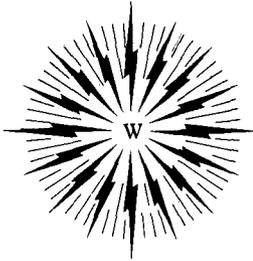


WESTERN FARMERS

Post Office Box 429



ELECTRIC COOPERATIVE

Anadarko, Oklahoma 73005

REGISTRATION NO. **13638**

405-247-3351

MAY 6 - 1982 - 11 50 AM

May 6, 1982

INTERSTATE COMMERCE COMMISSION

2-126 A040

No. **MAY 6 1982**
Date.....
Fee \$ **50.00**
ICC Washington, D. C.

Interstate Commerce Commission
12th Street and Constitution Ave., N.W.
Washington, D. C. 20423

Attention: Secretary

Gentlemen:

Enclosed herewith for filing and recording pursuant to 49 U.S.C. §11303 is an original and seven conformed copies of Lease Agreement No. 2 dated April 30, 1982 between Phenix Leasing Corporation ("Phenix") and Western Farmers Electric Cooperative, Inc. ("Western"). By the Lease Agreement, Western grants to Phenix a security interest in the coal rail cars listed in Schedule A to the Lease Agreement, copy of which is attached hereto.

Enclosed is a check in the amount of \$50.00 in payment of the applicable recording fees.

Please return the conformed counterparts, each bearing recordation data with respect to the filing pursuant to the provisions of 49 U.S.C. §11303, to the bearer of this letter.

RECEIVED
MAY 6 11 25 AM '82
I.C.C.
FEE OPERATIONS
BBP

Very truly yours,

WESTERN FARMERS ELECTRIC COOPERATIVE, INC.

By

Martin Schuler

*Counterpart -
Roberta A. Harrison*

Exhibit A
to
Lease Agreement No. 2

Description of the Property:

Road No. 076
High side gondolas AAR
Mich. Desig. GT -
manufactured by
Ortner Freight Car Co.

Number of Units of Property:	100 (each car being one Unit)
Car Numbers (both inclusive):	WFCX 81004; 99 cars numbered serially from WFCX 81231 through WFCX 81329
Purchase Price and Lessor's Cost:	\$7,989,800.00
Initial Cash Payment:	\$2,053,378.60
Amount of Investment Credit:	798,980.00
Purchase Price and Lessor's Cost for each Unit of Property:	79,898.00
Amount of Investment Credit for each Unit of Property:	7,989.80

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Marvin Scherler
Western Farmers Electric Cooperative
Post Office Box 429
Anadarko, Oklahoma 73005

May 6, 1982

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 **5/6/82** at **11:30AM**, and assigned re-
recording number (s). **13638**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure (s)

RECORDATION NO. 13638

MAY 6 - 1982 - 11 30 AM

INTERSTATE COMMERCE COMMISSION

EXECUTED COPY

SECTION 168 AGREEMENT AND ELECTION

As provided herein, the parties to this Agreement agree to characterize this Agreement for Federal income tax purposes only as a lease and elect to have the provisions of section 168(f)(8) of the Internal Revenue Code of 1954, as amended, apply to the transaction.

Lease Agreement No. 2

Dated

April 30, 1982

Between

PHENIX LEASING CORPORATION

And

WESTERN FARMERS ELECTRIC COOPERATIVE, INC.

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LEASE AGREEMENT NO. 2

AGREEMENT, dated April 30, 1982, between PHENIX LEASING CORPORATION, a Delaware corporation ("Phenix" or "Lessor"), and WESTERN FARMERS ELECTRIC COOPERATIVE, INC., an Oklahoma corporation ("Western" or "Lessee").

W I T N E S S E T H:

WHEREAS, Western is the owner of the Property (as such term is hereinafter defined) described in Exhibit A hereto, the Lessee's Adjusted Basis (as such term is hereinafter defined) of which for Federal income tax purposes, is not less than the amount indicated in Exhibit A;

WHEREAS, each Unit of Property is "qualified leased property" within the meaning of section 168(f)(8)(D) of the Internal Revenue Code of 1954, as amended; and

WHEREAS, solely for Federal Tax Purposes (as such term is hereinafter defined) Western desires to sell, and Phenix desires to purchase, each Unit of Property and Phenix desires to lease, and Western desires to lease back, each Unit of Property and, in such connection, Phenix and Western desire, solely for Federal Tax Purposes, to enter into an agreement to be characterized as a lease under section 168(f)(8) of such Code.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and of other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

In this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set forth below for all purposes of this Agreement:

Affiliate of any Person means a Person controlling, controlled by, or under common control with, such Person. Without limiting the generality of the foregoing, Phenix's Affiliates shall include Dart & Kraft, Inc., a Delaware corporation ("Dart & Kraft") (the sole stockholder of Phenix).

After-Tax Basis shall have the meaning set forth in Section 9(a) of this Agreement.

Agreement shall mean this instrument (including the Exhibits and the Schedules attached hereto), as modified, amended and supplemented from time to time as permitted hereby.

Amortization Deductions shall have the meaning set forth in Section 10(a) hereof.

Citibank Base Rate shall mean the rate of interest per annum announced publicly by Citibank, N.A. in New York, from time to time as Citibank's "prime rate."

Claims shall have the meaning set forth in Section 8 hereof.

Code shall mean the Internal Revenue Code of 1954, as amended.

Commercial Paper Rate shall mean the rate of interest, compounded quarterly, determined for each quarter as the average of the weekly rates for one month commercial paper, adjusted to an interest yield equivalent, for firms whose bond rating is Aa or its equivalent, for the previous calendar week, as originally calculated and reported in the Federal Reserve Statistical Release, H.15 (519), Selected Interest Rates.

Disqualification Value of each Unit of Property as of any Payment Date shall mean an amount determined by multiplying the Purchase Price of such Unit by the percentage set forth in Schedule 1 hereto corresponding to such Payment Date.

Disqualifying Event, with respect to a Unit of Property, shall mean any event described in §5c.168(f)(8)-8(b)(3), (4), (7), (8), (9) or (11) of the Temporary Regulations. With respect to §5c.168(f)(8)-8(b)(9) ("Retirements

and Casualties"), which is reserved in the Temporary Regulations, a Disqualifying Event shall have the meaning set forth in Regulations hereafter adopted and if a "retirement" or "casualty" shall have occurred prior to the date of adoption of such Regulations, a Disqualifying Event shall be deemed to have occurred as of the date determined under, and to the extent provided in, such Regulations.

Federal Tax Purposes shall mean the purposes of the Code and Federal taxes on, based on, or measured by, net income, and by use of such term the parties hereto expressly exclude any and all other purposes.

Interest Deduction shall mean the deduction with respect to interest accrued on the Section 168 Loans in the amounts and on the dates set forth in the Schedule of Section 168 Loan Payments, as such Schedule shall be adjusted from time to time pursuant to Section 3 hereof.

Investment Credit shall mean a credit against Federal income tax in the tax year of Phenix which includes the date of this Agreement, which credit is equal to 10% of Lessor's Cost of each Unit of Property.

Investment Credit Property shall mean property which is "new section 38 property", within the meaning of section 48(b) of the Code, and with respect to which the Investment Credit is allowable.

Law shall mean any applicable provision of any constitution, statute, rule, ordinance, regulation, executive or administrative order or other rule of law of the United States or any state or any political subdivision of the United States or any state or any department, agency or instrumentality of any of the foregoing.

Lessee's Adjusted Basis shall mean, with respect to each Unit of Property, Western's basis under section 1012 of the Code, as such basis shall be finally determined after the date hereof for Federal Tax Purposes upon a final determination by Western of the cost of each Unit of Property as of the date hereof.

Lessor's Cost shall mean, with respect to each Unit of Property, the Purchase Price of such Unit of Property.

Liens or Lien shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, or the filing of any financing statement, or agreement to give any security interest, under the Uniform Commercial Code of any jurisdiction.

Loss shall have the meaning set forth in Section 10 hereof.

Minimum Tax shall mean any minimum tax or alternative tax hereafter applicable as a result of an amendment to the Code if, and to the extent that, the Investment Credit, the Recovery Deductions, the Interest Deductions or the Amortization Deductions allowable for Federal Tax Purposes in consequence of the transactions contemplated by this Agreement are included in the computation of such Tax; provided, however, that for purposes of this Agreement, Minimum Tax shall be computed without regard to the inclusion in the taxable income of Phenix of any credits and deductions allowed or allowable for Federal Tax Purposes in consequence of transactions not in the course of Phenix's normal business operations that are entered into after the date hereof and in which Phenix is lessor of property eligible for such credits and deductions, including, but not limited to, sale and leaseback transactions characterized as "true leases" for purposes of the Code and other transactions characterized as leases under section 168(f)(8) of the Code.

Mortgage shall have the meaning set forth in Section 5(a)(vi) hereof.

Payment Date shall mean and include, with respect to each Section 168 Loan, each of the monthly payment dates set forth in the Schedule of Section 168 Loan Payments.

Person shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government (including any political subdivision, department or agency thereof), or any other entity.

Phenix shall mean Phenix Leasing Corporation, a Delaware corporation, and, for purposes of the definition of Minimum Tax in this Section 1 and for the purposes of Sections 8, 9 and 10 of this Agreement, shall include all

corporations included in an "affiliated group", within the meaning of section 1504 of the Code, of which such corporation is or shall become a member, but only if a consolidated Federal income tax return is filed by such affiliated group for the taxable year or years with respect to which indemnification may be required.

Power Sales Contracts shall have the meaning set forth in Section 5(a)(xii) hereof.

Property shall mean all Units of Property subject to this Agreement from time to time.

Purchase Price shall mean the amount identified as the Purchase Price on Exhibit A hereto.

Recovery Deductions shall mean recovery deductions under section 168(a) of the Code for each Unit of Property, in an amount determined, commencing with the taxable year of Phenix which includes the date of this Agreement, by multiplying Lessor's Cost of such Property by the percentages applicable under section 168(b)(1)(A) of the Code with respect to "5-year property", within the meaning of section 168(c)(2)(B) of the Code.

Regulations shall mean the Temporary Regulations or final Regulations of the Secretary of the Treasury adopted or published under and pursuant to the Code.

Rent Payment Dates shall mean and include, with respect to each Unit of Property, the Payment Dates occurring during each month of the Section 168 Lease Term.

Schedule of Section 168 Loan Payments shall mean the Schedule of Section 168 Loan Payments attached as Schedule 2 hereto.

Section 168 Lease shall mean, with respect to the Property, the relationship, for Federal Tax Purposes, created pursuant to Section 3(a) hereof.

Section 168 Lease Term shall mean, with respect to each Unit of Property, the period commencing on the date hereof and ending on the date 22 ½ years after the date hereof, unless such period theretofore shall have been terminated in accordance with Section 11 hereof with respect to each Unit of Property in consequence of any Disqualifying Event.

Section 168 Loan shall mean, with respect to each Unit of Property, the purchase money obligation for Federal Tax Purposes of Phenix created hereunder in connection with the purchase and leaseback of such Unit of Property for Federal Tax Purposes, which Section 168 Loan shall be subject to the provisions hereof (including the provisions relating to prepayment) and contingent upon the payment of, and subject to set off against, the Section 168 Rent with respect to such Unit of Property.

Section 168 Rent shall mean, with respect to each Unit of Property, the obligation for Federal Tax Purposes of Western in connection with the transactions hereunder characterized as a lease for Federal Tax Purposes, which obligation shall be (i) in an amount equal to the installment of principal and interest on the related Section 168 Loan payable on the Payment Date which shall coincide with the applicable Rent Payment Date, (ii) subject to the provisions hereof, and (iii) contingent upon the payment of, and subject to set off against, the payments on the related Section 168 Loan.

Section 168 Rent Payment shall mean, with respect to each Unit of Property on each Rent Payment Date, an amount equal in timing and amount to the payment of principal and interest on the related Section 168 Loan made on the concurrent Payment Date by offset as provided in this Agreement.

Statute shall have the same meaning as Law.

Temporary Regulations shall mean Part 5c - Temporary Income Tax Regulations under the Economic Recovery Tax Act of 1981 of the Internal Revenue Service, Department of the Treasury, as in effect on the date hereof.

Unit of Property shall mean each Unit of Property as described in Exhibit A hereto.

SECTION 2. SALE OF PROPERTY FOR FEDERAL TAX PURPOSES ONLY.

(a) Sale of Property for Federal Tax Purposes Only. In consideration of the payment by Phenix to Western of the amount set forth in Exhibit A as the Purchase Price of the Property, in respect of the Property (herein referred to, with respect to each such Unit of Property for Federal Tax Purposes, as the Purchase Price of such Unit of Property)

by (i) payment in immediately available funds of the amount set forth in Exhibit A as the Initial Cash Payment, in respect of the Property (which, for purposes of this Agreement, shall be deemed to have been allocated to each Unit in the proportion that the Purchase Price of such Unit bears to the Purchase Price of all Units of Property) and (ii) the creation of the Section 168 Loan with respect to each such Unit of Property provided in Section 3 hereof, Western hereby sells, assigns and transfers to Phenix, and Phenix hereby purchases from Western, for Federal Tax Purposes, all of Western's right, title and interest in and to each Unit of Property.

(b) Resale of such Unit of Property for Federal Tax Purposes. Effective on and after the date 22-1/2 years after the date hereof, Western shall be treated as having purchased from Phenix, and Phenix shall be treated as having sold to Western, on such anniversary, all right, title and interest of Phenix for Federal Tax Purposes in and to each Unit of Property then subject to this Agreement free of all Liens of Persons claiming by, through, or under Phenix (other than Liens securing Claims consented to by Western or for which Western is required under this Agreement to indemnify Phenix) for a price of \$1.00.

SECTION 3. SECTION 168 LEASE AND SECTION 168 LOAN.

(a) Characterization and Elections. The provisions of this Section 3 describe the relationship under this Agreement between Western, the party who will be treated as the lessee, and Phenix, the party who will be treated as the lessor, for Federal Tax Purposes. Western and Phenix hereby characterize this Agreement as separate leases of each Unit of Property, which together constitute an entire facility within the meaning of §5c.168(f)(8)-6(b)(2) of the Temporary Regulations, for Federal Tax Purposes and irrevocably elect to have the provisions of section 168(f)(8) of the Code apply to the transaction. Phenix hereby elects, pursuant to §5c.168(f)(8)-2(a)(8) of the Temporary Regulations to have §5c.168(f)(8)-2(a)(6) of the Temporary Regulations apply in the case of a sale or assignment of Western's interest in the Section 168 Lease and this Agreement or in the Units of Property in a bankruptcy, receivership, liquidation, court-supervised foreclosure or similar proceeding.

(b) Section 168 Loan. To establish Phenix's basis in each Unit of Property for Federal Tax Purposes there are hereby created the Section 168 Loans, each in an amount, in respect of each Unit of Property, equal to the difference

between the Purchase Price thereof as of the date hereof and the amount of the cash consideration paid therefor pursuant to Section 2(a)(i) hereof. The Section 168 Loans shall, for Federal Tax Purposes, be Phenix's purchase money obligations in sale and leaseback transactions with respect to each Unit of Property, within the meaning of §5c.168(f)(8)-7 of the Temporary Regulations. Each Section 168 Loan shall bear interest at the rate of 23% per annum payable, on the unpaid balance thereof from time to time, monthly in arrears, which rate has been determined by both Phenix and Western to be a reasonable rate of interest within the meaning of §5c.168(f)(8)-7(b)(2) of the Temporary Regulations. Each Section 168 Loan shall be amortized in 270 equal consecutive monthly installment payments calculated, with respect to the Section 168 Loan relating to each Unit of Property, on a level payment mortgage assumption, payable, solely from the sources and in the manner provided for herein, on each Payment Date. Each such installment payment on each Section 168 Loan shall be the amount for each \$1,000,000 original principal amount of such Section 168 Loan set forth in the Schedule of Section 168 Loan Payments and shall be allocated to "principal" and "interest" in accordance with such Schedule.

(c) Section 168 Rent. Western shall pay to Phenix, with respect to each Unit of Property, solely from the sources and in the manner provided for herein, Section 168 Rent on each Rent Payment Date during the Section 168 Lease Term.

(d) Irrevocable Automatic Offset. Phenix and Western hereby agree that the amount of Section 168 Rent payable by Western to Phenix under Section 3(c) above on each Rent Payment Date with respect to each Unit of Property is, and throughout the Section 168 Lease Term shall continue to be, exactly equal to the payment of principal and interest on the related Section 168 Loan payable by Phenix to Western on each Payment Date. Accordingly, the parties hereto irrevocably and unconditionally agree, with respect to each Unit of Property, that, whether or not there shall then exist any bankruptcy, insolvency, reorganization or other similar proceeding affecting Phenix, Western or both, or affecting any Affiliate of either of them, (i) each payment, if any, of Section 168 Rent required to be made on a Rent Payment Date shall on such Rent Payment Date automatically be, and be deemed to be, set off and applied against the related payment, if any, of principal and interest on the related Section 168 Loan required to be made on the concurrent Payment Date, were

it not for the setoff provisions of this paragraph (d), and (ii) each payment, if any, of principal and interest on each Section 168 Loan required to be made on a Payment Date shall on such Payment Date automatically be, and be deemed to be, set off and applied against the related payment, if any, of Section 168 Rent required to be made with respect to the related Unit of Property on the concurrent Rent Payment Date, were it not for the set-off provisions of this paragraph (d), with the effect (and Phenix and Western expressly covenant and agree) that (A) Western shall never be required, for any purpose or under any circumstances whatsoever, to make a cash payment of Section 168 Rent on any Rent Payment Date, (B) Phenix shall never be required, for any purpose or under any circumstances whatsoever, to make a cash payment of principal and interest on such Section 168 Loans on any Payment Date, and (C) the outstanding principal balance of each Section 168 Loan shall be reduced to the extent of the related amount of Section 168 Rent so offset against principal amounts due on such Section 168 Loan.

(e) Sources of Payments. (i) Each payment of principal and interest on each Section 168 Loan shall be payable from, and solely from, the related Section 168 Rent (paid by offset as provided in paragraph (d) of this Section 3) without recourse to the general credit of Phenix, and (except as aforesaid) no amounts shall be payable in respect of any Section 168 Loan pursuant to paragraphs (b) and (d) of this Section 3 from any other source, for any reason, or in any event (including breach, disaffirmance, rejection or termination of any Section 168 Lease or this Agreement by anyone). The Section 168 Loans, and the amounts payable in respect thereof by Phenix shall under no circumstances constitute an indebtedness or a borrowing of money, or other obligation of Phenix, for any purpose other than Federal Tax Purposes; and no personal liability, personal responsibility or recourse against the general credit of Phenix is assumed by or shall at any time be asserted or enforceable against Phenix on account of such Section 168 Loans, all such personal liability, responsibility or recourse, if any, being expressly waived and released by Western for itself and on behalf of all persons claiming by, through or under Western.

(ii) Each payment of Section 168 Rent shall be payable from, and solely from, the principal and interest payment (paid by offset as provided in paragraph (d) of this Section 3) on the related Section 168 Loan without recourse

to the general credit of Western, and no amounts shall be payable in respect of the Section 168 Rent pursuant to this Section 3 from any other source, for any reason, or in any event (including breach, disaffirmance or rejection of the related Section 168 Loan or this Agreement by anyone). The Section 168 Rent and the amounts payable in respect thereof by Western, shall under no circumstances constitute an obligation of any kind of Western for any purpose other than Federal Tax Purposes; and no personal liability, personal responsibility or recourse against the general credit of Western is assumed by or shall at any time be asserted or enforceable against Western on account of such Section 168 Rent, all such personal liability, responsibility or recourse, if any, being expressly waived and released by Phenix for itself and on behalf of all persons claiming by, through or under Phenix.

(f) Federal Income Tax Returns. Phenix and Western agree that, for Federal Tax Purposes, they will report on their respective Federal income tax returns all amounts payable as Section 168 Rent by Western as rent paid by Western and received by Phenix on each Rent Payment Date, and all amounts payable as interest by Phenix in accordance with the Schedule of Section 168 Loan Payments as interest paid by Phenix and received by Western on each Payment Date. Each party hereto agrees that regardless of the overall method of accounting used by it, for Federal Tax Purposes it will account for interest income and deductions and rent income and deductions in accordance with §5c.168(f)(8)-7 of the Temporary Regulations.

(g) Nature of Obligations. Each Section 168 Lease is a net lease and except for the right to offset Section 168 Rent, as specifically provided in paragraph (d) of this Section 3, and the provisions with respect to the sources of payment, as specifically provided in clause (ii) of paragraph (e) of this Section 3, Western's obligation to make payments of any Disqualification Values, interest and other amounts, which shall be or become due and payable under this Agreement shall be absolute, unconditional and not subject to abatement, reduction, setoff, defense, counterclaim or recoupment (Abatement) for any reason whatsoever, including (except as aforesaid) (i) Abatement due to any present or future claims of Western (whether or not relating to such Section 168 Lease) or any manufacturer or supplier against Phenix, (ii) except as otherwise provided in Section 10(d) hereof, any defect in or failure of Phenix's

ownership of or entitlement to the rights and interests purported to be vested in Phenix pursuant to this Section 3 for Federal Tax Purposes, (iii) the invalidity or unenforceability of one or more provisions of this Agreement, (iv) the lack of right, power or authority of Phenix to enter into the Section 168 Leases or this Agreement, (v) any insolvency, bankruptcy, receivership, reorganization or other similar proceedings by or against Western or Phenix, or (vi) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Western hereby waives, to the extent permitted by law, all rights which it may now have, or which at any time hereafter may be conferred upon it, by law to terminate, cancel, quit or surrender this Agreement or said Section 168 Leases except in accordance with the express terms of this Agreement. Except to the extent expressly provided to the contrary herein, each payment made, or offset and applied under paragraph (d) of this Section 3, by or on behalf of, or for the benefit of, Western shall be final and Western shall not seek to recover all or any part of such payment from Phenix for any reason whatsoever. Western's obligations under this paragraph (g) shall survive the expiration or termination of said Section 168 Leases and this Agreement.

SECTION 4. EFFECT OF TRANSACTION FOR PURPOSES OTHER THAN FEDERAL TAX PURPOSES; ACKNOWLEDGMENTS.

(a) Effect of Transaction for Purposes Other Than Federal Tax Purposes. For all purposes other than Federal Tax Purposes, this Agreement shall be construed as a sale by Western to Phenix of all of Western's rights in, and rights to claim, tax benefits based upon or arising out of ownership of each Unit of Property for the cash consideration set forth in Section 2(a)(i) hereof which construction reflects the specific intention of the parties hereto for such purposes.

(b) Acknowledgments. This Agreement has been entered into solely for the purpose of transferring to Phenix the tax benefits associated with the ownership of the Property for Federal Tax Purposes. Apart from the payments from Phenix to Western referred to in Section 2(a)(i) and without limiting the indemnities provided to Phenix in this Agreement, no other benefits or burdens are sought to be conferred upon Phenix by (and no other consequences are intended to result to Phenix from) this Agreement. Under no circumstances shall this Agreement be construed to result in any

transfer of title to any Unit of Property, or its ownership for state or local law purposes or any other purposes except Federal Tax Purposes, so that, and Phenix and Western hereby acknowledge that, except for Federal Tax Purposes, Western, and not Phenix, shall at all times retain the burdens, risks, including risks of loss, benefits and incidents of title to and ownership with respect to the Units of Property (including without limitation the obligation to pay all state and local Taxes (as defined in Section 9), in respect thereto) and none save Western or Persons claiming under Western shall have or derive any right to possess, use, control, repair, maintain, alter, improve or (except for income tax purposes) benefit from any Unit of Property as a result of this Agreement or the transfer of benefits for Federal Tax Purposes pursuant hereto. Nothing in this paragraph (b) shall be construed to limit the provisions of Sections 4(c), 8, 9 or 10 hereof.

(c) Disclaimer of Warranties. Phenix has not made and shall not be deemed to have made, and Phenix HEREBY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF ANY UNIT OF PROPERTY, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, TITLE THERETO, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF, OR CONFORMITY TO THE PROVISIONS AND SPECIFICATIONS OF ANY CONTRACT FOR THE MANUFACTURE OR SUPPLY THEREOF, OR THE ABSENCE OF ANY LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AND PHENIX SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN PHENIX AND WESTERN, ARE TO BE BORNE BY WESTERN as owner of the Units of Property for all purposes other than Federal Tax Purposes.

SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF WESTERN.

(a) Representations and Warranties. Western represents and warrants that:

(i) Due Organization. Western is duly organized and validly existing as an incorporated rural electric cooperative in good standing under the laws of the State of Oklahoma and has full power and authority to carry on its business as presently conducted, to sell the Units of Property

for Federal Tax Purposes, to own or hold property under lease and to enter into and perform its obligations under this Agreement. Western has not failed to qualify to do business in any jurisdiction where failure so to qualify could materially and adversely affect the financial condition of Western or its ability to perform any of its obligations under this Agreement.

(ii) Due Authorization. The execution, delivery and performance by Western of this Agreement have been duly authorized by all necessary corporate action on the part of Western.

(iii) Due Execution. This Agreement has been duly executed and delivered by Western and constitutes the legal, valid and binding obligation of Western, enforceable against Western in accordance with its terms.

(iv) No Violation. Neither the execution or delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the performance by Western of its obligations hereunder, violates or will violate any law, governmental rule or regulation or any judgment, order or decree of any court, administrative agency or other governmental authority, or conflicts or will conflict with, or results or will result in a breach of any of the terms, conditions or provisions of, or constitutes or will constitute a default under, or results or will result in the creation or imposition of any Lien (except as expressly contemplated by this Agreement) upon any of the properties or assets of Western pursuant to, the Articles of Incorporation, as amended, or By-laws of Western or any agreement or instrument to which Western is subject or is a party or by which it or its properties are bound, or requires or will require the consent or approval of any trustee or holders of indebtedness or obligations of Western, except such as have been duly obtained and copies of which have been delivered to Phenix.

(v) No Registration, etc. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of or by, any Federal, state or local governmental authority or agency or other Person is or will be required (A) to establish or perfect for Federal Tax Purposes Phenix's rights and interests hereunder with respect to the Property and Phenix's entitlement to the tax benefits acquired by Phenix hereunder as against Western and any third

parties or (B) in connection with the execution, delivery or performance by Western of, or the consummation by Western of the transactions contemplated by, this Agreement, except such as have been duly obtained, given or accomplished, and which are valid, subsisting and sufficient for their respective purposes, and except for future filings by Phenix and Western as may be required by section 168(f)(8) of the Code or the Regulations.

(vi) Title to Units of Property. Western is the owner of each Unit of Property free and clear of all Liens, except (A) the Lien of the Supplemental Mortgage and Security Agreement dated as of December 10, 1971, as amended and supplemented to the date hereof among Western, The United States of America, acting by and through the Administrator of the Rural Electrification Administration ("REA") and National Rural Utilities Cooperative Finance Corporation ("CFC") (the Mortgage), who are the only Persons (other than Phenix or an Affiliate of Phenix) having an economic interest (as such term is used in §5c.168(f)(8)-1(d) of the Temporary Regulations) in the Units of Property; (B) Liens, if any, created by this Agreement; and (C) Liens constituting permitted encumbrances under Article II, Section 2 of the Mortgage.

(vii) Conveyance of Ownership for Federal Tax Purposes. Upon the execution and delivery of this Agreement, (A) ownership of each Unit of Property for Federal Tax Purposes will be duly, validly and effectively conveyed and transferred to Phenix, subject to the terms and conditions of this Agreement, but free and clear of all Liens, and (B) no filing or recording of any document (except such as has been filed or recorded on or before the date hereof) is necessary in order to establish Phenix's ownership of each Unit of Property for Federal Tax Purposes, except for future filings by Phenix and Western as may be required by Section 168(f)(8) of the Code or the Regulations.

(viii) No Similar Agreement. Western has not claimed, and will not claim on its Federal income tax returns or otherwise, Investment Credit or Recovery Deductions with respect to any cost of any Unit of Property, and has not entered into, and will not during the Section 168 Lease Term enter into, any contract, agreement or understanding of any nature or description relating to Phenix's interest in any Unit of Property which treats or purports to treat a Person other than Phenix as owner of such Unit of Property for Federal Tax Purposes.

(ix) Federal Tax Characteristics of the Units of Property. Each Unit of Property is "qualified leased property" within the meaning of section 168(f)(8)(D) of the Code and, further, is on the date hereof "5-year property" within the meaning of section 168(c)(2)(B) of the Code, with respect to which Recovery Deductions in the respective percentages of Lessor's Cost set forth in section 168(b)(1)(A) of the Code are allowable in each recovery year. Lessee's Adjusted Basis on the date hereof in each Unit of Property, for purposes of section 168(f)(8)(D)(ii)(III) of the Code, is not, and will not be, less than Lessor's Cost. Each Unit of Property is "new section 38 property" and the amounts set forth under the caption "Investment Credit" in Exhibit A hereto with respect to each Unit of Property constitute the amounts of the Investment Credit allowable with respect to such Units under section 46 of the Code. In accordance with §5c.168(f)(8)-6(b)(2) of the Temporary Regulations, each Unit of Property was, but for the provisions of section 168(f)(8)(D) of the Code, placed in service by Western on or after March 10, 1982 and on or before the date hereof. The Section 168 Lease Term for any Unit of Property does not exceed 150 percent of the present asset depreciation range class life "midpoint" of such Unit of Property, applicable as of January 1, 1981 (without regard to section 167(m)(4) of the Code) published in Rev. Proc. 77-10, 1977-1 C.B. 548, and revisions thereto. Phenix will be entitled to amortize the Amortization Deductions, as defined in Section 10(a), at a rate no less rapid than straight line (i.e., in equal amounts) over the Section 168 Lease Term. Western's taxpayer identification number is 73-0506959 and its Federal income tax returns are filed with the District Director at Dallas, Texas. Western's Federal Income Tax returns are filed on a calendar year basis.

(x) Other Federal Income Tax Matters. Western is not, and will not become, an entity described in section 465(a)(1) of the Code. But for the provisions of section 168(f)(8) of the Code, Western would be the owner of the Units of Property for Federal Tax Purposes. Neither Western, its members (the Members), nor any Person with an economic interest (as such phrase is used in §5c.168(f)(8)-1 of the Temporary Regulations) (A) has claimed or will claim recovery deductions under section 168 of the Code, or (B) has claimed or ceded or will claim or cede investment credits under section 46 of the Code (including credits with respect to progress expenditure payments), with regard to the Units of Property for any taxable year.

(xi) Certain Accounting Methods. Western will employ such accounting methods or procedures as may be necessary to continue qualification of the Property as "recovery property" and "section 38 property" within the meaning of the Code.

(xii) Right to Set Rates. Pursuant to the Wholesale Power Contracts (the Power Sales Contracts) between Western and each of its Members, which Power Sales Contracts remain in effect until July 1, 2025 and subject to the approval of REA, Western has the right (i) to set the rate for all electric power and energy furnished by Western to its Members and (ii) to revise such rate so that it shall produce revenues which are sufficient, but only sufficient, with the revenues of Western from all other sources, to meet the cost of the operation and maintenance of the generating plants, transmission system and related facilities of Western, meet the cost of any power and energy purchased for resale by Western, pay taxes, make payments on account of principal of and interest on all indebtedness of Western, and provide for the establishment and maintenance of reasonable reserves, which costs, payments and provisions will include all amounts payable by Western to Phenix under Sections 8, 9 and 10 of this Agreement. Each Member has the obligation under the Power Sales Contract to which such Member is a party to purchase its requirements for electric power and energy thereunder to the extent Western has power and energy available.

Article II, Section 15 of the Mortgage requires Western to design its rates for electric energy and other services furnished by it with a view to paying and discharging specified costs and expenses and providing and maintaining various funds and ratios, which costs, expenses, funds and ratios will include all amounts payable by Western to Phenix under Sections 8, 9 and 10 of this Agreement.

(xiii) Reports; Financial Statements; No Change. Western has heretofore furnished Phenix a copy of its Confidential Private Placement Memorandum dated March 1982 (the "Memorandum") and copies of Western's Annual Reports for each of the five years ended December 31, 1980, and a copy of Western's Form 12 as filed with REA for the year ended December 31, 1981 (hereinafter, together with the Memorandum, referred to as the "Reports"). The Reports contain no untrue statement of a material fact nor do they omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading

as of the date hereof. There is no fact which Western has not disclosed to Phenix in the Reports or in the letter of Leslie Pain referred to in subsection (a)(xiv) of Section 5 (the "Letter") which materially affects adversely or, so far as Western can now foresee, will materially affect adversely the properties, business or condition (financial or otherwise) of Western from that reflected in the Reports. The Reports contain Western's balance sheet as of December 31, 1981 and the related statements of revenues and expenses for the six fiscal years then ended, together with reports thereon by Bolinger, Segars, Gilbert & Moss for the years 1976-1977; Schmidt & Co. for the years 1978-1979; and Roy G. Brown & Co. for the year 1980. Except as set forth in the Reports, said statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis in each case with that of the corresponding prior periods, and said financial statements, with the notes and schedules thereto, present fairly the financial position of Western as of the respective dates thereof. Except as may be set forth in the Reports or in the Letter, since December 31, 1981 there has not occurred any material adverse change in the management, operations, business, property, assets or condition (financial or otherwise) of Western from that reflected in the Reports.

(xiv) Litigation. Except as set forth in a letter of Leslie Pain, counsel to Western, dated the date hereof and addressed and delivered to Phenix, there is no pending (or, to the knowledge of Western, threatened) action, proceeding or other litigation to which Western is a party (and there is no other pending or threatened action, proceeding or other litigation of which Western has knowledge) before any court or administrative agency which could materially adversely affect the condition, business or operations of Western or the ability of Western to perform the obligations of Western under this Agreement.

(b) Further Assurances. Western, at Western's own cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further elections, acts, documents and assurances as Phenix may from time to time reasonably request in order more effectively to carry out the intent and purposes of this Agreement and to establish and protect the rights and interests created or intended to be created or to exist in favor of Phenix hereunder. Without limiting the generality of the foregoing, Western agrees that Western and its Affiliates will maintain (and make available to Phenix as and to the extent reasonably

necessary) such records as may be reasonable and necessary to facilitate accomplishment of such intent until such time as Phenix shall have notified Western in writing that such records need no longer be retained for Phenix's Federal Tax Purposes, or will deliver such records to Phenix.

(c) Covenants. Western covenants and agrees with Phenix, as follows:

(i) Maintenance of Taxable Status. For each year in the Section 168 Lease Term, Western shall maintain its status as a taxable cooperative corporation under the Code and, accordingly, Western will not seek, or acquiesce in, or fail to contest by appropriate proceedings, a determination of the Internal Revenue Service to the effect that Western is a tax exempt cooperative under section 501(c)(12) of the Code or any other section of the Code. If any proceeding (including the written claim or written threat of any proceeding) is commenced against Western with respect to its status as a taxable cooperative, Western shall promptly provide notice thereof to Phenix and permit Phenix, through its counsel (the fees of such counsel in such proceeding to be for the account of Phenix), to participate in any such proceeding, provided that the control of the contest in any such proceeding shall be within the exclusive control of Western and its counsel.

(ii) Filing of Information. Upon receipt by Western of an information return, prepared by and duly executed by Phenix and in proper form, which meets the requirements of §5c.168(f)(8)-2(a)(3) of the Temporary Regulations, Western will execute such information return, provide executed copies to Phenix, and file such information return (A) jointly with Phenix, with the Commissioner of Internal Revenue within 30 days after the date hereof, and (B) separately, with Western's Federal income tax return for the 1982 taxable year.

(iii) No Other Section 168 Lease. Neither the assets listed and described in Exhibit A hereto nor any Unit of Property is on and as of the date hereof subject to, nor shall Western at any time during the Section 168 Lease Term permit any of such assets or any Unit of Property to become subject to, any agreement for which an election is made under section 168(f)(8) of the Code.

(iv) Amendment to Conform to Statutes or Regulations. If hereafter Statutes or Regulations are enacted or promulgated which are applicable to the transactions contemplated by this Agreement and which are, for any reason and in any respect,

contrary to, or inconsistent with, the terms and provisions of this Agreement, and the parties hereto are required or permitted to amend or modify this Agreement to conform to, or comply with, such Statutes or Regulations, Western agrees to negotiate with Phenix in good faith all such amendments and modifications as shall be necessary or advisable in order to preserve for the respective parties hereto the rights and benefits which each seeks in the execution hereof.

(v) Restriction on Transfer or Use. So long as this Agreement shall be in effect, no Unit of Property shall be sold, leased, transferred or otherwise disposed of by Western to, nor shall Western permit the use of any Unit of Property by, (A) an organization (other than a cooperative described in Section 521 of the Code) which is exempt from the tax imposed by Chapter 1 of Subtitle A of the Code, (B) the United States, any state or political subdivision thereof, any international organization, or any agency or instrumentality of any of the foregoing, or (C) any other Person, if, in any such case, in consequence of such transfer, disposition or use any such Unit of Property shall cease to be treated as "section 38 property" under the Code or section 168(f)(8) of the Code shall cease to apply in whole or in part to this Agreement with respect to such Unit of Property or any part or component thereof. So long as this Agreement shall be in effect, neither Western nor any of its affiliates, sublessees, or transferees shall use, fail to use or permit the use of any Units of the Property in such a manner as to cause such Unit of Property to cease to be treated as "section 38 property" under the Code or to cause section 168(f)(8) of the Code to cease to apply in whole or in part to this Agreement with respect to such Unit of Property or any part or component thereof.

(vi) Assignment of this Agreement. Except upon exercise of remedies under, and in accordance with the terms and provisions of, the Mortgage under circumstances where §5c.168(f)(8)-2(a)(6) of the Temporary Regulations apply, so long as this Agreement shall be in effect, no sale, transfer, assignment or other disposition, voluntary or involuntary, of this Agreement or any Unit of Property shall be made by Western to any Person (other than Phenix) or shall be effective unless and until (A) the proposed transferee furnishes to Phenix such transferee's written consent to take such Unit of Property subject to this Agreement; (B) in the case of a transfer of an interest in any Unit of Property, such transfer is accompanied by an assignment by Western to the proposed transferee of the rights and obligations of Western

under this Agreement; (C) the proposed transferee agrees to assume all of the obligations of Western under, and be bound by all of the terms and provisions of, this Agreement, including the obligation to reflect all amounts of Section 168 Rent and all payments of interest on the Section 168 Loans (as set forth on the Schedule of Section 168 Loan Payments) as payments of rent and receipts of interest, respectively, for Federal Tax Purposes in the Federal income tax returns of such proposed transferee; and (D) the proposed transferee takes such other actions as are necessary to comply with applicable Regulations, which, on the date hereof, require, in addition to the matters set forth above, that the proposed transferee and Phenix file a statement to the effect set forth in clause (A) above with their Federal income tax returns for the taxable year in which the transfer occurs containing the information set forth in §5c.168(f)(8)-2(a)(6)(ii) of the Temporary Regulations. Notwithstanding such assignment and agreement, no such transfer shall relieve Western of its obligations under this Agreement without the express written consent of Phenix.

(vii) Markings and Filings. Western shall at all times while this Agreement is in effect, at its own expense, cause each Unit of the Property to be identified on its property records as being subject to this Agreement, and shall not permit or require the name of any Person to be placed on any Units of the Property as a designation that might reasonably be interpreted as a claim of ownership for Federal Tax Purposes of such Unit of Property, or entitlement to the Investment Credit and Recovery Deductions relating thereto, inconsistent with that of Phenix. Western shall also make (on a timely basis) and continue in force such filings and reports, if any, in addition to those on the part of Western and Phenix required to be made under other provisions of this Agreement, as may from time to time be required by Law or otherwise deemed necessary by Phenix to protect the rights and interests of Phenix under this Agreement and its entitlement to the Investment Credit and Recovery Deductions.

(viii) Compliance with Law. Western will not permit any Unit of Property to be maintained, used or operated in violation of any requirement of applicable Law, if compliance with such Law or requirement is obligatory upon Phenix by reason of (a) its capacity as owner (and lessor) for Federal Tax Purposes of such Unit of Property, or (b) any other circumstance arising from the execution, delivery or performance of this Agreement, or if noncompliance therewith gives rise

to any obligation or liability of, or other economic detriment to, Phenix; provided, however, that the validity of such Law or requirement or its applicability may be contested by Western in good faith and by appropriate proceedings, but only so long as such contest will not result in any criminal liability on the part of Phenix, or any other obligation of Phenix for which no effective indemnification is provided by Western under this Agreement.

(ix) Inspection and Certification. In order to provide Phenix with sufficient information to comply on a timely basis with annual and quarterly reporting, filing and accounting obligations imposed upon it by the Code or other Law and to obtain the benefits sought to be conferred upon Phenix by this Agreement, Western, at such times as Phenix may reasonably request, shall furnish Phenix at Western's expense accurate statements regarding, and accurate descriptions of, the Units of Property pertinent to the tax benefits contemplated by this Agreement and certificates regarding Western's compliance with this Agreement. Without limiting the generality of the foregoing, such statements shall include, to the extent so requested, all information that may be necessary to enable Phenix to file any required information or income tax returns with respect to the Units of Property, this Agreement or such tax benefits. At all reasonable times Phenix (and at Phenix's request, the Internal Revenue Service) shall be entitled to (but shall have no duty to, or any liability or obligation for failure to) inspect the Units of Property, and the books and records of Western relating thereto, as and to the extent, if any, reasonably necessary for purposes of this Agreement. Western shall furnish Phenix within 120 days after the close of each fiscal year of Western, a certificate of Western, signed by the principal financial officer of Western, to the effect that the signer is familiar with the relevant terms of this Agreement and has made, or caused to be made under his supervision, a review of the transactions of Western during the preceding fiscal year, and that such review has not disclosed the existence during such year, nor does the signer have knowledge of the existence as at the date of such certificate, of any condition or event which constitutes non-compliance with any of the covenants or agreements of Western set forth herein or, in the event of any such non-compliance, the action which Western has taken or is taking or proposes to take to comply with such covenants and agreements. Western shall provide Phenix with copies of its annual financial reports to its Members if and when such reports shall be mailed or provided to Members or, if not so

mailed or provided to Members, when provided to its Board of Directors.

(x) No Action to Restrict Right to Set Rates. Western agrees that its cost of electric energy and other operating expenses for purposes of Article II, Section 15 of the Mortgage will include all amounts payable by Western to Phenix under Sections 8, 9 and 10 of this Agreement. Western further agrees that it will not take any action with respect to the Power Sales Contracts which would relieve any of its Members from, or materially alter, their obligations thereunder to take and pay for all or substantially all of their requirements (subject to commitments now existing) for electric power and energy, if such action shall have a material adverse effect upon Western's ability to perform its obligations under this Agreement.

SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF PHENIX.

(a) Representations and Warranties. Phenix represents and warrants that:

(i) Due Organization. Phenix is duly organized and validly existing as a corporation in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its business as presently conducted, to purchase all Units of Property for Federal Tax Purposes, to own or hold property under lease and to enter into and perform its obligations under this Agreement.

(ii) Due Authorization. The execution, delivery and performance by Phenix of this Agreement have been duly authorized by all necessary corporate action on the part of Phenix.

(iii) Due Execution. This Agreement has been duly executed and delivered by Phenix and constitutes the legal, valid and binding obligation of Phenix, enforceable against Phenix in accordance with its terms.

(iv) Conditions of Section 168(f)(8)(B) of the Code. Phenix is a corporation which meets the conditions of section 168(f)(8)(B)(i) of the Code and on the date hereof the minimum investment (within the meaning of section 168(f)(8)(E) of the Code) of Phenix is not less than 10 percent of the Lessor's Cost of the Units of the Property.

(v) No Conflict. Neither the execution and delivery of this Agreement nor the consummation of the transactions herein contemplated nor the fulfillment of, nor compliance with, the terms and provisions hereof will conflict with or result in a breach of, any of the terms, conditions or provisions of the charter or by-laws of Phenix, or of any bond, debenture, note, mortgage, indenture, agreement or other instrument pursuant to which indebtedness for money borrowed has been incurred to which Phenix is a party or by which it or its property may be bound, or constitute (with or without the giving of notice or the passage of time or both) a default thereunder.

(b) Further Assurances. Phenix, at Western's own cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further elections, acts, documents and assurances as Western may from time to time reasonably request in order more effectively to carry out the intent and purposes of this Agreement, and to establish and protect the rights and interests created or intended to be created or to exist in favor of Western hereunder.

(c) Covenants. Phenix covenants and agrees with Western, as follows:

(i) Maintenance of Corporate Status. At all times during the Section 168 Lease Term, Phenix shall maintain its status as a corporation within the meaning of section 168(f)(8)(B)(i)(I) of the Code.

(ii) Maintenance of Minimum Investment. At all times during the Section 168 Lease Term, Phenix shall maintain a minimum investment (within the meaning of section 168(F)(8)(E) of the Code) in each Unit of Property in an amount not less than 10 percent of Phenix's adjusted basis for Federal Tax Purposes in each such Unit of the Property then subject to this Agreement.

(iii) Compliance with Regulations. Phenix shall prepare, submit to Western for execution and, upon execution thereof by Western, file (A) jointly with Western, with the Commissioner of Internal Revenue within 30 days after the date hereof and (B) separately, with Phenix's Federal income tax return for the tax year which includes the date of this Agreement, an information return which complies with §5c.168(f)(8)-2(a)(3) of the Temporary Regulations.

(iv) Amendment to Conform to Statutes or Regulations. If hereafter Statutes or Regulations are enacted or promulgated which are applicable to the transactions contemplated by this Agreement and which are, for any reason and in any respect, contrary to, or inconsistent with, the terms and provisions of this Agreement, and the parties hereto are required or permitted to amend or modify this Agreement to conform to, or comply with, such Statutes or Regulations, Phenix shall negotiate with Western in good faith all such amendments and modifications as shall be necessary or advisable in order to preserve for the respective parties hereto the rights and benefits which each seeks in the execution hereof.

SECTION 7. INSURANCE.

(a) Coverage. Western shall, at its own expense, at all times during the Section 168 Lease Term (i) comply with its obligations to maintain insurance in respect of the property set forth in the Mortgage, and (ii) insure the Units of Property against general public liability for death or bodily injury and damage to others in such amounts and in such form, and with such responsible insurance underwriters, as shall be determined from time to time (but not less often than annually) by independent insurance brokers (who may be the brokers regularly employed by Western), to be necessary or advisable (in view of the liability insurance usually carried in similar circumstances by corporations engaged in the same or similar business as Western with respect to property similar to the Property) for the protection of Western and Phenix.

(b) Contents of Policies. All insurance policies required hereunder shall be issued by insurance carriers of recognized responsibility. Such policies shall provide for Western, (and in the case of insurance policies maintained in accordance with the requirements of clause (ii) of paragraph (a) of this Section 7, Phenix and any other Persons named for such purpose by Phenix) as named insureds and loss payees as their respective interests appear. Such policies may include such provisions relating to deductible amounts or percentages as Phenix and Western shall agree and which shall in any event be commercially reasonable in the insurance industry for corporations engaged in the same or a similar business as Western. In addition, Western shall, if available at commercially reasonable rates, procure policies which shall (i) provide that the insurance carrier shall give at least 60 days

prior notice to Phenix in the event of cancellation or material alteration in coverage, (ii) provide that insurance as to the interest of any named insured (other than Western) shall not be invalidated by any action or inaction of any other named insured (including Western) and the interest of Western shall not be invalidated by any action or inaction of any other named insured and shall insure each named insured regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by, in the case of Western, any other named insured and, in the case of any named insured other than Western, any named insured (including Western), (iii) provide that insurance as to the interest of any named insured shall not be invalidated by the use or operation of any Units of Property or any portion thereof by any Person other than such named insured for purposes more hazardous than is permitted by such policies, (iv) provide that losses payable thereunder to Western shall be adjusted by Western, (v) not require co-insurance, (vi) contain an endorsement by which the insurer waives any right of recovery or subrogation against any named insured for loss or damage to the Units of Property, and (vii) contain such additional provisions which Phenix may from time to time reasonably request. Western shall furnish Phenix with such certificates or other evidence of compliance with this Section 7 as Phenix may from time to time reasonably request.

(c) Additional Coverage. Western shall, at Phenix's option and expense, maintain or cause to be maintained to the extent available on the Units of Property liability insurance in scope and amount satisfactory to Phenix and upon such other terms as Phenix may specify in addition to the coverage required above in this Section 7. Any payment resulting from such insurance shall be made payable to and may be retained by Phenix. Nothing in this Section 7 shall be construed to prohibit Phenix from insuring the Units of Property or its interest therein, provided the insurance so maintained by Phenix does 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 Western by this Section 7.

SECTION 8. GENERAL INDEMNITY.

(a) Indemnity. Western agrees to assume liability for, and does hereby indemnify and agree to protect, save and hold harmless Phenix, on an After-Tax Basis (as such term is defined in Section 9(a) hereof), from and against, any and

all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving negligence or omissions, or strict or absolute liability in tort), actions, suits, judgments, costs, expenses and disbursements (including, without limitation, the reasonable fees and disbursements of outside counsel, accountants and other experts incurred in connection therewith) of any kind and nature whatsoever, without any limitations as to amount (Claims) (except Claims indemnified against by Western described in Sections 9 and 10 hereof), which may be imposed on, incurred by, or asserted against Phenix, whether or not Phenix shall also be indemnified as to any such Claim by any other Person, in any way relating to or arising out of this Agreement or any amendment, modification, supplement, waiver or consent made or given hereunder, or the performance or enforcement of any of the terms hereof, or the breach by Western of any of the terms of this Agreement (or any representation made in writing to Phenix by Western in connection with this Agreement), or in any way relating to or arising out of the ownership, for Federal Tax Purposes or otherwise, of any Unit of the Property, or the design, manufacture, acquisition, erection, ownership, delivery, lease, possession, use, operation, maintenance, condition, registration, control, financing, insuring, sale, storage or disposition of any Unit of Property or any casualty, injury or loss in connection therewith (including, without limitation, latent and other defects, whether or not discoverable, and any Claim for patent, trademark or copyright infringement and expenses of Phenix incurred in the administration of this Agreement). To the extent that Phenix in fact receives indemnification payments from Western under this Section 8, Western shall be subrogated, to the extent of the indemnity paid, to Phenix's rights with respect to the transaction or event requiring or giving rise to such indemnity. Western's obligation to pay Phenix for such Claim shall be reduced by the amount and to the extent that Phenix receives payment from any other person for such Claim. WESTERN AGREES THAT PHENIX SHALL HAVE NO LIABILITY DIRECTLY OR INDIRECTLY TO WESTERN, TO ANY PERSON CLAIMING BY, THROUGH OR UNDER WESTERN OR TO ANY OTHER PERSON FOR ANY CLAIM ARISING DIRECTLY OR INDIRECTLY FROM ANY UNIT OF THE PROPERTY, OR FROM ANY INADEQUACY THEREOF FOR ANY PURPOSE, OR FROM ANY DEFICIENCY OR DEFECT THEREIN, OR FROM ANY OF THE OTHER MATTERS REFERRED TO IN PARAGRAPHS (b) or (c) OF SECTION 4 HEREOF WITH RESPECT THERETO OR FROM THE USE OR MAINTENANCE THEREOF OR FROM ANY IMPROVEMENTS, REPLACEMENTS, REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR FROM ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR FROM ANY INTERRUPTION OR LOSS OF SERVICE OR

USE THEREOF OR FROM ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF WESTERN AS THE OWNER FOR ALL PURPOSES OTHER THAN FEDERAL TAX PURPOSES OF THE UNITS OF PROPERTY AND EACH UNIT OF PROPERTY.

(b) Exceptions. Western shall not be required to indemnify Phenix pursuant to paragraph (a) above for (i) any Claim resulting from the gross negligence, willful default, or criminal acts of Phenix, (ii) expenses expressly agreed to be borne by Phenix pursuant to this Agreement, (iii) amounts resulting from the breach (unless caused by Western) of any representation, warranty or covenant of Phenix made to or for the benefit of Western under this Agreement, (iv) any compensation paid to any employees of Phenix or any Affiliate of Phenix, for their services as such, or (v) any liability for Taxes as defined in Section 9, Paragraph (a) below or any Disqualifying Event or Loss as defined in Section 10, Paragraph (c) below.

(c) Notice of Claim. If Phenix is informed of any pending or threatened proceeding asserting any Claim that would be indemnified against under paragraph (a) above, Phenix shall give prompt notice thereof to Western. Upon receipt of such notice, Western shall, at its own expense, assume full responsibility for the defense against or settlement of any such Claim (Phenix being entitled to participate in such defense by its own counsel and at its own expense) and Phenix shall cooperate with Western by providing, at the expense of Western, such assistance as Western may reasonably require, provided that Phenix shall have the right to control the defense against or settlement of such Claim if Phenix shall release Western from any obligation to indemnify Phenix for such Claim.

(d) Payment. So long as Western is complying with its obligations under paragraph (c) above, Western shall not be required to make any payment pursuant to this Section 8 of any Claim until Phenix shall have made or become obligated to make a payment in respect of the Claim indemnified against hereunder or a final judgment of a court or other competent tribunal shall have been entered to the effect that Phenix is obligated to make payment. Upon payment by Western pursuant to this Section 8, Phenix shall assign to Western all its right, title and interest to any claims relating to such Claim, provided that such assignment shall be made without representation, warranty or recourse, and that no breach or default under this Agreement on the part of Western shall exist. Nothing in the foregoing sub-

paragraph (d) shall relieve Western of its obligation to make payment under this Section 8 (whether or not it shall contest the Claim) if such failure to pay or contest will result in any criminal liability on the part of Phenix, or any other obligation of Phenix for which no effective indemnification is provided hereunder.

SECTION 9. GENERAL TAX INDEMNITY.

(a) Indemnity. Western agrees to pay, and does hereby indemnify and agree to protect, save and hold harmless Phenix from and against, any and all governmental or quasi-governmental income, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, excise, gross receipts, stamp or other tax, levy, impost, duty, charge, assessment, fee or withholding of any nature, together with any penalty, fine, addition to tax or interest on any of the foregoing (a Tax or, collectively, Taxes) imposed against Phenix or any Unit of Property by any Federal, state or local government or taxing authority in the United States upon or with respect to the Property, or upon or with respect to the purchase, acquisition, ownership, registration, delivery, leasing, possession, use, operation, control, financing, insuring, maintenance, storage, sale or other disposition thereof, or upon or with respect to the rentals, receipts or earnings arising therefrom, or upon or with respect to this Agreement, or any indebtedness created or repaid or deemed to be or have been created or repaid hereunder, unless, and only to the extent that, any such Tax which is not imposed by way of withholding is being contested by Western in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings. Western further agrees that, with respect to any payment or indemnity under this Agreement, such payment or indemnity shall include any amount necessary, after payment of all Taxes incurred in respect of the receipt of such amount, less all net Taxes saved by the deduction thereof, to hold Phenix harmless from all Taxes required to be paid by Phenix with respect to such payment or indemnity (After-Tax Basis). For purposes of this paragraph (a), a Minimum Tax is deemed to be a Tax.

(b) Limitation on Indemnity. Notwithstanding the provisions of paragraph (a) above, Western shall have no obligation thereunder as to any Taxes which are imposed on, based on, or measured by, the net income of Phenix, other than Taxes (i) which are in substitution for, or relieve Western from, any Taxes which Western would otherwise be

obligated to pay pursuant to this Section 9, (ii) which are imposed by the State of Oklahoma solely by reason of (and measured in whole or part by reference to) the location of any Unit of the Property (or the leasing thereof) in such state, or (iii) owing as a result of the receipt by Phenix of any payment made by Western pursuant to paragraph (a) of this Section 9 or Section 8(a) or Section 10(c) hereof. Indemnity payments with respect to any such net state and local income taxes will be made only if, and to the extent that, the cumulative sum of net state and local income taxes otherwise indemnified hereunder is greater than Phenix's net cumulative state and local income tax benefit (including credits realized in other states in respect of income taxes paid in the State of Oklahoma) actually realized from the transactions contemplated by this Agreement (taking into account an assumed pre-tax rate of return equal to the Commercial Paper Rate compounded annually, on any benefit so realized by Phenix). Western will file all ad valorem or similar Tax returns relating to each Unit of Property to the extent applicable to the Property. For purposes of this paragraph (b), a Minimum Tax is deemed to be a Tax which is not imposed on, based on, or measured by net income.

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against Phenix for any Tax to which the indemnity provided in paragraph (a) of this Section 9 applies (other than any tax imposed by the United States), Phenix shall promptly notify Western, and if reasonably requested by Western in writing, Phenix shall upon receipt of indemnification satisfactory to Phenix and at the expense of Western, with respect to all costs of contesting the validity, applicability, or amount of such Tax (including, without limitation, all costs and expenses of Phenix and all reasonable fees and disbursements of outside counsel, accountants and other experts incurred in connection therewith, and all penalties and interest), in good faith contest (after consultation with Western), in the name of Western or Phenix, as the case may be, the validity, applicability or amount of such Tax by (i) resisting payment thereof, if Phenix in its sole discretion shall determine such course of action to be appropriate, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. Western, through its counsel, shall have the right to participate in any proceeding relating to such contest, provided that the control of such proceeding shall be exercised by counsel designated

by Phenix. If Phenix shall obtain a refund of all or any part of such Tax paid by Western, Phenix shall pay Western the amount of such refund. If in addition to such refund Phenix shall receive an amount representing interest on the amount of such refund, Phenix shall pay Western that proportion of such interest which is fairly attributable to Taxes paid by Western prior to the receipt of such refund.

(d) Reports. In case any report or return is required to be made with respect to any obligation of Western under this Section 9 or arising out of this Section 9, Western will either make such report or return in such manner as will show the ownership of each Unit of Property in Western, for all purposes other than Federal Tax Purposes, and in Phenix for Federal Tax Purposes, and send a copy of such report or return to Phenix, or will notify Phenix of such requirement within a reasonable time before the required filing date and (unless such report or return cannot properly be made except by Phenix) make or cause to be made such report or return in such manner as shall be satisfactory to Phenix.

SECTION 10. INDEMNITY IN RESPECT OF CERTAIN EVENTS; CONTEST.

(a) Tax Assumptions. This Agreement has been entered into on the assumptions that (i) Phenix is the owner and lessor of each Unit of Property for Federal Tax Purposes, (ii) Phenix will be entitled to take into account the Investment Credit, Recovery Deductions and Interest Deductions, (iii) Phenix will recognize income with respect to Section 168 Rent in the amounts, with respect to each period, provided in Section 3(c) of this Agreement, (iv) there will be no recapture of Investment Credit or Recovery Deductions with respect to any Unit of Property or any part or component thereof, (v) there will be no realization of income by Phenix with respect to any forgiveness of indebtedness of Phenix under the Section 168 Loans, (vi) the only income to be realized by Phenix for Federal Tax Purposes, from or with respect to any Unit of Property or this Agreement, will be the Section 168 Rent and such income will be realized in accordance with §5c.168(f)(8)-7 of the Temporary Regulations, (vii) Phenix will be entitled to amortize any capitalized expenses (which shall be allocated to this Agreement) paid or to be paid by Phenix pursuant to Section 13 of this Agreement and the reasonable fees of Messrs. Isham, Lincoln & Beale for their services rendered in connection with the

transactions contemplated hereby and all expenses and disbursements incurred by Phenix in connection with such transactions, including the fee payable to Merrill Lynch Leasing, Inc. (the Amortization Deductions) at a rate no less rapid than straight line (i.e., in equal amounts) over the Section 168 Lease Term, (viii) no amount includable in the gross income of Phenix, and no deduction allowable to Phenix, with respect to (A) any Unit of Property or (B) any interest paid or accrued on the Section 168 Loan, shall be treated as derived from, or allocable to, sources outside the United States; and (ix) Phenix will claim the Investment Credit on its Federal income tax return for the tax year which includes the date of this Agreement and claim the Recovery Deductions, Interest Deductions and Amortization Deductions and record Section 168 Rent on its Federal income tax returns in each year commencing with such tax year.

(b) Consistent Tax Returns. Western agrees that neither Western nor any Affiliate will at any time take any action, directly or indirectly, or file any returns or other documents, inconsistent with the assumptions reflected in paragraph (a) hereof.

(c) Indemnification. In the event (1) of a Disqualifying Event with respect to any Unit of Property or (2) in the event Phenix, in the absence of the finding of a Disqualifying Event, shall lose with respect to any Unit of Property, or portion thereof, the right to claim, shall not claim (as the result of a good faith determination on the basis of an opinion of independent tax counsel selected by Phenix and approved by Western (which approval shall not be unreasonably withheld) to the effect that Phenix is not entitled to make such claim) or shall suffer a disallowance of all or any portion of the Investment Credit, the Recovery Deductions, the Interest Deductions or the Amortization Deductions, or all or any portion of the Investment Credit or the Recovery Deductions is recaptured pursuant to section 47 or section 1245 of the Code or any other similar provision, or if there is any other adjustment to the amount or timing of the Investment Credit, Recovery Deductions, Interest Deductions or Amortization Deductions or the realization of income (including discharge of indebtedness income or rental income) which causes the amount or timing of such credit, deductions or income to be different from the assumptions set forth in paragraph (a) of this Section, (any such event in this clause (2) being referred to hereafter as a Loss), then,

(i) in the case of a Disqualifying Event, unless excused by the provisions of paragraph (d) hereof, Western will pay to Phenix an amount equal to the sum of (A) the Disqualification Value of the Unit of Property suffering such Disqualifying Event, determined as of the Rent Payment Date immediately following the date of such Disqualifying Event, and (B) an amount which, on an After-Tax Basis, shall be equal to any interest, penalties or additions to Tax payable by Phenix as a result of such Disqualifying Event; or

(ii) in the case of a Loss occurring with respect to any Unit of Property or portion thereof as a result of any of the following events:

(A) at any time prior to the end of the Section 168 Lease Term any representation or warranty of Western contained in this Agreement shall prove to have been untrue when made;

(B) the breach of any covenant, agreement or undertaking contained in this Agreement by Western or any Person who acquires possession of any Unit of Property from or through Western;

(C) the acts (including the preparation and use of Exhibit A hereto, any voluntary or involuntary transfer [including, by way of bankruptcy, insolvency, reorganization, foreclosure, or similar proceedings], retirement, casualty, condemnation, modification, alteration, replacement, abandonment, or cessation of use of any Unit of Property [including cessation of use by reason of casualty or condemnation], or the suffering or permitting the use of any Unit of Property by an organization, governmental unit or other Person) or the omissions of Western or any Person who acquires possession of the Property from or through Western, and not those of Phenix; or

(D) any change in or modification of the Law (including without limitation, any change in or modification of any applicable Regulations), enacted or effective before March 31, 1984, but specifically excluding (x) any change in section 11 of the Code relating to the rate of tax imposed on the taxable income of corporations or (y) a determination that section 168(f)(8) of the Code is inapplicable to this Agreement or to the Property ab initio, as described in clause (iii) of paragraph (c) of this Section 10);

Western, unless excused by the provisions of paragraph (d) hereof, will pay to Phenix an amount which, in the reasonable opinion of Phenix, will cause the net return of Phenix (computed on the same assumptions as utilized by Phenix in calculating the Disqualification Values) over the Section 168 Lease Term in respect of such Unit of Property, to equal the net return (calculated as aforesaid) that would have been available if Phenix had been entitled to the utilization of all of the Investment Credit, the Recovery Deductions, Interest Deductions or Amortization Deductions with respect to the Property; or

(iii) in the case of a determination that section 168(f)(8) of the Code is inapplicable to this Agreement or to any Unit of Property ab initio by reason of change in Law or any other reason and clauses (i) and (ii) of this paragraph (c) are not applicable, then, unless excused by the provisions of clauses (1) through (7) of paragraph (d) below, Western will pay to Phenix an amount equal to the sum of (A) the Initial Cash Payment referred to in clause (i) of Section 2(a) hereof, (B) the amounts paid by Phenix pursuant to paragraph (a) of Section 13; (C) interest on the amounts determined pursuant to clauses (A) and (B) above computed, for the period from the date of this Agreement through and including July 30, 1982 at the Commercial Paper Rate and thereafter at the Citibank Base Rate for the period from July 30, 1982 through the date of payment required by this clause (iii); and (D) the amount necessary to hold Phenix harmless, on an After-Tax Basis, for any

penalty imposed under chapter 68 of the Code for underpayment of taxes attributable to its having claimed the Investment Credit, Recovery Deductions, Amortization Deductions and Interest Deductions and recognized the Section 168 Rent for Federal Tax Purposes prior to such determination.

All amounts payable to Phenix hereunder shall be paid in cash promptly, and in any event within 30 days, after receipt by Western of a written demand therefor, accompanied by a written statement identifying and describing in reasonable detail the related Loss, Disqualifying Event, or other event and the computation of the amount so payable. Notwithstanding the foregoing, to the extent that the amount payable is attributable to a determination made after July 30, 1982 that section 168(f)(8) of the Code is inapplicable to this Agreement or the Property ab initio, such amount may be paid by Western to Phenix within one year after receipt by Western of written demand, with interest to accrue on the amount so payable at the Citibank Base Rate from the 30th day after demand until paid. Western agrees to promptly notify Phenix of a Disqualifying Event with respect to any Unit of Property, and any event described in §5c.168(f) (8)-2(a)(6) of the Temporary Regulations.

(d) Limitation on Indemnification. Notwithstanding anything to the contrary set forth in paragraph (c) of this Section, Western shall have no liability to Phenix for indemnification hereunder for any Disqualifying Event, Loss, or, in the case of clauses (1) through (7) of this paragraph (d), any event referred to in clause (iii) of paragraph (c) of this Section, to the extent that such Disqualifying Event, Loss or other such event is a direct result of the occurrence of any one or more of the following events; provided that one of such events is the proximate cause of such Disqualifying Event, Loss or other such event:

(1) a transfer or other disposition by Phenix of any interest in any Unit of Property for Federal Tax Purposes or its interest in this Agreement, whether such transfer or disposition is attributable to either a voluntary or involuntary act of Phenix (but not including a disposition resulting from a Disqualifying Event); or

(2) the failure of Phenix to claim the Investment Credit, the Recovery Deductions,

the Interest Deductions or the Amortization Deductions unless such failure to claim is a direct consequence of a Disqualifying Event or Loss for a prior period with respect to which Western's liability for an indemnification payment has been finally determined; or

(3) the failure of Phenix to file timely the Form 6793, Safe Harbor Lease Information Return described in §5c.168(f)(8)-2(a)(3) of the Temporary Regulations and to file a copy of such Information Return with its timely filed Federal income tax return for its taxable year which includes the date of this Agreement (unless caused by Western's failure to timely supply Phenix with information relating to Western required for compliance with the foregoing Temporary Regulations); or

(4) the failure of Phenix to have sufficient liability for tax within the meaning of section 46 of the Code against which to credit the Investment Credit or to have sufficient gross income within the meaning of section 61(a) of the Code to benefit from the Recovery Deductions, the Amortization Deductions or the Interest Deductions as the case may be; or

(5) any misrepresentation or breach of warranty of Phenix or failure of Phenix to perform any of its covenants, all as set forth in this Agreement; or

(6) in the event that (i) Western's interest in any Unit of Property is sold or assigned in a bankruptcy, liquidation, receivership, a court-supervised foreclosure, or in any similar proceeding for relief or protection of insolvent debtors in Federal or state court and (ii) Phenix has received any and all necessary secured lender consents pursuant to §5c.168(f)(8)-2(a)(6) of the Temporary Regulations in a timely manner, the failure of Phenix to provide the timely notices required by §5c.168(f)(8)-2(a)(6) of the Temporary Regulations, unless Western, or Persons

acting for or on behalf of Western, shall not have given to Phenix the notice required by the last sentence of paragraph (c) of this Section 10; or

(7) any circumstances under which Western shall be relieved of its obligation to indemnify in accordance with the last sentence of paragraph (e) of this Section 10; or

(8) any change in or modification of the Law (including, without limitation, any change in or modification of any applicable Regulations, but specifically excluding any change in section 501(c)(12) or other sections of the Code relating to the tax exemption of cooperative corporations which would cause the Property to cease to be "section 38 property" within the meaning of section 46(b) of the Code) enacted and effective after March 31, 1984.

(e) Contest. If the Internal Revenue Service shall assert the occurrence of a Disqualifying Event or a Loss and propose an adjustment in the Federal income taxes of Phenix in consequence thereof for which Western would be required to indemnify Phenix pursuant to paragraph (c) of this Section and if the amount of the indemnity for such adjustment which Western would be required to pay would exceed \$25,000, then Phenix shall promptly notify Western in writing of the assertion and proposed adjustment and, if requested by Western in a timely written request, Phenix will request an opinion of independent tax counsel to the effect that there is a meritorious defense to such proposed adjustment. Phenix will promptly notify Western upon Phenix's receipt of an opinion to the requested effect and, if such opinion is received and if Western promptly requests Phenix to do so, Phenix shall contest the assertion and the proposed adjustment. Phenix shall determine in its sole discretion the nature of all action to be taken to contest a claim under this Section, including (1) whether any such contest shall initially be by way of administrative or judicial proceedings, or both, (2) whether any such claim shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof and (3) if Phenix shall undertake judicial action with respect to such claim, the court or other judicial body before which such action shall be commenced. Phenix shall not be obligated to appeal an adverse determination by a court, except that if Western

requests Phenix to appeal such determination, Phenix will so appeal if it receives at each appellate level an opinion of independent tax counsel approved by Western (which approval shall not be unreasonably withheld) (which opinion will be furnished to Western) to the effect that the basis in law and in fact in favor of prevailing on appeal is greater than the basis in law and in fact to the contrary. Phenix shall not be required to take any action set forth in this paragraph (e) unless and until Western shall have agreed to indemnify Phenix in a manner satisfactory to Phenix for any expenses or statutory or regulatory penalties which Phenix may incur as a result of taking such action and shall have agreed to pay Phenix upon demand all out-of-pocket expenses, including the reasonable fees and disbursements of independent tax counsel, incurred by Phenix in connection with taking such action, and, if Phenix determines in its sole discretion to contest the adjustment by a proceeding for refund of amounts paid based on the adjustment, Western shall have paid to Phenix an amount equal to the sum, on an After-Tax Basis, of any tax, interest, penalties and additions to tax which are required to be paid. Upon receipt by Phenix of a refund of any amounts paid by it based on the adjustment in respect of which amounts it shall have been paid an equivalent amount by Western, Phenix shall pay to Western the amount of such refund together with any interest received by it on such amount plus any additional tax benefits realized by Phenix as a result of the payments to Western pursuant to this sentence less any taxes paid by Phenix as a result of the receipt of such refund, interest, addition to tax or penalty. At any time, whether before or after commencing to take any action set forth in this paragraph (e), if Phenix declines or fails to contest with respect to all or any of the proposed adjustments, Western shall then be relieved of its obligation to indemnify Phenix with respect to the adjustment or such portion, as the case may be, provided that the contest which Phenix declines or fails to take is otherwise required of Phenix by this paragraph (e), and Phenix will promptly return to Western any amount (including taxes, additions to tax, interest and penalties on an After-Tax Basis, but excluding costs, expenses, fees and disbursements) previously paid by Western with respect to the adjustment or such portion.

SECTION 11. TERMINATION.

If a Disqualifying Event shall occur, this Agreement shall terminate as to the Unit of Property

affected (but only after payment in full to Phenix of all amounts required by this Agreement to be paid to it on account of such Disqualifying Event), but this Agreement shall continue in full force and effect as to any other Units of Property. Upon termination of this Agreement as to any Unit of Property (and, if the Disqualifying Event shall require payments by Western, upon payment of the amounts required to be paid pursuant to Section 10(c) hereof) all obligations of Phenix to Western (including, without limitation, the applicable repayment of Section 168 Loans, as set forth in Schedule 2 hereto), and, subject to Section 14 hereof, all obligations of Western to Phenix (including, without limitation, the Section 168 Rent) shall be deemed to be discharged and satisfied in full as of the Rent Payment Date immediately following the date of the Disqualifying Event with respect to the respective obligations of such parties for, or in connection with, that portion of this Agreement which relates to such Unit of Property.

SECTION 12. CONTINUATION OF AGREEMENT IN CERTAIN CIRCUMSTANCES.

Sections 10 and 11 of this Agreement to the contrary notwithstanding, if, in determining the tax consequences of a Disqualifying Event without regard to section 168(f)(8) of the Code, Western and Phenix would be permitted, in the respective opinions of tax counsel to Western and Phenix, to continue payments, from the sources and in the manner herein provided, of the Section 168 Loans (or equivalent amounts) and Section 168 Rent (or equivalent amounts) at the time and in the amounts set forth in Section 3 hereof, then this Agreement shall not terminate with respect to the Unit or Units of Property affected, but the parties hereto shall so continue such payments (or equivalent amounts), so characterized, at the time and in the amounts provided herein. In such case Western shall continue to be obligated in respect to any Loss or Disqualifying Event under Section 10(c) hereof.

SECTION 13. FEES AND EXPENSES; INTEREST.

(a) Phenix's Obligation. Phenix hereby agrees that it will pay or cause to be paid the following, in each case in the respective amounts heretofore agreed to by the parties hereto:

(i) Counsel and Accountant Fees. The reasonable fees of Messrs. Sullivan & Beauregard, as special counsel for Western, and Coopers & Lybrand as tax consultants, for their services

rendered in connection with the transactions contemplated hereby and all expenses and disbursements incurred by them in connection with such transactions;

(ii) Printing Costs. All stenographic, printing and reproduction costs and expenses incurred in connection with such transactions, including, without limitation, the preparation of this Agreement and all amendments or supplements thereto and to any other documents contemplated hereby; and

(iii) Placement Fees. A placement fee to Babcock & Brown.

(b) Western's Obligation. Western hereby agrees that it will pay or cause to be paid all other expenses (other than the fees, expenses and disbursements of Messrs. Isham, Lincoln & Beale and Merrill Lynch Leasing, Inc.) incurred in connection with such transactions, other than those set forth in paragraph (a) hereof, including, without limitation, all fees, taxes and expenses in connection with recording or filing, and all stamp and other taxes, fees and excises, if any, including any interest and penalties, which may be, or be determined to be, payable in connection with the filing or recording of documents or any waiver or consent under or in respect of any thereof.

(c) Failure to Comply; Interest. If Western fails to fulfill or comply with any of its obligations under this Agreement (other than obligations expressly provided to be offset under this Agreement), Phenix may itself fulfill or perform such obligations and the amount of Phenix's costs and expenses incurred in connection with such fulfillment or performance will be paid by Western to Phenix from time to time upon demand. Western shall also pay Phenix on demand interest to the extent permitted by law at the Citibank Base Rate on each amount which Western is obligated to pay under this Agreement (exclusive of amounts expressly provided to be offset under this Agreement) if such amount is not paid within thirty (30) days after its due date.

SECTION 14. SURVIVAL; SUCCESSIONS AND ASSIGNS;
CERTAIN PAYMENTS UNCONDITIONAL.

(a) Survival. All agreements, representations, covenants, warranties and indemnities contained herein and in certificates and other instruments delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and shall continue in effect so long as this Agreement is in effect, regardless of any investigation made by or on behalf of Phenix, its Affiliates or any of its or their officers, employees or agents; provided, however, that notwithstanding the expiration or termination of this Agreement or the Section 168 Lease Term, in whole or part, the obligations of Western to make payments or indemnities contained, respectively, in Section 5, 8, 9, 10, 13 and 15 hereof shall continue in full force and effect with respect to or arising out of events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination.

(b) Successors and Assigns. All agreements, representations and warranties in this Agreement or in certificates and other instruments delivered pursuant hereto or in connection herewith shall bind the party making the same and its successors and permitted assigns and shall inure to the benefit of and be enforceable by the other party and its successors and permitted assigns. Nothing in this Agreement shall be deemed to create any rights in, and this Agreement shall not be construed to be a contract in whole or in part for the benefit of, any Person except the parties hereto, Persons expressly provided to be indemnified herein and the respective successors and permitted assigns of the foregoing.

(c) Certain Payments Unconditional. Western acknowledges and agrees that Western's obligations under Sections 8, 9, 10, 13 and 15 hereof shall be absolute and unconditional and shall not be subject to any abatement, reduction, set off, defense, counterclaim or recoupment for any reason whatsoever.

SECTION 15. BROKERS AND FINDERS.

Except as set forth in Section 13 hereof, Western will indemnify and hold harmless Phenix in respect of any commissions, fees, judgments or other expenses of any nature and kind which Phenix may become liable to pay by reason of

any claims by or on behalf of brokers, finders or agents in connection with the transactions contemplated by this Agreement, or any litigation or similar proceeding arising from such claims (other than those arising out of claims with respect to contracts made by Phenix). Phenix represents and warrants that neither it nor an Affiliate has made any contract in respect of any commissions, fees, judgments or other expenses of the type referred to above in this Section 15, except with Merrill Lynch Leasing, Inc.

SECTION 16. NOTICES.

All communications, notices and consents provided for herein shall be given in person or by means of telecopy or other wire transmission (with request for assurance of receipt in a manner typical with respect to communications of that type), or mailed by registered or certified mail, addressed as follows: (i) if to Phenix, c/o Dart & Kraft, Inc. at 2211 Sanders Road, Northbrook, Illinois 60062, Attention: The Secretary, and (ii) if to Western, at P.O. Box 429, Anadarko, Oklahoma 73005, Attention: General Manager, or at such other address as either party hereto shall from time to time designate by notice in writing to the other party hereto. All such communications and notices given in such manner shall be effective on the indicated date of receipt of such communication or notice.

SECTION 17. MISCELLANEOUS.

(a) Counterpart Execution. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between the parties with respect to the subject matter hereof, including any prior letter of intent or outline of terms.

(c) General Construction. The terms defined in Section 1 of this Agreement and in any agreement or instrument executed in connection herewith shall be applicable to the plural as well as the singular and the singular as well as the plural. Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms hereof and thereof.

(d) No Suspension or Discontinuance. Except as and to the extent otherwise specifically provided in this Agreement, neither party will suspend or discontinue any payment required to be made or offset hereunder or terminate or cause to be terminated this Agreement for any cause (except as contemplated by this Agreement) including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction from any Unit of Property, failure of consideration, failure of title, or commercial frustration of purpose, or any defect or damage to or destruction of any Unit of Property, or the taking by eminent domain of title to or other interference with any Unit of use or right of possession or use of all or any part of the Property, or any change in applicable Tax or other Laws, or any failure or omission on the part of either party to perform and observe any agreement or covenant, whether express or implied, or to discharge any duty, liability or obligation arising out of or connected with this Agreement or any Unit of Property, provided, that nothing in this Section 17(d) shall change the characterization of this Agreement made in Sections 2, 3 and 4 above.

(e) Non-Recourse Against Stockholders or Members; Indemnity. (1) No recourse shall be had for the payment of the Section 168 Loans, or for any other amount payable hereunder or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Agreement, against Phenix or any Affiliate of Phenix or any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of Phenix or of any Affiliate of Phenix or of any predecessor or any successor corporation under any rule of Law or by the enforcement of any assessment or penalty, or otherwise, it being expressly understood that all obligations of Phenix under this Agreement are solely corporate obligations and that all such liability of any Affiliate of Phenix and of the incorporators, subscribers, stockholders, officers and directors of Phenix or of any

Affiliate of Phenix or of any such predecessor or successor corporation, is and is hereby agreed to be expressly waived and released as a condition of, and as consideration for, the execution of this Agreement and to that end Phenix's Affiliates and such incorporators, subscribers, stockholders, officers and directors shall be considered included in the general indemnity provided in Section 8 hereof in each case as though references to the term Phenix in such Section referred severally instead to each of them.

(2) No recourse shall be had for the payment of the Section 168 Rent by or for any other amount payable hereunder or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Agreement, against any incorporator or any past, present or future Member, officer or director of Western or of any predecessor or any successor corporation under any rule of Law or by the enforcement of any assessment or penalty, or otherwise, it being expressly understood that all obligations of Western under this Agreement are solely corporate obligations and that all such liability of the incorporators, Members, officers and directors of Western or of any such predecessor or successor corporation, is and is hereby agreed to be expressly waived and released as a condition of, and as consideration for, the execution of this Agreement.

(f) Governing Law. This Agreement shall be governed by, and be construed in accordance with, the law of the State of Oklahoma.

(g) Separability of Provisions. In case any one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof and any other application hereof shall not in any way be affected or impaired; provided, however, that such remaining provisions do not increase the obligations or liabilities of Phenix or Western in any respect other than an immaterial, insubstantial and insignificant respect beyond those to which they would be subject without giving effect to such invalidity, illegality or unenforceability. Insofar as permitted by applicable law, Western hereby waives any provision of law which renders any provision hereof invalid, illegal or unenforceable in any respect.

(h) Amendments, Supplements, etc. Neither this Agreement nor any of the terms hereof may be amended,

supplemented, waived or modified orally, but only by an instrument in writing signed by the parties hereto and consented to by the Rural Electrification Administration and National Rural Utilities Cooperative Finance Corporation under, and pursuant to the terms and provisions of, the Mortgage. The failure of Phenix to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

(i) Headings. The headings of the Sections and paragraphs of this Agreement and the table of contents have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed by its officer thereunto duly authorized, on the date set forth above.

PHENIX LEASING CORPORATION

By: M. Anik
Vice President

WESTERN FARMERS ELECTRIC
COOPERATIVE, INC.

By: Marvin S. Charles
President

(SEAL)

Attest:

[Signature]
Secretary

DISTRICT OF COLUMBIA) ss.

Before me, a Notary Public, in and for the District of Columbia, appeared in person the within named Marvin Scherler, President of Western Farmers Electric Cooperative, Inc., an Oklahoma corporation ("Western"), to me personally known, and who stated that he is duly authorized to execute the foregoing instrument for and in the name and on behalf of Western, and further stated and acknowledged that he had executed the foregoing instrument as the free and voluntary act and deed of Western, for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 30th day of April, 1982.



Helen A. Wisner

Helen A. Wisner
Notary Public

My Commission expires: 10/31/83

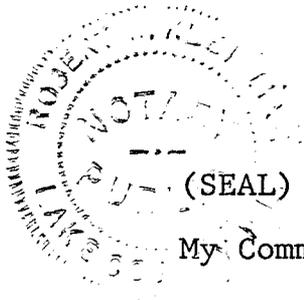
STATE OF ILLINOIS)
COUNTY OF LAKE) SS.

Before me, a Notary Public, in and for the State and County aforesaid, appeared in person the within named Michael Allik, a Vice President of Phenix Leasing Corporation, a Delaware corporation ("Phenix"), to me personally known, and who stated that he is duly authorized to execute the foregoing instrument for and in the name and on behalf of Phenix, and further stated and acknowledges that he had executed the foregoing instrument as the free and voluntary act and deed of Phenix, for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 30th day of April, 1982.



Robert W. Kleinman
Notary Public



My Commission Expires:

6/27/83

Election of Parent

To the extent necessary to effectuate the Federal income tax election contained in Section 3(a) of this Agreement, the undersigned, being the common parent corporation of Phenix Leasing Corporation, does hereby agree to characterize the Agreement as a lease, elect to have the provisions of section 168(f)(8) apply to the transaction contemplated by the Agreement, and join as a party to the Agreement for the sole purposes of making said election.

DART & KRAFT, INC.

By M. Avik
Senior Vice-President,
Finance & Administration

Exhibit A
to
Lease Agreement No. 2

Description of the Property:

Road No. 076
High side gondolas AAR
Mich. Desig. GT -
manufactured by
Ortner Freight Car Co.

Number of Units of Property:	100 (each car being one Unit)
Car Numbers (both inclusive):	WFCX 81004; 99 cars numbered serially from WFCX 81231 through WFCX 81329
Purchase Price and Lessor's Cost:	\$7,989,800.00
Initial Cash Payment:	\$2,053,378.60
Amount of Investment Credit:	798,980.00
Purchase Price and Lessor's Cost for each Unit of Property:	79,898.00
Amount of Investment Credit for each Unit of Property:	7,989.80

Schedule I
to
Lease Agreement No. 2

DISQUALIFICATION VALUES

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1982</u>			
5/82	101.8515	74.3052	27.5462
6/82	103.3626	74.2965	29.0660
7/82	104.5901	74.2877	30.3024
8/82	105.8552	74.2787	31.5765
9/82	107.1590	74.2695	32.8895
10/82	108.2860	74.2602	34.0258
11/82	109.4475	74.2506	35.1969
12/82	110.6447	74.2409	36.4038
<u>1983</u>			
1/83	111.6617	74.2310	37.4307
2/83	112.7099	74.2209	38.4890
3/83	113.7903	74.2106	39.5797
4/83	114.8083	74.2001	40.6082
5/83	112.0400	74.1894	37.8506
6/83	113.0041	74.1785	38.8255
7/83	113.7884	74.1674	39.6210
8/83	114.5968	74.1561	40.4407
9/83	115.4301	74.1446	41.2855
10/83	116.1750	74.1328	42.0422
11/83	116.9429	74.1208	42.8220
12/83	117.7343	74.1086	43.6256
<u>1984</u>			
1/84	118.4361	74.0962	44.3399
2/84	119.1596	74.0835	45.0760
3/84	119.9052	74.0706	45.8346
4/84	120.6169	74.0574	46.5595
5/84	117.5382	74.0440	43.4942
6/84	118.1825	74.0303	44.1522
7/84	118.6812	74.0164	44.6648
8/84	119.1953	74.0022	45.1931
9/84	119.7252	73.9877	45.7375
10/84	120.1630	73.9729	46.1901
11/84	120.6143	73.9579	46.6565
12/84	121.0796	73.9425	47.1371

<u>' FIS 'YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1985</u>			
1/85	121.4508	73.9269	47.5239
2/85	121.8335	73.9110	47.9225
3/85	122.2280	73.8948	48.3333
4/85	122.5806	73.8782	48.7024
5/85	119.1321	73.8614	45.2708
6/85	119.3953	73.8442	45.5512
7/85	119.5042	73.8267	45.6776
8/85	119.6167	73.8088	45.8079
9/85	119.7328	73.7906	45.9421
10/85	119.7443	73.7721	45.9722
11/85	119.7565	73.7532	46.0033
12/85	119.7692	73.7339	46.0352
<u>1986</u>			
1/86	119.7352	73.7143	46.0208
2/86	119.7007	73.6943	46.0064
3/86	119.6657	73.6739	45.9918
4/86	119.6200	73.6532	45.9668
5/86	115.8494	73.6320	42.2174
6/86	115.7818	73.6104	42.1714
7/86	115.6825	73.5884	42.0941
8/86	115.5824	73.5660	42.0164
9/86	115.4814	73.5432	41.9383
10/86	115.3589	73.5199	41.8390
11/86	115.2354	73.4962	41.7392
12/86	115.1108	73.4720	41.6388
<u>1987</u>			
1/87	114.9645	73.4473	41.5172
2/87	114.8171	73.4222	41.3949
3/87	114.6685	73.3966	41.2719
4/87	114.5083	73.3705	41.1378
5/87	110.6435	73.3439	37.2996
6/87	110.4811	73.3168	37.1643
7/87	110.3074	73.2892	37.0182
8/87	110.1323	73.2611	36.8712
9/87	109.9558	73.2324	36.7234
10/87	109.7782	73.2031	36.5751
11/87	109.5992	73.1733	36.4258
12/87	109.4187	73.1430	36.2757

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1988</u>			
1/88	109.2371	73.1120	36.1251
2/88	109.0540	73.0805	35.9735
3/88	108.8695	73.0483	35.8211
4/88	108.6835	73.0156	35.6680
5/88	108.4965	72.9822	35.5143
6/88	108.3079	72.9481	35.3598
7/88	108.1183	72.9135	35.2049
8/88	107.9272	72.8781	35.0491
9/88	107.7345	72.8421	34.8924
10/88	107.5405	72.8054	34.7352
11/88	107.3450	72.7679	34.5770
12/88	107.1478	72.7298	34.4180
<u>1989</u>			
1/89	106.9493	72.6909	34.2584
2/89	106.7492	72.6513	34.0979
3/89	106.5473	72.6109	33.9364
4/89	106.3440	72.5698	33.7742
5/89	106.1394	72.5279	33.6116
6/89	105.9331	72.4851	33.4480
7/89	105.7257	72.4416	33.2841
8/89	105.5165	72.3972	33.1193
9/89	105.3055	72.3519	32.9536
10/89	105.0931	72.3058	32.7873
11/89	104.8790	72.2588	32.6201
12/89	104.6629	72.2109	32.4520
<u>1990</u>			
1/90	104.4454	72.1621	32.2833
2/90	104.2260	72.1124	32.1137
3/90	104.0047	72.0616	31.9431
4/90	103.7817	72.0100	31.7717
5/90	103.5573	71.9573	31.6000
6/90	103.3309	71.9036	31.4273
7/90	103.1033	71.8489	31.2544
8/90	102.8737	71.7932	31.0806
9/90	102.6420	71.7363	30.9057
10/90	102.4089	71.6784	30.7304
11/90	102.1736	71.6194	30.5542
12/90	101.9361	71.5593	30.3769

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1991</u>			
1/91	101.6971	71.4980	30.1992
2/91	101.4559	71.4355	30.0204
3/91	101.2124	71.3718	29.8406
4/91	100.9670	71.3069	29.6601
5/91	100.7201	71.2408	29.4794
6/91	100.4709	71.1733	29.2976
7/91	100.2205	71.1046	29.1158
8/91	99.9676	71.0346	28.9330
9/91	99.7124	70.9633	28.7491
10/91	99.4555	70.8905	28.5650
11/91	99.1962	70.8164	28.3798
12/91	98.9343	70.7409	28.1935
<u>1992</u>			
1/92	98.6707	70.6639	28.0069
2/92	98.4046	70.5854	27.8192
3/92	98.1359	70.5054	27.6304
4/92	97.8649	70.4239	27.4410
5/92	97.5923	70.3409	27.2514
6/92	97.3170	70.2562	27.0607
7/92	97.0403	70.1699	26.8704
8/92	96.7609	70.0820	26.6789
9/92	96.4787	69.9924	26.4863
10/92	96.1947	69.9010	26.2936
11/92	95.9078	69.8080	26.0998
12/92	95.6179	69.7131	25.9049
<u>1993</u>			
1/93	95.3262	69.6164	25.7098
2/93	95.0314	69.5179	25.5136
3/93	94.7336	69.4174	25.3162
4/93	94.4333	69.3151	25.1182
5/93	94.1311	69.2107	24.9203
6/93	93.8257	69.1044	24.7213
7/93	93.5190	68.9961	24.5229
8/93	93.2090	68.8856	24.3233
9/93	92.8957	68.7731	24.1226
10/93	92.5804	68.6584	23.9220
11/93	92.2617	68.5415	23.7202
12/93	91.9396	68.4223	23.5172

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1994</u>			
1/94	91.6153	68.3009	23.3144
2/94	91.2874	68.1771	23.1103
3/94	90.9561	68.0510	22.9051
4/94	90.6217	67.9225	22.6993
5/94	90.2853	67.7915	22.4939
6/94	89.9452	67.6579	22.2873
7/94	89.6036	67.5218	22.0817
8/94	89.2581	67.3832	21.8750
9/94	88.9088	67.2418	21.6670
10/94	88.5572	67.0978	21.4594
11/94	88.2016	66.9509	21.2507
12/94	87.8420	66.8013	21.0407
<u>1995</u>			
1/95	87.4799	66.6488	20.8311
2/95	87.1136	66.4934	20.6202
3/95	86.7432	66.3350	20.4082
4/95	86.3692	66.1735	20.1957
5/95	85.9930	66.0090	19.9840
6/95	85.6124	65.8413	19.7711
7/95	85.2301	65.6704	19.5597
8/95	84.8434	65.4963	19.3471
9/95	84.4520	65.3187	19.1333
10/95	84.0581	65.1378	18.9203
11/95	83.6594	64.9534	18.7060
12/95	83.2560	64.7655	18.4904
<u>1996</u>			
1/96	82.8497	64.5740	18.2757
2/96	82.4385	64.3788	18.0596
3/96	82.0222	64.1799	17.8424
4/96	81.6020	63.9771	17.6248
5/96	81.1791	63.7705	17.4086
6/96	80.7510	63.5599	17.1910
7/96	80.3211	63.3453	16.9758
8/96	79.8859	63.1266	16.7593
9/96	79.4452	62.9036	16.5416
10/96	79.0015	62.6764	16.3251
11/96	78.5523	62.4449	16.1074
12/96	78.0973	62.2089	15.8884

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>1997</u>			
1/97	77.6390	61.9683	15.6707
2/97	77.1749	61.7232	15.4517
3/97	76.7048	61.4734	15.2314
4/97	76.2299	61.2188	15.0111
5/97	75.7520	60.9593	14.7927
6/97	75.2679	60.6948	14.5731
7/97	74.7819	60.4253	14.3566
8/97	74.2895	60.1506	14.1389
9/97	73.7905	59.8706	13.9199
10/97	73.2881	59.5852	13.7029
11/97	72.7790	59.2944	13.4846
12/97	72.2630	58.9981	13.2650
<u>1998</u>			
1/98	71.7433	58.6960	13.0473
2/98	71.2165	58.3881	12.8284
3/98	70.6826	58.0744	12.6082
4/98	70.1429	57.7546	12.3883
5/98	69.5999	57.4287	12.1711
6/98	69.0493	57.0966	11.9527
7/98	68.4967	56.7581	11.7387
8/98	67.9364	56.4131	11.5233
9/98	67.3683	56.0615	11.3068
10/98	66.7961	55.7031	11.0930
11/98	66.2159	55.3379	10.8779
12/98	65.6273	54.9657	10.6616
<u>1999</u>			
1/99	65.0345	54.5864	10.4481
2/99	64.4331	54.1997	10.2333
3/99	63.8230	53.8057	10.0173
4/99	63.2061	53.4041	9.8020
5/99	62.5854	52.9948	9.5906
6/99	61.9556	52.5777	9.3778
7/99	61.3236	52.1526	9.1710
8/99	60.6823	51.7193	8.9629
9/99	60.0314	51.2778	8.7536
10/99	59.3759	50.8277	8.5482
11/99	58.7106	50.3691	8.3415
12/99	58.0353	49.9016	8.1337

<u>FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>2000</u>			
1/00	57.3549	49.4252	7.9297
2/00	56.6642	48.9397	7.7245
3/00	55.9630	48.4448	7.5181
4/00	55.2536	47.9405	7.3131
5/00	54.5397	47.4265	7.1132
6/00	53.8148	46.9026	6.9122
7/00	53.0876	46.3688	6.7188
8/00	52.3490	45.8246	6.5244
9/00	51.5989	45.2701	6.3288
10/00	50.8433	44.7049	6.1384
11/00	50.0758	44.1289	5.9469
12/00	49.2962	43.5418	5.7543
<u>2001</u>			
1/01	48.5105	42.9435	5.5670
2/01	47.7123	42.3338	5.3785
3/01	46.9013	41.7123	5.1890
4/01	46.0804	41.0789	5.0015
5/01	45.2544	40.4334	4.8210
6/01	44.4149	39.7755	4.6393
7/01	43.5729	39.1050	4.4678
8/01	42.7170	38.4217	4.2953
9/01	41.8471	37.7252	4.1218
10/01	40.9708	37.0155	3.9553
11/01	40.0799	36.2921	3.7878
12/01	39.1741	35.5548	3.6194
<u>2002</u>			
1/02	38.2613	34.8034	3.4579
2/02	37.3331	34.0376	3.2955
3/02	36.3893	33.2571	3.1322
4/02	35.4336	32.4617	2.9719
5/02	34.4717	31.6510	2.8207
6/02	33.4934	30.8248	2.6686
7/02	32.5125	29.9828	2.5297
8/02	31.5146	29.1246	2.3900
9/02	30.4994	28.2500	2.2494
10/02	29.4767	27.3586	2.1181
11/02	28.4361	26.4501	1.9860
12/02	27.3774	25.5242	1.8532

<u>'FIS YR/ PAYMENT ARREARS</u>	<u>TERMINATION</u>	<u>LOAN BALANCE</u>	<u>NET CASH PMT TO LESSOR</u>
<u>2003</u>			
1/03	26.3101	24.5805	1.7296
2/03	25.2241	23.6188	1.6053
3/03	24.1189	22.6386	1.4803
4/03	22.9993	21.6397	1.3596
5/03	21.8724	20.6216	1.2508
6/03	20.7253	19.5840	1.1413
7/03	19.5754	18.5265	1.0489
8/03	18.4046	17.4487	.9559
9/03	17.2127	16.3503	.8624
10/03	16.0118	15.2308	.7810
11/03	14.7889	14.0899	.6991
12/03	13.5437	12.9271	.6167
<u>2004</u>			
1/04	12.2884	11.7420	.5464
2/04	11.0099	10.5342	.4758
3/04	9.7079	9.3032	.4047
4/04	8.3882	8.0487	.3395
5/04	7.0563	6.7701	.2862
6/04	5.6996	5.4670	.2326
7/04	4.3361	4.1389	.1972
8/04	2.9470	2.7854	.1616
9/04	1.5317	1.4059	.1258
10/04	.0000	-.0000	.0000

Schedule 2
to
Lease Agreement No. 2

Schedule of Section 168 Loan Payments

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
4/27/82	\$1,000,000.00	\$4,205,915.33			
5/27/82	999,885.47	4,186,748.66	\$19,166.67	\$114.53	\$19,281.20
6/27/82	999,768.74	4,167,584.19	19,164.47	116.73	19,281.20
7/27/82	999,649.77	4,148,421.96	19,162.23	118.97	19,281.20
8/27/82	999,528.52	4,129,262.01	19,159.95	121.25	19,281.20
9/27/82	999,404.95	4,110,104.38	19,157.63	123.57	19,281.20
10/27/82	999,279.01	4,090,949.12	19,155.26	125.94	19,281.20
11/27/82	999,150.66	4,071,796.27	19,152.85	128.35	19,281.20
12/27/82	999,019.85	4,052,645.88	19,150.39	130.81	19,281.20
1/27/83	998,886.53	4,033,498.00	19,147.88	133.32	19,281.20
2/27/83	998,750.66	4,014,352.67	19,145.33	135.87	19,281.20
3/27/83	998,612.18	3,995,209.95	19,142.72	138.48	19,281.20
4/27/83	998,471.05	3,976,069.88	19,140.07	141.13	19,281.20
5/27/83	998,327.21	3,956,932.52	19,137.36	143.84	19,281.20
6/27/83	998,180.61	3,937,797.92	19,134.60	146.60	19,281.20
7/27/83	998,031.21	3,918,666.12	19,131.80	149.40	19,281.20
8/27/83	997,878.94	3,899,537.19	19,128.93	152.27	19,281.20
9/27/83	997,723.75	3,880,411.18	19,126.01	155.19	19,281.20
10/27/83	997,565.59	3,861,288.14	19,123.04	158.16	19,281.20
11/27/83	997,404.40	3,842,168.13	19,120.01	161.19	19,281.20
12/27/83	997,240.12	3,823,051.21	19,116.92	164.28	19,281.20
1/27/84	997,072.69	3,803,937.44	19,113.77	167.43	19,281.20
2/27/84	996,902.05	3,784,826.88	19,110.56	170.64	19,281.20
3/27/84	996,728.14	3,765,719.59	19,107.29	173.91	19,281.20
4/27/84	996,550.90	3,746,615.63	19,103.96	177.24	19,281.20
5/27/84	996,370.26	3,727,515.07	19,100.56	180.64	19,281.20
6/27/84	996,186.16	3,708,417.97	19,097.10	184.10	19,281.20
7/27/84	995,998.53	3,689,324.40	19,093.57	187.63	19,281.20
8/27/84	995,807.30	3,670,234.43	19,089.97	191.23	19,281.20
9/27/84	995,612.41	3,651,148.12	19,086.31	194.89	19,281.20
10/27/84	995,413.78	3,632,065.55	19,082.57	198.63	19,281.20
11/27/84	995,211.34	3,612,986.79	19,078.76	202.44	19,281.20
12/27/84	995,005.02	3,593,911.91	19,074.88	206.32	19,281.20
1/27/85	994,794.75	3,574,840.98	19,070.93	210.27	19,281.20
2/27/85	994,580.45	3,555,774.08	19,066.90	214.30	19,281.20
3/27/85	994,362.04	3,536,711.29	19,062.79	218.41	19,281.20
4/27/85	994,139.45	3,517,652.68	19,058.61	222.59	19,281.20
5/27/85	993,912.59	3,498,598.34	19,054.34	226.86	19,281.20
6/27/85	993,681.38	3,479,548.35	19,049.99	231.21	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.00000%)	PRINCIPAL RECOVERY	PAYMENT
7/27/85	993,445.74	3,460,502.79	19,045.56	235.64	19,281.20
8/27/85	993,205.58	3,441,461.75	19,041.04	240.16	19,281.20
9/27/85	992,960.82	3,422,425.31	19,036.44	244.76	19,281.20
10/27/85	992,711.37	3,403,393.56	19,031.75	249.45	19,281.20
11/27/85	992,457.14	3,384,366.59	19,026.97	254.23	19,281.20
12/27/85	992,198.04	3,365,344.49	19,022.10	259.10	19,281.20
1/27/86	991,933.97	3,346,327.36	19,017.13	264.07	19,281.20
2/27/86	991,664.84	3,327,315.29	19,012.07	269.13	19,281.20
3/27/86	991,390.55	3,308,308.38	19,006.91	274.29	19,281.20
4/27/86	991,111.00	3,289,306.73	19,001.65	279.55	19,281.20
5/27/86	990,826.09	3,270,310.44	18,996.29	284.91	19,281.20
6/27/86	990,535.72	3,251,319.61	18,990.83	290.37	19,281.20
7/27/86	990,239.79	3,232,334.34	18,985.27	295.93	19,281.20
8/27/86	989,938.19	3,213,354.74	18,979.60	301.60	19,281.20
9/27/86	989,630.81	3,194,380.92	18,973.82	307.38	19,281.20
10/27/86	989,317.53	3,175,413.00	18,967.92	313.28	19,281.20
11/27/86	988,998.25	3,156,451.08	18,961.92	319.28	19,281.20
12/27/86	988,672.85	3,137,495.28	18,955.80	325.40	19,281.20
1/27/87	988,341.21	3,118,545.72	18,949.56	331.64	19,281.20
2/27/87	988,003.22	3,099,602.51	18,943.21	337.99	19,281.20
3/27/87	987,658.75	3,080,665.78	18,936.73	344.47	19,281.20
4/27/87	987,307.68	3,061,735.65	18,930.13	351.07	19,281.20
5/27/87	986,949.88	3,042,812.25	18,923.40	357.80	19,281.20
6/27/87	986,585.22	3,023,895.71	18,916.54	364.66	19,281.20
7/27/87	986,213.57	3,004,986.16	18,909.55	371.65	19,281.20
8/27/87	985,834.80	2,986,083.73	18,902.43	378.77	19,281.20
9/27/87	985,448.77	2,967,188.56	18,895.17	386.03	19,281.20
10/27/87	985,055.34	2,948,300.79	18,887.77	393.43	19,281.20
11/27/87	984,654.37	2,929,420.56	18,880.23	400.97	19,281.20
12/27/87	984,245.71	2,910,548.02	18,872.54	408.66	19,281.20
1/27/88	983,829.22	2,891,683.31	18,864.71	416.49	19,281.20
2/27/88	983,404.75	2,872,826.58	18,856.73	424.47	19,281.20
3/27/88	982,972.14	2,853,977.99	18,848.59	432.61	19,281.20
4/27/88	982,531.24	2,835,137.69	18,840.30	440.90	19,281.20
5/27/88	982,081.89	2,816,305.84	18,831.85	449.35	19,281.20
6/27/88	981,623.93	2,797,482.60	18,823.24	457.96	19,281.20
7/27/88	981,157.19	2,778,668.14	18,814.46	466.74	19,281.20
8/27/88	980,681.50	2,759,862.63	18,805.51	475.69	19,281.20
9/27/88	980,196.70	2,741,066.23	18,796.40	484.80	19,281.20
10/27/88	979,702.60	2,722,279.13	18,787.10	494.10	19,281.20
11/27/88	979,199.03	2,703,501.50	18,777.63	503.57	19,281.20
12/27/88	978,685.81	2,684,733.52	18,767.98	513.22	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
1/27/89	978,162.75	2,665,975.38	18,758.14	523.06	19,281.20
2/27/89	977,629.67	2,647,227.26	18,748.12	533.08	19,281.20
3/27/89	977,086.37	2,628,489.36	18,737.90	543.30	19,281.20
4/27/89	976,532.66	2,609,761.87	18,727.49	553.71	19,281.20
5/27/89	975,968.34	2,591,044.99	18,716.88	564.32	19,281.20
6/27/89	975,393.20	2,572,338.93	18,706.06	575.14	19,281.20
7/27/89	974,807.04	2,553,643.89	18,695.04	586.16	19,281.20
8/27/89	974,209.64	2,534,960.09	18,683.80	597.40	19,281.20
9/27/89	973,600.79	2,516,287.74	18,672.35	608.85	19,281.20
10/27/89	972,980.27	2,497,627.06	18,660.68	620.52	19,281.20
11/27/89	972,347.86	2,478,978.27	18,648.79	632.41	19,281.20
12/27/89	971,703.33	2,460,341.60	18,636.67	644.53	19,281.20
1/27/90	971,046.44	2,441,717.29	18,624.31	656.89	19,281.20
2/27/90	970,376.96	2,423,105.57	18,611.72	669.48	19,281.20
3/27/90	969,694.65	2,404,506.68	18,598.89	682.31	19,281.20
4/27/90	968,999.26	2,385,920.87	18,585.81	695.39	19,281.20
5/27/90	968,290.55	2,367,348.38	18,572.49	708.71	19,281.20
6/27/90	967,568.25	2,348,789.48	18,558.90	722.30	19,281.20
7/27/90	966,832.11	2,330,244.42	18,545.06	736.14	19,281.20
8/27/90	966,081.86	2,311,713.47	18,530.95	750.25	19,281.20
9/27/90	965,317.23	2,293,196.90	18,516.57	764.63	19,281.20
10/27/90	964,537.94	2,274,694.99	18,501.91	779.29	19,281.20
11/27/90	963,743.72	2,256,208.01	18,486.98	794.22	19,281.20
12/27/90	962,934.27	2,237,736.26	18,471.75	809.45	19,281.20
1/27/91	962,109.31	2,219,280.02	18,456.24	824.96	19,281.20
2/27/91	961,268.54	2,200,839.59	18,440.43	840.77	19,281.20
3/27/91	960,411.65	2,182,415.28	18,424.31	856.89	19,281.20
4/27/91	959,538.34	2,164,007.39	18,407.89	873.31	19,281.20
5/27/91	958,648.29	2,145,616.24	18,391.15	890.05	19,281.20
6/27/91	957,741.18	2,127,242.15	18,374.09	907.11	19,281.20
7/27/91	956,816.69	2,108,885.44	18,356.71	924.49	19,281.20
8/27/91	955,874.48	2,090,546.45	18,338.99	942.21	19,281.20
9/27/91	954,914.21	2,072,225.52	18,320.93	960.27	19,281.20
10/27/91	953,935.53	2,053,923.00	18,302.52	978.68	19,281.20
11/27/91	952,938.09	2,035,639.24	18,283.76	997.44	19,281.20
12/27/91	951,921.54	2,017,374.59	18,264.65	1,016.55	19,281.20
1/27/92	950,885.50	1,999,129.43	18,245.16	1,036.04	19,281.20
2/27/92	949,829.61	1,980,904.12	18,225.31	1,055.89	19,281.20
3/27/92	948,753.48	1,962,699.05	18,205.07	1,076.13	19,281.20
4/27/92	947,656.72	1,944,514.61	18,184.44	1,096.76	19,281.20
5/27/92	946,538.94	1,926,351.19	18,163.42	1,117.78	19,281.20
6/27/92	945,399.74	1,908,209.19	18,142.00	1,139.20	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
7/27/92	944,238.70	1,890,089.03	18,120.16	1,161.04	19,281.20
8/27/92	943,055.41	1,871,991.12	18,097.91	1,183.29	19,281.20
9/27/92	941,849.44	1,853,915.89	18,075.23	1,205.97	19,281.20
10/27/92	940,620.35	1,835,863.78	18,052.11	1,229.09	19,281.20
11/27/92	939,367.71	1,817,835.22	18,028.56	1,252.64	19,281.20
12/27/92	938,091.06	1,799,830.67	18,004.55	1,276.65	19,281.20
1/27/93	936,789.94	1,781,850.59	17,980.08	1,301.12	19,281.20
2/27/93	935,463.88	1,763,895.45	17,955.14	1,326.06	19,281.20
3/27/93	934,112.40	1,745,965.73	17,929.72	1,351.48	19,281.20
4/27/93	932,735.02	1,728,061.91	17,903.82	1,377.38	19,281.20
5/27/93	931,331.24	1,710,184.49	17,877.42	1,403.78	19,281.20
6/27/93	929,900.56	1,692,333.97	17,850.52	1,430.68	19,281.20
7/27/93	928,442.45	1,674,510.88	17,823.09	1,458.11	19,281.20
8/27/93	926,956.40	1,656,715.73	17,795.15	1,486.05	19,281.20
9/27/93	925,441.86	1,638,949.07	17,766.66	1,514.54	19,281.20
10/27/93	923,898.30	1,621,211.43	17,737.64	1,543.56	19,281.20
11/27/93	922,325.15	1,603,503.38	17,708.05	1,573.15	19,281.20
12/27/93	920,721.85	1,585,825.48	17,677.90	1,603.30	19,281.20
1/27/94	919,087.82	1,568,178.31	17,647.17	1,634.03	19,281.20
2/27/94	917,422.47	1,550,562.46	17,615.85	1,665.35	19,281.20
3/27/94	915,725.20	1,532,978.53	17,583.93	1,697.27	19,281.20
4/27/94	913,995.40	1,515,427.13	17,551.40	1,729.80	19,281.20
5/27/94	912,232.45	1,497,908.88	17,518.25	1,762.95	19,281.20
6/27/94	910,435.71	1,480,424.42	17,484.46	1,796.74	19,281.20
7/27/94	908,604.53	1,462,974.40	17,450.02	1,831.18	19,281.20
8/27/94	906,738.25	1,445,559.48	17,414.92	1,866.28	19,281.20
9/27/94	904,836.20	1,428,180.33	17,379.15	1,902.05	19,281.20
10/27/94	902,897.69	1,410,837.64	17,342.69	1,938.51	19,281.20
11/27/94	900,922.03	1,393,532.10	17,305.54	1,975.66	19,281.20
12/27/94	898,908.50	1,376,264.43	17,267.67	2,013.53	19,281.20
1/27/95	896,856.38	1,359,035.35	17,229.08	2,052.12	19,281.20
2/27/95	894,764.93	1,341,845.60	17,189.75	2,091.45	19,281.20
3/27/95	892,633.39	1,324,695.94	17,149.66	2,131.54	19,281.20
4/27/95	890,461.00	1,307,587.13	17,108.81	2,172.39	19,281.20
5/27/95	888,246.97	1,290,519.96	17,067.17	2,214.03	19,281.20
6/27/95	885,990.50	1,273,495.23	17,024.73	2,256.47	19,281.20
7/27/95	883,690.78	1,256,513.75	16,981.48	2,299.72	19,281.20
8/27/95	881,346.99	1,239,576.34	16,937.41	2,343.79	19,281.20
9/27/95	878,958.27	1,222,683.86	16,892.48	2,388.72	19,281.20
10/27/95	876,523.77	1,205,837.16	16,846.70	2,434.50	19,281.20
11/27/95	874,042.61	1,189,037.12	16,800.04	2,481.16	19,281.20
12/27/95	871,513.89	1,172,284.64	16,752.48	2,528.72	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
1/27/96	868,936.71	1,155,580.62	16,704.02	2,577.18	19,281.20
2/27/96	866,310.13	1,138,926.00	16,654.62	2,626.58	19,281.20
3/27/96	863,633.21	1,122,321.72	16,604.28	2,676.92	19,281.20
4/27/96	860,904.98	1,105,768.75	16,552.97	2,728.23	19,281.20
5/27/96	858,124.46	1,089,268.07	16,500.68	2,780.52	19,281.20
6/27/96	855,290.65	1,072,820.68	16,447.39	2,833.81	19,281.20
7/27/96	852,402.52	1,056,427.61	16,393.07	2,888.13	19,281.20
8/27/96	849,459.03	1,040,089.90	16,337.71	2,943.49	19,281.20
9/27/96	846,459.13	1,023,808.60	16,281.30	2,999.90	19,281.20
10/27/96	843,401.73	1,007,584.80	16,223.80	3,057.40	19,281.20
11/27/96	840,285.73	991,419.60	16,165.20	3,116.00	19,281.20
12/27/96	837,110.01	975,314.12	16,105.48	3,175.72	19,281.20
1/27/97	833,873.42	959,269.51	16,044.61	3,236.59	19,281.20
2/27/97	830,574.79	943,286.94	15,982.57	3,298.63	19,281.20
3/27/97	827,212.94	927,367.59	15,919.35	3,361.85	19,281.20
4/27/97	823,786.65	911,512.68	15,854.91	3,426.29	19,281.20
5/27/97	820,294.69	895,723.44	15,789.24	3,491.96	19,281.20
6/27/97	816,735.80	880,001.13	15,722.31	3,558.89	19,281.20
7/27/97	813,108.70	864,347.03	15,654.10	3,627.10	19,281.20
8/27/97	809,412.08	848,762.45	15,584.58	3,696.62	19,281.20
9/27/97	805,644.61	833,248.72	15,513.73	3,767.47	19,281.20
10/27/97	801,804.93	817,807.20	15,441.52	3,839.68	19,281.20
11/27/97	797,891.66	802,439.27	15,367.93	3,913.27	19,281.20
12/27/97	793,903.38	787,146.35	15,292.92	3,988.28	19,281.20
1/27/98	789,838.66	771,929.87	15,216.48	4,064.72	19,281.20
2/27/98	785,696.03	756,791.30	15,138.57	4,142.63	19,281.20
3/27/98	781,474.00	741,732.13	15,059.17	4,222.03	19,281.20
4/27/98	777,171.05	726,753.88	14,978.25	4,302.95	19,281.20
5/27/98	772,785.63	711,858.10	14,895.78	4,385.42	19,281.20
6/27/98	768,316.15	697,046.38	14,811.72	4,469.48	19,281.20
7/27/98	763,761.01	682,320.32	14,726.06	4,555.14	19,281.20
8/27/98	759,118.56	667,681.57	14,638.75	4,642.45	19,281.20
9/27/98	754,387.13	653,131.80	14,549.77	4,731.43	19,281.20
10/27/98	749,565.02	638,672.71	14,459.09	4,822.11	19,281.20
11/27/98	744,650.48	624,306.05	14,366.66	4,914.54	19,281.20
12/27/98	739,641.75	610,033.58	14,272.47	5,008.73	19,281.20
1/27/99	734,537.02	595,857.11	14,176.47	5,104.73	19,281.20
2/27/99	729,334.45	581,778.48	14,078.63	5,202.57	19,281.20
3/27/99	724,032.16	567,799.57	13,978.91	5,302.29	19,281.20
4/27/99	718,628.24	553,922.29	13,877.28	5,403.92	19,281.20
5/27/99	713,120.75	540,148.58	13,773.71	5,507.49	19,281.20
6/27/99	707,507.70	526,480.43	13,668.15	5,613.05	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
7/27/99	701,787.06	512,919.87	13,560.56	5,720.64	19,281.20
8/27/99	695,956.78	499,468.95	13,450.92	5,830.28	19,281.20
9/27/99	690,014.75	486,129.78	13,339.17	5,942.03	19,281.20
10/27/99	683,958.83	472,904.50	13,225.28	6,055.92	19,281.20
11/27/99	677,786.84	459,795.29	13,109.21	6,171.99	19,281.20
12/27/99	671,496.55	446,804.38	12,990.91	6,290.29	19,281.20
1/27/ 0	665,085.70	433,934.03	12,870.35	6,410.85	19,281.20
2/27/ 0	658,551.98	421,186.55	12,747.48	6,533.72	19,281.20
3/27/ 0	651,893.03	408,564.30	12,622.25	6,658.95	19,281.20
4/27/ 0	645,106.45	396,069.68	12,494.62	6,786.58	19,281.20
5/27/ 0	638,189.79	383,705.14	12,364.54	6,916.66	19,281.20
6/27/ 0	631,140.56	371,473.17	12,231.97	7,049.23	19,281.20
7/27/ 0	623,956.22	359,376.31	12,096.86	7,184.34	19,281.20
8/27/ 0	616,634.18	347,417.15	11,959.16	7,322.04	19,281.20
9/27/ 0	609,171.80	335,598.33	11,818.82	7,462.38	19,281.20
10/27/ 0	601,566.39	323,922.54	11,675.79	7,605.41	19,281.20
11/27/ 0	593,815.21	312,392.52	11,530.02	7,751.18	19,281.20
12/27/ 0	585,915.47	301,011.06	11,381.46	7,899.74	19,281.20
1/27/ 1	577,864.32	289,781.01	11,230.05	8,051.15	19,281.20
2/27/ 1	569,658.85	278,705.28	11,075.73	8,205.47	19,281.20
3/27/ 1	561,296.11	267,786.82	10,918.46	8,362.74	19,281.20
4/27/ 1	552,773.09	257,028.64	10,758.18	8,523.02	19,281.20
5/27/ 1	544,086.71	246,433.82	10,594.82	8,686.38	19,281.20
6/27/ 1	535,233.84	236,005.49	10,428.33	8,852.87	19,281.20
7/27/ 1	526,211.29	225,746.84	10,258.65	9,022.55	19,281.20
8/27/ 1	517,015.81	215,661.12	10,085.72	9,195.48	19,281.20
9/27/ 1	507,644.08	205,751.65	9,909.47	9,371.73	19,281.20
10/27/ 1	498,092.72	196,021.81	9,729.84	9,551.36	19,281.20
11/27/ 1	488,358.30	186,475.03	9,546.78	9,734.42	19,281.20
12/27/ 1	478,437.30	177,114.83	9,360.20	9,921.00	19,281.20
1/27/ 2	468,326.15	167,944.78	9,170.05	10,111.15	19,281.20
2/27/ 2	458,021.20	158,968.53	8,976.25	10,304.95	19,281.20
3/27/ 2	447,518.74	150,189.79	8,778.74	10,502.46	19,281.20
4/27/ 2	436,814.98	141,612.35	8,577.44	10,703.76	19,281.20
5/27/ 2	425,906.07	133,240.06	8,372.29	10,908.89	19,281.20
6/27/ 2	414,788.07	125,076.86	8,163.20	11,118.00	19,281.20
7/27/ 2	403,456.97	117,126.76	7,950.10	11,331.10	19,281.20
8/27/ 2	391,908.70	109,393.83	7,732.93	11,548.27	19,281.20
9/27/ 2	380,139.08	101,882.25	7,511.58	11,769.62	19,281.20
10/27/ 2	368,143.88	94,596.25	7,286.00	11,995.20	19,281.20
11/27/ 2	355,918.77	87,540.16	7,056.09	12,225.11	19,281.20
12/27/ 2	343,459.35	80,718.38	6,821.78	12,459.42	19,281.20

DATE	PRINCIPAL	INTEREST BALANCE	INTEREST (23.000000%)	PRINCIPAL RECOVERY	PAYMENT
1/27/ 3	330,761.12	74,135.41	6,582.97	12,698.23	19,281.20
2/27/ 3	317,819.51	67,795.82	6,339.59	12,941.61	19,281.20
3/27/ 3	304,629.85	61,704.28	6,091.54	13,189.66	19,281.20
4/27/ 3	291,187.39	55,865.54	5,838.74	13,442.46	19,281.20
5/27/ 3	277,487.28	50,284.45	5,581.09	13,700.11	19,281.20
6/27/ 3	263,524.59	44,965.94	5,318.51	13,962.69	19,281.20
7/27/ 3	249,294.28	39,915.05	5,050.89	14,230.31	19,281.20
8/27/ 3	234,791.22	35,136.91	4,778.14	14,503.06	19,281.20
9/27/ 3	220,010.19	30,636.74	4,500.17	14,781.03	19,281.20
10/27/ 3	204,945.85	26,419.88	4,216.86	15,064.34	19,281.20
11/27/ 3	189,592.78	22,491.75	3,928.13	15,353.07	19,281.20
12/27/ 3	173,945.44	18,857.89	3,633.86	15,647.34	19,281.20
1/27/ 4	157,998.19	15,523.94	3,333.95	15,947.25	19,281.20
2/27/ 4	141,745.29	12,495.64	3,028.30	16,252.90	19,281.20
3/27/ 4	125,180.87	9,778.86	2,716.78	16,564.42	19,281.20
4/27/ 4	108,298.97	7,379.56	2,399.30	16,881.90	19,281.20
5/27/ 4	91,093.50	5,303.83	2,075.73	17,205.47	19,281.20
6/27/ 4	73,558.26	3,557.87	1,745.96	17,535.24	19,281.20
7/27/ 4	55,686.93	2,148.00	1,409.87	17,871.33	19,281.20
8/27/ 4	37,473.06	1,080.67	1,067.33	18,213.87	19,281.20
9/27/ 4	18,910.09	362.44	718.23	18,562.97	19,281.20
10/27/ 4	.00	.00	362.44	18,910.09	19,272.53