

ORIGINAL

DEC 31 1980 -9 05 AM

OCcidental PETROLEUM CORPORATION
10889 WILSHIRE BOULEVARD, SUITE 1500
LOS ANGELES, CALIFORNIA 90024

No. D-366A012
DEC 31 1980

Date _____
Fee \$ 250.00

ICC Washington, D. C.

RECORDATION NO. 12693 Filed 1425

DEC 31 1980 -9 05 AM
INTERSTATE COMMERCE COMMISSION

12693 A
879-1700-477-0066
RECORDATION NO. _____ Filed 1425

DEC 31 1980 -9 05 AM

December 30, 1980

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate Commerce Commission
Washington, D.C.

12693-A
RECORDATION NO. _____ Filed 1425
DEC 31 1980 -9 05 AM
INTERSTATE COMMERCE COMMISSION

Dear Mr. Secretary:

Accompanying this letter and presented to you for recordation pursuant to the Interstate Commerce Act, 11 U.S.C. §11303, are the following documents prepared and executed in connection with the leveraged lease of 196 liquid sulfur tank cars.

1. TRUST INDENTURE AND SECURITY AGREEMENT, dated as of December 1, 1980 and by and between:

Owner Trustee:

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84125

Loan Trustee:

First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84125
as Loan Trustee

2. EQUIPMENT LEASE AGREEMENT, dated as of December 1, 1980, and by and between:

Lessee:

Occidental Barging Corporation
10889 Wilshire Boulevard, Suite 1500
Los Angeles, California 90024

Lessor:

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84125

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RECORDATION NO. _____ Filed 1425

DEC 31 1980 -9 05 AM
INTERSTATE COMMERCE COMMISSION

Carlyle C. R. J. Jr.

BRANCH
DOCKET FILES

DEC 31 8 52 AM '80

3. GUARANTEE, dated as of December 1, 1980, by:

Guarantor:

Occidental Petroleum Corporation
10889 Wilshire Boulevard, Suite 1500
Los Angeles, California 90024

4. TRUST AGREEMENT, dated as of December 1, 1980, by and between:

Trustor:

Ingersoll-Rand Financial Corporation
80 Century Road
Paramus, N.J. 07652

Trustee:

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84125

5. PURCHASE AGREEMENT ASSIGNMENT, dated as of December 1, 1980, by and between:

Assignor:

HCCM, Inc.
dba Hooker Chemical Company
10889 Wilshire Boulevard, Suite 1500
Los Angeles, California 90024

Assignee:

First Security State Bank
79 South Main Street
Salt Lake City, Utah 84125

Lessee:

Occidental Barging Corporation
10889 Wilshire Boulevard, Suite 1500
Los Angeles, California 90024

Manufacturer:

Richmond Tank Car Company
1700 West Loop South
Houston, Texas 77027

Page Three

This leveraged lease involves 196, 13500 gallon liquid sulfur tank cars, manufactured by Richmond Tank Car Company of Houston, Texas. The cars have an A.A.R. mechanical designation of 111A100W1 and will bear the identification marks "OCCX 2001" to "OCCX 2196" consecutively. Each tank car is manufactured according to the specification sheet attached hereto as Exhibit A.

This equipment is new and unused, and to my knowledge, there is no previously recorded security instrument respecting such equipment.

Please return the original copy of each document to:

Thelen, Marrin, Johnson & Bridges
Two Embarcadero Center
San Francisco, California 94111

Attention: Daniel Bedford, Esq.

Very truly yours,

OCCIDENTAL PETROLEUM CORPORATION

By



Ronald B. Casriel
Vice President and Treasurer

cc: Daniel Bedford, Esq.

DESCRIPTION OF EQUIPMENT

Type: 13500 gallon nominal capacity Liquid Sulfur Tank cars, manufactured by Richmond Tank Car Company

A.A.R. Mechanical Designation: D.O.T. 111A100W1

Builder's Specifications: 100 ton, exterior coils, est. lt. wt. 63,600 lbs., 6" - 3/4# Density Fiberglass insulation, 3/16" F & D Heads, 11 Ga. steel welded shell, Length over strikers - 41'4", Truck centers 30'4", OAL-37'-7", AAR M-901-E Draft Gear, Truck mounted W/ABD airbrakes, Vertical handwheels, 52600-HT Couplers, Y-40A-HT Yokes, 100-ton Barber Trucks, 5'-10" wheel-base with 3 11/16" Spring Travel, 6 1/2" x 12" Roller type bearings, steel H-36 Class "U" wheels, unlined, 4" Carbon steel steam jacketed ball valve bottom outlet.

Quantity: 196

Reporting Marks: OCCX 2001-2196

Interstate Commerce Commission

Washington, D.C. 20423

12/31/80

OFFICE OF THE SECRETARY

Ronald B. Casriel

Occidental Petroleum Corp.

10889 Wilshire Boulevard, Suite 1500

Los Angeles, Calif. 90024

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/31/80** at **9:05am**, and assigned re-
recording number(s).

12693

12693-A

12693-B

12693-C

12693-D

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

LAW OFFICES OF
KALER, WORSLEY, DANIEL & HOLLMAN

710 RING BUILDING
1200 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE (202) 331-9100

January 5, 1981

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EMORY T. NUNNELEY
W. WALLACE KIRKPATRICK
COUNSEL

CABLE: KAWOR

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JOHN D. ELLSWORTH

ROY B. BIRNBAUM
THOMAS A. EHRGOOD, JR.
ANN L. RASENBERGER
ROBERT L. ASH

RECORDATION NO. Filed 1428
JAN 12 1981 - 2 42 PM

INTERSTATE COMMERCE COMMISSION

Mildred Lee
Recordation Unit
Room 2303
Interstate Commerce Commission
Washington, D.C.

Re: Recordation No. 12693 - filed December 31, 1980

Dear Ms. Lee:

Confirming our telephone conversation, the copy that you retained for the Interstate Commerce Commission records has xerox copies of the executed and acknowledgement pages. I had intended that copy to be for my files. In the event you need counterpart documents in the Interstate Commerce Commission files which have an original execution and an original acknowledgement, please let me know and I will provide you with a counterpart copy which I have here at our office.

I understand from our conversation that you do not need them, but if my understanding is an error, please give me a call.

Sincerely,

Carlyle C. Ring, Jr.

Carlyle C. Ring, Jr.

CCR/kak

12693-A
RECORDATION NO. _____ Filed 1425

COUNTERPART

DEC 31 1980 -9 05 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of December 1, 1980

Between

OCCIDENTAL BARGING CORPORATION

Lessee

and

FIRST SECURITY STATE BANK
as Trustee of Occidental
Barging Corporation Trust
No. F-318L

Lessor

not in its individual capacity,
but solely as Trustee under a
Trust Agreement dated as of
December 1, 1980, with Ingersoll-
Rand Financial Corporation

[Note: This Equipment Lease Agreement has been assigned as security for the performance of certain obligations as provided in Section 21 hereof. This Equipment Lease Agreement has been executed in eleven (11) counterparts of which this is counterpart number 10. See Section 24 hereof for information concerning the distinction between various counterparts hereof.]

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303, on December __, 1980 at _____, recordation number _____.

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EQUIPMENT LEASE AGREEMENT

This EQUIPMENT LEASE AGREEMENT dated as of the 1st day of December, 1980, by and between FIRST SECURITY STATE BANK, a Utah banking corporation ("Lessor"), not in its individual capacity but solely as Trustee under that certain Trust Agreement dated as of the date hereof (the "Trust Agreement") with INGERSOLL-RAND FINANCIAL CORPORATION, a Delaware corporation ("Trustor"), and OCCIDENTAL BARGING CORPORATION, a California 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 shall be equally applicable to both the singular and the plural forms of the terms therein defined.

2. Lease of 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.

3. Purchase, Delivery and Acceptance:

(a) Purchase. Subject to the conditions in paragraph (c) below, Lessor agrees to purchase each Unit on its Delivery Date by paying on such Delivery Date (i) the Seller thereof the unpaid portion of the purchase price thereof and/or (ii) Lessee the amounts paid or incurred by it, as agent for Lessor, for the purchase, delivery, assembly, erection and installation of such Unit.

(b) Delivery and Acceptance. After the delivery of each Unit, and prior to the time that such Unit is capable of being used for its originally intended and assigned function, Lessee agrees to accept delivery of such Unit from the manufacturer or Seller thereof on behalf of Lessor and accept such Unit hereunder, whereupon Lessee agrees that such Unit shall be covered by this Lease. The aforesaid delivery and acceptance shall be conclusively evidenced by the execution and delivery by Lessee to Lessor of a Certificate of Delivery and Acceptance covering such Unit, which

*/ THIS EQUIPMENT LEASE AGREEMENT HAS BEEN ASSIGNED AS SECURITY FOR THE PERFORMANCE OF CERTAIN OBLIGATIONS AS PROVIDED IN SECTION 21 HEREOF.

Certificate shall be acknowledged by Lessor. Lessee shall give Lessor at least three (3) business days' prior written or telephonic (confirmed in writing) notice of the Delivery Date of any Unit and Lessor's Cost of such Unit. Lessee agrees that there shall be no more than two (2) Delivery Dates for Units hereunder.

(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 purchase by Purchaser from Lessor of the Note or Notes to be issued by Lessor on said Delivery Date pursuant to the Participation Agreement and shall be subject to the fulfillment of the following conditions to the reasonable satisfaction of Lessor and its counsel at least two (2) business days prior to said Delivery Date:

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

(ii) Lessor shall have received invoice(s) for such Unit certified by Lessee as to the correctness of the price(s) stated therein.

(iii) Lessor shall have received a warranty bill of sale from Seller to Lessor evidencing the transfer to Lessor of title to such Unit. Each Seller's bill of sale shall include a warranty that such Unit is new and unused on or prior to said Delivery Date and that Seller has taken no depreciation or investment tax credits with respect 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 and in the Purchase Agreement Assignment, 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; on said Delivery Date there shall be no Event of Default hereunder and no default under the Purchase Agreement Assignment or 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) Lessor shall have received such evidence of fulfillment of the foregoing conditions of this Section 3(c) as Lessor or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions, including, without limitations certificates of officers of Lessee, Guarantor and Seller, public officials and others.

The obligation of Lessor to purchase and lease any Unit on the first 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 said Delivery Date:

(vii) Lessor shall have received fully executed counterparts of this Lease, the Trust Agreement the Guarantee, the Indemnity, the Participation Agreement, the Indenture and the Purchase Agreement Assignment.

(viii) Lessor shall have received a signed opinion, dated the first Delivery Date, of such legal counsel for Lessee, Guarantor and Buyer (who may be an employee of Lessee or of any of its affiliates) as is reasonably acceptable to Lessor, substantially to the effects set forth in Exhibit B annexed hereto. Said opinion shall also be addressed to Trustor, Assignee and Purchaser.

(ix) Lessor shall have received with respect to each Unit a certificate of a representative of Lessee, who shall be a certified engineer, and a certificate from Jenney, Montgomery & Scott, in each case reasonably satisfactory in substance and form to Lessor, as to such Unit's having a useful life of 19.5 years or more and having on the Expiration Date for such Unit a residual value, without regard to inflation or deflation, of 20% or more of original cost.

(x) The Lease and the Purchase Agreement Assignment shall have been recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303.

(xi) Lessor shall have received certified copies of the appropriate proceedings of the respective boards of directors of Lessee and Guarantor with respect to (as applicable) this Lease, the Purchase Agreement Assignment, the Indemnity 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) to assume the obligations of Lessor to the Seller thereof under the respective Purchase Agreement, (ii) that such Unit shall be excluded from the definition of "Leased Equipment" and (iii) to indemnify, protect and keep harmless each Participant and its successors, 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 legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Participant in any way relating to or arising out of such Purchase Agreement, this Lease or any document or agreement contemplated thereby with respect to such Unit, or the performance of any of the terms thereunder, 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 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 Unit as of any Termination Date for such Unit upon not less than one hundred eighty (180) days' written notice prior to such Termination Date if Lessee shall have determined in good faith that such Unit is obsolete in or surplus to its business. Lessee shall use its best efforts during the period prior to such Termination Date to obtain bids for the purchase of such Unit and promptly to deliver each bid to Lessor. Lessor agrees to sell such Unit to the highest cash bidder on an "as is, where is" basis, 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 for the payment or discharge of which Lessee is obligated 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 Unit 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 Unit. In no event shall Lessee, Guarantor or any affiliate of Lessee or Guarantor be the purchaser of such Unit.

On such Termination Date, Lessee shall pay Lessor in immediately available funds the amount, if any, by which the Termination Value of such Unit 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 Unit after such Termination Date shall cease except for such obligations which, by the terms hereof, expressly survive the termination of this Lease.

Notwithstanding the foregoing, by written notice to Lessor at least sixty (60) days prior to such Termination Date or within thirty (30) days after Lessor gives Lessee written notice that a bona fide purchaser is prepared to buy such Unit on the Termination Date, whichever is earlier, Lessee may elect 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 Unit as provided above as of any subsequent Termination Date.

Notwithstanding anything contained herein to the contrary, Lessor may, at its option, on written notice to Lessee at least sixty (60) days prior to such Termination Date, refuse to sell its interest in any Unit pursuant to the procedures set forth in this Section 4(b). Upon any such refusal and provided that Lessor has paid to Assignee all amounts required under the provisions of Section 3.02 of the Indenture to prepay the Notes together with interest accrued thereon, the obligation of Lessee to pay, as above provided, any part of the Termination Value as to such Unit shall cease, and this Lease as to such Unit shall terminate for any period after such Termination Date except for such obligations which, by the terms hereof, expressly survive the termination of this lease.

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 to Lessor or its assigns, or to whomsoever shall be entitled thereto, as Supplemental Rent, any and all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including, without limitation, Casualty Loss Value payable under Section 11(b) hereof, the payments provided for in Section 4(b) hereof, the indemnities provided for in Sections 3(d), 13 and 20 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 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's obligation for timely payment shall be fulfilled by Lessee's initiating such a transfer, obtaining therefore a wire transfer number and notifying 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 Seller or 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 resulting 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 the 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 any 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.

(d) Adjustments. In determining the amount of each installment of Basic Rent and each Casualty Loss Value and Termination Value, Lessor and Lessee have assumed (i) that 104 Units will be delivered and accepted hereunder in 1980 and (ii) that 92 Units will be delivered and accepted hereunder on or after January 19, 1981 and on or before March 31, 1981. In the event that fewer than 191 Units are delivered and accepted hereunder, or in the event that any Unit is delivered and accepted on a different date, Lessee and Lessor agree that Basic Rent (and the corresponding Casualty Loss Values and Termination Values) shall be increased or decreased as appropriate to such amounts as shall maintain Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by Lessor in originally evaluating the transaction) in respect of all Units at the same level that would have been available if such Unit had been so delivered and accepted, provided, however, that Basic Rent, Casualty Loss Value and Termination Value shall in no event be decreased to an amount (i) less than that needed to pay principal and interest on the Notes pursuant to the Indenture, (ii) so that Lessor would be required to change its method of accounting for this Lease pursuant to Statement of Financial Accounting Standards No. 13 or (iii) less than that needed to satisfy the conditions of Revenue Procedure 75-21 (or any successor revenue procedure, revenue ruling or law) for the Internal Revenue Service to issue an advance ruling that Lessor is owner of the Units and the Lease is a valid lease. Lessor agrees not to consent to any amendment to the principal and interest payment provisions of the Notes without Lessee's prior written consent.

6. Sublease; Purchase and Renewal Options:

(a) Sublease. 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 sublease any Unit or assign its rights hereunder with respect to any Unit (i) for single trips to its customers or to its suppliers, and to cause such cars so subleased to be boarded or placarded with the names of the sublessees in accordance with the provisions of demurrage tariffs lawfully in effect, where the sole purpose of such subleasing is to obtain an exemption from demurrage for said cars so subleased; (ii) to any entity of which fifty (50) percent or more of its issued and outstanding shares of capital stock is owned, directly or indirectly, by Lessee or Guarantor and (iii) to any other person upon Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessee will provide Lessor with such reasonable information as Lessor requests in connection with

providing such consent. Lessee shall be entitled to all rents or other payments by the sublessee or assignee pursuant to any sublease as assignment under this Section; provided, however, that 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 each Participant 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 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 any Participant in evaluating or reviewing a sublease or assignment under clause (i) above.

(b) Purchase Option. Upon three hundred sixty (360) 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 at the end of the applicable initial term or any renewal term of this Lease to purchase the Leased Equipment or any Unit, such Unit or Units to be selected by lot, at the Fair Market Value thereof at the time of such purchase on an "as is" basis.

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 five (5) days after the determination of Fair Market Value pursuant to Section 6(d) hereof, which ever 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 sixty (360) 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 at the end of the applicable initial term of this Lease or any renewal term hereof to renew this Lease with respect to any Unit, such Unit or Units to be selected by lot, for an aggregate of up to two (2) consecutive terms of one (1) year each from the end of the applicable initial term, for a rental equal to the Fair Market Rental Value thereof at the time of such renewal on an "as is" basis payable in arrears in semiannual payments on the semiannual anniversaries of the expiration of the applicable initial term or a previous renewal term of this Lease, with a Casualty Loss Value equal to the Fair Market Value of such Unit as of the beginning of such renewal term with no right of termination pursuant to Section 4(b) hereof and otherwise on the same terms and conditions as provided herein.

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 five (5) days after the determination of Fair Market Rental Value pursuant to Section 6(d) hereof, which ever 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 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 shall, at Lessee's or Lessor's option, submit the question of value to independent appraisers in the manner specified in Section 19 hereof not earlier than two hundred sixty (260) days prior to any such end of the applicable term of this Lease. Lessor and Lessee agree to be bound by the determination of such independent appraisers. In no event shall a Unit be sold or leased pursuant to this Section 6 for less than its Fair Market Value or Fair Market Rental Value, as the case may be.

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 major corporations of established reputation engaged in the chemical industry, 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, owns or leases 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 it owns or leases similar in nature to the Leased Equipment. The proceeds thereof shall be payable to Lessee and each Participant as their interests may appear. Any policies of insurance carried in accordance with this Section 7 shall (i) require thirty (30) days' prior notice to each Participant of cancellation or material change in coverage, (ii) name each Participant as an additional insured, (iii) provide that, in respect of the interests of each Participant in such policies, the insurance shall not be invalidated by any action or inaction of Lessee or any other person (other than such Participant), (iv) insure each Participant 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 such Participant), (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 each Participant 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; provided, however, that if the delivery of any certificate is delayed, Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof. Lessee shall not reduce the level of insurance maintained pursuant to this Section 7 below that set forth in the certificates of insurance issued on each Closing Date unless Lessee provides to each Participant, at least thirty (30) days prior to such reduction, written evidence that such reduction satisfies the insurance standards set forth herein.

(b) Performance by Lessor. In the event that Lessee shall fail to maintain insurance as herein provided, Lessor and/or Assignee may at its option, but without obligation, provide such insurance and, in such event, Lessee shall, upon demand from time to time, reimburse Lessor and/or Assignee 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 and/or Assignee 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 or Assignee 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 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 any Participant 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 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. Notwithstanding the foregoing, Lessee shall make no addition or improvement which impairs 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 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). If Lessor agrees, 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 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 industry practice of major corporations in the chemical industry, but in any event to the same extent that Guarantor or its affiliates would, in the prudent management of its properties, maintain, service and repair comparable equipment if owned by Guarantor or its affiliates, 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 Law. Lessee agrees to comply with then current standards under the Interchange Rules of the Association of American Railroads and all laws, rules, regulations, requirements, orders and standards of all governmental authorities and recognized industry regulatory bodies 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, together with interest thereon from the date incurred to the date of reimbursement at the Default Interest Rate. Each Participant 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 or any other premises (to the extent that Lessee can grant such right) 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 affix to each Unit, and replace if necessary, appropriate indicia of Lessor's and Assignee's interest in such Unit, and Lessee shall not remove or alter any such indicia so affixed. 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. Lessor or Assignee may file with the proper filing or recording officers any papers or documents which they deem necessary or appropriate for the protection of their interests hereunder, and Lessee further agrees to execute and deliver to Lessor or Assignee, upon their request, any and all further documents, instruments and certificates of recordation which Lessor or Assignee may reasonably require to perfect, confirm and protect their interests in and to the Leased Equipment and this Lease. Any such document, instrument, certificate and any opinion of counsel for Lessee with respect to such filings or recordation shall be furnished to both Lessor and Assignee.

(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 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 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 by 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, sprinkler leakage, 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 title 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 provide written notice to Lessor and Assignee within twenty (20) days from the date of such Casualty Occurrence in regard thereto and the basis upon which Lessee has determined that a Casualty Occurrence has occurred. 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 plus all Rent with respect to such Unit due and payable hereunder on or before 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 and such other instruments or documents as may be reasonably required to evidence Lessee's ownership of 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 make a final determination as to whether or not a Unit is irreparably damaged or damaged beyond economic repair not later than one hundred eighty (180) days after such Unit is damaged or the termination of this Lease with respect to such Unit, whichever is earlier, and shall give prompt written notice of such determination and the basis therefore. After receipt of such notice, if Lessor determines that such Unit is not irreparably damaged or damaged beyond economic repair, Lessor and Lessee agree to submit such issue of irreparable damage or damage beyond economic repair to binding arbitration in accordance with the rules and procedures of the American Arbitration Association (or any successor thereto). In the event that Lessee determines such Unit is not irreparably damaged or damaged beyond economic repair, then Lessee will, in good faith, repair and restore such Unit pursuant to Section 9 hereof. 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) NO PARTICIPANT SHALL BE DEEMED TO HAVE MADE OR GIVEN, AND EACH HEREBY 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 the Seller thereof 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 any manufacturer.

(b) Lessee represents and warrants for the benefit of each Participant that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated hereby; Lessee is qualified in such other jurisdictions in which the failure to qualify would materially adversely impact the ability of Lessee to perform its obligations under the Lease, the Indemnity or the Purchase Agreement Assignment;

(ii) The execution, delivery and performance by Lessee of this Lease, the Indemnity and the Purchase Agreement Assignment will not contravene the Certificate of Incorporation or By-laws of Lessee or any indenture, agreement or other instrument or result in a breach of any of the terms, conditions or provisions of any law or any regulation, order, injunction or decree of any court or governmental instrumentality to which Lessee is a party or by which it or its property may be bound;

(iii) This Lease, the Indemnity and the Purchase Agreement Assignment have each been duly authorized, executed and delivered by Lessee and are the legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms, subject, as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity;

(iv) No notices to, filings with, permit from or approval of any governmental authority is necessary for the execution, delivery and performance by Lessee of this Lease, the Indemnity and the Purchase Agreement Assignment or for the purchasing, leasing, use and maintenance of the Leased Equipment;

(v) Except as disclosed in the Disclosure Documents, there are 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 or affecting Lessee which, if adversely determined, are likely 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 (x) the rights of Lessee under this Lease and the rights of Assignee as described in Section 21 hereof, (y) 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 (z) Permitted Liens;

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

(viii) Neither (1) this Lease, (2) the consolidated balance sheet of Guarantor and its consolidated subsidiaries as of December 31, 1979 and the related consolidated statement of operations of Guarantor and its consolidated subsidiaries for 1979, nor (3) the Disclosure Documents, complete and correct copies of which have been delivered to Lessor and Purchaser, nor any other document furnished or to be furnished to Lessor or Purchaser 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) The Leased Equipment is intended for a use related to interstate commerce within the meaning of 49 U.S.C. §11303;

(x) Lessee is not in default under any agreement to which it is a party, which default would materially and adversely impair its ability to perform its obligations under the Lease, the Indemnity or the Purchase Agreement Assignment; and

(xi) Lessee is not a carrier as defined in the Interstate Commerce Act, 49 U.S.C. §11301, or a railroad or express company as used in 49 C.F.R. §1241.71.

13. Taxes:

Lessee agrees to pay, indemnify and hold each Participant harmless from, and to reimburse each Participant 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 negligence of such Participant, and together with any increase to such Participant in federal, state, local or other income taxes as a result of

the inclusion in such Participant's income of any amounts required to be paid by Lessee under this Section 13, including payments under this parenthetical clause) imposed against such Participant by any federal, state, local or other 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 each Participant, the Leased Equipment, any Unit and any part thereof; provided 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 any Participant's net income or (3) Impositions which are in substitution for, or relieve any Participant from, any Imposition based upon or measured by such Participant's net income.

Notwithstanding the foregoing and only to the extent, if any, that any Participant receives or is allowed a credit against any Imposition Lessee is not obligated to pay pursuant to this Section 13 for any Imposition paid or indemnified by Lessee with respect to any Unit, Lessee's obligations under this Section 13 to such Participant 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 such Participant under this Section 13, such Participant shall pay such excess to Lessee on the date that such Participant files the corporate income tax or franchise tax return (or similar return) that evidences such credit; provided, however, that such offsets and payments shall in no event be made if in so doing Lessor would be required to change its method of accounting for this Lease pursuant to Statement of Financial Accounting Standards No. 13 or if there would be a violation of the conditions of Revenue Procedure 75-21 (or any successor revenue procedure, revenue ruling or law) for the Internal Revenue Service to issue an advance ruling that Lessor is owner of the Units and this Lease is a valid lease. Within thirty (30) days after the end of each of its fiscal years during the term hereof, an officer of such Participant shall certify to Lessee the amount, if any, of such credit which has been or will be so used by such Participant as such a credit.

Lessee is hereby authorized by each Participant to act for and on such Participant'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 each Participant in care of Lessee, make payment thereof and, from time to time on written request of any Participant, submit written evidence of such payment. Each Participant 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. In the event Lessee is not permitted to file any such report or return, Lessee will notify the appropriate Participant of such report or return and will prepare and deliver such report or return to each Participant within a reasonable period of time prior to the time such report or return is to be filed and in such manner as Lessee customarily files reports relating to property owned by Lessee. The provisions of this Section 13 shall survive the expiration or earlier termination of this Lease.

14. Identification Marks:

The 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 "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, 49 UNITED STATES CODE, SECTION 11303", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Assignee's title to and property in such Unit, the rights of the Lessor under this Lease and the Purchase Agreement Assignment and the rights of the Assignee under the Indenture. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number of numbers to be substituted therefor shall have been filed with the Lessor and filed and deposited by the Lessee in all public offices where this Lease, and the Purchase Agreement Assignment shall have been filed and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to the effect that such statement has been so filed and deposited, such filing and deposit will protect the Lessor's interests in such Units and no 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 the Lessor in such Units. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates. Except as provided herein, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

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 each Participant and a sublessee or assignee 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, (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) and (e) liens created by statute or leases or other agreements in favor of landlords, as such, of any portion of the land in or upon which any Unit is or shall be located, provided, however, that Lessee shall indemnify, hold harmless and defend each Participant against any loss, damage or expense that may be incurred by such Participant and arising by reason of Lessee's failure to comply with the terms of any such statute, lease or other agreement or by reason of any action taken, suffered or omitted by any such landlord in respect of a lien of the type referred to in this clause (e). Lessee will promptly notify Lessor and Assignee 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 and Assignee in writing:

(i) Of the amount of any delinquent taxes assessed or charged to Lessor, Lessee or any sublessee or assignee 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) 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.

Lessee further agrees to assume the full liability of Lessor, if any, resulting from Lessee's failure to give notice as aforesaid.

(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, Lessee or Purchaser, or a trust officer of Assignee at Assignee's address indicated in the Indenture, as the case may be, or mailed prepaid by certified mail, return receipt requested, 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 each Participant the following:

(i) Within ten (10) days after receiving a written request therefor a list showing the exact location and address of each Unit;

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

(iii) 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 (iii), 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, such 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. Lessee will, if so requested by Lessor on or prior to such termination, and at Lessee's expense and risk, (a) to the extent applicable, completely sever and disconnect such 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 and on or prior to such termination, prepare such Unit so as to be empty, clean and fit for loading and interchange service; and (c) deliver possession of each Unit to Lessor at the railroad interchange nearest to the site of the last use of such Unit, together with plans, specifications, operating manuals 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. 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 the same shall become due;

(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 or Assignee;

(c) Lessee shall fail to make any other payment or 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 thirty (30) days after written notice thereof to Lessee by Lessor or Assignee;

(d) Any representation or warranty made by Lessee herein or in the Purchase Agreement Assignment or by Guarantor in the Guarantee or by either such party in any Certificate of Delivery and Acceptance and any other 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 of Lessor to Lessee or any other person 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. Upon such return or repossession, Lessor shall own and possess such Unit free and clear of this Lease.

(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 inaction 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, (x) any unpaid Supplemental Rent and (y) 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, and (z) 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 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 of such Unit, such Casualty Loss Value to be computed as of the Payment Date, 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 of such Unit, such Casualty Loss Value to be computed as of the Payment Date, 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 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 date of such sale 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 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 without limitation all costs and expenses incurred in connection with the return of any Unit in accordance with the terms hereof or the placing such Unit in the condition required hereunder or storage thereof pending exercise of remedies 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.

In the event that Lessee shall be in default hereunder, Lessor may at its option, but without obligation, cure such default 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.

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 arbitrator in the City of San Francisco 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 each Participant harmless from, and defend each Participant against, any and all claims, demands and liabilities, including reasonable attorneys' fees, of whatsoever nature (together with any increase to such Participant in federal, state or local income taxes as a result of the inclusion in such Participant'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, manufacture, ownership, improvement, operation, control or disposition of any Unit or the exercise of any remedies provided for herein 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 or any lien or right of Assignee. 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 any Participant under the indemnity provisions of this Lease, Lessee shall be subrogated to such Participant'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 to Assignee, or Purchaser.

(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, each Participant shall in good faith contest, at Lessee's expense, the validity, applicability or amount of any claim made against such Participant for which Lessee is liable hereunder. If any such claim is made against any Participant, such Participant 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 any Participant pursuant to this Section 20 shall be deemed to constitute a waiver or release of any right or remedy which Lessee may have against such Participant as a result of any failure by such Participant to give Lessee notice of such claim in the manner provided in the preceding sentence; provided the Lessee shall have no such right or remedy unless such failure of such Participant 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 any particular Participant shall not extend to any expense (i) resulting from the breach by such Participant of any of its

representations, warranties or covenants in this Lease or the Participation Agreement or the wilful misconduct or gross negligence of such Participant or its successors, assigns, servants, agents or employees, (ii) included in the transactional costs of such Participant incurred in consummating this transaction, (iii) 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 any Note (other than in connection with the original issuance thereof) or 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 such Participant is not indemnified hereunder, or (iv) is to be borne by such Participant, or is not to be borne by the Lessee, pursuant to the express provisions of this Lease, the Indemnity or the Participation Agreement.

21. Assignment:

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

(b) Provided that no Event of Default and no event which, with the giving of notice or the lapse of time or both, would be such an Event of Default, shall have occurred and be continuing, Lessee may assign its rights hereunder, but only to an entity of which fifty (50) percent or more of its issued and outstanding shares of capital stock is owned, directly or indirectly, by Lessee or Guarantor, or otherwise only with Lessor's prior written consent, which consent shall not be unreasonably withheld.

(c) Lessor reserves the right to assign and reassign (whether as security or otherwise) all of its rights, title and interest in and to this Lease or the Leased Equipment or the rents due or to become due to Lessor hereunder (i) without Lessee's consent to Trustor, an affiliated company of Trustor or a successor Trustee under the Trust Agreement or (ii) with Lessee's consent, which consent shall not be unreasonably withheld, to any other person. Any such assignment shall be subject to the rights of Lessee under this Lease.

(d) Lessee hereby acknowledges that this Lease has been assigned to Assignee pursuant to the Indenture, that Lessee has received an executed copy of the Indenture and that Lessee consents to said assignment, subject to the rights of Lessee under this Lease. In the case of conflict between Lessor and Assignee as to said assignment, Lessee shall have the right of interpleader. Assignee, as such assignee, shall not be obligated to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease other than the obligation of Lessor under

Section 23 hereof. It is understood that, for the purpose of securing the Notes and the covenants of Lessor contained in the Indenture, Assignee has succeeded to certain of Lessor's rights and privileges herein. Lessee further agrees as follows:

(i) to pay and deliver to Assignee, as provided in the Indenture, all rents and other sums due hereunder and all other moneys and security assigned to Assignee, without any offset, counterclaim, deduction or defense whatsoever, and not to assert any offset, counterclaim, deduction or defense in any proceeding brought under the Indenture or otherwise or for any reason whatsoever seek to recover from Assignee any moneys paid to Assignee by virtue of said assignment;

(ii) that its obligation to make the payments to Assignee of rent and other sums payable to Lessor under this Lease shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character;

(iii) to deliver to Assignee copies of all notices, offers and other instruments whatsoever which Lessee delivers to Lessor under this Lease;

(iv) that the rights, powers, privileges and other benefits assigned to Assignee and all remedies under this Lease may be enforced by Assignee separate and apart from, and without notice to or consent or joinder of, Lessor or any mortgagee, secured party or other assignee of the rights, powers, privileges or other benefits under this Lease not assigned to Assignee pursuant to the Indenture;

(v) to waive as against Assignee, its successors and assigns, all claims now or hereafter existing against Lessor under this Lease;

(vi) that it shall not, without the prior written consent of Assignee, which consent shall not be unreasonably withheld, enter into any agreement amending, modifying or terminating (except as provided herein) this Lease and that any attempted amendment, modification or termination without such consent shall be void, provided, however, that consent by Assignee to any one amendment, modification or termination shall not be deemed to be consent to any other amendment, modification or termination;

(vii) that it shall remain obligated under this Lease in accordance with its terms and that it shall not take any action to terminate (except as provided herein), rescind or void this Lease, notwithstanding any default by Lessor, the existence of any defense, setoff, counterclaim or right of abatement, reduction or recoupment as between Lessor and Lessee, the existence of any other liability or obligation of any kind or character on the part of Lessor to Lessee or to any third

person or governmental authority, or any bankruptcy or other proceedings affecting Lessor or any assignee thereof or any action taken by any trustee, custodian or receiver of Lessor or of any such assignee or by any court in any such proceeding;

(viii) that it shall pay or cause to be paid all of the out-of-pocket costs and expenses incurred by Assignee and any holder of a Note in connection with any amendment to this Lease, the Guarantee, the Purchase Agreement Assignment or the Tax Indemnity requested by Lessee; and

(ix) that it intentionally will use no Unit outside of the continental United States without the written consent of Assignee, which consent will not be unreasonably withheld.

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. General:

This Lease shall be governed by the laws of the State of California 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 on the next day which is a business day.

THIS LEASE WILL BE SIMULTANEOUSLY EXECUTED IN ELEVEN (11) COUNTERPARTS, EACH OF WHICH, WHEN SO EXECUTED AND DELIVERED, SHALL CONSTITUTE AN ORIGINAL, FULLY ENFORCEABLE COUNTERPART FOR ALL PURPOSES.

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

Lessor

[Seal]

FIRST SECURITY STATE BANK

Attest:

R. Schuyler

By

[Signature]
Title: Trust Officer

Address: P.O. Box ³⁰⁰⁷ 3007
79 South Main Street
Salt Lake City, Utah 84125

Attention: ~~Counsel~~
Corporate Trust Department JS

Lessee

[Seal]

OCCIDENTAL BARGING CORPORATION

Attest

By

Address: 10889 Wilshire Boulevard
Los Angeles, California 90024

Copy to: Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Director - Finance

STATE OF)
) ss.
COUNTY OF)

On this ___ day of _____ before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of Occidental Barging Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires _____

STATE OF)
) ss.
COUNTY OF)

On this 24th day of December before me personally appeared JOHN R. SAGER, to me personally known, who being by me duly sworn, says that he is a Trust Officer of First Security State Bank, that one of the seals affixed to the foregoing instrument is the seal of said Utah banking corporation, that said instrument was signed and sealed on behalf of said Utah banking 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 Utah banking corporation, not in its individual capacity but solely as Trustee.



Notary Public

My Commission expires June 10, 1984

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 on the next day which is a business day.

THIS LEASE WILL BE SIMULTANEOUSLY EXECUTED IN ELEVEN (11) COUNTERPARTS, EACH OF WHICH, WHEN SO EXECUTED AND DELIVERED, SHALL CONSTITUTE AN ORIGINAL, FULLY ENFORCEABLE COUNTERPART FOR ALL PURPOSES.

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

Lessor

[Seal]

FIRST SECURITY STATE BANK

Attest:

By

Title:

Address: P.O. Box 3007
79 South Main Street
Salt Lake City, Utah 84125
Attention: Counsel

Lessee

[Seal]

OCCIDENTAL BARGING CORPORATION

Attest



By


Title: Vice President & Treasurer

Address: 10889 Wilshire Boulevard
Los Angeles, California 90024

Copy to: Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: Director - Finance

SCHEDULE A

EQUIPMENT LEASE AGREEMENT
DEFINITIONS

"Assignee" shall mean First Security Bank of Utah, N.A., a national banking association and its successors and assigns, as loan trustee under that certain Trust Indenture and Security Agreement dated as of the date hereof, between Lessor and Assignee.

"Basic Rent" for any Unit shall mean as of any Rental Payment Date for such Unit an amount equal to that percentage of Lessor's Cost of such Unit set forth below opposite such Rental Payment Date.

| <u>Rental Payment Date</u> | <u>Percentage of Lessor's Cost</u> | |
|----------------------------|------------------------------------|------------------------------------|
| | <u>Units Delivered in 1980</u> | <u>Units Delivered in 1981</u> |
| July 1, 1981 | 4.961474 | 4.498369 |
| Jan. 1, 1982 | 5.685585 | 6.524750 |
| July 1, 1982 | 4.651984 | 4.881787 |
| Jan. 1, 1983 | 5.995075 | 6.141331 |
| July 1, 1983 | 4.549573 | 4.785747 |
| Jan. 1, 1984 | 6.907485 | 6.237372 |
| July 1, 1984 | 4.431545 | 4.675060 |
| Jan. 1, 1985 | 6.215514 | 6.348058 |
| July 1, 1985 | 4.295517 | 4.547494 |
| Jan. 1, 1986 | 6.351541 | 6.475624 |
| July 1, 1986 | 4.138746 | 4.400475 |
| Jan. 1, 1987 | 6.508314 | 6.622644 |
| July 1, 1987 | 3.958066 | 4.231034 |
| Jan. 1, 1988 | 6.688993 | 6.792084 |
| July 1, 1988 | 3.749833 | 4.035754 |
| Jan. 1, 1989 | 8.080233 | 8.212155 |
| July 1, 1989 | 3.416940 | 3.717303 |
| Jan. 1, 1990 | 9.593433 | 9.755397 |
| July 1, 1990 | 2.948888 | 3.256899 |
| Jan. 1, 1991 | 10.064184 | 10.215802 |
| July 1, 1991 | 2.406347 | 2.726282 |
| Jan. 1, 1992 | 10.606725 | 10.746418 |
| July 1, 1992 | 1.925277 | 2.114747 |
| Jan. 1, 1993 | 11.087795 | 11.357953 |
| July 1, 1993 | 1.553597 | 1.606067 |
| Jan. 1, 1994 | 11.459475 | 11.866633 |
| July 1, 1994 | 1.1784891 | 1.195319 |
| Jan. 1, 1995 | 11.834583 | 12.277381 |
| July 1, 1995 | 0.775135 | 0.775997 |
| Jan. 1, 1996 | 12.237937 | 12.696703 |

"Buyer" shall mean HCCM, Inc., a California corporation, doing business as Hooker Chemical Company.

"Casualty Loss Payment Date" for any Unit shall mean the second day of the calendar month next succeeding the calendar month in which Lessee determines pursuant to Section 11 hereof that a Casualty Occurrence to such Unit has occurred.

"Casualty Loss Value" for any Unit suffering a Casualty Occurrence shall mean an amount equal to that percentage of Lessor's Cost of such Unit set forth as a Factor in Schedule C annexed hereto opposite the calendar month in which Lessee makes its determination that such Casualty Occurrence has occurred plus, with respect to a Casualty Occurrence occurring before the third, fifth or seventh anniversary of the Delivery Date of such Unit, an amount equal to the following percentage of Lessor's Cost of such Unit (such amount to be determined as of the actual date of such Casualty Occurrence):

| <u>Anniversary of the Delivery Date</u> | <u>Percentage of Lessor's Cost To Be Added</u> |
|---|--|
| Third | 19.44038% |
| Fifth | 12.96026% |
| Seventh | 6.48013% |

"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 16.25% per annum (computed on the basis of a 360-day year of twelve 30-day months) or one percentage point over the prime rate of interest being offered by Bank of America, N.T.&S.A., San Francisco, California, at the time of the Default, whichever is greater.

"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 March 31, 1981.

"Disclosure Documents" shall mean (i) Guarantor's annual report on Form 10-K for the period ending December 31, 1979, and Guarantor's quarterly reports on Form 10-Q for the periods ending March 31, 1980, and

June 30, 1980, in each case as filed with the Securities and Exchange Commission and (ii) other written disclosures provided by Guarantor to Trustor and Purchaser on or prior to the date of the execution of this Lease by Lessee.

"Discount Rate" shall mean 6.25% per annum or such greater minimum rate permitted by law.

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

"Expiration Date" shall mean July 1, 1996.

"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 each Participant.

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

"Indemnity" shall mean that certain Tax Indemnity Agreement and Guarantee dated as of the date hereof from Lessee and Guarantor to Lessor.

"Indenture" shall mean that certain Trust Indenture and Security Agreement dated as of the date hereof between Assignee and Lessor.

"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 the cost specified in Seller's invoice therefor, assembly, erection and installation costs, freight, 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 shall not exceed \$13,000,000.

"Note" shall mean a Secured Note issued by Lessor to Purchaser pursuant to the Indenture.

"Participant" shall mean each of Trustor Lessor, Assignee and Purchaser.

"Participation Agreement" shall mean that certain Participation Agreement dated as of the date hereof between Lessor, Assignee, Purchaser and Trustor.

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

"Purchase Agreement Assignment" shall mean that certain Purchase Agreement Assignment dated as of the date hereof between Buyer, Lessee and Lessor, substantially in the form of Exhibit C annexed hereto.

"Purchase Agreement" shall mean the purchase order for the Leased Equipment described the Purchase Agreement Assignment.

"Purchaser" shall mean State of Wisconsin Investment Board.

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

"Rental Payment Date" for any Unit shall mean each Rental Payment Date for such Unit set forth in the definition herein of Basic Rent.

"Seller" shall mean a supplier of a Unit named in Schedule B annexed hereto.

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

"Termination Date" for any Unit shall mean the first day of any calendar month occurring on or after July 1, 1986.

"Termination Value" on any Termination Date for any Unit shall mean an amount equal to that percentage of Lessor's Cost of such Unit set forth as a Factor in Schedule C annexed hereto opposite the calendar month in which such Termination Date has occurred plus, with respect to a Termination Date occurring before the fifth or seventh anniversary of the Delivery Date of such Unit, an amount equal to the following percentage of Lessor's Cost of such Unit:

| <u>Anniversary of the Delivery Date</u> | <u>Percentage of Lessor's Cost to be Added</u> |
|---|--|
| Fifth | 12.96026% |
| Seventh | 6.48013% |

"Unit" shall mean, unless the context otherwise requires, an item of the Leased Equipment described in Schedule B annexed hereto, together with all additions or improvements to such Unit which become property of Lessor pursuant to Section 8 hereof.

SCHEDULE B

EQUIPMENT LEASE AGREEMENT

EQUIPMENT

Type: 13500 gallon nominal capacity liquid sulfur tank cars, D.O.T. #111A100W1, manufactured by Richmond Tank Car Company

A.A.R. Mechanical Designation: D.O.T. #111A100W1

Builder's Specifications 100 ton, exterior coils, est. lt. wt. 63,600, 6"-3/4# Density Fiberglass insulation, 3/16" F & D Heads, 11 Ga. steel welded shell, Length over strikers - 41'4", Truck centers 30'4", OAL:37'-7, AAR M-901-E Draft Gear, Truck mounted W/ABD airbrakes, Vertical handwheels, 52600-HT Couplers, Y-40A-HT Yokes, 100-ton Barber Trucks, 5'-10" wheelbase with 3 11/16" Spring Travel, 6 1/2" x 12" Roller type bearings, Steel H-36 Class "U" wheels, unlined, 4" carbon steel steam jacketed ball valve bottom outlet

Quantity: 196

Unit Base Price: 54,916

Total Base Price 10,736,536

Reporting Marks: OCCX 2001-2196

SCHEDULE C-1

EQUIPMENT LEASE AGREEMENT
 DATES AND FACTORS
 (For Units delivered in 1980)

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| January 1981 | 83.4110 |
| February 1981 | 84.7265 |
| March 1981 | 86.0490 |
| April 1981 | 87.3786 |
| May 1981 | 88.7392 |
| June 1981 | 90.1300 |
| July 1981 | 95.5557 |
| August 1981 | 88.0514 |
| September 1981 | 89.5220 |
| October 1981 | 91.0334 |
| November 1981 | 92.5853 |
| December 1981 | 94.4554 |
| January 1982 | 92.4146 |
| February 1982 | 87.9702 |
| March 1982 | 89.2172 |
| April 1982 | 90.4699 |
| May 1982 | 91.7708 |
| June 1982 | 93.1170 |
| July 1982 | 94.5158 |
| August 1982 | 91.3129 |
| September 1982 | 82.7753 |
| October 1982 | 94.2972 |
| November 1982 | 95.8768 |
| December 1982 | 97.4755 |
| January 1993 | 94.7956 |
| February 1983 | 89.9947 |
| March 1983 | 91.1939 |
| April 1993 | 92.3981 |
| May 1983 | 93.6618 |
| June 1983 | 94.9807 |
| July 1983 | 96.3639 |
| August 1983 | 93.2583 |
| September 1983 | 94.7156 |
| October 1983 | 96.2449 |
| November 1983 | 97.8432 |
| December 1983 | 99.4613 |
| January 1984 | 95.9814 |
| February 1984 | 91.2453 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| March 1984 | 92.3603 |
| April 1984 | 93.4795 |
| May 1984 | 94.6569 |
| June 1984 | 95.8883 |
| July 1984 | 97.1824 |
| August 1984 | 94.1040 |
| September 1984 | 95.4691 |
| October 1984 | 96.9042 |
| November 1984 | 98.4060 |
| December 1984 | 99.9258 |
| January 1985 | 96.4868 |
| February 1985 | 91.3297 |
| March 1985 | 92.3916 |
| April 1985 | 93.4570 |
| May 1985 | 94.5883 |
| June 1985 | 95.7804 |
| July 1985 | 97.0432 |
| August 1985 | 94.0767 |
| September 1985 | 95.4174 |
| October 1985 | 96.8365 |
| November 1985 | 98.3300 |
| December 1985 | 99.8418 |
| January 1986 | 95.8489 |
| February 1986 | 90.7164 |
| March 1986 | 91.6887 |
| April 1986 | 92.6637 |
| May 1986 | 93.7001 |
| June 1986 | 94.7930 |
| July 1986 | 95.9517 |
| August 1986 | 93.0331 |
| September 1986 | 94.2632 |
| October 1986 | 95.5659 |
| November 1986 | 96.9375 |
| December 1986 | 98.3249 |
| January 1987 | 94.6135 |
| February 1987 | 89.0181 |
| March 1987 | 89.9331 |
| April 1987 | 90.8503 |
| May 1, 1987 | 91.8334 |
| June 1987 | 92.8770 |
| July 1987 | 93.9910 |
| August 1987 | 91.2124 |
| September 1987 | 92.4016 |
| October 1987 | 93.6683 |
| November 1987 | 95.0080 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| December 1987 | 96.3636 |
| Janaury 1988 | 92.3392 |
| February 1988 | 86.7267 |
| March 1988 | 87.5554 |
| April 1988 | 88.3856 |
| May 1988 | 89.2714 |
| June 1988 | 90.2078 |
| July 1988 | 91.2066 |
| August 1988 | 88.5133 |
| September 1988 | 89.5779 |
| October 1988 | 90.7108 |
| November 1988 | 91.9080 |
| December 1988 | 93.1184 |
| January 1989 | 89.7369 |
| February 1989 | 82.4293 |
| March 1989 | 83.2037 |
| April 1989 | 83.9796 |
| May 1989 | 84.8040 |
| June 1989 | 85.6729 |
| July 1989 | 86.6059 |
| August 1989 | 84.1786 |
| September 1989 | 85.1778 |
| October 1989 | 86.2490 |
| November 1989 | 87.3853 |
| December 1989 | 88.5347 |
| January 1990 | 85.1806 |
| February 1990 | 76.2832 |
| March 1990 | 76.9788 |
| April 1990 | 77.6771 |
| May 1990 | 78.4237 |
| June 1990 | 79.2146 |
| July 1990 | 80.0694 |
| August 1990 | 78.0344 |
| September 1990 | 78.9561 |
| October 1990 | 79.9478 |
| November 1990 | 81.0052 |
| December 1990 | 82.0756 |
| January 1991 | 78.7597 |
| Febrary 1991 | 69.3016 |
| March 1991 | 69.9093 |
| April 1991 | 70.5187 |
| May 1991 | 71.1839 |
| June 1991 | 71.9004 |
| July 1991 | 72.6765 |
| August 1991 | 71.1073 |
| September 1991 | 71.9505 |
| October 1991 | 72.8613 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| November 1991 | 73.8357 |
| December 1991 | 74.8233 |
| January 1992 | 71.6500 |
| February 1992 | 61.5697 |
| March 1992 | 62.0979 |
| April 1992 | 62.6278 |
| May 1992 | 63.2115 |
| June 1992 | 63.8444 |
| July 1992 | 64.5347 |
| August 1992 | 63.3530 |
| September 1992 | 64.1044 |
| October 1992 | 64.9188 |
| November 1992 | 65.7997 |
| December 1992 | 66.6793 |
| January 1993 | 63.8645 |
| February 1993 | 53.2206 |
| March 1993 | 53.6660 |
| April 1993 | 54.1130 |
| May 1993 | 54.6078 |
| June 1993 | 55.1464 |
| July 1993 | 55.7361 |
| August 1993 | 54.8196 |
| September 1993 | 55.4637 |
| October 1993 | 56.1638 |
| November 1993 | 56.9168 |
| December 1993 | 57.6810 |
| January 1994 | 55.2918 |
| February 1994 | 44.1900 |
| March 1994 | 44.5489 |
| April 1994 | 44.9091 |
| May 1994 | 45.3002 |
| June 1994 | 45.7486 |
| July 1994 | 46.2306 |
| August 1994 | 45.5745 |
| September 1994 | 46.1027 |
| October 1994 | 46.6788 |
| November 1994 | 47.2999 |
| December 1994 | 47.9306 |
| January 1995 | 46.0009 |
| February 1995 | 34.4308 |
| March 1995 | 34.6964 |
| April 1995 | 34.9630 |
| May 1995 | 35.2628 |
| June 1995 | 35.5929 |
| July 1995 | 35.9584 |
| August 1995 | 35.5815 |
| September 1995 | 35.9846 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| October 1995 | 36.4265 |
| November 1995 | 36.9049 |
| December 1995 | 37.3911 |
| January 1996 | 36.9584 |
| February 1996 | 23.9048 |
| March 1996 | 24.0912 |
| April 1996 | 24.2794 |
| May 1996 | 24.4940 |
| June 1996 | 24.7328 |
| July 1996 | 25.2616 |

SCHEDULE C-2

EQUIPMENT LEASE AGREEMENT
DATES AND FACTORS

(For Units delivered in 1981)

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| February 1981 | 84.5597 |
| March 1981 | 86.0330 |
| April 1981 | 87.5153 |
| May 1981 | 89.0085 |
| June 1981 | 90.5140 |
| July 1981 | 92.0337 |
| August 1981 | 89.0708 |
| September 1981 | 90.6205 |
| October 1981 | 92.1892 |
| November 1981 | 93.7787 |
| December 1981 | 95.3862 |
| January 1982 | 94.0176 |
| February 1982 | 88.7624 |
| March 1982 | 90.0376 |
| April 1982 | 91.3185 |
| May 1982 | 92.6430 |
| June 1982 | 94.0085 |
| July 1982 | 95.4219 |
| August 1982 | 91.9990 |
| September 1982 | 93.4707 |
| October 1982 | 94.9965 |
| November 1982 | 96.5749 |
| December 1982 | 98.1712 |
| January 1983 | 95.8396 |
| February 1983 | 90.9226 |
| March 1983 | 92.1519 |
| April 1983 | 93.3863 |
| May 1983 | 94.6753 |
| June 1983 | 96.0154 |
| July 1983 | 97.4149 |
| August 1983 | 94.0848 |
| September 1983 | 95.5533 |
| October 1983 | 97.0883 |
| November 1983 | 96.8871 |
| December 1983 | 100.3048 |
| January 1984 | 97.1664 |
| February 1984 | 92.1052 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| March 1984 | 93.4674 |
| April 1984 | 94.6180 |
| May 1984 | 95.8222 |
| June 1984 | 97.0763 |
| July 1984 | 98.3885 |
| August 1984 | 95.0802 |
| September 1984 | 96.4583 |
| October 1984 | 97.9012 |
| November 1984 | 99.4058 |
| December 1984 | 100.9275 |
| January 1985 | 97.8111 |
| February 1985 | 92.5534 |
| March 1985 | 93.6473 |
| April 1985 | 94.7446 |
| May 1985 | 95.9035 |
| June 1985 | 97.1192 |
| July 1985 | 98.4010 |
| August 1985 | 95.1973 |
| September 1985 | 96.5522 |
| october 1985 | 97.9804 |
| November 1985 | 99.4782 |
| December 1985 | 100.9933 |
| Jnauray 1968 | 97.3003 |
| February 1986 | 91.8597 |
| March 1986 | 93.0794 |
| April 1968 | 94.0859 |
| May 1986 | 95.1498 |
| June 1986 | 96.2666 |
| July 1986 | 97.4448 |
| Augsut 1986 | 94.2799 |
| September 1986 | 95.5250 |
| October 1986 | 96.8380 |
| November 1986 | 98.2153 |
| December 1986 | 99.6075 |
| January 1987 | 96.1643 |
| February 1987 | 90.4848 |
| March 1987 | 94.4299 |
| April 1987 | 92.3771 |
| May 1987 | 93.3866 |
| June 1987 | 94.4530 |
| July 1987 | 95.5859 |
| August 1987 | 92.5494 |
| September 1987 | 93.7531 |
| October 1987 | 95.0298 |
| November 1987 | 96.3753 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| December 1987 | 97.7357 |
| January 1988 | 93.9667 |
| February 1988 | 88.0711 |
| March 1988 | 89.1510 |
| April 1988 | 90.0167 |
| May 1988 | 90.9305 |
| June 1988 | 99.8884 |
| July 1988 | 92.9050 |
| August 1988 | 89.9403 |
| September 1988 | 91.0187 |
| October 1988 | 92.1615 |
| November 1988 | 93.3647 |
| December 1988 | 94.5802 |
| January 1989 | 91.4784 |
| February 1989 | 84.0762 |
| March 1989 | 84.8875 |
| April 1989 | 85.7004 |
| May 1989 | 86.5524 |
| June 1989 | 87.4403 |
| July 1989 | 88.3892 |
| August 1989 | 85.6772 |
| September 1989 | 86.6896 |
| October 1989 | 87.7686 |
| November 1989 | 88.9103 |
| December 1989 | 90.0638 |
| January 1990 | 86.9878 |
| February 1990 | 77.9658 |
| March 1990 | 78.7006 |
| April 1990 | 79.4370 |
| May 1990 | 80.2099 |
| June 1990 | 81.0162 |
| July 1990 | 81.8338 |
| August 1990 | 79.5512 |
| September 1990 | 80.4825 |
| October 1990 | 81.4807 |
| November 1990 | 82.5417 |
| December 1990 | 83.6146 |
| January 1991 | 80.5777 |
| February 1991 | 71.0076 |
| March 1991 | 71.6547 |
| April 1991 | 76.3034 |
| May 1991 | 72.9933 |
| June 1991 | 74.7208 |
| July 1991 | 74.5080 |
| August 1991 | 72.6240 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| September 1991 | 73.4733 |
| October 1991 | 74.3878 |
| November 1991 | 75.3635 |
| December 1991 | 76.3510 |
| January 1992 | 73.3314 |
| February 1992 | 63.1303 |
| March 1992 | 63.6771 |
| April 1992 | 64.2255 |
| May 1992 | 64.8251 |
| June 1992 | 65.4716 |
| July 1992 | 66.1747 |
| August 1992 | 64.8154 |
| September 1992 | 65.5783 |
| October 1992 | 66.4031 |
| November 1992 | 67.2864 |
| December 1992 | 68.1817 |
| January 1993 | 63.5353 |
| February 1993 | 54.4339 |
| March 1993 | 54.8920 |
| April 1993 | 55.3517 |
| May 1993 | 55.8596 |
| June 1993 | 56.4117 |
| July 1993 | 57.0152 |
| August 1993 | 56.0603 |
| September 1993 | 56.7186 |
| October 1993 | 57.4332 |
| November 1993 | 58.2012 |
| December 1993 | 58.9804 |
| January 1994 | 56.5423 |
| February 1994 | 45.0401 |
| March 1994 | 54.4057 |
| April 1994 | 45.7727 |
| May 1994 | 46.1181 |
| June 1994 | 46.6275 |
| July 1994 | 47.1182 |
| August 1994 | 46.4545 |
| September 1994 | 46.9922 |
| October 1994 | 47.5785 |
| November 1994 | 48.2105 |
| December 1994 | 48.8522 |
| January 1995 | 46.8902 |
| February 1995 | 34.8800 |
| March 1995 | 35.1484 |
| April 1995 | 35.4177 |
| May 1995 | 35.7208 |

| <u>Calendar Month</u> | <u>Factor</u> |
|-----------------------|---------------|
| June 1995 | 36.0545 |
| July 1995 | 36.4241 |
| August 1995 | 36.0509 |
| September 1995 | 36.4586 |
| October 1995 | 36.9055 |
| November 1995 | 37.3895 |
| December 1995 | 37.8813 |
| January 1996 | 36.4335 |
| February 1996 | 32.9185 |
| March 1995 | 24.1020 |
| April 1996 | 24.2874 |
| May 1995 | 24.4992 |
| June 1996 | 24.7354 |
| July 1996 | 25.2591 |

EXHIBIT A

CERTIFICATE OF DELIVERY AND ACCEPTANCE NO. _____

OCCIDENTAL BARGING CORPORATION (Lessee under that certain Equipment Lease Agreement ("Lease") dated as of December 1, 1980, between Lessee and FIRST SECURITY STATE BANK, as trustee of Occidental Barging Corporation Trust No. F-318L ("Lessor")) hereby acknowledges and accepts delivery of the following equipment ("Equipment") on behalf of Lessor and on its own behalf under the Lease:

TYPE(S) OF EQUIPMENT:

IDENTIFICATION MARKS

SELLER(S):

LOCATION(S):

LESSOR'S COST(S):

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 new and in good order, and appears to conform to the specifications set forth in the Purchase Agreement, that Lessee has received the manufacturer's Certificate of Construction as required by 49 C.F.R. §179.5 and that Lessee has no knowledge of any defect in any of the foregoing items of Equipment with respect to design, manufacture, condition or in any other respect, and that no original use nor placing in service thereof has commenced prior to the date hereof.

OCCIDENTAL BARGING CORPORATION

Dated:

By _____

OPINION OF COUNSEL

The undersigned hereby states that he is acting as counsel for Lessee and that in his opinion this Certificate of Delivery and Acceptance No. _____ has been duly authorized, executed and delivered by Lessee and is a legal, valid and binding instrument.

Ronald N. Jacobi

ACKNOWLEDGMENT

This Certificate of Delivery and Acceptance No. _____ is hereby acknowledged and agreed to this ____ day of _____, 19__.

Lessor

FIRST SECURITY STATE BANK

By _____
Title:

EXHIBIT B

Opinion of Counsel for Lessee and Guarantor

The opinion of counsel for Lessee, Guarantor and Buyer for first Delivery Date shall state that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated under this Lease and is qualified in such other jurisdictions in which the failure to qualify would materially adversely impact the ability of Lessee to perform its obligations under the Lease, the Indemnity or the Purchase Agreement Assignment.

(ii) The execution, delivery and performance by Lessee of this Lease, and the Indemnity and the Purchase Agreement Assignment will not contravene the Articles of Incorporation or the By-laws of Lessee or any indenture, agreement or other instrument or result in a breach of any of the terms, conditions or provisions of any law or any regulation, order injunction or decree of any court or governmental instrumentality to which Lessee is a party or by which it or its property may be bound;

(iii) This Lease, and the Indemnity and the Purchase Agreement Assignment have each been duly authorized, executed and delivered by Lessee and are the legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms, subject, as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity;

(iv) No notices to, filings with, permits from or approval of any governmental authority is necessary for the execution, delivery and performance by Lessee of this Lease, the Indemnity and the Purchase Agreement Assignment or, to such counsel's knowledge, for the purchasing, leasing, use and maintenance of the Leased Equipment;

(v) Except as set forth in the Disclosure Documents, to such counsel's knowledge, there are no suits or proceedings pending or threatened in any court or before any regulatory commission, board or other administrative governmental agency against or affecting Lessee which, if adversely determined, are likely to have a material adverse effect on its ability to fulfill its obligations under this Lease, the Indemnity and the Purchase Agreement Assignment;

(vi) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own or lease its properties and to carry on its business as now conducted and as contemplated under the Guarantee;

(vii) The execution, delivery and performance by Guarantor of the Guarantee and the Indemnity will not contravene the Articles of Incorporation or the By-laws of Guarantor or any indenture, agreement or other instrument or result in a breach of any of the terms, conditions or provisions of any law or any regulation, order, injunction or decree of any court or governmental instrumentality to which Guarantor is a party or by which it or its property may be bound;

(viii) The Guarantee and the Indemnity have each been duly authorized, executed and delivered by Guarantor and are the legal, valid and binding obligations of Guarantor, enforceable in accordance with their respective terms, subject, as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity;

(ix) No notices to, filings with, permits from or approval of any governmental authority is necessary for the execution, delivery and performance by Guarantor of the Guarantee or the Indemnity;

(x) Except as set forth in the Disclosure Documents, to such counsel's knowledge, there are no suits or proceedings pending or threatened in any court or before any regulatory commission, board or other administrative governmental agency against or affecting Guarantor which, if adversely determined, are likely to have a material adverse effect on its ability to fulfill its obligations under the Guarantee or the Indemnity; and

(xi) The Purchase Agreement and the Purchase Agreement Assignment have each been duly authorized, executed and delivered by Buyer and are the legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms, subject, as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity.

EXHIBIT C
TO THE EQUIPMENT
LEASE AGREEMENT

PURCHASE AGREEMENT ASSIGNMENT

THIS PURCHASE AGREEMENT ASSIGNMENT dated as of December 1, 1980, between HCCM, INC., a California corporation, doing business as Hooker Chemical Company (the "Assignor"), FIRST SECURITY STATE BANK, a Utah banking corporation (the "Assignee"), and OCCIDENTAL BARGING CORPORATION, a California corporation, ("Lessee").

W I T N E S S E T H:

WHEREAS, the Assignor has entered into the following purchase order (the "Purchase Agreement"), copies of which are attached hereto, for the purchase of the following described railroad equipment:

| <u>Date</u> | <u>Seller</u> | <u>No. of Units</u> | <u>Railroad Equipment</u> | <u>Identification Marks</u> |
|-----------------|---------------------------------|-------------------------|--|---------------------------------|
| August 12, 1980 | Richmond Tank Car Company | 196 | 100-ton 13,500 gal DOT 111A100W1, tank cars | OCCX 2001- 2196 |

WHEREAS, the Assignee, as Lessor, and Lessee, have entered into that certain Equipment Lease Agreement dated as of the date hereof (the "Lease"), pursuant to the terms and conditions of which Lessee will lease from the Assignee those units of said railroad equipment which, from time to time, are made subject to the Lease on or prior to March 31, 1981 (the "Units"); and

WHEREAS, the Assignee wishes to acquire the Units pursuant to the terms and conditions of the Lease, and the Assignor is willing to assign to the Assignee, on the terms and conditions hereinafter set forth, the Assignor's rights and interest under the Purchase Agreement to the extent that the Purchase Agreement pertain to the Units, and the Assignee is willing to accept such assignment;

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303, on December __, 1980 at _____, recordation number _____

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. The Assignor has sold, assigned, transferred and set over and does hereby sell, assign, transfer and set over unto the Assignee all the Assignor's right, title and interest in and to the Purchase Agreement to the extent that the Purchase Agreement pertains to the Units. The Assignee hereby accepts such assignment.

2. It is expressly agreed that, anything herein contained to the contrary notwithstanding, the Assignor shall at all times remain liable to each Seller under and in accordance with the Purchase Agreement, and the Assignee shall not have any obligation or liability under the Purchase Agreement by reason of, or arising out of, this Purchase Agreement Assignment or be obligated to perform any of the obligations or duties of the Assignor under the Purchase Agreement or to make any payment other than to pay the purchase price for each Unit in accordance with the terms of and subject to the conditions in the Purchase Agreement and the Lease.

3. The Assignor agrees that at any time and from time to time, upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee may reasonably request in order to obtain the full benefits of this Purchase Agreement Assignment and of the rights and powers herein granted.

4. The Assignor does hereby represent and warrant that (i) the Purchase Agreement is in full force and effect and enforceable in accordance with its terms and that the Assignor is not in default thereunder; (ii) the Assignor has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Purchase Agreement Assignment shall remain in effect, the whole or any part of the rights hereby assigned to anyone other than the Assignee; and (iii) the Assignor will not, so long as this Purchase Agreement Assignment shall remain in effect, enter into any agreement with any Seller which would materially amend or modify, or rescind, cancel or terminate, the Purchase Agreement without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

5. The Assignee agrees that it will not enter into any agreement with any Seller which would amend, modify, rescind, cancel or terminate any Purchase Agreement without the prior written consent of the Assignor.

6. So long as no Event of Default under the Lease or event which, with the lapse of time or the giving of notice or both, would be such an Event of Default, shall have occurred and be continuing, (i) the Assignee hereby assigns to the Lessee, for and during the term of the

Lease, any and all Seller and manufacturer warranties issued on or applicable to the Units, and (ii) the Assignee hereby authorizes the Lessee during the term of the Lease to obtain at the Lessee's sole expense any and all services furnished in connection therewith by Seller or any manufacturer. Lessee hereby accepts such assignment.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement Assignment to be duly executed as of the day and year first above written.

[seal]

Assignor:

HCCM, INC.

Attest:

By _____

[seal]

Assignee:

FIRST SECURITY STATE BANK

Attest:

By _____
Title:

[seal]

Lessee:

OCCIDENTAL BARGING CORPORATION

Attest:

By _____
Title:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On this ___ day of December, 1980 before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of HCCM. INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires _____

STATE OF UTAH)
COUNTY OF SALT LAKE)

On this ___ day of December, 1980 before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said Utah banking corporation, that said instrument was signed and sealed on behalf of said state banking 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 state banking corporation, not in its individual capacity but solely as Trustee.

Notary Public

My Commission expires _____

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On this ___ day of December 1980 before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of OCCIDENTAL BARGING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires _____

CONSENT AND AGREEMENT

The undersigned, RICHMOND TANK CAR COMPANY (the "Seller"), hereby acknowledges notice of and consents to all of the terms of the foregoing Purchase Agreement Assignment (the "Assignment", the defined terms therein being hereinafter used with the same meaning as defined therein) and hereby confirms to the Assignee that:

(i) the Assignee and Lessee shall not be liable for any of the obligations or duties of the Assignor to the Seller under the Purchase Agreement, nor shall the Assignment give rise to any duties or obligations whatsoever on the part of the Assignee or Lessee owing to the Seller except for the obligation of the Assignee to pay the purchase price for a Unit in accordance with the terms of the Purchase Agreement and the Assignment in the event such Unit is made subject to the Lease;

(ii) the Seller hereby represents and warrants that the Purchase Agreement to which the Seller is a party constitutes as of the date thereof and at all times thereafter to and including the date of this Consent and Agreement a binding obligation of the Seller, enforceable, with respect to the Units listed in the Assignment, against the Seller in accordance with its terms; and

(iii) by consenting to the terms of the Agreement, the Seller does not intend to modify its rights and obligations under the Purchase Agreement.

Dated: _____

RICHMOND TANK CAR COMPANY

[seal]

By _____
Title:

Attest:

STATE OF TEXAS)
COUNTY OF)

On this __ day of December, 1980 before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of RICHMOND TANK CAR COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires _____