Lessor and Lessee are not able to agree upon an appraiser, or if the Fair Market Value is not so determined within ninety (90) days' after Lessor's receipt of Lessee's notice of election or estimate, the Fair Market Value shall be determined by American Appraisal Company. The Fair Market Value as finally determined shall bear interest for the period, if any, from the date of expiration of the IER to the date of payment, at the Overdue Rate (as such term is defined in the Lease) and Lessee shall pay the cost of any appraisal should an appraisal be necessary.

The exercise of said option is conditioned upon the occurrence of the following conditions precedent: (a) Lessee shall have performed all of the terms and conditions of the Lease and of all other agreements between Lessor and Lessee, at the time and in the manner required therein and neither an Event of Default nor an event which with due notice and/or lapse of time would constitute an Event of Default shall have occurred and be continuing under the Lease or any other such agreement; (b) Lessor shall have received written notice of the election to exercise said option at least one hundred twenty (120) days prior to the date upon which the original term of the first IER under the Lease expires; and (c) Lessee shall have paid to Lessor 34 % of Equipment Cost for the Equipment contained in the first IER, together with all taxes or other charges on or measured by such purchase price.

By Lessee's purchase of the Equipment covered by the first IER entered into pursuant to the Lease, Lessee agrees that it shall thereafter purchase, upon the terms and conditions set forth herein, the remainder of the Equipment covered by the Lease.

Unless Lessee has purchased the Equipment as set forth above, all the Equipment then leased shall be returned pursuant to Section 15 of the Lease.

MDFC EQUIPMENT LEASING CORPORATION

By: Daniel O Anderson

Its: VICE PRESIDENT

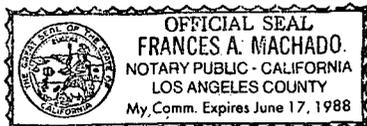
ASARCO INCORPORATED

By: S. P. McCandless

Its: S. P. McCandless
Vice President & Treasurer

On this the 28th day of August 1985, before me, Frances A. Machado, the undersigned Notary Public, personally appeared Daniel O. Anderson, personally known to me to be the person who executed the within instrument as Vice President on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

(Notary Seal)



Frances A. Machado
Notary Signature

On this the 28th day of August 1985, before me, Meaghan C. Rock, the undersigned Notary Public, personally appeared Stephen P. McCandless, personally known to me to be the person who executed the within instrument as Vice President and Treasurer on behalf of ASARCO Incorporated, and acknowledged to me that the corporation executed it.

(Notary Seal)

MEAGHAN C. ROCK
Notary Public, State of New York
No. 36-4818487
Qualified in Orange County
Certified in New York County
Commission Expires March 30, 1986

Meaghan C. Rock
Notary Signature