

11396

RECORDATION NO. Filed 1425



THE DOW CHEMICAL COMPANY

January 21, 1980

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RECORDATION NO. 11396 Filed 1425

INTERSTATE COMMERCE COMMISSION
RECORDATION NO. 11396 Filed 1425

MIDLAND, MICHIGAN 48640

11396 A

RECORDATION NO. Filed 1425

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Secretary of the Interstate Commerce Commission

Constitution and 12th Street, N. W.
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION
Date JAN 21 1980
Fee \$ 100.00

ICC Washington

Dear Sir:

Pursuant to Part 1116 of the regulations of the Interstate Commerce Commission, 49 CFR Part 1116, I hereby request that you record under 49 U.S.C. Section 11303 the following documents:

1. Lease of Railroad Equipment dated as of January 14, 1980 between The Dow Chemical Company and Security Pacific Equipment Leasing, Inc.;
2. Conditional Sale Agreement dated as of January 14, 1980 between Security Pacific Equipment Leasing, Inc., ACF Industries, Incorporated and Richmond Tank Car Company;
3. Assignment of Lease and Agreement dated as of January 14, 1980 between Security Pacific Equipment Leasing, Inc. and The Prudential Insurance Company of America; and
4. Agreement and Assignment dated as of January 14, 1980 between ACF Industries, Incorporated, Richmond Tank Car Company, and The Prudential Insurance Company of America.

The original and one counterpart of each of the above-listed documents are enclosed herewith for filing purposes.

The parties to the subject transaction, and their addresses, are as follows:

Lessee

The Dow Chemical Company
2020 Dow Center
Midland, Michigan 48640
Attention: Dow Chemical U.S.A., Treasury Department

Lessor/Vendee

Security Pacific Equipment Leasing, Inc.
One Embarcadero Center, Suite 710
San Francisco, California 94111

Vertical handwritten notes:
Dana H. Bell
10 Counterparts

Vendors

ACF Industries, Incorporated
750 Third Avenue
New York, New York 10017

Richmond Tank Car Company
Suite 1500
1700 West Loop South
Houston, Texas 77027

The equipment covered by the aforesaid Lease and Conditional Sale Agreement is 502 tank cars. The A.A.R. mechanical designation of the equipment and the car numbers are set forth in Schedule A hereto.

The original and all extra copies of the enclosed documents should be returned to Mr. Donn Beloff of Schiff Hardin & Waite, 1101 Connecticut Avenue, N.W., Washington, D.C. 20036.

A \$100.00 check, payable to the Interstate Commerce Commission, also is enclosed to cover the required recordation fee.

I am an officer of The Dow Chemical Company and have knowledge of the matters set forth herein.

Very truly yours,

THE DOW CHEMICAL COMPANY

^{new}
By

B. J. Williams

Dated: January 21, 1980.

Interstate Commerce Commission
Washington, D.C. 20423

1/21/80

OFFICE OF THE SECRETARY

Donn Beloff
Schiff Hardin & Waite
1101 Conn. Ave., N.W.
Washington, D.C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/21/80 at 3:15pm, and assigned re-
recording number(s). 11396, 11396-A, 11396-B, 11396-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11396
RECORDATION NO. Filed 1425

JAN 21 1980 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

EXHIBIT A
to
Participation Agreement

CONDITIONAL SALE AGREEMENT

Dated as of January 14, 1980

between

SECURITY PACIFIC EQUIPMENT LEASING, INC.,
Vendee,

and each of

ACF INDUSTRIES, INCORPORATED

and

RICHMOND TANK CAR COMPANY

[Filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 on January __, 1980 at ____ .m., recordation number ____.]

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CONDITIONAL SALE AGREEMENT dated as of January 14, 1980, between ACF INDUSTRIES, INCORPORATED, a New Jersey corporation, and RICHMOND TANK CAR COMPANY, a Delaware corporation (collectively the "Vendors" or "Builders" or individually the "Vendor" or the "Builder" as more particularly set forth in Article 1 hereof), and SECURITY PACIFIC EQUIPMENT LEASING, INC. (the "Vendee").

The Builders severally agree to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto other than equipment excluded pursuant to Article 4 hereof (the "Equipment").

The Vendee is entering into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") with THE DOW CHEMICAL COMPANY (the "Lessee"), substantially in the form of Annex C hereto.

THE PRUDENTIAL LIFE INSURANCE COMPANY OF AMERICA (the "Investor") is a party to the Participation Agreement dated as of the date hereof (the "Participation Agreement") among the Lessee, the Vendee, and the Investor. As used herein, the term "Assignee" shall refer to the Investor.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. (a) The parties hereto contemplate that the aggregate Purchase Price (as defined in Article 4 hereof) for the Equipment shall be paid to the Builders by the Vendee and the Investor pursuant to an Agreement and Assignment (the "CSA Assignment") dated as of the date hereof between the Builders and the Assignee.

(b) The term "Vendor", whenever used in this Agreement, means, before any assignment of their rights hereunder, the parties hereto which have manufactured the Equipment and any successor or successors for the time being to their respective manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used

in this Agreement, means, both before and after any such assignment, one of the parties hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

(c) The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder", "the Builder", or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

(d) The Vendee will assign to the Vendors, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (the "Lease Assignment"), and the Lessee shall consent thereto pursuant to the Consent and Agreement in the form attached to Annex D (the "Consent").

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto (such Equipment with respect to each Builder being hereinafter sometimes called "its Equipment"), and each Builder will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), such Builder's Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the applicable Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit of Equipment, and each such unit will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. (a) Each Builder will deliver the units of its Equipment to the Vendee at the place or places specified in Annex B hereto (or at such other place or places designated from time to time by the Vendee), freight and storage charges, if any, prepaid and included in the Purchase Price, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that any unit of Equipment which is delivered prior to the filing of this Agreement and the Lease pursuant to 49 U.S.C. § 11303 shall be excluded from this Agreement, and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment; and provided, further, that neither Builder shall have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in paragraph (a)(iii) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time or demand, or both, could constitute such an event of default. Each Builder agrees not to deliver any unit of Equipment hereunder (i) following receipt of written notice from the Vendee or the Assignee of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, and (ii) until such Builder receives notice from the Assignee and the Vendee, respectively, that the conditions contained in Paragraphs 6 and 7, respectively, of the Participation Agreement have been met or waived.

(b) Any Equipment delivered prior to the filing of this Agreement and the Lease pursuant to 49 U.S.C. § 11303 and any Equipment not delivered at the time of receipt by the Builder of the notice specified in clause (i) of the second sentence of paragraph (a) of this Article 3 and any Equipment not delivered and accepted hereunder on or prior to December 1, 1980, shall be excluded from this Agreement, and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the Builder thereof and the Vendee shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment and any Equipment excluded from this Agreement pursuant to paragraph (a) of Article 4 hereof from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

(c) Each Builder's obligation as to the time of delivery set forth in Schedule B is subject, however, to delays resulting from causes beyond such Builder's rea-

sonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

(d) During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee), and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of its Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder thereof a certificate of acceptance in the form of Annex C hereto (the "Certificate of Acceptance"), stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof.

(e) On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Builder thereof shall not have any further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 13 hereof.

(f) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to paragraph (a) of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely as trustee for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. (a) The base price or prices per unit of the Equipment are set forth in the Purchase Order (as defined in the Participation Agreement). Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee, and the Lessee. The term "Purchase Price" as used herein shall mean such base price or prices as so increased or decreased (as set forth in the invoice or invoices of the Builder (the "Invoices") thereof which shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee), plus the Lining Costs (as defined in Paragraph 2 of the Participation Agreement). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment and linings for which settlement has theretofore been and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the appropriate Builder or Builders (and any assignee of such Builder or Builders) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid), and the Vendee shall take such other steps, including the execution of instruments of transfer, as it may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee and the Assignee shall have no further obligation or liability in respect of units so excluded.

(b) The Equipment shall be settled for in eight groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" shall mean the dates specified in Item 2 of Annex A hereto or such other date or dates as determined by mutual agreement among the Lessee, the Vendee, and the Assignee; but in no event shall any Closing Date take place later than December 1, 1980. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, San Francisco, California, or Midland, Michigan, are authorized or obligated to remain closed. On each Closing Date, each Builder will be paid the Purchase

Price for its Equipment then being settled for in the manner and subject to the conditions set forth in Section 4 of the CSA Assignment and the conditions of the Participation Agreement.

(c) The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay or cause to be paid in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows (provided, however, that the portion of the Purchase Price represented by the Lining Cost shall constitute a debt of the Vendee to the Lessee pursuant to Paragraph 2 of the Participation Agreement):

(i) on each Closing Date, an amount equal to 35% of the aggregate Purchase Price of all Equipment for which settlement is then being made and the 35% of the aggregate Lining Cost (as defined in Paragraph 2 of the Participation Agreement), the cost of which has been reimbursed to the Lessee pursuant to Paragraph 2 of the Participation Agreement; and

(ii) in one installment of interest only and 40 semi-annual installments, as hereinafter provided, an amount equal to the aggregate Purchase Price for all of the Equipment less the amount paid or payable in respect thereto pursuant to subparagraph (i) of this paragraph (c).

(d) The portion of the Purchase Price payable pursuant to subparagraph (ii) of the preceding paragraph (c) (herein called the "CSA Indebtedness") shall be payable in two installments of interest only payable on July 1, 1980 and December 30, 1980 and 40 consecutive semi-annual installments commencing July 1, 1981, to and including January 1, 2001 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 10-1/2% per annum. Such interest shall be payable, to the extent accrued, on July 1, 1980 and December 30, 1980, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto, and such installments of principal

will completely amortize the CSA Indebtedness. The Vendee will furnish to the Vendor, the Assignee and the Lessee promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor or the Assignee, showing the respective amounts of principal and interest payable on each Payment Date.

(e) Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months. The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 11-1/2% per annum.

(f) All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that the Vendee make payment of principal and interest due on each Payment Date within five business days before such Payment Date without penalty.

(g) The obligation of the Vendee to pay to the Vendor the amount required to be paid pursuant to subparagraph (i) of paragraph (c) of this Article 4 with respect to any Group shall be subject to the receipt by the Vendee of copies of the documents required to be furnished by the appropriate Builder in respect of such Group pursuant to Section 4 of the CSA Assignment.

(h) Notwithstanding any other provision of this Agreement, the Participation Agreement, or the Lease Assignment, (including, but not limited to, any provision of Articles 15 and 16 hereof) but not limiting the effect of Article 21 hereof, it is understood and agreed by the Vendor that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement or the performance of its obligations hereunder, and excluding only the obligations set forth in the proviso in paragraph (b) of Article 12 hereof and the payments to be made pursuant to subparagraph (i) of paragraph (c) of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so

much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof:

(x) all amounts of rental and amounts in respect of Casualty Occurrences or Terminations (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease (other than indemnity payments paid or payable under § 9 of the Lease and taxes and indemnities paid or payable to the Vendee under § 6 of the Lease) and (y) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (x) and (y) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or Terminations) or interest thereon, or both, due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (x) and (y) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences or Voluntary Terminations) or interest thereon, or both, due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or limit in scope and substance the obligations of the Vendee and

Security Pacific Corporation under Paragraph 12 of the Participation Agreement.

ARTICLE 5. Security Interest in the Equipment.

(a) The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

(b) Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (i) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (ii) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (iii) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, or Federal taxes (other than the following: (i) any state franchise taxes or United States Federal net income

tax payable by the Vendor in consequence of the receipt of payments hereunder, and (ii) the aggregate of all state or local taxes measured by net income based on such receipts), or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its ownership thereof (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or the Assignee or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions, and the nonpayment thereof does not, in the reasonable opinion of the Vendor and the Assignee, adversely affect the security interest or property or rights of the Vendor or the Assignee in or to the Equipment or otherwise under this Agreement. The Vendee agrees to give the Vendor and the Assignee notice of such contest at least 20 days (if possible) before institution thereof. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance, Termination and Casualty Occurrences. (a) The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, ordinary wear and tear excepted, and qualified for use in interchange.

(b) In the event that the Lease is terminated voluntarily pursuant to § 7 of the Lease as to any Group of Units (as defined in the Lease) (hereinafter called

a "Termination") or any Unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or, in the reasonable opinion of the Vendee or the Lessee, irreparably damaged, from any cause whatsoever, or any Unit shall be taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (any such occurrence being called a "Casualty Occurrence"), the Vendee shall, promptly after it shall have received notice from the Lessee or has otherwise been informed of a Termination or that such unit has suffered a Casualty Occurrence, cause the Vendor and the Assignee to be fully informed in regard thereto. On the next succeeding date for the payment of an installment on the CSA Indebtedness after such notice from the Lessee has been received or on the Termination Date (as defined in the Lease) in the case of a Termination (each such date hereinafter called a "Settlement Date"), the Vendee shall, subject to the limitations contained in paragraph (h) of Article 4 hereof, pay to the Vendor (i) in the case of a Casualty Occurrence, a sum equal to the Casualty Value (as hereinafter defined in this Article 7) of such unit suffering a Casualty Occurrence as of such Settlement Date, together with an amount equal to accrued interest thereof (as hereinafter provided) and (ii) in the case of a Termination, a sum equal to the Termination Value (as hereinafter defined in this Article 7) of such unit subject to such Termination as of such Settlement Date. The Vendee shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit or the Termination Value of such unit, as the case may be. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) on the date of such payment to prepay without penalty or premium, except in the case of a Termination, ratably in accordance with the unpaid balance of each installment, the CSA Indebtedness, together with all interest accrued on the portion of the CSA Indebtedness being prepaid. The Vendee shall promptly cause to be furnished to the Vendor, the Assignee, and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request, calculated as provided in Article 4 hereof. In the event of the requisition for use by the United States Government of any unit of the Equipment, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

(c) The Casualty Value of each unit of the Equipment shall be deemed to be that portion of the original Purchase Price thereof referred to in subparagraph (ii) of paragraph (c) of Article 4 hereof remaining unpaid on the date (after the payment of the interest and principal due on such date) as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit). For the purpose of this paragraph (c) and paragraph (d) below, each payment of the Purchase Price made pursuant to Article 4 hereof shall be deemed to be a payment with respect to each Unit of Equipment in like proportion as the original Purchase Price of such Unit bears to the aggregate original Purchase Price of all the Equipment.

(d) The Termination Value of any unit shall be the sum of (i) the Casualty Value thereof plus (ii) a prepayment penalty premium equal to the product of the multiplication of such Casualty Value by the applicable percentage according to the schedule set forth below:

<u>Year of Settlement Date</u>	<u>Percentage</u>
1988	9.00
1989	8.25
1990	7.50
1991	6.75
1992	6.00
1993	5.25
1994	4.50
1995	3.75
1996	3.00
1997	2.25
1998	1.50
1999	.75
2000	.00

(e) The CSA Indebtedness shall be subject to prepayment, in whole or from time to time in part (in multiples of \$1,000), at the option of the Vendee, on any Payment Date upon 30 days' prior written notice to the Assignee, at the applicable percentage of the principal amount so prepaid according to the schedule set forth below:

<u>Year of Prepayment</u>	<u>Percentage</u>
1991	6.75
1992	6.00
1993	5.25
1994	4.50
1995	3.75
1996	3.00
1997	2.25
1998	1.50
1999	.75
2000	.00

(f) Upon payment by the Vendee to the Vendor (i) of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence or (ii) of the Termination Value of any unit subject to a Termination, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

(g) If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired; provided, however, that if the Vendee is in default in the payment of any other liability of the Vendee hereunder, such proceeds may be applied against such liability.

ARTICLE 8. Reports and Inspections. On or before March 31 in each year, commencing with the year 1981, the Vendee shall cause to be furnished to the Vendor an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units of the Equipment then subject to this Agreement, the amount description and numbers of all Units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor or the Assignee may reasonable request and (ii) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof and §5 of the Lease have been preserved or replaced. The Vendor and the Assignee shall have the right by their respective agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as each may request during the term of this Agreement, subject to Lessee's safety and secrecy regulations.

ARTICLE 9. Marking of Equipment. (a) The Vendee will cause each unit of the Equipment to be kept numbered with the identifying road number and marked as provided in §5 of the Lease. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be

replaced promptly any such markings which may be removed, obliterated, defaced or destroyed. The Vendee will not permit the identifying road number of any Unit of the Equipment to be changed except in accordance with §5 of the Lease, with a statement of new number of numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and the Assignee and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

(b) Except as provided in paragraph (a) above, the Vendee will not allow the name of any person, association or corporation to be placed on any Unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any permitted sublessees.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or modification of or to any part of any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor and the Assignee, adversely affect the property or rights of the Vendor and the Assignee under this Agreement.

ARTICLE 11. Possession and Use. (a) The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled,

from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Vendee shall not use or permit use of any Unit of Equipment is service involving the regular operation and maintenance thereof outside the United States of America.

(b) The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor and the Assignee.

ARTICLE 12. Prohibition Against Liens. (a) The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor and the Assignee, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement. This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

(b) The foregoing paragraph (a) of this Article 12 shall be subject to the limitations set forth in paragraph (h) of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all taxes, claims, liens, charges or security inter-

ests claimed by any party from, through or under the Vendee or its successors or assigns, not arising out of the transactions contemplated hereby (but including taxes arising out of the receipt of the rentals and other payments under the Lease and any other proceeds from the Equipment), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor and the Assignee, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. (a) The Vendee agrees to indemnify, protect and hold harmless the Vendor and the Assignee from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto or a security interest therein remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

(b) The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder (except as provided in Article 21 hereof) in

the event of, any damage to or the destruction or loss of any Unit of or all the Equipment.

(c) Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature, except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

(d) Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

(e) The agreement of the parties relating to each Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto.

ARTICLE 14. Assignments. (a) The Vendee will not (i) except as provided in Article 11 hereof, transfer the right to possession of any Unit of the Equipment or (ii) without the prior written consent of the Vendor and the Assignee sell, assign, transfer or otherwise dispose of its rights under this Agreement. Any such sale, assignment, transfer or disposition which may be made by the Vendee to another party shall be subject to the assumption by such party of all the obligations of the Vendee hereunder.

(b) All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve either Builder from any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

(c) Upon any such assignment (other than to the Assignee), either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

(d) The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the CSA Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising at any time owing to the Vendee or the Lessee by any Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the respective Builder.

ARTICLE 15. Defaults. (a) In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(i) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) within 10 days after the date such payment is due and payable; or

(ii) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing to both Vendee and Lessee performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(iii) any proceeding shall be commenced by or against the Vendee or the Lessee for any relief which includes, or might result in, any modification of the obligations of the the Vendee hereunder or of the Lessee under the Lease or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee or of the Lessee under this Agreement, the Lease, the Lease Assignment, the Consent, or the Participation Agreement, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(iv) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any Unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a

reassignment or retransfer to the Vendee of this Agreement or such interest or right;

(v) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease; provided, however, that the Vendee may, by making payment or rendering performance, for the purposes of this Agreement, cure Events of Default under §10(a)A or §10(a)C, or both, of the Lease and preserve Vendee's right to proceed against the Lessee under §10(a)(i) and §10(b) of the Lease; provided further, however, that the Vendee shall not have such cure rights if any other Event of Default has occurred and is continuing under the Lease without the prior written consent and concurrence of the Vendor, which consent and concurrence need not be given unless Vendee provides such security and indemnity, or both, to Vendor against loss or expense resulting therefrom which Vendor in its absolute discretion may require, and provided finally that Vendee may not cure more than two consecutive rental payment defaults under §10(a)A of the Lease; or

(vi) any representation or warranty by the Vendee or the Lessee herein, in the Participation Agreement, or in the Lease, or in any certificate or statement furnished pursuant to or in connection with such agreements proves to be untrue in any material respect as of the date of issuance or making thereof;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (1) cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination; provided, however, that such termination shall not be in derogation of or impair the rights of the Vendee to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under §10 of the Lease (subject to the Vendor's rights to repossess and sell the Equipment as provided herein), including the right of the Vendee to sue for and recover damages provided for in §11(a) of the Lease upon the occurrence of an Event of Default under the Lease, or (2) declare (hereinafter called a "Declaration of Default") the entire unpaid CSA Indebtedness, together with the interest thereon then accrued and unpaid, immedi-

ately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts then remaining unpaid after becoming due and payable, to the extent legally enforceable, or (3) take the actions provided in the foregoing clauses (1) and (2). Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the provisions of Article 4 hereof, wherever situated. The Vendee shall promptly notify the Vendor and the Assignee of any event of which it has knowledge which constitutes, or with the giving of notice or lapse of time, or both, could constitute, an event of default under this Agreement.

(b) The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph (b), it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. (a) Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other

premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

(b) In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own cost, expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or, at the expense of the Vendee, upon any other storage tracks, as the Vendor reasonably may designate;

(ii) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(iii) cause the Equipment to be transported to any reasonable place on any lines of a railroad or to any connecting carrier for shipment, all as directed by the Vendor.

(c) During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives, the Assignee and its agents, and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and the Assignee and their agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

(d) At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or certified mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

(e) At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the Units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity at public or private sale and with or without advertisement as the Vendor may

determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

(f) Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Assignee, the Vendee or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale not less than ten days prior thereto, by telegram or certified mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sume due to it hereunder. From and after the date of any such sale, the Vendee shall pay to the Vendor the per diem interchange for each Unit of Equipment which shall not have been assembled, as hereinabove provided,

by the date of such sale for each day from the date of such sale to the date of delivery to the purchase at such sale.

(g) Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

(h) If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of paragraph (h) of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

(g) The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable

expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

(h) The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. (a) Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

(b) Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more Units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor or the Assignee for the purpose of proper protection, to the satisfaction of counsel for the Vendor or the Assignee, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish or cause to be furnished to the Vendor or the Assignee certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor or the Assignee.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. (a) All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

(b) Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder shall be in writing, shall be delivered by hand or sent by certified mail, telex or telegram, shall be deemed delivered on the second business day following the day of transmission (or on the day of actual receipt, whichever is earlier), and shall be addressed as follows:

(a) to the Vendee, at One Embarcadero Center, Suite 710, San Francisco, California 94111, Attention of Leveraged Leasing Department,

(b) to the Lessee at Dow Chemical U.S.A., Treasury Department, 2020 Dow Center, Midland, Michigan 48640,

(c) to a Builder, at its address specified in Item 1 of Annex A hereto,

(d) to the Assignee, at Suite 1910, Central Trust Center, Cincinnati, Ohio 45202, Attention of General Manager, Corporate Finance Department,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee,

or at such other address as any such party may designate by notice given in accordance with this Article.

ARTICLE 21. Immunities; Satisfaction of Undertakings. (a) No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors

or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

(b) The obligations of the Vendee under the paragraphs (b) and (c) of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of paragraph (b) thereof to the extent that certificates or payment schedules are required to be prepared and furnished therein), 8, 9, 10, 11(a), 12 (other than the proviso to paragraph (b) thereof), 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless consented to by the Vendor and the Assignee.

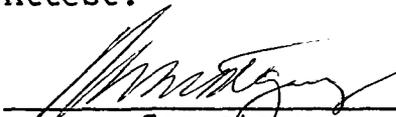
ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Michigan; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

[CORPORATE SEAL]

Attest:



ASSISTANT Secretary

ACF INDUSTRIES, INCORPORATED,

By 

~~Vice President~~
TREASURER

RICHMOND TANK CAR COMPANY

By _____
Vice President

[CORPORATE SEAL]

Attest:

Secretary

SECURITY PACIFIC EQUIPMENT
LEASING, INC.

By _____

[CORPORATE SEAL]

Attest:

Secretary

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

[CORPORATE SEAL]

ACF INDUSTRIES, INCORPORATED,

Attest:

By _____
Vice President

Secretary

RICHMOND TANK CAR COMPANY

[CORPORATE SEAL]

By _____
Vice President

Attest:

Secretary

SECURITY PACIFIC EQUIPMENT
LEASING, INC.

By Charles D. Beane
EXECUTIVE VICE PRESIDENT

[CORPORATE SEAL]

Attest:

David M. Markie
Secretary

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

[CORPORATE SEAL]

Attest:

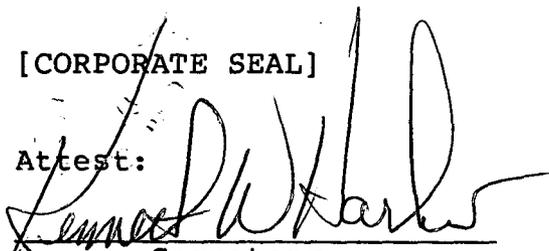
Secretary

ACF INDUSTRIES, INCORPORATED,

By _____
Vice President

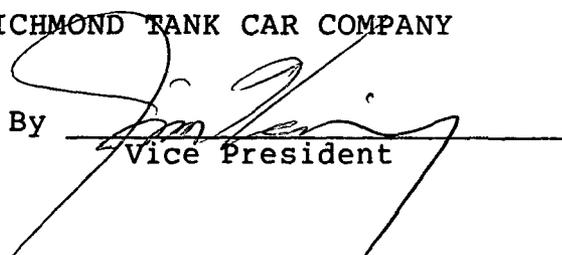
[CORPORATE SEAL]

Attest:



Secretary

RICHMOND TANK CAR COMPANY

By 

Vice President

SECURITY PACIFIC EQUIPMENT
LEASING, INC.

By _____

[CORPORATE SEAL]

Attest:

Secretary

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this ____ day of January, 1980 before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, 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.

[Notarial Seal]

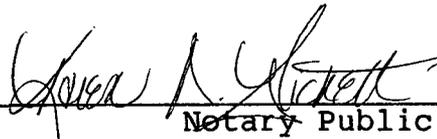
Notary Public

My Commission expires:

STATE OF TEXAS,)
) ss.:
COUNTY OF HARRIS,)

On this 15th day of January, 1980 before me personally appeared Jim F. Ghering, to me personally known, who being by me duly sworn says that he is a Vice President of RICHMOND TANK CAR COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]



Notary Public

KAREN D. PICKETT.

My Commission expires:

Notary Public in and for Harris County, Texas
My Commission expires June, 28 1981

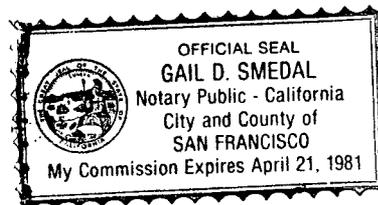
STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO)

On this 14th day of January, 1980 before me personally appeared CHARLES D. PEARCE, to me personally known, who, being by me duly sworn, says that he is the EXECUTIVE VICE PRESIDENT of SECURITY PACIFIC EQUIPMENT LEASING, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Gail D. Smedal
Notary Public

[Notarial Seal]

My Commission expires: 4/21/81



SCHEDULE I

Allocation Schedule of Each \$1,000,000
of CSA Indebtedness Payable
in Installments

<u>Payment Number</u>	<u>Date</u>	<u>Debt Service</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Remaining Principal Balance</u>
Interim	1 July 80	\$ *	\$ *	\$ -0-	\$1,000,000.00
Interim	30 Dec. 80	*	*	-0-	1,000,000.00
1	1 July 81	52,932.22	52,500.00	432.22	999,567.78
2	1 Jan. 82	58,004.92	52,477.31	5,527.61	994,040.17
3	1 July 82	58,004.92	52,187.11	5,817.81	988,222.36
4	1 Jan. 83	58,004.92	51,881.67	6,123.25	982,099.11
5	1 July 83	58,004.92	51,560.20	6,444.72	975,654.39
6	1 Jan. 84	58,004.92	51,221.86	6,783.06	968,871.33
7	1 July 84	58,004.92	50,865.74	7,139.18	961,732.15
8	1 Jan. 85	58,004.92	50,490.94	7,513.98	954,218.17
9	1 July 85	58,004.92	50,096.45	7,908.47	946,309.71
10	1 Jan. 86	58,004.92	49,681.26	8,323.66	937,986.05
11	1 July 86	58,004.92	49,244.27	8,760.65	929,225.39
12	1 Jan. 87	58,004.92	48,784.33	9,220.59	920,004.81
13	1 July 87	58,004.92	48,300.25	9,704.67	910,300.14
14	1 Jan. 88	58,004.92	47,790.76	10,214.16	900,085.98
15	1 July 88	58,004.92	47,254.51	10,750.41	889,335.57
16	1 Jan. 89	58,004.92	46,690.12	11,314.80	878,020.77
17	1 July 89	58,004.92	46,096.09	11,908.83	866,111.94
18	1 Jan. 90	70,894.91	45,470.88	25,424.03	840,687.91
19	1 July 90	70,894.91	44,136.12	26,758.79	813,929.11
20	1 Jan. 91	70,894.91	42,731.28	28,163.63	785,765.48
21	1 July 91	70,844.91	41,252.69	29,642.22	756,123.26
22	1 Jan. 92	69,574.48	39,696.47	29,878.01	726,245.25
23	1 July 92	66,504.75	38,127.88	28,376.87	697,868.37
24	1 Jan. 93	63,378.51	36,638.09	26,740.42	671,127.95
25	1 July 93	61,383.25	35,234.22	26,149.03	644,978.92
26	1 Jan. 94	59,406.80	33,861.39	25,545.41	619,433.51
27	1 July 94	58,512.28	32,520.26	25,992.02	593,512.28
28	1 Jan. 95	57,630.92	31,155.68	26,475.24	566,966.25
29	1 July 95	56,740.62	29,765.73	26,974.89	539,991.36
30	1 Jan. 96	55,833.03	28,349.55	27,483.48	512,507.88
31	1 July 96	54,996.29	26,906.66	28,089.63	484,418.25
32	1 Jan. 97	56,236.02	25,431.96	30,804.06	453,614.19
33	1 July 97	70,894.91	23,814.74	47,080.17	406,534.02
34	1 Jan. 98	70,894.91	21,343.04	49,551.87	356,982.15
35	1 July 98	70,894.91	18,741.56	52,153.35	304,828.80
36	1 Jan. 99	70,894.91	16,003.51	54,891.40	249,937.40
37	1 July 99	70,894.91	13,121.71	57,773.20	192,164.21
38	1 Jan. 2000	70,894.91	10,088.62	60,806.29	131,357.92
39	1 July 2000	70,895.66	6,896.29	63,998.62	67,359.30
40	1 Jan. 2001	70,894.91	3,536.36	67,359.30	0.00
Totals		<u>\$ 2,561,947.56</u>	<u>\$1,561,947.56</u>	<u>\$1,000,000.00</u>	

* Interest only on the CSA Indebtedness shall be payable to the extent accrued on this date.

Annex A

to

Conditional Sale Agreement

- Item 1: (a) ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.
- (b) Richmond Tank Car Company, 1700 West Loop South (Suite 1500), Houston Texas 77027, Attention of Jim F. Herring, Vice President.
- Item 2: Unless the parties shall otherwise agree, the Equipment shall be settled for in not more than eight Groups, the first Group on February 19, 1980; the second Group on April 1, 1980; the third Group on May 6, 1980; the fourth Group on June 3, 1980; the fifth Group on July 8, 1980; the sixth Group on August 12, 1980; the seventh Group on September 30, 1980; and the eighth Group on December 1, 1980.
- Item 3: (a) Each Builder warrants that the Equipment built by it will be built in accordance with the requirements, Specifications and standards set forth in Article 2 of the CSA (this "Agreement") to which this Annex A is attached and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by such Builder) and workmanship under normal use and service. If any unit of the Equipment covered by the above warranty does not meet the above warranty, within one year after the date of the acceptance of such unit by the Vendee, such Builder shall thereupon correct such defect (including nonconformance with the requirements, Specifications and standards set forth in Article 2 of this Agreement), either by (1) repairing or replacing such defective part or parts of any unit of the Equipment, provided that the Vendee or the Lessee notifies such Builder in writing promptly after discovery of such defect, and at the expense of the Lessee, makes such defective unit or units of the Equipment promptly available at such Builder's plant for any repair, or by (2) making available at such Builder's plant the necessary repaired or replace-

ment parts, as appropriate and agreed to by the parties. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4 and 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES, AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

(b) Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: Each Builder agrees to indemnify, protect and hold harmless the Vendee, the Assignee and the Lessee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee, the Assignee or the Lessee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right, except any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee or the Lessee because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination specified by the Lessee and not developed or purported to be developed by such Builder or any article or material specified by the Lessee and not manufactured by such Builder. Each Builder agrees to and hereby does, to the extent legally possible without impairing

any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by such Builder for use in or about the construction or operation of any of the Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, the satisfaction and discharge of this Agreement or the termination of this Agreement in any manner.

- Item 5: The Maximum Purchase Price referred to in Article 4 of the CSA to which this Annex A is attached is \$27,836,000.
- Item 6: The Maximum CSA Indebtedness referred to in Article 4 of the CSA to which this Annex A is attached is \$18,054,000.

Annex B
to
Conditional Sale Agreement

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
<u>ACF</u>						
Chlorine Tank Cars nominal 17,300 gallon capacity	T	17.3 PR-1 DOT105A500W	Milton, PA.	105	DOWX8000- 8104	January - March, 1980, at Milton, PA.
Muriatic Acid Tank Cars 20,800 gallon nominal capacity	T	20.ORL-1 DOT111A-100W1	Milton, PA.	61	DOWX6939- 6999	February-July, 1980, at Milton, PA.
Mag. Chloride Tank Cars 23,500 gallon nominal capacity	T	23.6CS-1 DOT111A-100W1	Milton, PA.	28	DOWX6566- 6593	July-September, 1980, at Milton, PA.
Solvents Tank Cars 23,500 gallon nominal capacity	T	23.6CS-2 DOT111A-100W1	Milton, PA.	56	DOWX6705- 6760	March-April 1980 at Milton, PA.

* See Note on page 39.

Annex B
to
Conditional Sale Agreement

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
<u>ACF</u>						
TDI Tank Cars nominal 17,300 gallon capacity	T	17.3 PR-2 DOT105A-500W	Milton, PA.	14	DOWX3586- 3599	February, 1980 at Milton, PA.
<u>Richmond Tank</u>						
Methyl Chloride Tank Cars 25,000 gallon nominal capacity	T	25.0 PR-1 DOT105A-300W	Sheldon, TX.	64	DOWX8105- 8168	February-March, 1980, at Sheldon, TX.
Calcium Bromide Tank Cars 16,000 gallon nominal capacity	T	16.OCS-1 DOT111A-100W1	Sheldon, TX.	63	DOWX6503- 6565	January-March, 1980, at Sheldon, TX.
Mag. Chloride Tank Cars 23,500 gallon nominal capacity	T	23.6CS-1 DOT111A-100W1	Sheldon, TX.	61	DOWX6594- 6654	April, 1980 at Sheldon, TX.

* See Note on page 39.

Annex B
to
Conditional Sale Agreement

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
<u>Richmond Tank</u>						
Solvents Tank Cars 23,600 gallon capacity	T	23,6CS-2 DOT111A-100W1	Sheldon, TX.	50	DOWX6655- 6704	January-March, 1980 at Sheldon, TX.

NOTE: If and to the extent that any Units of Equipment are excluded pursuant to Article 3 of the CSA, this Schedule A will be appropriately amended to show only those Units of Equipment which are covered by this Lease.