LAW OFFICES
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WASHINGTON, D.C.
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*ALSO ADMITTED IN OHIO
#ALSO ADMITTED IN MARYLAND

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RECORDATION NO. Filed 1425 January 7, 1988

JAN 7 1988 - 1 00 PM

INTERSTATE COMMERCE COMMISSION

8-007A054
No.
Date JAN 7 1988
Fee $ 10.00
ICC Washington, D.C.

ICC JAN 7 1 00 PM '88
MOTOR OPERATION

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed copies of a Master Equipment Lease Agreement dated December 30, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Pitney Bowes Credit Corporation
201 Merritt Seven
Norwalk, Connecticut 06856-5151

Lessee: Soltex Polymer Corporation
3333 Richmond Avenue
Houston, Texas 77098

A desription of the railroad equipment covered by the enclosed document is:

Seventy-nine (79) covered railroad hopper cars, manufactured by ACF Industries, Incorporated, bearing reporting mark and numbers ELTX 1400 through ELTX 1478, both inclusive.

Also enclosed is a check in the amount of $10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Counterpart — T. Kappler

Kindly return one stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed primary document to appear in the Commission's Index is:

> Master Equipment Lease Agreement dated December 30, 1987 between Pitney Bowes Credit Corporation, Lessor, and Soltex Polymer Corporation, Lessee, covering 79 covered hopper cars marked ELTX 1400 - ELTX 1478.

Very truly yours,

Charles T. Kappler

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Charles T. Kappler,Esq.
Alvord & Alvord
918 16th Street N.W.
Washington, D.C.20006

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 1/7/88 at 1:05PM , and assigned recordation number(s). 15460

Sincerely yours,

Noreta R. McGee

Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 1 5460 Filed 1...
JAN 7 1988 - 1 ...
INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE AGREEMENT

Lease Agreement made this 30th day of December, 1987, between PITNEY BOWES CREDIT CORPORATION ("Lessor") with a place of business located at 201 Merritt Seven, Norwalk, Connecticut 06856-5151 and Soltex Polymer Corporation ("Lessee") having its principal place of business located at 3333 Richmond Avenue, Houston, Texas 77098.

1. LEASE AGREEMENT: Lessor hereby leases to Lessee and Lessee hereby rents from Lessor all the machinery, equipment and other personal property ("Equipment") described in Equipment Lease Schedule(s) which are or may from time to time be executed by Lessor and Lessee and attached hereto or incorporated herein by reference ("Schedules"), upon the terms and conditions set forth in this Lease, as supplemented by the terms and conditions set forth in the appropriate Schedule identifying such items of Equipment. All of the terms and conditions of this Lease shall govern the rights and obligations of Lessor and Lessee except as specifically modified in writing. Whenever reference is made herein to "this Lease" it shall be deemed to include each of the various Schedules identifying all items of Equipment, all of which constitute one undivided lease of the Equipment, and the terms and conditions of which are incorporated herein by reference.

2. CONDITION PRECEDENT: (a) The obligation of Lessor to lease any of the Equipment to Lessee hereunder shall be subject, on or as of the acceptance date for such Equipment, to (i) Lessee's acceptance of such Equipment, as evidenced by Lessor's receipt of an acceptance certificate in form and substance acceptable to Lessor with respect thereto; (ii) Lessee's execution and delivery, at Lessee's expense, of such documents as Lessor may reasonably deem to be necessary or desirable (each in form and substance satisfactory to Lessor), including, without limitation, an opinion of Lessee's counsel, a certificate(s) of officers of Lessee, Uniform Commercial Code financing statements and other filings and publications as may be appropriate with respect to Lessor's interest in the Equipment including filings with the United States Interstate Commerce Commission; (iii) there not having occurred, since the date of the most recent financial statements for Lessee, any material adverse change in the financial condition of Lessee or in Lessee's ability to perform its obligations hereunder; (iv) there having occurred no change in applicable law that would have a material adverse impact on the transactions contemplated by this Lease (unless Lessor and Lessee shall have agreed upon appropriate adjustments and indemnities to compensate for such change); (v) Lessee's representations and warranties contained in this Lease being true and accurate as if made on and as of such date, and Lessee's having performed and complied with all of its covenants and obligations hereunder and under any purchase agreement.

3. TERM: The obligations under this Lease shall commence upon the written acceptance thereof by Lessor and shall end upon full performance and observance of each and every term, condition and covenant set forth in this Lease, each Schedule thereto and any extensions thereof. The rental term of the Equipment listed in each Schedule shall commence on the date that the first Rental Payment is due and shall terminate on the last day of the term stated in such Schedule unless such Schedule has been extended or otherwise modified in writing and signed by the Lessor and Lessee. Lessor, at its option, may terminate any Schedule as to which the Equipment listed therein has not been delivered to Lessee prior to the outside commitment date specified in such Schedule.

4. RENTAL PAYMENTS: The rent for the Equipment described in each Schedule shall be due and payable on the dates set forth therein. Such rent shall be payable at the office of Lessor, 201 Merritt Seven, Norwalk, Connecticut 06856-5151 at such office as Lessor may otherwise designates. The receipt of any check or other item on account of any Rental Payment will not be considered as payment thereof until such check or other item is honored when presented for payment.

5. DELIVERY AND INSTALLATION: Lessee will select the type, quantity and supplier of each item of Equipment designated in the appropriate Schedule and in reliance thereon such Equipment will then be ordered by Lessor from such supplier or Lessor will accept an assignment of any existing purchase order therefor. Lessor shall have no liability for any delivery or failure by the supplier to fill the purchase order or meet the conditions thereof. Lessee at its expense, will pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges in connection with the delivery, installation and use of the Equipment.

6. WARRANTIES: LESSOR, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages. Lessor shall have no obligation to install, erect, test, adjust, service, or maintain the Equipment. Lessee shall look to the manufacturer and/or seller for any claims related to the Equipment.

Lessor hereby acknowledges that any manufacturer's and/or seller's warranties are for the benefit of both Lessor and Lessee. NOTWITHSTANDING THE FOREGOING, LESSEE'S OBLIGATIONS TO PAY THE RENTALS OR OTHERWISE UNDER THIS LEASE SHALL BE AND ARE ABSOLUTE AND UNCONDITIONAL EXCEPT AS PROVIDED IN PARAGRAPH 30, "LESSEE'S QUIET ENJOYMENT".

To the extent permitted by the manufacturer or seller, and provided Lessee is not in default under this Lease, Lessor shall make available to Lessee all manufacturer's and/or seller's warranties with respect to Equipment.

7. TITLE TO AND LOCATION OF EQUIPMENT: Title to each item of Equipment leased hereunder shall remain with the Lessor at all times and the Lessee shall have no right, title or interest therein except as expressly set forth in this Lease. Lessee, at its expense, will protect and defend Lessor's title to the Equipment and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes except for those created by, through or under Lessor. Lessor assumes no liability and makes no representation as to the treatment by Lessee of this Lease, the Equipment or the Rental Payments for financial statement or tax purposes.

All items of Equipment shall at all times be and remain personal property notwithstanding that any such Equipment may now or hereafter be affixed to realty. The Equipment shall be delivered to the location specified in the Schedule with respect thereto.

The Lessor shall be permitted to display notice of its ownership of the Equipment by affixing to each item of Equipment an identifying stencil or plate or any other indicia of ownership and Lessee will not alter, deface, cover or remove such ownership identification.

8. USE OF EQUIPMENT, INSPECTION AND REPORTS: Lessee may possess and use the Equipment in accordance with this Lease, provided that any such use is in conformity with all applicable laws, any insurance policies, and any warranties of the manufacturer with respect to the Equipment. Lessor shall have the right, upon reasonable prior notice to the Lessee and during the Lessee's regular business hours, to inspect the Equipment at the premises of the Lessee or to the extent reasonable wherever the Equipment may be located. Lessee shall promptly notify Lessor of all details arising out of any alleged encumbrances on the Equipment or any accident which may result in a claim against the Lessor allegedly resulting from the use or operation thereof.

9. OPERATING RULES AND REGULATIONS: Lessee agrees to comply with all local, state and Federal governmental laws, regulations and requirements relating to the operation and/or use of the equipment, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Interstate Commerce Commission. In case any equipment or appliance on any Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor.

10. FURTHER ASSURANCES: Lessee shall execute and deliver to Lessor upon Lessor's request such instruments and assurances as Lessor in the reasonable exercise of its discretion deems necessary for the confirmation or perfection of this Lease and Lessor's rights hereunder. In furtherance thereof, Lessor may file or record this Lease or a financing statement with respect thereto so as to give notice to any interested parties. The Lessor is authorized to file a financing statement concerning the equipment signed only by the Lessor in accordance with the Uniform Commercial Code or one signed by Lessor as Lessee's attorney in fact. Any such filing or recording shall not be deemed evidence of any intent to create a security interest under the Uniform Commercial Code. Lessee, at its own expense, will cause this Lease to be filed in accordance with 49 U.S.C. §11303(a) with the Interstate Commerce Commission.

11. RISKS OF LOSS: All risk of loss, damage, theft or destruction to each item of Equipment shall be borne by the Lessee. No such loss, damage, theft or destruction of the Equipment, in whole or in part, shall impair the obligations of Lessee under this Lease all of which shall continue in full force and effect and Lessee, at Lessor's option, shall either (a) place the affected Equipment in good repair, condition and working order or (b) pay the Lessor the amount covering such affected Equipment set forth in Addendum "A" - Stipulated Loss Values, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss, damage, theft or destruction. After compliance with the foregoing to Lessor's satisfaction and provided Lessee is not in default under this Lease, Lessee shall be subrogated to Lessor's rights with respect to any insurance policies or claims for reimbursement by others with respect to such loss, damage, theft or destruction.

12. INSURANCE:

a. Public Liability and Property Damage Insurance. Lessee represents and warrants that it will maintain in effect, at its own expense (i) public liability insurance in an amount not less than $1,000,000.00 combined single limit coverage in the aggregate and (ii) such other property damage insurance (exclusive of manufacturer's product liability insurance) with respect to the Equipment as is of the type and in the amount as specified in each Schedule. All insurance provided for in this section shall be effected with insurance companies similar to those insurers who customarily provide public liability insurance to Lessee's industry.

b. Insurance Against Loss or Damage to Equipment. Lessee represents and warrants that it will self insure for all-risk insurance covering the Equipment including fire and explosion, and lightning and electrical damage, provided that such insurance shall at all times while the Equipment is subject to this Lease be for an amount which, when paid, will be not less than the Stipulated Loss Value for the Equipment from time to time.

c. Lessor as Additional Insured; Notice. Any policies of insurance carried in accordance with this Section and any policies taken out in substitution or replacement for any such policies (i) shall be amended to name Lessor, as owner of the Equipment, as additional named insured thereunder, (ii) with respect to insurance carried in accordance with paragraph (b) covering the Equipment shall be made payable to Lessor as loss payee. Lessee shall furnish certificates to Lessor as proof of such insurance and shall provide for at least thirty (30) days written notice of cancellation to Lessor.

13. EXPENSES, FEES AND TAXES: In addition to the Rental Payments, Lessee shall pay promptly when due, all costs, expenses, fees, charges and taxes (including sales, use, excise, personal property, ad valorem, stamp documentary) incurred in connection with the titling, licensing, registration, use, rental, shipment, transportation, delivery, purchase, ownership or operation thereof, and on or relating to this Lease and any Schedule. In case any report or return is required to be filed with respect to any taxes, Lessee will, to the extent legally permissible, file such report or return or notify Lessor in writing to the extent Lessor must file such report or return in sufficient time for Lessor to make such filing of the required report or return. All reports and returns filed by Lessee will be in Lessee's name and account number. To the extent reasonably requested by Lessor, Lessee will promptly supply Lessor a copy of such reports or returns. Lessee shall promptly reimburse Lessor for any taxes charged to or assessed against Lessor except for state or federal net income taxes or franchise taxes other than franchise taxes on gross revenues.

If Lessee should fail to pay any of the costs, expenses, fees, charges and taxes for which Lessee is liable hereunder, Lessor may, but shall not be required to pay the same for the account of Lessee. Lessee shall reimburse Lessor, upon demand, as to such additional rental hereunder, for the full amount of any costs, expenses, taxes or other charges paid by Lessor which constitute an obligation of Lessee hereunder.

14. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS: If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Equipment, Lessor may (at its option) perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Equipment and Lessor's title thereto, including payments for satisfaction of liens, repairs, taxes, levies and insurance and

all sums so paid or incurred by Lessor, together with interest as provided below, and any reasonable legal fees incurred by Lessor in connection therewith shall be additional rent under this Lease and payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee.

15. LATE CHARGES: Should Lessee fail to duly pay any part of any Rental Payment or other sum to be paid to Lessor under this Lease, then Lessee shall pay interest on such delinquent payment from the due date until paid at a rate of 2% over Chase Manhattan Bank, N.A. Prime Rate per annum not to exceed the highest legal contract rate of interest.

16. INDEMNIFICATION: Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its agents, employees, officers, directors, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to perform or comply with any conditions of this Lease. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor.

17. NO OFFSET: This Lease is a net lease and all Rental Payments shall be paid when due by Lessee irrespective of any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the supplier of the Equipment, or any other party except for the right of offset to the extent that Lessee's right of quiet enjoyment ~~is interrupted~~ as provided for under Paragraph 30, "Lessee's Quiet Enjoyment" is interrupted

18. PURCHASE OPTION: Lessee shall have no option to purchase or otherwise acquire title or ownership of all Equipment on any Schedule unless (a) a purchase option is referred to in the Schedule relating to the Equipment and (b) if there is any such purchase option, and Lessee is not in default under this Lease, any such purchase option can only be exercised by Lessee's written notice to Lessor, at Lessor's address stated above, not earlier than 360 days nor later than 270 days prior to the end of the original lease term of any such Schedule and (c) the purchase price shall be payable promptly upon the expiration of the original term and (d) Lessee purchases all but not less than all Equipment on the Schedule. Any purchase option price stated as "Fair Market Value" ("FMV") for Equipment shall be determined on the basis of, and shall be equal in amount to, the value which one would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a Lessee currently in possession and a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal of Equipment from their location of current use shall not be a deduction from such value. In the event Lessee purchases Equipment, Lessee shall be responsible for all applicable sales tax. In the event the FMV is not agreed upon by Lessee and Lessor, it shall be determined by the average of three (3) independent appraisals by parties which shall include two parties individually, one selected by Lessee and one selected by Lessor and a third mutually selected by Lessee and Lessor at Lessee's expense. In the event that Lessee chooses not to purchase

the Equipment after determination of FMV, Lessee shall provide Lessor with at least 180 days written notice that Lessee has rescinded the election to purchase and the Lease shall continue in full force and effect from the date of such notice at its then prevailing rent.

19. RENEWAL: If a Fair Market Value renewal rental is set forth in any Schedule, Lessee may, at its option, renew the lease term relating to such Schedule for not less than all Equipment covered by such Schedule by giving Lessor written notice not earlier than 270 days nor less than 180 days before the expiration of the original term or the anniversary date of any prior renewal thereof, and paying to Lessor the amount of the renewal rental, provided that such renewal option is not exerciseable if Lessee is in default under this Lease or has notified Lessor of its intent to purchase the Equipment under Paragraph 18 of the Lease. Upon such notification and payment, the lease term covering such Schedule shall be renewed for three years at the stated renewal rental, but the other provisions and conditions of this Lease shall continue unchanged. If Lessee fails to return the Equipment at the end of the original lease term or any renewal thereof, and does not exercise its renewal option or purchase option as aforesaid, then the Lease shall automatically be renewed from month to month with rent payable monthly at the monthly rate applicable during the original term. In the event the Fair Market Value is not agreed upon by Lessee and Lessor, it shall be determined by the average of three (3) independent appraisals by parties which shall include two parties one selected by Lessee and one selected by Lessor and a third mutually selected by Lessee and Lessor at Lessee's expense.

20. ASSIGNMENT BY LESSEE: Without Lessor's prior written consent, which shall not be unreasonably withheld, Lessee may not, by operation of law or otherwise, (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein or (b) sublet or lend the Equipment or permit same to be used by anyone other than Lessee or Lessee's employees, provided, however, that Lessee may trip lease the Equipment to its customers in the normal course of Lessee's business. Irrespective of any permitted sublease or trip lease, Lessee agrees to remain primarily liable to Lessor under all terms and conditions of this Lease.

21. ASSIGNMENT BY LESSOR: For the purpose of providing funds for financing the purchase of the Equipment, or for any other purpose, Lessee agrees (a) that Lessor may assign, sell or encumber all or any other part of this Lease, the Equipment and the Rental Payments hereunder and (b) in the event of any such assignment of Rental Payments hereunder and written notice thereof to Lessee, to unconditionally pay directly to any such assignee all rentals and other sums due or to become due under this Lease and (c) that the Equipment leased hereunder may be mortgaged by Lessor under a chattel mortgage. In any such event, the right, title and interest of the mortgagee under any such chattel mortgage shall by express terms of such chattel mortgage be subject to the leasehold interest of Lessee in and to the Equipment hereunder. THE RIGHTS OF ANY SUCH ASSIGNEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH LESSEE MAY HAVE AGAINST THE LESSOR EXCEPT FOR SETOFFS RELATED TO INTERRUPTION OF QUIET ENJOYMENT. Notwithstanding the foregoing, any such assignment (a) shall be subject to Lessee's right to possess and use the Equipment so long as Lessee is not in default under this Lease and (b) shall not release any of Lessor's obligations hereunder or any claim which Lessee has against Lessor.

22. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT: Lessee shall, at no expense to Lessor, maintain the Equipment in good repair and operating condition so that the Equipment complies with the applicable interchange standards set for such Equipment by the Association of American Railroads ("AAR"), the Equipment is in good operating order by industry standards and fit for the purposes for which they were designed, and satisfy the tests described below;

a. All damaged or broken parts will be repaired according to AAR specifications;

b. Exterior sides will be free of rust and corrosion, except for minor surface rust, and will be painted according to a standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification;

c. Equipment will conform to United States Department of Transportation regulations or those of any other government agency having jurisdiction over the use and operation of the Equipment;

d. Equipment will be returned with undercarriage systems, including any related tracks and rollers of a type, size, and quality standard according to original manufacturing specifications, and will be in good repair and operating condition;

At Lessee's expense, Lessee shall provide written evidence from a mutually acceptable independent party that the Equipment returned meets the specifications above.

Any deficiencies determined by such inspection shall be the responsibility of Lessee.

Upon payment in full of all Rental Payments and all other sums due under this Lease for the Equipment described in any Schedule, unless Lessee shall have duly exercised any renewal or purchase option with respect thereto, Lessee will, at its expense, insure and deliver such items of Equipment to Lessor at any place or places in the continental United States designated by Lessor in writing, for such disposition. In the Event of Default by Lessee under this Lease, Lessee will return all Equipment to Lessor in the same manner. All Equipment so delivered by Lessee to Lessor shall be returned to the designated location in the same condition as when first delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted.

Should Lessor elect to take possession of the Equipment, Lessee shall deliver possession of such Equipment to Lessor and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Equipment so to return such Equipment. For the purpose of delivering possession of any Equipment to Lessor as required above, Lessee will, at its own expense and risk: (i) forthwith and in the usual manner cause such Equipment to be transported to the storage tracks of Lessee as Lessee may select, and there assembled; (ii) furnish or arrange for Lessor to store such Equipment on Lessee's storage tracks until such Equipment has been sold, leased or otherwise disposed of by Lessor, such period not to exceed thirty (30) days; and (iii) cause such Equipment to be transported to such interchange point or points as shall be designated by Lessor upon any sale, lease or other disposition of all or any of such Equipment. All movement to and storage of each piece of Equipment at Lessee's storage track is to be at the risk and expense of Lessee. All movement from Lessee's storage tracks is to be at the risk and expense of Lessor.

23. EVENTS OF DEFAULT: Lessee shall be in default under this Lease upon the happening of any of the following events or conditions ("Events of Default"):

(a) Default by Lessee in payment of any installment of rent or any other indebtedness or obligation now or hereafter owed by Lessee to Lessor under this Lease or otherwise and the continuance of such default for ten (10) consecutive days after written notice thereof by Lessor to Lessee; or (b) default in the performance of any obligation, covenant or liability contained in this Lease or any other agreement or document with Lessor, and the continuance of such default for ten (10) consecutive days after written notice thereof by Lessor to Lessee; or (c) any material warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished; or (d) loss, theft, damage, destruction, or the attempted sale or encumbrance by Lessee of any of the Equipment, or the making of any levy, seizure or attachment thereof or thereon; or (e) dissolution, termination of existence, discontinuance of its business, insolvency, business failure, or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by Lessee or the commencement of any proceedings under any voluntary bankruptcy, reorganization or arrangement laws by or against Lessee; or (f) in the event of an involuntary bankruptcy or the appointment of a receiver without Lessee's consent, such bankruptcy or appointment continues and is ongoing for a period of sixty (60) consecutive days.

24. REMEDIES OF LESSOR: Upon the occurrence of any Event of Default and at any time thereafter (subject to any applicable grace provisions) Lessor may without any further notice exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) declare all unpaid rentals due and to become due under this Lease to be immediately due and payable; (b) terminate this Lease as to any or all items of Equipment; (c) take possession of the Equipment wherever found without any liability or suit, action or other proceeding by the Lessee and remove the same; (d) cause Lessee at its expense to promptly return the Equipment to Lessor and in the condition set forth in Section 22; (e) use, hold, sell, lease or otherwise dispose of the Equipment or any item thereof without affecting the obligations of Lessee as provided in this Lease; (f) sell or lease the Equipment or any part thereof, at public auction or by private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than ten (10) days prior to the date thereof shall constitute reasonable notice thereof to Lessee; (g) proceed by appropriate action either by law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; (h) exercise any and all rights accruing to a Lessor under any applicable law upon a default by a Lessee. In addition, Lessor shall be entitled to recover immediately as liquidated damages for loss of a bargain and not as a penalty an amount equal to the Stipulated Loss Value for Equipment (as set forth in Addendum "A" for the applicable Schedule) on the date of Lessor declaring this Agreement in default, together with interest as provided herein. After default at the request of Lessor and to the extent requested by Lessor, Lessee shall comply with the provisions of Paragraph 22 of this Agreement. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of sale, lease or other disposition, if any, shall be applied (1) to all Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment;

then, (2) to the extent not previously paid by Lessee, to pay Lessor the Stipulated Loss Value for Equipment and all other sums, including any unpaid rent and any indemnification then remaining unpaid thereon; then (3) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages; (4) any surplus shall be retained by Lessor; Lessee shall pay any deficiency in (1) and (2) forthwith. Should Lessor, however, estimate its actual damages in lieu of or in addition thereto, Lessor shall not be obligated to sell, lease or otherwise dispose of any item of repossessed Equipment hereunder if it would impair the sale, lease or other disposition of similar equipment in the ordinary course of Lessor's business or which was previously repossessed by Lessor from any party. None of the remedies under this Lease are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor in law or in equity. Any repossession or subsequent sale or lease by Lessor of any item of Equipment shall not bar an action for a deficiency as herein provided, and the bringing of an action or the entry of judgment against the Lessee shall not bar the Lessor's right to repossess any or all items of Equipment. In no event shall Lessor be entitled to recover from Lessee more than the sum of (a) the liquidated damages, as defined above, (b) all of Lessor costs, charges, and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment and (c) unpaid rent that has accrued to the date of Lessor's declaring this Agreement in default.

25. SEVERABILITY: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition and unenforceable without invalidating the remaining provisions hereof. To the extent permitted by applicable law, Lessee hereby waives any provision of law which prohibits or renders unenforceable any provisions hereof in any respect.

26. NOTICES: Any notice or other communication given under this Lease shall be sent to the following address:

Pitney Bowes Credit Corporation	Soltex Polymer Corporation
201 Merritt Seven	3333 Richmond Avenue
Norwalk, CT 06856	Houston, TX 77098
Attn: Vice President, Operations	Attn: General Counsel

Any such notice or other communication shall, if not actually delivered prior thereto, be deemed to have been delivered five (5) business days after the date when it shall have been mailed by registered or certified mail, all charges prepaid. Notice or other communications transmitted in any other fashion shall not be deemed delivered until actually delivered at the address or party to which notices may be sent. Each party shall notify the other of a change of address for notices to the other party as herein provided.

27. AMENDMENTS AND WAIVERS: This instrument and the Schedules executed by Lessor and Lessee constitute the entire agreement between Lessor and Lessee with respect to the Equipment and the subject matter of this Lease: No term or provision of this Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee, except that Lessor may insert the serial number of any item of Equipment on the appropriate Schedule after delivery thereof. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default whether similar in kind or otherwise.

28. CONSTRUCTION: This Lease shall in all respects be governed by and construed in accordance with the laws of the State of Connecticut. The titles of the sections of this Lease are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence of this Lease in each of its provisions.

29. PARTIES: The provisions of this Lease shall be binding upon, and inure to the benefit of, the assigns, representatives and successors of the Lessor and Lessee. If there is more than one Lessee named in this Lease, the liability of each shall be joint and several.

30. LESSEE'S QUIET ENJOYMENT: So long as Lessee shall pay and perform all of its obligations and covenants hereunder, its quiet enjoyment of the Equipment shall not be disturbed by any party lawfully claiming by, through or under Lessor. By acceptance of any assignment of this Lease, any assignee hereof agrees, with and for the benefit of Lessee, that as long as Lessee shall perform all of its obligations and covenants hereunder, and notwithstanding and default of Lessor, Lessee's quiet enjoyment shall not be distrubed by such assignee or any party lawfully claiming by, through or under such assignee.

31. EARLY TERMINATION: Provided Lessee is not in default under the Lease or any other agreement between the Lessor and Lessee, Lessee shall at any time on or after the expiration of ten (10) years from the commencement date of the Lease Schedule which Lessee seeks to terminate, in accordance with the provisions set forth below, and upon no less than 90 days prior written notice to Lessor, (hereinafter called "90 Day Notice Period") have the right to terminate the Lease Schedule with respect to the Equipment listed on such Lease Schedule which Equiupment becomes economically obsolete or surplus to the Lessee's needs, provided however, no termination of the Lease Schedule shall occur unless and until, during the 90 Day Notice Period (1) Lessee shall: (i) use its bèst efforts to obtain bids for the cash purchase of such Equipment at its fair market value, such bids to be ON AN AS IS, WHERE IS BASIS, WITHOUT RECOURSE OR WARRANTY TO LESSOR, (ii) certify to Lessor in writing the amount of the highest bid received by Lessee and the name and address of the party submitting such bid (hereinafter called "Lessee's Certificate"), (iii) pay Lessor in cash at the time of delivery of Lessee's Certificate required in (ii) immediately above, the amount, if any by which the applicable Termination Value (as provided below) exceeds the amount of the highest bid as stated in such Lessee's Certificate, and (2) the sale contemplated hereby shall have been consummated as hereinafter set forth.

After Lessor's receipt of the Lessee's Certificate and payment required and provided the party identified as the highest bidder in Lessee's Certificate does not withdraw or modify their bid, Lessor, shall sell such Equipment WITHOUT RECOURSE OR WARRANTY, to the bidder identified in the Lessee's Certificate for cash in the amount of the full purchase price together with any taxes thereon; and thereupon Lessee shall deliver such Equipment to Lessor in accordance with the terms of the Lease. The total purchase price realized at such sale shall be retained by Lessor and in addition Lessee shall pay Lessor in cash upon demand all reasonable expenses incurred by Lessor in selling such Equipment.

Lessee shall remain liable for all rent payments accruing under the applicable Lease Schedule with respect to such Equipment through the date of Lessor's sale of such Equipment. Lessee thereafter shall be relieved of all obligations to pay rent accruing after the date of such sale with respect to such Equipment and the Lease Schedule shall thereupon terminate with respect to such Equipment except for such obligations which by the terms of the Lease expressly survive the termination.

Notwithstanding the foregoing upon written notice to Lessee within the 90 Day Notice Period Lessor may elect not to sell such Equipment to the highest bidder identified in Lesse's Certificate. In such event Lessor shall require Lessee to deliver such Equipment to the Lessor in accordance with the terms of the Lease. Concurrently Lessee will pay Lessor in cash the amount, if any, by which the applicable Termination Value (as provided below) exceeds the amount of the highest bid as stated in Lessee's Certificate. Thereafter, Lessee shall (1) be relieved of all obligations to pay rental payments accruing under the Lease Schedule with respect to such Equipment due and payable after the expiration of the 90 Day Notice Period, (2) remain liable (i) for rent payments due and not paid prior to the expiration of the 90 Day Notice Period under the Lease Schedule with respect to such Equipment, and (ii) for all such obligations which, by the terms of the Lease, expressly survive the termination thereof and except as expressly provided above the Lease Schedule shall terminate with respect to such Equipment.

Notwithstanding the foregoing, Lessee may at its option, upon written notification given to Lessor prior to Lessor making commitment to sell or release the Equipment to a third party, elect to rescind Lessee's notice of termination with respect to such Equipment, whereupon the Lease Schedule shall not terminate with respect to such Equipment pursuant to this Paragraph 31, but shall, provided no default has occurred and is continuing hereunder and Lessor has not by reason thereof terminated the Lease Schedule, continue in full force and effect as though no such notice of termination had been given by Lessee. Failure of Lessee to deliver Lessee's Certificate to Lessor prior to the expiration of the 90 Day Notice Period will be deemed conclusive evidence of Lessee's election to rescind its notice of termination.

Termination Value Payment Date	Termination Value
01/01/98	$ 2,513,134.00
01/01/99	2,209,579.00
01/01/00	1,883,446.00
01/01/01	1,533,071.00
01/01/02	1,170,862.00

32. TAX INDEMNITY: Lessee acknowledges that the monthly rent payment provided for in Paragraph 4 is computed on the assumptions that (a) the Lessor will be entitled to depreciation deductions, with respect to the full cost of each item of Equipment, allowed under Section 167(a) and 168(a) of the Internal Revenue Code of 1986 as amended (the "Code") as in effect on the date hereof, utilizing the applicable (1) depreciation method provided in Section 168(b)(1)(A) and (B) of the Code; (2) convention described in Section 168(d)(1) of the Code; and (3) recovery period and classification of 7 years as determined under Section 168(c) and (e) of the Code, commencing in Lessor's current taxable year and cost recovery deductions or depreciation deductions for state or local income tax purposes (such deductions being referred to hereinafter as "Tax Benefits") and (b) all amounts includable in the gross income of Lessor with respect to the Equipment will be treated as derived from or allocable to sources within the United States.

Lessee represents and warrants to Lessor that (v) under current law Lessor shall be entitled to take such Tax Benefits and that it has not, and will not, at any time during the term of the Agreement take any action or omit to take any action (whether or not the same is permitted or required hereunder) which, under the Code, will result in the loss or delay by Lessor of all or any part of the Tax Benefits and (w) all amounts includable in the gross income of Lessor with respect to the Equipment will be treated as derived from or allocable to sources within the United States. If as a result of any act, omission, or misrepresentation of Lessee, Tax Benefits are lost, disallowed, eliminated, reduced, recaptured, compromised,

delayed or otherwise made unavailable to Lessor (any of the foregoing being hereafter called a "Loss"), Lessee shall promptly pay to Lessor on demand, as additional Rent, an amount in cash which in the opinion of Lessor is equal to that which provides Lessor with the same net after-tax earnings for book accounting purposes that Lessor originally anticipated realizing from the transaction contemplated by the Lease Agreement had it not been for the Loss. The amount payable to Lessor shall be paid no later than 15 days after receipt of a written demand therefor from Lessor accompanied by a written statement describing in reasonable detail such Loss and the computation of the amount so payable. The repair, replacement or destruction of any item of Equipment, not resulting for any reason in payment of any Stipulated Loss Value therefor, shall constitute the act of Lessee for purposes of this Paragraph 32. In the event of a breach of the representation and warranty as stated in (w) above, if any item of income credit or deduction with respect to the Equipment shall not be treated as derived from, or allocable to, sources within the United States for a given taxable year (any such event hereinafter referred to as a "Foreign Loss"), then Lessee shall pay to Lessor as an Indemnity, on the next succeeding Basic Rent Date, or in any event within fifteen (15) days after written demand to Lessee by Lessor, such amount as, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such amounts under the laws of any Federal, state or local government or taxing authority of the United States, shall equal the sum of: (i) the excess of (x) the foreign tax credits which Lessor would have been entitled to for such year had no such Foreign Loss occurred over (y) the foreign tax credit to which Lessor was limited as a result of such Foreign Loss and (ii) the amount of any interest, penalties or additions to tax payable as a result of such Foreign Loss. For purposes of this Paragraph 32, the term "Lessor" shall include the affiliated taxpayer group within the meaning of Section 1504 of the Code of which Lessor is a member. The provisions of this Paragraph 32 shall survive the expiration or earlier termination of this Lease for any reason.

LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXECUTED AND TRUE COPY OF THIS LEASE AND THAT IT IS NON-CANCELLABLE FOR THE ORIGINAL RENTAL TERM EXCEPT AS PROVIDED FOR IN PARAGRAPH 31 - "EARLY TERMINATION" AS CONTAINED HEREIN.

IN WITNESS WHEREOF, the Lessor and Lessee have each caused this Lease to be duly executed.

LESSOR:

PITNEY BOWES CREDIT CORPORATION

By: L D Osmanski

Title: L. D. OSMANSKI Vice President Operations

Date: 12-30-87

LESSEE:

SOLTEX POLYMER CORPORATION

By:

Title: VICE PRESIDENT

Date: DEC 30 1987

RAIL (11-87)

CORPORATE FORM OF ACKNOWLEDGEMENT

State of Connecticut)
) SS:
County of Fairfield)

On this 30th day of December, 1987, before me personally appeared L.D. Osmanski, to me personally known, who being by me duly sworn, says that he is the Vice President-Operations of Pitney Bowes Credit Corporation, that the seal 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.

[SEAL]

Diane Obuchowski
Signature of Notary Public

My commission expires *NOTARY PUBLIC* My Commission Expires March 31, 1990

CORPORATE FORM OF ACKNOWLEDGMENT

THE STATE OF TEXAS)
) SS:
COUNTY OF HARRIS)

On this 5th day of January, 1988, before me personally appeared R. H. Degreve, to me personally known, who being by me duly sworn, says that he is the Vice President, Finance of Soltex Polymer Corporation, that the seal 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.

(SEAL)

SOLTEX POLYMER CORPORATION

By _____
R. H. Degreve
Vice President, Finance

_____
Notary Public

My commission expires:

11/19/90

EJB87778

LEASE SCHEDULE

Master Equipment
Lease Agreement No. 0050898

Account Billing No. _____.

Master Equipment
Lease Agreement Date: December 30, 1987

Lessee Purchase
Order No.: _____.

Lease Schedule No.: 801

Outside Commitment
Date: December 30, 1987

Lease Schedule Date: December 30, 1987

ITC Retained by Lessor: Yes __ No X
7 year class recovery property

Between **PITNEY BOWES CREDIT CORPORATION** (Lessor) and **SOLTEX POLYMER CORPORATION** (Lessee).

1. **Equipment Description**

Quantity	**Item**	**Manufacturer, Model and Serial Number**
79	Covered Railroad Hopper Cars	ACF, ELTX, Nos. 1400 through and including 1478 together with all accessories, attachments, substitutions and accessions.

2. **Equipment Location**

The above Equipment is to be delivered to Lessee's premises at Deer Park, Texas.

3. **Billing Address**

Soltex Polymer Corporation, 3333 Richmond Avenue, Houston, Texas 77098. Attn: Accounts Payable.

4. **Original Rental Term**

180 Months. Payable Monthly in arrears.

5. **Aggregate Rental for Original Rental Term**

$6,266,926.80 payable as follows: The first Ninety (90) payments at a monthly Rental Payment of $31,334.65 followed by the second Ninety (90) payments at a monthly Rental Payment of $38,297.87.

This first Rental Payment of $31,334.65 is due on January 30, 1988.

6. **Renewal Option** Yes. Fair Market Value

7. **Purchase Option** Yes. Fair Market Value

8. **Acquisition Cost** $3,772,487.00

9. **Lease Rate Factors** 1-90—0.830610%
91-180--1.015189%

10. **THIS SCHEDULE AND ITS TERMS AND CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE IN THE ABOVE MASTER EQUIPMENT LEASE AGREEMENT. LESSEE PERMITS LESSOR TO INSERT MODEL AND SERIAL NUMBERS OF EQUIPMENT WHEN DETERMINED BY LESSOR.**

Accepted by:

PITNEY BOWES CREDIT CORPORATION
(Lessor)

Name: L. D. Osmanski

Title: L. D. OSMANSKI
Vice President
Operations

Date: 12-30-87

SOLTEX POLYMER CORPORATION
(Lessee)

Name:

Title: VICE PRESIDENT

Date: DEC 30 1987