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September 29, 1980

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INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION  
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ICC Washington, D. C.

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Ms. Agatha L. Mergenovich  
 Secretary  
 Interstate Commerce Commission  
 Room 2215  
 Washington, D.C. 20423

Dear Ms. Mergenovich:

As special counsel for McDonnell Douglas Finance Corporation I have been requested to ask that you file the enclosed documents:

1. An Equipment Lease Agreement, dated as of September 22, 1980, by and between MDFC Equipment Leasing Corporation, a Delaware corporation, as lessor, and Hooker Chemical Properties Corporation, a California corporation, as lessee. This Equipment Lease Agreement effectuates the leasing of nine (9) parachloro BTF 18,000 gallon tank cars, bearing road numbers HOKX 8261-8269, inclusive, and twenty-five (25) 20,000 gallon acid tank cars, bearing road numbers HOKX 8270-8294, inclusive. The cars subject to the terms of this Agreement have been plainly marked in stencil on both sides with the words "Title To This Car Subject To Documents Recorded With The Interstate Commerce Commission."

The parties to the aforementioned Equipment Lease Agreement are:

McDonnell Douglas Finance Corporation  
 100 Oceangate  
 Suite 900  
 Long Beach, California 90801  
 Attention: President

*Richard W. Bryan*

Ms. Agatha L. Mergenovich  
September 29, 1980  
Page two

Hooker Chemical Properties Corporation  
c/o Occidental Petroleum Corporation  
10889 Wilshire Boulevard  
Suite 1500  
Los Angeles, California 90024  
Attention: Assistant Director - Finance

2. Lease Addendum No. 1, dated as of September 22, 1980, by and between MDFC Equipment Leasing Corporation, as lessor, and Hooker Chemical Properties Corporation, as lessee, which effectuates an amendment to the aforementioned Equipment Lease Agreement. The cars subject to the terms of the Lease Addendum No. 1 are the same as those affected by the terms of the aforementioned Equipment Lease Agreement.

The parties to the aforementioned Lease Addendum No. 1 are:

McDonnell Douglas Finance Corporation  
100 Oceangate  
Suite 900  
Long Beach, California 90801  
Attention: President

Hooker Chemical Properties Corporation  
c/o Occidental Petroleum Corporation  
10889 Wilshire Boulevard  
Suite 1500  
Los Angeles, California 90024  
Attention: Assistant Director - Finance

I am delivering a total of three (3) manually executed copies of both the Equipment Lease Agreement and Lease Addendum No. 1. I would appreciate it if you would have two (2) of each stamped as recorded by your office and returned to me.

Thank you for your assistance in this matter and I look forward to hearing from you at your earliest convenience.

Sincerely yours,

JACKSON, CAMPBELL & PARKINSON, P.C.

By: David H. Cox  
David H. Cox

DHC/lg

Enclosures As Stated.

cc: Brian Siegel, Esquire

LEASE ADDENDUM NO. 1

SEP 29 1980 -3 00 PM

## INTERSTATE COMMERCE COMMISSION

In connection with that certain Lease Agreement dated as of September 22, 1980, (the "Lease") between MDFC Equipment Leasing Corporation as Lessor (the "Lessor") and Hooker Chemical Properties Corporation as Lessee (the "Lessee") covering certain items of equipment (the "Equipment") more fully described in the Individual Equipment Records ("IER") identified as Exhibit "A" thereto, it is agreed that, upon execution by the parties hereto, this Lease Addendum shall constitute a part of said Lease.

If for any taxable year of Lessor (or portion thereof) during which the Lease is in effect, Lessor (such term for the purpose of this Lease Addendum meaning Lessor and the corporations with which Lessor consolidates its United States federal income tax returns) shall (i) lose any portion of the full 10% investment tax credit allowed by Section 38 of the Internal Revenue Code of 1954 as amended to the date hereof (the "Code") for "new Section 38 property" with respect to the purchase price paid by Lessor for any item of Equipment, and/or (ii) lose the benefit of a depreciation deduction with respect to the purchase price paid by Lessor for any item of Equipment using the Class Life Depreciation Range System prescribed by Section 167(m) of the Code and Treasury Regulations 1.167(a)-11 and depreciating the Equipment over a period equal to 12 years to a net salvage value of 0% of the purchase price of such items of Equipment and not less than 6 months of depreciation will be allowable to

the Lessor with respect to the equipment for the taxable year ending December 31, 1980, computed initially under the double-declining balance method of depreciation provided in Section 167(b) (2) of the Code with a half-year convention for the calendar year in which the Equipment is delivered pursuant to the Lease and then switching to the sum-of-the-years' digits method of depreciation provided by Section 167(b)(3) of the Code, as a result of any act, failure to act, omission or breach, or inaccuracy of any representation or statement, by Lessee of any nature whatsoever, the Lessee shall pay the Lessor (1) a sum which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such sum under the laws of any Federal, state or local government or taxing authority in the United States and after taking into effect any present or future tax benefits (such as offsets resulting from any additional deductions or credits due to increased tax liabilities to any taxing authorities), will maintain the Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by the Lessor in originally evaluating the transaction) in respect of the equipment hereunder at the same level that would have been available if the Lessor had been entitled to utilization of the full amount of the investment tax credit for purposes of income taxes imposed under the laws of the United States, (2) the amount of any interest and the amount of any penalties or additions to tax which may be payable to the United States Government by Lessor in connection with the loss of such investment tax credit, (3) with respect to each taxable year

for which Lessor shall lose the benefit of a depreciation deduction indemnified against by Lessee hereunder, a sum which, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any Federal, state, or local government or taxing authority in the United States and after taking into effect any present or future tax benefits (such as offsets resulting from any additional deductions or credits due to increased tax liabilities to any taxing authorities), will maintain the Lessor's net after-tax rate of return on investment (computed on the same assumptions as utilized by the Lessor in originally evaluating the transaction) in respect of the equipment hereunder at the same level that would have been available if the Lessor had been entitled to utilization of the full amount of the depreciation deduction for purposes of income taxes imposed under the laws of the United States (net of any savings in Federal income taxes realized by Lessor by reason of Lessor not being required to include in its Federal gross income for the relevant period the full amount of rent paid by Lessee for such period) and (4) the amount of interest, penalties and additions to tax (including any additions to tax because of underpayment of estimated tax) which may be payable by Lessor to the United States Government in connection with the loss of such depreciation deduction, provided that the Lessee shall not be required to make any of the foregoing indemnity payments to the extent the loss of the investment tax credit and/or depreciation deduction is the direct result of the occurrence of any one or more of the following: (a) any event whereby

Lessee is required by the terms of the Lease to pay, and shall have paid in full the Stipulated Loss Value for such item of Equipment; (b) a disqualifying disposition for purposes of Sections 47 and 167(c) of the Code (except any such disposition resulting from the exercise of the remedies provided for in Section 17 of the Lease) due to any voluntary or involuntary transfer or other disposition by the Lessor of any interest in an item of Equipment; (c) the failure of the Lessor timely or properly to claim all or any portion of the investment tax credit and/or depreciation deductions in its income tax return for the appropriate year; (d) the failure of the Lessor to have sufficient taxable income to benefit from the depreciation deductions or sufficient liability for tax to benefit from the investment tax credit; (e) the failure of the Lessor to notify the Lessee of a claim against the Lessor by the Internal Revenue Service, of which the Lessor has received notice from the Internal Revenue Service, that the Lessor is not entitled to all or any portion of the investment tax credit and/or depreciation deductions in sufficient time to permit the Lessee to request the Lessor to contest such claim; (f) a disqualifying change in the nature of the Lessor's business or the liquidation thereof; (g) Lessor not being engaged in a trade or business or holding depreciable property for the production of income for any portion of Lessor's taxable year within which the delivery date of an item of equipment occurs; or (h) any change in federal corporate income tax rates, laws or regulations effective after the first delivery date of any item of equipment under the Lease.

Except as otherwise provided in the immediately following paragraph, the liability of the Lessee to make any indemnity payments hereunder shall become fixed upon the earliest of (1) the date Lessor makes payment of the tax attributable to the portion of the investment tax credit or depreciation deduction lost, or (2) the date on which Lessor files its tax return in which such loss is reflected, and shall be due and payable within 30 days after receipt by Lessee of written notice from Lessor as to the fixing of such liability. Lessee shall pay interest at the maximum rate permitted by law on any indemnity payment not made when due.

In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in the loss of the investment tax credit or depreciation deduction under circumstances which would require the Lessee to indemnify the Lessor for such loss, the Lessor hereby agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request in writing, provided that: (i) within 30 days after written notice of such claim by Lessor, the Lessee shall request that such claim be contested; (ii) Lessor, at its option, may forego any and all administrative appeals, proceedings, and conferences with the Internal Revenue Service (other than those appeals, proceedings and conferences necessary to preserve the Lessor's rights of appeal) and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate forum selected by Lessor or contest such claim in the United States Tax Court, considering however,

in good faith such request as the Lessee shall make concerning the appropriate forum in which to proceed; (iii) prior to taking such action, the Lessee shall have furnished the Lessor with an opinion of independent tax counsel, said independent tax counsel to be reasonably satisfactory to Lessor, to the effect that a meritorious defense exists to such claim; (iv) Lessee shall have indemnified Lessor in a manner reasonably satisfactory to it for any liability, loss, or expenses which Lessor may incur as the result of contesting such claim, and (v) in the event Lessor shall pay the tax claimed and then seek a refund and the Final Determination (as hereinafter defined) of such claim shall be adverse to Lessor, Lessee shall pay Lessor interest at the rate of 10% per annum on the amount of the tax paid attributable to the portion of the investment tax credit or depreciation deduction lost, computed from the date of payment of such tax to the date Lessee shall reimburse Lessor for the payment of such tax. In the case of any such claim by the Internal Revenue Service referred to above, Lessor agrees to promptly notify the Lessee in writing of such claim and not to make payment of the tax claimed for at least 30 days after the giving of such notice and agrees to cooperate with Lessee in good faith in order to contest effectively any such claim. If any such claim shall be made by the Internal Revenue Service and Lessee shall have reasonably requested Lessor to contest such claim and shall have duly complied with all provisions of this paragraph, the Lessee's liability with respect to the investment tax credit or depreciation deduction lost as a consequence of such claim shall become fixed upon

Final Determination of the liability of Lessor for the tax claimed and after giving effect to any refund obtained; but in all other cases the liability of Lessee shall become fixed and payable as provided in the immediately preceding paragraph.

"Final Determination", for the purpose of this Lease Addendum No. 1, means a final decision by the Internal Revenue Service or a court of competent jurisdiction, in either case after all allowable appeals or other actions requested by the Lessee in accordance with the immediately preceding paragraph have been exhausted or taken by either party to the action. If the Lessee is entitled to, and has elected to exercise its right to, contest a claim by the Internal Revenue Service pursuant to the provisions of the immediately preceding paragraph, and the Lessee is asserting such right in accordance with the provisions of such immediately preceding paragraph, neither concession by the Lessor of the investment tax credit or the depreciation deduction in the overall settlement of a controversy (involving such claim) with the Internal Revenue Service, either at the administrative level or at the court level, nor the failure to recover a refund in whole or in part with respect to the disallowance of the investment tax credit or the depreciation deduction where the matters set off do not relate to the investment tax credit or the depreciation deduction, will constitute an adverse Final Determination causing the aforementioned additional payments to accrue to the Lessor, unless such overall settlement of such controversy with the Internal Revenue Service is approved by the Lessee in a

separate agreement between the Lessor and the Lessee.

The indemnification provided herein shall survive the expiration or other termination of the Lease.

September 22, 1980

HOOKER CHEMICAL PROPERTIES CORPORATION

By *J. Harrison* *JH*

Title *Vice President*

MDFC EQUIPMENT LEASING CORPORATION

By *D. V. Black*

Title *Vice Pres.*

STATE OF *Texas* )  
COUNTY OF *Harris* ) SS

On this *19<sup>th</sup>* day of *September* 1980, before me personally appeared *Thomas R. Harrison*

, to me personally known, who, being by me duly sworn, says that he is

*Vice President*  
of *Hooker Chemical Properties*

*Corporation*, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Jean P. Purrington*  
\_\_\_\_\_  
Notary Public

(Notarial Seal)

My Commission expires

JEAN P. PURRINGTON  
Notary Public in Harris County, Texas  
My Commission Expires February 26, 1981  
Bonded by Alexander Lovett, Lawyers Surety Corp.

STATE OF California )  
COUNTY OF Los Angeles ) SS

On this 24<sup>th</sup> day of Sept. , 1980 , before me personally appeared *D. V. Black*

, to me personally known, who, being by me duly sworn, says that he is *Vice President*

*of M.D.F.C. Equipment Leasing Corporation,* that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



*N. S. Colapietro*  
\_\_\_\_\_  
Notary Public

(Notarial Seal)

My Commission expires *May 17, 1982*