

RECORDATION NO. 11445 Filed 1425

RECORDATION NO. 11445-A Filed 1425

FEB 1 1980 - 11 35 AM

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# RAILMARK

INTERSTATE COMMERCE COMMISSION

RAILWAY MARKETING CORPORATION  
450 PARK AVE. • SUITE 1900  
NEW YORK, N.Y. 10022  
212 753-7273  
TELEX 423441

No. 0-CC2A365  
Date FEB 01 1980  
Fee \$ 100.00

ICC Washington, D. C.

Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

Gentlemen:

Pursuant to 49 U.S.C. Section 11303 of the Interstate Commerce Act and the Rules and Regulations of the Interstate Commerce Commission ("ICC") thereunder, we submit for filing and recordation the following documents relating to railroad cars used or intended for use in connection with interstate commerce:

1. Three executed counterparts of a Lease dated as of January 15, 1980 between Railway Marketing Corporation, as lessor, and American Cyanamid Company, as lessee.

2. Three executed counterparts of a Security Agreement dated as of January 15, 1980 between Railway Marketing Corporation, as debtor, and The Connecticut Bank and Trust Company, as secured party.

Also enclosed is a check for \$100 to cover the recordation fee.

The addresses of the parties to the transaction are as follows:

Railway Marketing Corporation  
c/o Corporation Trust Company of Nevada  
One East First Street  
Reno, Nevada 89501

American Cyanamid Company  
Wayne, New Jersey 07470

The Connecticut Bank and Trust Company  
One Constitution Plaza  
Hartford, Connecticut 06115

The rolling stock covered by the enclosed documents is more particularly described on Annex 1 hereto.

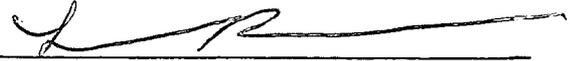
*Chamberlain - Joyce Murty*

The recorded counterparts of the documents should be returned to Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, 140 Broadway, New York, New York 10005, Attention: Jane E. Jablons, Esq.

Very truly yours,

RAILWAY MARKETING CORPORATION

By

A handwritten signature in dark ink, appearing to be "J. R.", written over a horizontal line.

ANNEX 1

DESCRIPTION OF EQUIPMENT

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DESCRIPTION AND ROAD  
MARKS OF ITEMS:

50 100-Ton 4,750 Cubic Foot Covered Hopper  
Cars, Marked and Numbered MBFX-4925 to  
MBFX-4974 both inclusive, Complying with  
Manufacturer's Specifications HC-3-47-1  
Dated: October, 1979

PLACE OF DELIVERY:

Longview, Texas

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Messrs. Dewey, Ballantine, Bushby, Palmer & Wood  
140 Broadway  
New York, New York 10005

Dear Sirs:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/1/80 at 11:35AM, and assigned re-  
recording number (s) 11445, & 11445-A.

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure (s)

RECORDATION NO. 11445 Filed 1425

FEB 1 1980 - 11 35 AM

INTERSTATE COMMERCE COMMISSION

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LEASE

between

RAILWAY MARKETING CORPORATION

and

AMERICAN CYANAMID COMPANY

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Dated as of January 15, 1980

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LEASE dated as of January 15, 1980 between RAILWAY MARKETING CORPORATION, a Delaware corporation, as lessor ("Lessor"), and AMERICAN CYANAMID COMPANY, a Maine corporation, as lessee ("Lessee").

Lessor and Lessee agree as follows:

1. DEFINITIONS. The terms used herein which are not defined herein shall, unless the context otherwise requires, have the meanings attributed to them in Annex 1.

2. LEASE AND DELIVERY. (a) Demise. Subject to the terms and conditions of this Lease, Lessor leases to Lessee and Lessee leases from Lessor the Items delivered and accepted in accordance with Section 2(b).

(b) Delivery and Acceptance. Lessor hereby appoints Lessee as its agent for inspection and acceptance of the Equipment pursuant to this Lease, provided that such appointment shall terminate in the event that Lessor elects to be relieved of its obligations under the Participation Agreement pursuant to Section 2(m) thereof. Upon delivery of each Item by Manufacturer at the place designated in Annex 2, Lessee shall cause an inspector designated and authorized by Lessee to inspect the same, and, if such Item is found to be acceptable, to accept delivery of such Item and to execute and deliver a Certificate of Acceptance with respect to such Item, whereupon such Item shall be subject to the terms and conditions of this Lease. The execution and delivery of a Certificate of Acceptance with respect to each Item shall conclusively establish that, as between Lessor and Lessee only, such Item is acceptable to Lessee, and that such Item is in good order and condition and conforms to the specifications applicable thereto and to all Railcar Requirements.

(End of Section)

3. TERM AND RENT. (a) Term. The term of this Lease as to any Item shall begin on the date of acceptance set forth in the Certificate of Acceptance executed and delivered with respect thereto, and shall end on the Expiration Date.

(b) Basic Rent. Lessee shall pay to Lessor the following rent ("Basic Rent") for each Item:

(i) For each day of the Interim Term, an amount equal to the Interim Rental Rate of the Purchase Price of such Item, payable on the Basic Term Commencement Date,

(ii) Interest accrued on the principal amount of each Note, from (and including) the date on which such Note is issued pursuant to Section 2(c) of the Participation Agreement to (but not including) the date on which such principal amount is disbursed by Secured Party pursuant to Section 2(h) of the Participation Agreement, payable on the Basic Term Commencement Date, and

(iii) For the Basic Term, quarterly installments, payable in arrears, each in an amount equal to the Basic Rental Rate of the Purchase Price of such Item, payable on each Basic Rent Date.

(c) Supplemental Rent. Lessee shall pay to Lessor as Supplemental Rent (i) any payment required to be paid by Lessor pursuant to Section 2(h)(i) of the Participation Agreement within 15 days after demand therefor, and (ii) to the extent permitted by applicable law, interest (computed on the basis of a 360-day year of twelve 30-day months) at the Penalty Interest Rate on any overdue payment required to be paid by Lessee to Lessor or any Assignee or Noteholder pursuant to this Lease.

(d) Method of Payment. All payments to be made to Lessor under this Lease shall, except as provided in Section 18, be paid in the manner set forth in Annex 2 of the Participation Agreement or at such other address as Lessor may direct by notice to Lessee. Any payment due on a date which is not a Business Day shall be payable on the next succeeding Business Day.

(e) Net Lease. This Lease is a net lease and Lessee's obligation to make payments hereunder shall be absolute, unconditional and not subject to Abatement for any reason whatsoever, including (i) Abatements due to any present or future claims of Lessee against Lessor (whether or not relating to this Lease), any Assignee or Manufacturer, (ii) any defect in or failure of title of Lessor to the Equipment, (iii) any defect or damage to, or theft or any loss or destruction of, any Item from any cause whatsoever, (iv) the interference with the use of the Equipment by any Person, (v) the invalidity or unenforceability of one or more provisions of this Lease, (vi) the lack of

right, power or authority of Lessor to enter into this Lease, (vii) any insolvency, bankruptcy, reorganization or other similar proceedings by or against Lessee or Lessor, or (viii) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the express intention of Lessor and Lessee that all sums payable by Lessee hereunder shall be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. Lessee hereby waives, to the extent permitted by law, all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Except to the extent expressly provided to the contrary herein, each Rent payment made by Lessee shall be final and Lessee shall not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

(f) Survival. Lessee's obligations under this Section 3 shall survive the expiration or termination of this Lease.

(End of Section)

4. WARRANTIES OF AND DISCLAIMER OF WARRANTIES BY LESSOR.

(a) Disclaimer. LESSOR DISCLAIMS ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO (i) THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, (iii) THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF THE PURCHASE ORDER, OR (iv) EXCEPT AS PROVIDED IN SECTION 4(b), LESSOR'S TITLE TO THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT); IT BEING EXPRESSLY AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE.

(b) Quiet Enjoyment. Lessor warrants for the term of this Lease that if no Lease Event of Default has occurred, Lessee shall peacefully and quietly hold and enjoy the Equipment and Lessee's use of the Equipment shall not be disturbed by Lessor or anyone claiming through or under Lessor.

(End of Section)

5. LIENS AND CLAIMS. (a) Liens. Lessee shall not create or suffer to exist, and shall discharge promptly at its own expense, any Liens on or with respect to the Equipment or any interest therein, except (i) the respective rights of Lessor and Lessee as herein provided, (ii) Lessor's Liens, (iii) Liens arising out of claims either not yet due or being contested in accordance with Section 17, (iv) non-delinquent and inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other similar Liens arising in the ordinary course of business of Lessee, and (v) Liens granted by Lessor to any Assignee.

(b) Claims. Lessee shall, before they become delinquent, pay all claims which, if unpaid, might become Liens prohibited by Section 5(a).

(End of Section)

6. IMPOSITIONS. (a) Scope. Except as provided in Section 6(b), Lessee shall pay all Impositions imposed upon Lessor, Lessee, Lender, any Assignee, any Noteholder or the Equipment (i) in connection with the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition of the Equipment, (ii) measured by the rentals, receipts or earnings arising from the Equipment, or (iii) otherwise arising out of the transactions contemplated by the Operative Documents. Lessee's obligations with respect to Impositions attributable to the term of this Lease shall survive the termination of this Lease. Any Person asserting a claim for any Imposition for which Lessee is liable hereunder shall promptly notify Lessee thereof, and Lessee shall pay the same on demand.

(b) Exceptions. Lessee shall not be required to pay any Imposition pursuant to Section 6(a), (i) arising from the transfer by Lessor of its Equity Interest, other than any transfer following a Lease Event of Default, (ii) resulting directly from an act or omission by Lessor not contemplated by this Lease, or (iii) to the extent that Lessee shall be contesting such Imposition in accordance with Section 17.

(c) Reports. If any report or return is required to be made by any Person indemnified hereunder with respect to any Imposition for which Lessee is liable under this Section 6, Lessee shall, if it has knowledge of such requirement, notify such person of such requirement and shall either (i) prepare and file such report or return (showing Lessor to be the owner of such Equipment) and send a copy of such report or return to the indemnified Person, or (ii) if Lessee shall not be permitted to file such report or return, prepare the same in such manner as shall be satisfactory to the indemnified Person and deliver the same to the indemnified Person within a reasonable period prior to the date the same is to be filed. Each Person so indemnified shall cooperate fully with Lessee in the preparation of any such report or return.

(End of Section)

7. USE AND MAINTENANCE. (a) Railcar Requirements. Lessee shall comply with all Railcar Requirements with respect to the use and maintenance of the Equipment.

(b) Alterations. Lessee shall, at its own expense, make (i) such Removable Alterations to any equipment or appliance on any Item as may be required in order to comply with Railcar Requirements, and (ii) such Permanent Alterations to any equipment or appliance on any Item as may be required in order to comply with Railcar Requirements relating to health, safety or environmental standards, provided that such Alterations do not cause the Equipment to become "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647. Title to all Removable Alterations shall remain the property of Lessee; title to all Permanent Alterations shall be immediately vested in Lessor. Lessor shall include the cost of all Permanent Alterations in its gross income for federal income tax purposes for the taxable year in which the Alterations are made. Lessee shall, within 30 days after the close of any calendar quarter in which Lessee has made Permanent Alterations, give notice thereof to Lessor describing, in reasonable detail, such Permanent Alterations and specifying the cost thereof with respect to each Item and the date or dates when made. Lessee shall, prior to the return of any Item to Lessor hereunder, remove all Removable Alterations therefrom at its own expense without causing material damage to such Item. Except as required by this Section 7(b), Lessee shall not make any Permanent Alteration without the prior approval of Lessor and any Assignee, which approval shall not be unreasonably withheld.

(c) Geographic Limitations. Lessee shall not use the Equipment outside the United States for more than 30 days during any calendar year.

(d) Maintenance. Lessee shall use the Equipment solely in the conduct of its business and in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. Lessee shall, at its own expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules. Lessee shall maintain an agreement, satisfactory to Lessor, with a reputable firm regularly performing maintenance services on railroad rolling stock, with respect to performance of maintenance of the Equipment required hereunder.

(e) Mileage. Lessee shall, to the extent permitted by law, retain all Mileage payable to it by carriers for the use of the Equipment, except (i) if a Lease Event of Default shall be continuing, in which event such Mileage shall be retained by Lessor until such Lease Event of Default shall no longer be continuing, or (ii) as otherwise provided in Section 14(b). Lessor shall remit to Lessee such Mileage or portion thereof as Lessee would be entitled to retain

in accordance with the provisions hereof, and take such action as Lessee may from time to time request to enable Lessee to receive and retain such Mileage.

(f) Equipment Markings. Lessee shall, at its own expense, (i) cause each Item to bear its road mark specified in the Certificate of Acceptance therefor and (ii) maintain the Equipment Marking on each side of each Item in letters not less than one inch in height and such other markings as from time to time may be required by law or otherwise deemed necessary by Lessor or any Assignee to protect the interests of Lessor and any Assignee in such Item, the rights of Lessor under this Lease and the Lien granted by Lessor in financing the Equipment. Lessee shall not operate or exercise any control or dominion over any Item until such Equipment Marking has been placed thereon. Lessee shall promptly replace any such Equipment Marking which may be removed, defaced or destroyed. Lessee shall not allow the name of any person, association or corporation to be placed on any Item as a designation that might be interpreted as a claim of ownership, except an insignia customarily used by Lessee or its affiliates on transportation equipment.

(End of Section)

8. CASUALTIES AND REQUISITIONS. (a) Events of Loss. Lessee shall promptly report to Lessor any Event of Loss to an Item occurring during the term of this Lease or thereafter while such Item is in Lessee's possession pursuant to Section 14. On the Basic Rent Date next following the date on which Lessee shall determine that such Event of Loss has occurred, Lessee shall pay to Lessor the Loss Amount of such Item, determined as of such Basic Rent Date, together with any unpaid Rent due on or prior to such date, whereupon Lessee's obligation to pay further Rent for such Item shall cease, and the term of this Lease shall terminate with respect to such Item. In case such Event of Loss shall be determined to occur on or after the Expiration Date, the Loss Amount of such Item shall be payable within 10 days after such date of determination. Lessor shall have the right (but not the duty) to participate in any Proceeding or to pursue any claim against any Governmental Body, provided that Lessee may at its own expense pursue the same on its own behalf. Unless an Item has suffered an Event of Loss, Lessee shall repair or restore all damaged Equipment to the condition required by Section 7(d).

(b) Disposition of Equipment. Following payment of the Loss Amount of an Item, Lessee shall, as agent for Lessor, dispose of such Item as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item so disposed of, so long as no Lease Default or Lease Event of Default shall be continuing, Lessee may retain the proceeds of such disposition, plus damages received by Lessee by reason of such Event of Loss. In disposing of such Item, Lessee shall take such action as Lessor shall reasonably request to terminate any contingent liability which Lessor might have arising after such disposition from or connected with such Item. As to each Item returned to Manufacturer in the manner described in clause (iii) of the definition of Event of Loss, Lessee shall receive and retain all amounts payable to Lessor by Manufacturer for the return of such Item.

(c) Risk of Loss. Except as otherwise provided in this Section 8, Lessee shall bear the risk of loss with respect to the Equipment and shall not be released from its obligations in the event of any damage or Event of Loss to any Item after delivery to and acceptance by Lessee.

(d) Certain Requisitions. In the case of a Requisition of any Item which does not constitute an Event of Loss this Lease shall not terminate with respect to such Item, and all obligations of Lessee with respect thereto shall remain in full force and effect. So long as no Lease Event of Default shall be continuing, Lessee shall be entitled to all sums received by reason of any such Requisition during such period.

(End of Section)

9. INSURANCE. Lessee shall not be required to provide any insurance with respect to the Equipment.

(End of Section)

10. GENERAL INDEMNITY. (a) Scope. Lessee shall indemnify, protect and hold Lessor, any Assignee, Lender and each Noteholder harmless from and against any and all Demands arising out of or relating to the execution, performance or enforcement of any of the Operative Documents, or the ownership, operation, use, maintenance, manufacture, purchase, acceptance, rejection, delivery, lease, sublease, possession, condition, registration, sale, return, storage or disposition of any Item or any accident in connection therewith (including, without limitation, any Demand based upon latent and other defects, any Demand based upon the doctrine of strict or absolute liability in tort and any Demand for patent, trademark or copyright infringement), except, in each case, as provided in Section 10(b). Lessee shall be subrogated, to the extent of any indemnity paid by it pursuant to this Section 10, to the rights of Lessor or any Assignee with respect to the transaction or event giving rise to such indemnity.

(b) Exceptions. Lessee shall not be required to indemnify any Person pursuant to Section 10(a) for (i) any Demand in respect of any Item arising from acts or events which occur after possession of such Item has been returned to Lessor pursuant to Section 14(a), (ii) any Demand resulting from the wilful misconduct or gross negligence of such Person, provided that the wilful misconduct or gross negligence of Lessor shall not affect the rights of any Assignee, (iii) expenses expressly agreed to be borne by such Person pursuant to the Operative Documents, (iv) amounts resulting from the breach of any representation, warranty or covenant of such Person made to or for the benefit of Lessee under the Operative Documents, (v) any compensation paid to any employees of such Person or any affiliate thereof, or (vi) amounts payable in respect of any claim, lien or charge asserted against or levied or imposed upon the Equipment or the rents payable hereunder, which arise by virtue of claims against, through or under Lessor unrelated to Lessor's ownership of the Equipment or the transactions contemplated by the Operative Documents.

(c) Disclaimer. Lessor shall not be liable to Lessee or any other Person claiming by, through or under Lessee or any other Person indemnified hereunder for any Demand caused directly or indirectly by any Item or by any inadequacy thereof for any purpose or any deficiency or defect therein or the use or maintenance thereof or any improvements, replacements, repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business, all of which shall be the risk and responsibility of Lessee.

(d) Notice of Demand. If any indemnitee has actual knowledge of a Demand or a potential Demand that would be indemnified against under Section 10(a), such indemnitee shall give prompt notice thereof to Lessee. Upon receipt of such notice, Lessee shall, at its own expense, assume full responsibility for the defense against or settlement of any such Demand, and such indemnitee shall cooperate with Lessee by providing, at the expense of Lessee, such assistance as Lessee may reasonably request, provided that each indemnitee shall have the right to control the defense against or settlement of such Demand if such indemnitee shall release Lessee from any obligation to indemnify such indemnitee (or any other indemnitee) for such Demand.

(e) Payment. Except as required by Section 10(d), Lessee shall not be required to make any payment pursuant to this Section 10 until the indemnitee shall have in good faith made or become obligated to make a payment in respect of the Demand indemnified against hereunder or a final judgment of a court or other competent tribunal shall have been entered to the effect that such indemnitee is obligated to make payment. After payment by Lessee pursuant to this Section 10, the indemnitee shall promptly assign to Lessee all its right, title and interest to any claims relating to such Demand, provided that such assignment shall be made without representation, warranty or recourse, and that no Lease Default or Lease Event of Default shall exist.

(f) Survival. The indemnities of Lessee under this Section 10 shall survive the expiration or termination of this Lease.

(End of Section)

11. ASSIGNMENT AND SUBLEASE. Lessee shall not, without the prior consent of Lessor and Assignee, which consent shall not be unreasonably withheld, sublet or otherwise relinquish possession of any of the Equipment (except in the normal course of its business) or assign any of its rights hereunder. No sublease, other relinquishment of the possession of any of the Equipment or assignment by Lessee of any of its rights hereunder shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder.

(End of Section)

12. TAX INDEMNIFICATION. (a) Tax Assumptions. This Lease has been entered into on the following Tax Assumptions:

(i) Lessor will be entitled to treat the Equipment as "new Section 38 property" (as defined in Section 46(c) and 48(b) of the Code) and to a 10% Investment Tax Credit with respect to its entire basis in the Equipment.

(ii) This Lease will be treated as a true lease for federal income tax purposes.

(iii) Lessor will be entitled to a depreciation deduction with respect to its basis in each Item pursuant to any depreciation method permitted by Section 167(b) of the Code. Assuming that Lessor elects to determine its "reasonable allowance" for depreciation under the "class life" asset depreciation range system authorized by Treasury Regulation Section 1.167(a)-11, Lessor will be entitled to depreciate the Equipment (A) over a 12-year period under Guideline Class 00.25; (B) to a zero salvage value, initially utilizing the double-declining-balance method, and switching to the sum-of-the-years digits' method and thereafter to the straight-line method, without the consent of the IRS; and (C) using the most advantageous half-year convention.

(iv) The Notes will be treated as debt for federal income tax purposes and Lessor will be entitled, pursuant to Section 163 of the Code, to deduct the interest paid or incurred thereon.

(v) The entire purchase price of the Equipment will be includible in Lessor's basis in the Equipment under Section 1012 of the Code.

(vi) Lessor's ordinary income for federal income tax purposes will be taxed at the marginal corporate rate of 46% and the state and local income tax rates will be substantially the same as those in effect on the date hereof.

(b) Losses. Each of the following shall constitute a Loss hereunder:

(i) The loss to Lessor of the benefit of any Tax Assumption as a result of (A) any action taken or caused (or permitted to be taken or caused) by Lessee which is inconsistent with Lessee's obligations under Lessee's Instruments, (B) Lessee's failure to take any action required to be taken by it under Lessee's Instruments, or (C) any representation or warranty made by Lessee in any such Operative Document or in any document or certificate furnished to Lessor in connection therewith, which was untrue when made or given.

(ii) The disallowance to Lessor of all or any part of the Investment Tax Credit claimed with respect to any Item on the basis of the Tax Assumptions.

(iii) The imposition of any Domestic Income Tax upon Lessor by reason of its receipt of payments under this Section 12 or under Section 6, 10 or 14.

(iv) The recapture, pursuant to Section 47 or 1245 of the Code, of Investment Tax Credits or depreciation deductions claimed with respect to any Item on the basis of the Tax Assumptions.

(c) Notice of Occurrence of Loss. Lessor shall give notice to Lessee of the occurrence of each Loss. A Loss shall occur upon the earliest of (i) a determination (as defined in Section 1313(a) of the Code) of additional tax liability to reflect such Loss, (ii) the payment by Lessor to a Domestic Tax Authority of the increase in Lessor's Domestic Income Taxes resulting from such Loss (or a reduction in the amount of any refund of Domestic Income Taxes to which Lessor would have been entitled but for such Loss), prior to any such determination, provided that Lessor shall have furnished Lessee with an opinion of independent tax counsel reasonably satisfactory to Lessee to the effect that there is no reasonable basis to contest any assertion of such tax (or reduction in a claim for refund) by such Domestic Tax Authority, or (iii) payment of a deficiency pursuant to Lessor's election of the Refund Method described in Section 12(f)(ii).

(d) Indemnification. Except as provided in Section 12(e), Lessee shall indemnify, protect and hold Lessor harmless from and against any and all Losses, in the manner provided in this Section 12(d). Following Lessor's notice of the occurrence of a Loss with respect to any Item pursuant to Section 12(c), the Basic Rent applicable to such Item shall, on and after the next succeeding Basic Rent Date, be increased by such amount for such Item as will cause Lessor's net return in respect of such Item over the entire Basic Term to equal the net return that would have been available if such Loss had not occurred (computed on the same assumptions utilized by Lessor in originally evaluating its after-tax economic and accounting yields and cash flows resulting from this Lease). Lessee shall also forthwith pay to Lessor the amount which, after deduction of all Domestic Income Tax liabilities payable by Lessor in respect of the receipt of such amount, shall be equal to the amount of any interest and penalties which may be assessed against Lessor in respect of such Loss by any Domestic Tax Authority decreased by the amount of any tax benefit attributable to such assessment. If any indemnity amount payable herein becomes payable after the last Basic Rent Date, then the total amount of such indemnity payment shall be payable in a lump sum within 30 days of Lessor's reasonable request therefor.

(e) Exceptions. Lessee shall not be required to indemnify Lessor for any Loss with respect to any Item to the extent that such Loss is due to one or more of the following events: (i) an Event of Loss (other than the payment of the Loss Amount), (ii) a transfer by Lessor of the Equipment (unless arising from a Lease Event of Default), (iii) Lessor's failure to timely or properly claim the Investment Tax Credit, interest deduction or depreciation deduction for such Item in Lessor's tax return, (iv) the failure of Lessor to have sufficient liability for tax against which to apply such Investment Tax Credit or taxable income against which to apply such depreciation deduction or interest deduction, (v) any change in any law subsequent to the execution and delivery of a Certificate of Acceptance for such Item pursuant to Section 2(b), (vi) a disqualifying change in the nature of Lessor's business or the liquidation thereof, or (vii) a foreclosure by any Person holding through Lessor a Lien on such Item, which foreclosure results solely from an act or failure to act by any Person other than Lessee, an Affiliate of Lessee or any Person claiming through or under Lessee.

(f) Contest Procedures. (i) Lessee's Right to Require Contest. Upon receipt by Lessor of a written notification from a Domestic Tax Authority of a Tax Claim, Lessor shall promptly notify Lessee of said Tax Claim giving all relevant information relating to such Tax Claim which may be particularly within the knowledge of Lessor. Lessor shall contest such Tax Claim in an appropriate judicial forum, provided that:

(A) Lessee requests Lessor to contest such Tax Claim within 30 days after Lessor has so notified Lessee and furnishes Lessor within 60 days after such notice with a written opinion of independent tax counsel reasonably satisfactory to Lessor, to the effect that there is a reasonable basis to contest such Tax Claim; and

(B) Lessee agrees to pay on demand all out-of-pocket reasonable expenses, including, without limitation, the fees and disbursements of Lessor's counsel and such independent tax counsel, accountants and investigators, paid or incurred by Lessor in connection with contesting such Tax Claim. Lessee shall be permitted to select the counsel retained by Lessor to contest the Tax Claim, provided that Lessor has no reasonable objection to such selection.

(ii) Lessor's Right to Elect Method. In fulfilling its obligation to contest a Tax Claim in a judicial forum, Lessor shall have the right, in its sole discretion, to elect either (A) to petition the Tax Court of the United States or any state or local judicial forum of competent jurisdiction for a redetermination of the deficiency proposed to be assessed as a result of such Tax Claim (the "Redetermination Method") or (B) to pay the deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid (the "Refund Method"). Lessor, at its sole option, may choose to forego any and all administrative appeals, proceedings, hearings and conferences with such Domestic Tax Authority in respect of such Tax Claim (other than such administrative appeals, proceedings, hearings and conferences as may be a

condition precedent to filing and pursuing a Tax Claim pursuant to the Redetermination Method or the Refund Method). Lessor shall not settle any Tax Claim indemnified herein without the consent of Lessee, which consent shall not be unreasonably withheld, provided that such consent shall be deemed given if such proposed settlement shall not be disapproved by Lessee within 30 days after notice thereof from Lessor.

(iii) Return of Excess Payments. If (A) Lessor shall have elected the Refund Method, (B) Lessee shall have paid amounts to Lessor which are attributable to a Loss, and (C) the extent of such Loss shall have been established by final adjudication or by settlement with Lessee's consent, then on the first Basic Rent Date following such final adjudication or settlement (or, if there is no following Basic Rent Date, within 30 days), Lessor shall repay to Lessee all or a portion of the amounts theretofore paid by Lessee to Lessor with respect to such Loss which (by reason of such adjudication or settlement) Lessor did not ultimately incur, less any expenses paid or incurred by Lessor for which Lessee is liable pursuant to Section 12(f)(i)(B), provided that Lessor shall not be required to make any such payment so long as a Lease Default or Lease Event of Default shall be continuing. In addition, in the event of any final adjudication or settlement described in the preceding sentence, the increase in subsequent payments of Basic Rent in respect of the Item by reason of such Loss shall, commencing on the first Basic Rent Date following such final adjudication or settlement, be reduced to the extent such increase related to the portion of such Loss Lessor did not ultimately incur.

(g) Federal Tax Status. Lessor shall be the owner of the Equipment for federal income tax purposes, and shall be entitled to the tax benefits accorded an owner of property, including, without limitation, the Tax Assumptions. Neither Lessee nor any of its Affiliates shall at any time take or omit to take any actions or file any returns inconsistent with the foregoing, and it shall file such returns and take such actions as shall be necessary to accomplish the intent hereof.

(h) Survival. Lessor's rights and privileges under this Section 12 shall survive the expiration or other termination of this Lease.

(End of Section)

13. LESSEE'S OPTIONS. (a) Renewal Option. If this Lease has not been terminated and no Lease Default or Lease Event of Default is continuing, Lessee may, at its option, extend the term of this Lease with respect to all (but not less than all) the Equipment for one renewal term of two years (the "Renewal Term"), commencing on the day following the last day of the Basic Term, on the same terms applicable to the Basic Term, except as follows:

(i) Lessee shall pay rent during the Renewal Term at the Fair Rental Value of the Equipment, determined as of the Expiration Date, payable on the same calendar dates as Basic Rent.

(ii) The Loss Amount payable in respect of the Renewal Term in respect of any Item shall be an amount equal to the greater of (A) the Fair Market Value of such Item as of the beginning of the Renewal Term, or (B) 20% of the Purchase Price of such Item.

(iii) The provisions of Section 12 shall be inapplicable.

(b) Purchase Option. If this Lease has not been terminated and no Lease Default or Lease Event of Default is continuing, Lessee may, at its option, purchase all (but not less than all) the Equipment at its Fair Market Value determined as of the Expiration Date.

(c) Notice of Exercise. Lessee shall give Lessor notice of its election to exercise either or both of its options described in this Section 13 at least 120 days prior to the Expiration Date.

(d) Determination of Amounts; Appraisal. Promptly after Lessee shall give a notice pursuant to Section 13(c), Lessee and Lessor shall consult with a view toward agreeing upon the determination of the Fair Rental Value and/or Fair Market Value of the Equipment, as the case may be. If, on or before 90 days prior to such Expiration Date, Lessor and Lessee are unable to agree upon such determination, such amount or amounts shall be determined in accordance with their respective definitions contained in Annex 1 by an independent appraiser, who shall be chosen by Lessee (by notice to Lessor) and subject to approval by Lessor. If Lessor does not approve Lessee's choice within 15 days after Lessee shall have notified Lessor of Lessee's choice, such determination shall be made by a panel of three appraisers: the first chosen by Lessee (who, unless Lessee shall choose a different appraiser, shall be the appraiser originally chosen by Lessee); the second chosen by Lessor; and the third chosen by the first two appraisers. If Lessor shall fail to choose the second appraiser within said 15-day period, the second and third appraisers shall be chosen by the American Arbitration Association. Such appraisal shall be made within 30 days of the appointment of the appraiser or panel of appraisers. If such panel shall be unable to agree on a determination, each appraiser shall make his own determination; the amounts so determined by the three appraisers shall be averaged; the amount furthest removed from said average shall be disregarded; and the average of the other two amounts shall be deemed to be the determination of such panel. Each such appraisal shall be conducted at Lessee's expense and shall be binding and conclusive on Lessor and Lessee.

(e) Purchase Procedure. Upon the purchase by Lessee of the Equipment pursuant to Section 13(b), Lessor shall execute and deliver to Lessee a bill of sale (without representations or warranties except that the Equipment is free and clear of all Lessor's Liens), and such other documents as may be required to release the Equipment from this Lease and to transfer title thereto to Lessee, in such form as may reasonably be requested by Lessee, all at Lessee's expense.

(End of Section)

14. RETURN OF EQUIPMENT. (a) Return Procedures. On or prior to the Return Date, Lessee, at its own expense and risk, shall return the Equipment, in the condition required by Section 7, to such storage tracks in the contiguous United States as Lessor may designate. In addition, Lessee, at its own expense and risk, shall provide storage of the Equipment on the storage tracks designated by Lessor, without charge for insurance, rent or storage until the earlier of (i) the sale, leasing or other disposition of the Equipment by Lessor, or (ii) 90 days following the Return Date. Lessee's obligations with respect to any Item under Sections 5, 7 and 8 hereunder and under Section 6.2 of the Participation Agreement shall survive the Return Date to the extent of such storage period.

(b) Rent Subsequent to Return Date. Lessee shall pay to Lessor on demand, for each Item not assembled, delivered and stored as herein provided, rent in an amount equal to the greater of (i) the Interim Rental Rate of the Purchase Price of such Item for each day subsequent to the Return Date that the Item is not returned in accordance with Section 14(a), or (ii) the Fair Rental Value of the Item as of the Return Date determined in the manner provided in Section 13(d). In addition, for each Item not assembled, delivered and stored as herein provided within 30 days after the Return Date, Lessee shall, for each day thereafter that delivery is delayed, pay to Lessor on demand a premium of 1% on the rent due hereunder. Lessor shall be entitled to receive all amounts earned in respect of the Equipment after the Return Date, provided that Lessor shall credit to Lessee all amounts so received against the rent due hereunder.

(c) Specific Performance. Lessee's covenants to assemble, deliver, store and transport the Equipment as provided herein are of the essence of this Lease. Upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of such covenants.

(d) Lessor Authorized to Take Possession. Without limiting the obligation of Lessee under the foregoing provisions of this Section 14, upon the termination of this Lease pursuant to Section 16, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Items to Lessor, to demand and take possession of such Item in the name and on behalf of Lessee from any person which shall be at the time in possession of such Item.

(End of Section)

15. EVENTS OF DEFAULT. Each of the following events shall constitute a Lease Event of Default:

(a) Lessee shall fail to make any payment of Rent or other payment due under this Lease or the Participation Agreement within 10 days after the same shall become due.

(b) Lessee shall fail to perform or observe any of its other covenants, conditions or agreements under any Operative Document to which it is a party, and such failure shall continue for 30 days after notice thereof from Lessor to Lessee.

(c) Any representation or warranty made by Lessee in any Operative Document to which it is a party, or in any document or certificate furnished in connection therewith, shall prove to have been incorrect in any material respect when made or given.

(d) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Lessee or for any substantial part of its property, or order the winding-up or liquidation of its affairs; and such decree or order shall continue unstayed and in effect for a period of 60 consecutive days.

(e) Lessee shall commence a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or for any substantial part of its property, or make any assignment for the benefit of creditors, or fail generally to pay its debts as such debts become due, or take corporate action in furtherance of any of the foregoing.

(f) Lessee shall fail to make any payment or payments due on any Debt (other than this Lease) aggregating at least \$100,000; or fail to perform or observe any provision contained in any instrument evidencing such Debt or in any agreement securing or relating to such Debt, and the effect of such failure is to cause the holder of such Debt (or a trustee or agent on behalf of such holder) to cause such Debt or any part thereof to become due prior to its stated maturity, provided that any such failure which has been duly and properly waived in accordance with any instrument evidencing such Debt, or any agreement securing or relating to such Debt, shall not constitute a Lease Event of Default.

(g) Lessee shall transfer, encumber, assign, relinquish possession of or sublet any Item, except as expressly permitted by the provisions of this Lease.

(h) A final judgment or judgments of any court or courts for the payment of money shall be rendered against Lessee which aggregate in excess of \$1,000,000, and the same shall remain undischarged for a period of 60 days during which execution of such judgment or judgments shall not be effectively stayed.

(End of Section)

16. REMEDIES. (a) Available Remedies. Upon the occurrence of any Lease Event of Default, Lessor may declare this Lease to be in default by notice to Lessee, and at any time thereafter, Lessor may exercise one or more of the following remedies, as Lessor shall elect:

(i) Lessor may institute Proceedings to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof.

(ii) Lessor may terminate this Lease by notice to Lessee, whereupon all rights of Lessee to the use of the Equipment shall cease and terminate. In such event, Lessee shall remain liable as hereinafter provided. Upon such termination, Lessee, if so requested by Lessor, shall at Lessee's expense promptly return the Equipment in accordance with Section 14, or Lessor may enter the premises where the Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise. Lessor may transfer or lease any Item, or retain possession thereof. Lessee shall, without further demand, forthwith pay to Lessor any unpaid Rent due and payable for all periods up to and including the Termination Date, and all other amounts due under this Lease or the Participation Agreement. Rent for any number of days less than a full rent period shall be computed by multiplying the Rent for such full rent period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rent period. In addition, Lessor may recover from Lessee as liquidated damages, for loss of a bargain and not as a penalty, with respect to each Item, whichever of the following amounts Lessor, in its sole discretion, shall specify:

(A) the excess of the present worth, at the Termination Date, of all rentals for such Item which would otherwise have accrued hereunder from the Termination Date to the Expiration Date over the then present worth of the then Fair Rental Value of such Item for such period (such present worth to be computed at a discount rate of 11.75% per annum, compounded quarterly from the respective dates upon which rent would have been payable hereunder had this Lease not been terminated); or

(B) the excess of the Loss Amount of such Item as of the Basic Rent Date on or immediately preceding the Termination Date over the Fair Market Value thereof at such time.

(b) Determination of Values. For purposes of Section 16(a), the Fair Rental Value and Fair Market Value of any Item shall be determined in the manner provided in Section 13(d), provided that any sale in a commercially reasonable manner of any Item prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

(c) Expenses. Lessee shall be liable for all costs, charges and expenses, including reasonable legal fees and disbursements, incurred by Lessor as a result of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto.

(d) Remedies Cumulative; Waiver. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any Lease Default or Lease Event of Default shall be a waiver of any future or subsequent Lease Default or Lease Event of Default. The failure or delay of Lessor in exercising any rights granted it hereunder shall not constitute a waiver of any such right and any single or partial exercise of any particular right by Lessor shall not exhaust the same or constitute a waiver of any other right provided herein. To the extent permitted by law, Lessee hereby waives (i) any mandatory requirements of Law, now or hereafter in effect, which might limit or modify the remedies provided herein or render any provision of this Lease prohibited or unenforceable in any respect, (ii) any existing or future claims to any offset against the Rent due hereunder (or against any other amounts due under this Lease or the Participation Agreement), (iii) the benefits of any Laws now or hereafter in force exempting property from liability for rent or for debt, and (iv) any rights now or hereafter conferred by statute or otherwise which may limit or modify any of Lessor's rights or remedies under this Section 16, except as otherwise specifically set forth herein.

(End of Section)

17. PERMITTED CONTESTS. Lessee may contest by appropriate proceedings the amount, validity or application of any Imposition or any Lien on or with respect to the Equipment or any claim which, if unpaid, might become such a Lien, provided that (a) nonpayment thereof or the contest thereof does not adversely affect the title or rights of Lessor or any Lien granted by Lessor to any Assignee, (b) Lessee shall have furnished such security as may be required in such proceedings, and (c) Lessee shall give Lessor notice of any such proceedings within 10 days after the commencement thereof, and shall describe such proceedings in reasonable detail. Lessee shall conduct all such contests in good faith and with due diligence and shall, promptly after the determination of such contest, pay and discharge all amounts determined to be payable therein.

(End of Section)

18. ASSIGNMENTS BY LESSOR. (a) Right to Assign. This Lease and all sums due or to become due hereunder may be assigned for security purposes by Lessor without the consent of Lessee, provided that (i) there shall be not more than one Assignee at any time, and (ii) Lessee shall be under no obligation to any Assignee except upon notice of such assignment from Lessor. Upon notice to Lessee of any such assignment, the sums payable by Lessee which are the subject matter of the assignment shall, except as provided in Section 18(b), be paid to or upon the written order of the Assignee.

(b) Acknowledgment of Assignment to Secured Party. Lessor hereby notifies Lessee of the assignment of the sums due or to become due hereunder, other than the Excepted Rights in Collateral, pursuant to the Security Agreement. Lessee acknowledges receipt of an executed counterpart of the Security Agreement. On each Basic Rent Date, Lessee shall pay, out of the sums so assigned, in the manner provided in Section 8(a) of the Participation Agreement, an amount equal to the principal and interest then due on the Notes held by Lender. Lessee shall also make such direct payments to any other Noteholder which has entered into and delivered to Lessee an undertaking pursuant to Section 8(b) of the Participation Agreement. Lessee shall pay the balance of any sums so assigned to Assignee.

(c) Duties of Lessee to Assignee. The rights of any Assignee having given notice pursuant to Section 18(a) shall not be subject to any Abatement whatsoever, it being agreed that Lessee shall be unconditionally and absolutely obligated to pay such Assignee all of the sums which are the subject matter of the assignment, all as provided in Section 3(e). If a Lease Default or Lease Event of Default shall be continuing, such Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor for the use and benefit of such Assignee) which by the terms of this Lease are permitted or provided to be exercised by Lessor (except as provided in Section 18(d)). Lessee shall furnish each Assignee with copies of all notices given to Lessor pursuant to this Lease.

(d) Rights Enforceable by Lessor. Notwithstanding the continuance of a Lease Default or Lease Event of Default, all rights, privileges and remedies of Lessor relating to amounts payable to Lessor pursuant to Sections 6, 10 and 12 shall remain enforceable by Lessor.

(e) Priority of Leasehold Interest. The right, title and interest of any such Assignee in, to and under this Lease and the Rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of Lessee in and to the Equipment.

(End of Section)

19. GENERAL MATTERS.

(a) Amendments and Waivers. No modification, amendment, termination of this Lease or waiver of any obligation hereunder shall be effective unless it is in writing signed by the party against whom enforcement thereof is sought and unless the same is permitted by the Security Agreement.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the permitted successors and assigns of Lessor and Lessee.

(c) Lessor's Right to Cure. Lessor may cure any Lease Default or Lease Event of Default, and the reasonable expenses of Lessor incurred in curing such Lease Default or Lease Event of Default, together with interest at the Penalty Interest Rate, shall be payable by Lessee upon demand by Lessor.

(d) Further Assurances. Lessee shall, from time to time, perform, at its own expense, any act required by Law or reasonably requested by Lessor or any Assignee, necessary to protect Lessor's title to, or the security interest of such Assignee in, any Item, subject, in each case, to Permitted Encumbrances.

(e) Notices. All communications and notices shall be given in the manner provided in Section 9(c) of the Participation Agreement.

(f) Unenforceable Provisions. If any provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such provision shall not be affected thereby.

(g) Leasehold Interest Only. Nothing herein shall be construed as conveying to Lessee any right, title or interest in or to the Equipment, except its leasehold interest as Lessee.

(h) No Merger. There shall be no merger of this Lease or any leasehold interest hereby created with the title to or any other estate or interest in the Equipment.

(i) Governing Law. This Lease shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New York. Lessor and Lessee hereby submit to the jurisdiction of any federal court or state court of general jurisdiction sitting in New York County in connection with any legal proceeding arising out of or relating to the transactions contemplated by the Operative Documents.

(j) Miscellaneous. The table of contents and the headings to the provisions of this Lease have been inserted for convenience, and shall not affect the meaning or construction of any provisions of this Lease. Any provision in this Lease referring to any action to be taken by any Person, or which such Person is prohibited from taking, shall be applicable whether such action is taken directly or indirectly by such Person. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Lease to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed and delivered.

LESSOR:

By [Signature]  
Its President

[CORPORATE SEAL]

Attest: [Signature]  
Its Assistant Secretary

LESSEE:

By [Signature]  
Its General Transportation Manager

E. J. M.  
11/21/80

[CORPORATE SEAL]

Attest: [Signature]  
Its Secretary

State of NY  
County of NY, ss:

On this 30 day of Jan, 1980, before me personally appeared Leonard Weissman to me personally known, who being by me duly sworn, says that he is the President of Railway Marketing Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Rebecca Maizer  
Notary Public

REBECCA MAIZER  
Notary Public, State of New York  
No. 31-4505978  
Qualified in New York County  
Commission Expires March 30, 1981

My commission expires



State of N.J.  
County of Atlantic, ss:

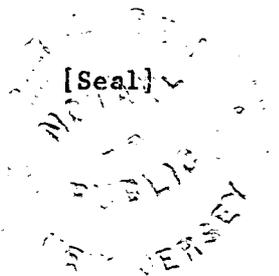
On this 31st day of January, 1980, before me personally appeared J. J. Russell, to me personally known, who being by me duly sworn, says that he is the Gen. Mgr. of American Cyanamid Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Carol Ehm  
Notary Public

CAROL EHM  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires August 10, 1984

My commission expires



## ANNEX 1

## DEFINITIONS

"AAR" means the Association of American Railroads.

"Abatement" means any abatement, reduction, set-off, defense, counterclaim or recoupment.

"Affiliate" of any corporation means a Person controlling, controlled by, or under common control with, such corporation.

"Affiliated Group" means an "affiliated group" (as defined in Section 1504 of the Code) which in fact file consolidated federal income tax returns.

"Affiliated Group Member" means a Person which is a member of an Affiliated Group.

"Alteration" means any alteration, addition, replacement, improvement or modification.

"Assignee" means Secured Party, or any other Person to whom Lessor's interest in the Lease may be hereafter assigned pursuant to Section 18 of the Lease.

"Authorized Officer" of any corporation means the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of such corporation, or any other person authorized by the Board of Directors of such corporation to perform a specific act in question.

"Basic Rent" -- Section 3(b) of the Lease.

"Basic Rent Date" means the first day of the third month following the Basic Term Commencement Date, and the first day of every succeeding third month during the Basic Term.

"Basic Rental Rate" means 2.49881%.

"Basic Term" means the period of 180 months beginning with the Basic Term Commencement Date.

"Basic Term Commencement Date" means the first day of the month following the earlier of (i) the final Closing Date or (ii) the Cut-Off Date.

"Business Day" means any day other than a Saturday, Sunday or a holiday on which banking institutions in New York or Connecticut are authorized or obligated by Law to close.

"Certificate of Acceptance" means a certificate in substantially the form of Annex 3 to the Lease.

"Closing" -- Section 2(a) of the Participation Agreement.

"Closing Date" -- Section 2(a) of the Participation Agreement.

"Closing Notice" means a notice in substantially the form of Annex 3 to the Participation Agreement.

"Code" means the Internal Revenue Code of 1954, as amended.

"Collateral" -- Section 2 of the Security Agreement.

"Corporate Trust Office" means the office of Secured Party located at One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department, or at such other address as Secured Party may designate from time to time by notice to the Noteholders, Lessor and Lessee.

"Cut-Off Date means March 31, 1980.

"Debt" means with respect to any Person (i) any obligation for borrowed money, (ii) any note payable or draft accepted representing an extension of credit, (iii) any obligation incurred under a revolving credit or bank acceptance financing agreement, (iv) Debt of others secured by any Lien existing on property owned by such Person (whether or not such obligation has been assumed), (v) any obligation incurred under a capital lease, (vi) such Person's obligation under a guaranty (direct or indirect) of Debt of others, in the full contingent amount thereof, and (vii) any other obligation due more than one year from the date as of which Debt is to be determined (other than deferred income taxes) which, in accordance with generally accepted accounting principles, is required to be shown as a liability on its balance sheet.

"Debt Percentage" means 68%.

"Demand" means any liability, obligation, loss, damage, penalty, claim, action, suit, cost, expense or disbursement (including, without limitation, legal fees and expenses) of any kind and nature whatsoever, other than any Tax.

"Directive" means an instrument executed (in one or more counterparts) by the Required Noteholders, directing Secured Party to take or refrain from taking the action specified therein.

"Domestic Corporation" means a corporation organized under the laws of the United States or a State thereof or the District of Columbia.

"Domestic Income Tax" means any Income Tax imposed under the laws of the United States or of any State or political subdivision thereof or the District of Columbia.

"Domestic Tax Authority" means the IRS or any other tax authority which administers any Domestic Income Tax.

"Employee Benefit Plan" means an employee benefit plan, as defined in Section 3(3) of ERISA.

"Equipment" means all the Items which are at the time subject or intended to be subject to the Lease.

"Equipment Marking" means the following legend:

"OWNED BY RAILWAY MARKETING CORPORATION AND SUBJECT TO A SECURITY AGREEMENT FILED WITH THE ICC."

"Equity Interest" means Lessor's ownership interest in the Equipment and Lessor's interest in the Lease, including without limitation, all amounts of Rent, insurance proceeds, indemnity and other payments of any kind for or with respect to the Equipment.

"Equity Percentage" means 32%.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Fund" means all amounts held by Secured Party pursuant to Section 2(h) of the Participation Agreement, including income thereon.

"Escrow Investments" -- Section 2(h) of the Participation Agreement.

"Escrow Return Date" means the earliest of (i) the date of consummation of the final Closing, (ii) the Termination Date, or (iii) the Cut-Off Date.

"Event of Loss" means any one of the following events: (i) the loss, theft or destruction of any Item, or the determination that any Item has become worn out or irreparably damaged, (ii) the Requisition of any Item for a stated period ending on or after the Expiration Date, or (iii) the permanent return of any Item to Manufacturer pursuant to Manufacturer's obligations under the Purchase Order.

"Excepted Rights in Collateral" means all indemnity payments under Section 6, 10 or 12 of the Lease which are payable to Lessor for its own account and all rights of Lessor to demand, collect, sue for or otherwise obtain such amounts, provided that Excepted Rights in Collateral shall not be deemed to include the exercise of any remedies provided for in Section 16 of the Lease except those contained in Section 16(a)(i) thereof insofar as they relate to the indemnity payments specified in this definition.

"Expiration Date" means the last day of the Basic Term (or, if the Lease shall have been extended pursuant to Section 13(a) of the Lease, the last day of the Renewal Term).

"Fair Market Value" means the amount which would be obtainable in an arm's-length transaction between an informed and willing buyer (other than a buyer in possession) under no compulsion to buy, and an informed and willing seller under no compulsion to sell.

"Fair Rental Value" means the amount which would be obtainable in an arm's-length transaction between an informed and willing lessee (other than a lessee in possession) under no compulsion to lease, and an informed and willing lessor under no compulsion to lease.

"Governmental Body" means any court, administrative agency or governmental authority.

"Governmental Order" means any order, judgment, writ, injunction, decree, determination or award of any Governmental Body or arbitration board or tribunal.

"Grant" means to grant a security interest. A Grant of the Lease or of any other instrument shall include (to the exclusion of the Granting party) all rights, powers and options (but none of the obligations) of the Granting party thereunder, including, without limitation, the immediate and continuing right to claim for, collect, receive and receipt for Rents, insurance proceeds, condemnation awards and all other money payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the Granting party or otherwise, and generally to do anything which the Granting party is or may be entitled to do thereunder or with respect thereto.

"ICC" means the Interstate Commerce Commission.

"Impositions" means all Taxes, other than Income Taxes.

"Income Tax" means any Tax measured by or based on net income (including excess profits taxes and taxes based on capital imposed in lieu of such net income taxes).

"Income Tax Regulations" means the Treasury Regulations promulgated under the Code by the United States Treasury Department, as amended from time to time.

"Institutional Investor" means (i) any bank, bank holding company, savings institution, trust company or national banking association (whether acting for its own account or in a fiduciary capacity as trustee or agent under any pension, retirement, profit sharing or similar trust or fund), (ii) any insurance company or fraternal benefit society, (iii) any finance company or leasing company, or (iv) any wholly owned subsidiary of any of the foregoing, provided that any such Person has capital, surplus and retained earnings (or the equivalent) of at least \$50 million.

"Interchange Rules" means the Interchange Rules of the Mechanical Division of the AAR, as amended from time to time.

"Interested Person" means Lessor, Lender, Secured Party and any holder of at least 10% in unpaid principal amount of the Notes then outstanding.

"Interim Rental Rate" means .02768%.

"Interim Term" means the period commencing, as to each Item, on the date on which such Item is delivered by Manufacturer and accepted by Lessee, and terminating on the day prior to the Basic Term Commencement Date.

"Investment Tax Credit" means the investment tax credit allowed by Section 38 and related sections of the Code.

"IRS" means the Internal Revenue Service.

"Item" means an item of railroad rolling stock described in Annex 2 to the Lease, together with any and all Alterations from time to time incorporated or installed on such Item that are the property of Lessor pursuant to the Lease.

"knowledge" means with respect to Secured Party, actual knowledge of an officer or employee in its Corporate Trust Department.

"Law" means any statute, rule, ordinance, regulation, executive order or other law.

"Lease" means the Lease to which this Annex 1 is attached, as amended from time to time.

"Lease Default" means any act or occurrence which, with notice or lapse of time, or both, would constitute a Lease Event of Default.

"Lease Event of Default" -- Section 15 of the Lease.

"Lender" -- introductory paragraph of the Participation Agreement.

"Lender's Maximum Commitment" means the amount specified as such in Annex 1 to the Participation Agreement.

"Lessee" -- introductory paragraph of the Lease.

"Lessee's Instruments" means the Lease, the Participation Agreement and the Purchase Order Assignment.

"Lessor" -- introductory paragraph of the Lease.

"Lessor's Instruments" means the Lease, the Participation Agreement, the Purchase Order Assignment, the Purchase Order, the Notes and the Security Agreement.

"Lessor's Liens" means Liens or dispositions of title (i) resulting from an affirmative action taken by Lessor which is neither consented to by Lessee nor taken in connection with a Lease Event of Default, or (ii) resulting from claims against Lessor unrelated to Lessor's ownership of the Equipment or the transactions contemplated by the Operative Documents.

"Lessor's Maximum Commitment" means the amounts specified as such in Annex 2 to the Participation Agreement.

"Lien" means any security interest, mortgage, pledge, lien, charge, encumbrance or lease of any kind, including any conditional sale or other title retention agreement and any lease in the nature thereof.

"Loss" -- Section 12(b) of the Lease.

"Loss Amount" means, with respect to each Item, an amount equal to that percentage of the Purchase Price of such Item set forth opposite the relevant Basic Rent Date in Annex 4 to the Lease.

"Manufacturer" means Trinity Industries, Inc., a Texas corporation.

"Manufacturer's Consent" means the Consent and Agreement dated as of the date of the Lease executed by Manufacturer, in substantially the form of Annex 2 to the Purchase Order Assignment.

"Manufacturer's Instruments" means Manufacturer's Consent, the Purchase Order and the bills of sale relating to the Equipment.

"Mileage" means all mileage allowances, rentals and/or other compensation.

"New Note" -- Section 3(b) of the Security Agreement.

"Note Default" means any act or occurrence which, with notice or lapse of time, or both, would constitute a Note Event of Default.

"Note Event of Default" -- Section 8 of the Security Agreement.

"Noteholder" means the person deemed and treated as the owner of any Note pursuant to Section 3(d) of the Security Agreement.

"Notes" means the 11.75% Secured Notes, in substantially the form of Annex 1 to the Security Agreement, issued or to be issued by Lessor pursuant to Section 2 of the Participation Agreement or Section 3 of the Security Agreement.

"Old Note" -- Section 3(b) of the Security Agreement.

"Operative Documents" means Lessor's Instruments, Lessee's Instruments and Manufacturer's Instruments.

"Outstanding" means with respect to Notes as of any particular time, all Notes previously issued except (i) Notes previously cancelled by Lessor or surrendered to Lessor for cancellation; (ii) Notes previously paid in full; and (iii) Old Notes for which New Notes shall have been issued, provided that for the purpose of determining whether the holders of the requisite principal amount of Notes have made or concurred in any instrument or communication under or pursuant to the Operative Documents, Notes registered in the name of, or owned beneficially by, Lessor, Lessee or any Affiliate of Lessor or Lessee, shall be deemed not to be Outstanding.

"Participants" means Lessor and Lender.

"Participation Agreement" means the Participation Agreement dated as of the date of the Lease among Lessor, Lessee, Secured Party and Lender, as amended from time to time.

"Penalty Interest Rate" means 12.75% per annum.

"Permanent Alterations" means Alterations which are not Removable Alterations.

"Permitted Encumbrances" means Liens permitted by Section 5 of the Lease, except for Lessor's Liens.

"Person" means any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

"Proceeding" means any action at law, suit in equity or other judicial or administrative proceeding.

"Purchase Order" means the Purchase Order from Lessor to Manufacturer, in substantially the form of Annex 1 to the Purchase Order Assignment.

"Purchase Order Assignment" means the Purchase Order Assignment dated as of the date of the Lease between Lessee and Lessor, in substantially the form of Exhibit A to the Participation Agreement.

"Purchase Price" means \$48,168.97 per Item.

"Railcar Requirements" means all Laws (including, without limitation, the rules of the United States Department of Transportation and the ICC), Interchange Rules and AAR standards applicable to the Equipment.

"Redetermination Method" -- Section 12(f)(ii) of the Lease.

"Refund Method" -- Section 12(f)(ii) of the Lease.

"Register" means the register for the registration and registration of transfer of Notes.

"Removable Alterations" means Alterations which are readily removable without causing material damage to the Equipment.

"Renewal Term" -- Section 13(a) of the Lease.

"Rent" means Basic Rent and Supplemental Rent.

"Required Noteholders" means (i) for the purpose of Section 9(a) of the Security Agreement, Noteholders holding no less than 25% of the aggregate unpaid principal amount of the Notes, or (ii) for any other purpose, Noteholders holding no less than 66-2/3% of the aggregate unpaid principal amount of the Notes.

"Requisition" means the requisition of title or use of any Item or other taking by any Governmental Body under power of eminent domain or otherwise.

"Return Date" means the earlier of the Expiration Date or the Termination Date.

"Sale" means a sale of any portion of the Collateral pursuant to Section 9(a)(iii) of the Security Agreement.

"Secured Indebtedness" means the Notes, together with all amounts payable by Lessor to Secured Party or any Noteholder under the Operative Documents.

"Secured Party" -- introductory paragraph of the Participation Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Agreement" means the Security Agreement dated as of the date of the Lease between Lessor and Secured Party, as amended from time to time.

"Subsidiaries" means such subsidiaries of Lessee as are included in its consolidated financial statements prepared in accordance with generally accepted accounting principles consistently applied.

"Supplemental Rent" means all payments required to be made by Lessee under the Lease, other than Basic Rent and payments of the Loss Amount of any

Item pursuant to Section 8 of the Lease.

"Tax" means any governmental or quasi-governmental income, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, excise, gross receipts, stamp or other tax, levy, impost, duty, charge, assessment, fee or withholding of any nature, together with any penalty, fine or interest thereon.

"Tax Assumptions" -- Section 12(a) of the Lease.

"Tax Claim" means a proposed disallowance or adjustment by a Domestic Tax Authority for which an amount may be payable by Lessee in accordance with Section 12 of the Lease.

"Termination Date" means the date on which Lessor terminates the Lease pursuant to Section 16(a) of the Lease.

"transfer" means to sell, assign or transfer.

ANNEX 2

DESCRIPTION OF EQUIPMENT

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DESCRIPTION AND ROAD  
MARKS OF ITEMS:

50 100-Ton 4,750 Cubic Foot Covered Hopper  
Cars, Marked and Numbered MBFX-4925 to  
MBFX-4974 both inclusive, Complying with  
Manufacturer's Specifications HC-3-47-1  
Dated: October, 1979

PLACE OF DELIVERY:

Longview, Texas

ANNEX 3

CERTIFICATE OF ACCEPTANCE

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I, \_\_\_\_\_, hereby certify that I am a duly appointed and authorized representative of American Cyanamid Company, a Maine corporation ("Lessee"); that, as such, I am authorized to execute and deliver this Certificate in the name and on behalf of Lessee; and that:

1. This Certificate is being delivered pursuant to Section 2(b) of the Lease dated as of January 15, 1980 (the "Lease") between Lessee and Railway Marketing Corporation. The terms used in this Certificate and not defined herein shall have the respective meanings attributed thereto in the Lease.

2. I have inspected, received, approved and accepted delivery under the Lease of the following Items:

NUMBER OF ITEMS:

PLACE ACCEPTED:

DATE ACCEPTED:

ROAD MARKS:

Said Items are in good order and condition and conform to the specifications applicable thereto and to all Railcar Requirements. Lessee has no knowledge of any defect in any of the foregoing Items. Each side of each Item bears the Equipment Marking required by Section 7(f) of the Lease in letters not less than one inch in height.

4. The execution of this Certificate shall not diminish Manufacturer's responsibility for any warranties applicable to the Equipment.

Dated:

Title: \_\_\_\_\_

## ANNEX 4

## SCHEDULE OF LOSS AMOUNTS

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<u>Basic Rent Date Number on which Loss Amount is Payable</u>	<u>Loss Amount (Percentage of Purchase Price)</u>
1	103.084812
2	103.562107
3	103.876379
4	104.079775
5	104.210855
6	104.285774
7	104.303215
8	104.279648
9	104.191094
10	104.050709
11	103.857253
12	103.624126
13	97.156811
14	96.812049
15	96.415782
16	95.979279
17	95.485332
18	94.942875
19	94.350708
20	93.717924
21	86.859074
22	86.126587
23	85.346449
24	84.525517
25	83.655929
26	82.742192
27	81.783159
28	80.783396
29	73.576132
30	72.513510
31	71.421864
32	70.300342
33	69.148065
34	67.964130
35	66.747608

<u>Basic Rent Date Number on which Loss Amount is Payable</u>	<u>Loss Amount (Percentage of Purchase Price)</u>
36	65.497540
37	64.212942
38	62.892799
39	61.536066
40	60.141671
41	58.708504
42	57.235429
43	55.721273
44	54.164829
45	52.564854
46	50.920069
47	49.229160
48	47.490771
49	45.703507
50	43.865932
51	42.073950
52	40.298320
53	38.517488
54	36.718714
55	34.901164
56	33.030255
57	31.113598
58	29.180039
59	27.228713
60 and thereafter	25.000190