

Rainier Equipment Leasing, Inc.
720 Third Avenue, P.O. Box C34028, Seattle, Washington 98124, (206) 621-5001

AUG 11 1980 - 10 35 PM

August 7, 1980

INTERSTATE COMMERCE COMMISSION

H. Gordon Homme, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RECEIVED
AUG 11 10 28 AM '80
I.C.C. DIV. BR.
FEE OPERATION BR.

Re: Equipment Lease Agreement executed on August 7, 1980,
between Rainier Equipment Leasing, Inc. and Kaiser
Cement Corporation

Dear Sir:

Enclosed for filing with and recording by the Interstate
Commerce Commission are four executed counterparts of an
Equipment Lease Agreement dated as of August 7, 1980, between
Rainier Equipment Leasing, Inc., 720 Third Avenue, P.O. Box C34028,
Seattle, Washington 98124, Lessor, and Kaiser Cement Corporation,
300 Lakeside Drive, Oakland, California 94612, Lessee, and
covering the following railroad equipment:

25 ACF Industries 100-ton Roller Bearing CF 2980
Center Flow Covered Hopper Rail Cars, equipped
with 30" hatches and #5090 gravity outlets (AAR
Mechanical Designation L0), bearing identifying
numbers KCGX 05 through KCGX 29, both inclusive.

As further identifying marks, the following words
shall be printed on each side of each rail car:
"Rainier Equipment Leasing, Inc., Owner-Lessor".

We have enclosed a check payable to the Interstate Commerce
Commission in the amount of \$50.00, which is the fee prescribed
by the Commission's regulations for filing and recordation of the
foregoing instrument.

Please return all additional copies of the enclosed counterparts
not required by the Interstate Commerce Commission to the representative
of Emery Air Freight, who will be delivering this letter on our behalf.

Very truly yours,

David I. Williams, President
Rainier Equipment Leasing, Inc.

Enclosures

**RAINIER
EQUIPMENT LEASING**

Royce D. Johnson

0-2244034
No. AUG 11 1980
Date
Fee \$ 50.00
ICC Washington, D. C.

Counterpart

Interstate Commerce Commission
Washington, D.C. 20423

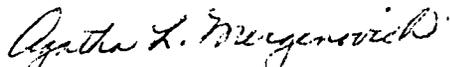
OFFICE OF THE SECRETARY

David I Williams
Rainier Equipment Leasing, Inc
720 Third Avenue, P.O. Box, C34028
Seattle, Washington 98124

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 **8/11/80** at **10:35am**, and assigned re-
recording number(s). **12073**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

AUG 11 1980 -10 35 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

NO. 810016-6

THIS EQUIPMENT LEASE AGREEMENT is made and entered into by and between RAINIER EQUIPMENT LEASING, INC., a Washington corporation ("Lessor"), and KAISER CEMENT CORPORATION, a California corporation ("Lessee").

WITNESSETH:

1. LEASE. Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor, the personal property ("Equipment") described in Section 1 of the Lease Schedule and in Section 6 of the Certificates of Acceptance thereof, copies of the form of which Schedule and Certificates are attached hereto, and which, when executed, become a part of this Equipment Lease Agreement and are expressly incorporated herein by this reference.

2. TERM. The term of this Equipment Lease Agreement (hereafter this "Lease Agreement") shall be as set forth in Section 4 of the Lease Schedule attached hereto.

3. RENT. As rent for the Equipment, Lessee agrees to pay to Lessor the sums and at the time set forth in Sections 2 and 3

of the Certificates of Acceptance attached hereto, at Lessor's address as stated below, unless Lessee is directed otherwise by Lessor in writing. Lessee acknowledges and agrees that its obligation to make such payments under this Lease Agreement is absolute and unconditional under all circumstances and shall not be reduced or made subject to any setoff, counterclaims, or deductions which Lessee has or may have in the future. Without limiting the foregoing, Lessee expressly agrees that: except as otherwise expressly provided herein, this Lease shall not terminate, nor the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, or for any other cause whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the terms hereof. In the event Lessee shall fail to timely make any payment required by this Agreement, Lessee shall be liable to pay to Lessor interest on the unpaid sum from the due date (without regard to any grace period) to the date of payment at a rate of twelve percent (12%)

per annum, or such lesser amount as may represent the maximum interest rate which Lessee may legally contract to pay under applicable usury laws.

4. ORDERING AND DELIVERY OF EQUIPMENT. Lessee acknowledges (1) that the Equipment leased hereby is being purchased by Lessor at Lessee's request from a vendor selected by Lessee and on the basis of specifications and requirements selected and furnished by Lessee, and (2) that Lessor has not held itself out as having knowledge or skill particular to the Equipment leased.

In the event any unit of Equipment has not been delivered to Lessee prior to the Outside Delivery Date specified in Section 3 of the Lease Schedules, then Lessor, at its option, may give Lessee written notice of cancellation and thereby cancel the Lease as to any such unit without liability on behalf of either party other than any obligation on behalf of Lessee to bear the risk of loss, damage or destruction to such Equipment. Lessee shall have no right or claim against Lessor for late delivery of the Equipment or failure to deliver the Equipment.

5. LESSEE'S INSPECTION AND ACCEPTANCE. Lessee agrees that it shall, at its sole cost and expense, promptly make all necessary inspections and tests of the Equipment to determine whether the Equipment conforms to the specifications and requirements selected by Lessee. Unless Lessee rejects the Equipment in accordance with Paragraph 6 below, Lessee shall be deemed, as between Lessor

and Lessee, to have accepted the Equipment as conforming to Lessee's requirements and specifications, the Equipment shall be deemed to be in good condition and without defects, and Lessee shall immediately provide Lessor with a Certificate of Acceptance of Equipment, in the form attached hereto.

Lessee's failure to notify Lessor of any defect or objection with respect to the Equipment or delivery thereof shall not indicate or establish the absence of any such defect or objection insofar as the duties and liabilities of the manufacturer or supplier thereof are concerned.

6. REJECTION OF EQUIPMENT. In the event the Equipment, its condition, or the delivery thereof is such as would justify rejection of the Equipment by Lessor under applicable law governing the sale of goods, Lessee may reject the Equipment. If Lessee elects to reject the Equipment, Lessee agrees that, at its sole cost and expense, Lessee shall forthwith notify the vendor on Lessor's behalf and in accordance with the time and manner required by applicable law governing the sale of goods that the Equipment has been rejected, notify Lessor in writing of its rejection and comply with all instructions of Lessor, and comply with all applicable laws dealing with obligations incurred upon rejection of goods.

If Lessee shall make a rejection of one or more units, or all, of the Equipment which is rightful and effective under the

provisions of the preceding paragraph of this Paragraph 6, the rights and obligations of Lessor and Lessee under this Lease Agreement, with the exception of Lessee's obligations specified in Paragraph 13 hereof regarding risk of loss and Paragraph 16 regarding indemnification and rejection of the Equipment, shall terminate only with respect to the rejected unit, or units, of Equipment. In no event shall Lessor be liable to Lessee for either specific performance, or for any claims arising out of or connected with the condition of the Equipment as delivered.

7. WARRANTIES.

(a) Lessor's Warranties. During such time under the term of this Lease Agreement as Lessee renders faithful performance of its obligations hereunder, Lessor warrants that it has and shall continue to have free and clear title to the Equipment leased hereby, subject to Lessor's right of assignment stated in Paragraph 23 herein, and that it has full power, authority and legal right to enter into and perform this Lease Agreement. Except as to this warranty of title or authority, Lessor makes no warranties, express or implied, with respect to this Lease Agreement or the Equipment leased hereby. Without limiting the generality of the foregoing, *THE EQUIPMENT IS LEASED "AS IS" AND LESSOR SPECIFICALLY MAKES NO WARRANTIES AND EXPRESSLY:*

(i) DISCLAIMS THAT ANY EQUIPMENT IS FREE OF ANY RIGHTFUL CLAIM OF ANY THIRD PERSON BY WAY OF INFRINGEMENT OR THE LIKE;

(ii) DISCLAIMS THAT THE EQUIPMENT IS MERCHANTABLE;
and

(iii) DISCLAIMS THAT THE EQUIPMENT IS FIT FOR A PARTICULAR USE.

During such time under the term of the Lease Agreement as Lessee renders faithful performance of its obligations hereunder, Lessor hereby assigns to Lessee any and all factory or dealer warranties, whether express or implied, on the Equipment. Lessee shall prosecute any and all claims or actions on any warranties so assigned at its sole cost and expense, and Lessor shall have no obligation whatsoever to make any claim on any such warranty; provided, however, that to the extent any breach of warranty results in damage to Lessor or the Equipment, Lessor may, at its option, make or prosecute a claim or action in its own right in addition to any claim or action by Lessee; and *provided further*, that Lessor will cooperate with Lessee to the extent reasonably necessary for Lessee to prepare and prosecute against the manufacturer or supplier an action for breach of warranty. All cash proceeds or equivalent thereof from such warranty recovery shall be used to repair the Equipment, or if both parties agree, to replace the Equipment.

(b) Lessee's Warranties. Lessee represents and warrants:

(i) That it has the full power, authority, and legal right to enter into and perform this Lease Agreement;

(ii) That the execution, delivery and performance of the Lease Agreement have been duly authorized by all necessary corporate or other legal action on the part of Lessee, will not require any stockholder approval or approval or consent by any trustee or holders of any indebtedness or obligations of Lessee and will not contravene any law, governmental rule, regulation or any agreement to which Lessee is a party (including its Articles of Incorporation or Bylaws if Lessee is a corporation);

(iii) That no mortgage, lease, security interest, lien, or other voluntary or involuntary encumbrance of any type which now covers or affects any real or personal property or interest of Lessee will attach to or affect the Equipment which will be superior to Lessor's interest;

(iv) That all credit and financial information submitted, or to be submitted in the future in accordance with Paragraph 26 herein, to Lessor by Lessee is true and correct;

(v) That all consents and approvals of, the giving of notice to, registration with, and the taking of any other action in respect of any federal, state or foreign

governmental authority or agency, necessary, if at all, to permit the transactions contemplated by this Lease Agreement have been taken;

(vi) That there are no pending or threatened actions or proceedings before any court or administrative agency which will materially adversely affect the financial condition of Lessee or any of its subsidiaries or the ability of Lessee to perform its obligations under this Lease Agreement;

(vii) That the transactions contemplated by this Lease Agreement will raise no presumption of fraud as against and will be effective against all creditors of Lessee under applicable state and federal laws, including, without limitation, laws relating to fraudulent conveyances or bulk transfer; and

(viii) That it shall provide Lessor, upon request, with an opinion of Lessee's General Counsel, satisfactory to Lessor, with respect to each of the foregoing matters with the exception of subparagraph (iv) above.

8. FILING, LICENSING, REGISTRATION AND TAXES. Lessee agrees:

(a) At its sole cost and expense and prior to the delivery and acceptance of the Equipment, to cause this Lease Agreement to be duly filed, recorded or deposited in such public offices within or without the United States as the Lessor may

reasonably request for the protection of its title to the Lessor's satisfaction and to furnish Lessor proof thereof. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments (including, without limitation, financing and continuation statements or similar notices thereof) required by law or reasonably requested by Lessor, for the purpose of protecting Lessor's title to the Equipment to Lessor's satisfaction or for the purpose of carrying out the intention of this Lease Agreement, and in connection with any such action, will deliver to Lessor proof of such filings. Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

(b) To obtain and maintain, at Lessee's sole cost and expense, such licensing and registration of the Equipment as is required by law. All such licensing and registration shall show that Lessor is the owner of the Equipment and all documents relating thereto not required to be kept with the Equipment shall immediately be delivered to Lessor, along with copies of all documentation requested to be retained with the Equipment.

(c) To pay and discharge when due all license and registration fees, assessments, sales, use, property and other

similar taxes (excluding any tax measured by Lessor's net income) attributable to the term of the Lease, together with any penalties or interest applicable thereto, now or hereafter imposed by any state, federal or local government upon any item of the Equipment, or the rentals payable hereunder, whether the same be payable by or assessed to Lessor or Lessee. If by law any such registration or license fee or tax is billed to Lessor, Lessee at its expense will do any and all things required to be done by Lessor in connection with the licensing or registration procedure and the levy or assessment of any tax, including the billing or payment thereof. Upon request, Lessee shall provide Lessor with proof of payment.

9. LESSOR'S INSPECTION. Lessor shall have the right at any time during normal business hours and after having given twelve (12) hours' prior notice to enter the premises where the Equipment is to be located for the purpose of inspecting and examining the Equipment to insure compliance by Lessee with its obligations under the Lease Agreement.

10. USE AND MAINTENANCE OF EQUIPMENT; COMPLIANCE WITH LAWS, REGULATIONS AND RULES; MILEAGE ALLOWANCE.

(a) During the term of this Lease Agreement, Lessee agrees to use the Equipment in a reasonable manner and for its intended purpose so as to insure that the Equipment will be usable during its entire economic life, which extends beyond the

term of this Lease Agreement. Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. Any parts installed or replacements made by the Lessee upon any item of Equipment shall be considered accessions thereto and shall be the property of Lessor. Without limiting the foregoing, Lessee further agrees that it will keep each item of Equipment free and clear of any liens, charges, encumbrances or claims of the owner or owners of any interest in any units of railroad rolling stock to which any such item of Equipment is at any time attached or affixed and of any purchasers of or present or future creditors obtaining a lien on such unit or units of rolling stock, and Lessee will permit an item of Equipment to be attached or affixed to a unit of rolling stock only in a manner so as to permit such item to be readily removable from such unit of rolling stock without material damage to such item or to such unit of rolling stock and without diminishing or impairing the value or utility of such item or the value or utility such unit of rolling stock would have had at such time had such item not been so attached or affixed.

(b) Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each item of Equipment

subject to this Lease Agreement. In case any equipment or appliance is required to be installed on such item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense and without offset for rent due hereunder.

(c) Lessee shall not make any alterations, additions, or improvements to the Equipment, except as required by the preceding subparagraph (b) without the prior written consent of Lessor. All additions or improvements which Lessor consents to shall be made at Lessee's cost and expense, shall be and remain the property of Lessee, and must be readily removable from the Equipment without causing damage to the Equipment.

(d) The Equipment shall be kept at the location(s) specified in Section 5 of the Certificates of Acceptance attached hereto. Lessee agrees that it shall not remove the Equipment from such location(s) without the prior written consent of Lessor, which consent shall not be unreasonably withheld by Lessor.

(e) Lessee may allow properly designated employees and/or agents of the Atchison, Topeka & Santa Fe Railroad (hereinafter called "AT&SFR") to use the Equipment on the lines of such railroad and on Lessee's property and to maintain the Equipment for Lessee, if so provided, pursuant to the terms and conditions of the contract between Lessee and the AT&SFR, a true and correct copy of which will be delivered to Lessor.

Lessee agrees that it will allow no other persons or parties, except its own designated employees or another railroad with which Lessee may contract in the future upon expiration or permitted termination of Lessee's contract with AT&SFR, to use the Equipment, and that it will not terminate or amend its contract with AT&SFR other than in accordance with its terms without the prior written consent of Lessor, which shall not be unreasonably withheld. Any contract with the AT&SFR or a railroad other than the AT&SFR which provides for use or maintenance of the Equipment by such railroad must have Lessor's prior written approval, which shall not be unreasonably withheld.

(f) Provided Lessee is not in default hereunder, Lessee shall be entitled to receive the benefits of any mileage allowance paid by any railroad relating to the use of the Equipment.

11. LABELLING. Lessee shall place and maintain on each side of each Car a notice (in letters not less than one inch in height) conspicuously disclosing Lessor's ownership thereof as follows:

RAINIER EQUIPMENT LEASING, INC., OWNER-LESSOR

or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such unit and the rights of Lessor under this Lease Agreement. Lessee will not place any such unit in operation or exercise any control

or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly, upon Lessee's becoming aware of same, any such names and word or words which may be removed, defaced or destroyed. Lessee shall maintain on each unit of Equipment the serial and other identifying numbers, if any, set forth on the applicable Certificate of Acceptance. Lessee will not change the identifying number of any Car except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with Lessor by Lessee and filed, recorded or deposited by Lessee in all public offices where this Lease Agreement shall have been filed, recorded or deposited. Except as above provided, Lessee, so long as this Lease Agreement shall remain in effect, will not allow the name of any person, association or corporation to be placed on the units as a designation that might be interpreted as a claim of ownership; *provided, however,* that Lessee may cause the units to be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their right to use the units as permitted under this Lease Agreement.

12. ATTACHMENT TO REAL PROPERTY. Lessee shall not affix or attach the Equipment leased hereunder to any real property without the prior written consent of Lessor. The Equipment shall

remain personal property regardless of whether it becomes affixed or attached to real property, or permanently rests upon any real property or any improvement thereon. Lessee agrees to execute all such agreements and other documents, and to obtain the execution thereof, in recordable form, by all parties having an interest in any real property to which any of the Equipment is affixed, as Lessor may, from time to time, reasonably request, with respect to the identity of the Equipment as personal property, and Lessee further consents to the recordation of all such agreements and documents.

13. LOSS AND DAMAGE - EMINENT DOMAIN. Lessee hereby assumes and shall bear the entire risk of loss, damage to, theft or destruction of all Equipment leased hereunder, from any and every cause whatsoever. *LOSS OR DAMAGE TO THE EQUIPMENT, OR TO ANY PART THEREOF, SHALL NOT RELIEVE LESSEE OF ANY OBLIGATION UNDER THIS LEASE AGREEMENT.* Lessee's obligation with respect to said loss or damage shall commence upon the happening of the event upon which, under applicable law governing the sale of goods, the risk of loss of the Equipment passes from the vendor of the Equipment to Lessor.

Lessee agrees to promptly notify Lessor of any accident or event of loss or damage involving the Equipment. Said notification shall include any information as may be pertinent to Lessor's investigation of such accident, loss or damage, or which Lessor

may reasonably require. In the event of loss or damage to any unit of Equipment, Lessee shall provide Lessor with such assurances and documentation as Lessor may reasonably request, establishing to the satisfaction of Lessor that Lessee is financially capable of fulfilling and performing all of its obligations under this Lease. In addition, in the event of loss or damage to any unit of Equipment, Lessee shall at Lessee's sole cost and expense, repair or restore the Equipment to good working condition and order so as to remove the effects of any damage to the Equipment, normal wear and tear excepted; or, if Lessee determines that the Equipment cannot be repaired, then Lessee, at its option shall:

(a) Replace the Equipment with other Equipment of a like nature and quality, which other Equipment must be first inspected by Lessor and determined by Lessor to constitute Equipment of a "like nature and quality," and pay all appraisal fees incurred by Lessor in conducting its inspection of the other Equipment; or

(b) Pay to Lessor on the next rental payment due date the Casualty Loss Value for such Equipment as set forth in Section 8 of the Lease Schedule in addition to the normal lease payment then due.

In the event that during the term of this Lease the use of any item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise

for an indefinite period or for a stated period which does not exceed the term of this Lease, Lessee's obligation to pay rent shall continue for the duration of the Lease term despite such requisitioning or taking. Lessee shall be entitled to receive and retain for its own account all sums payable by such governmental authority for any such period during the Lease term.

If a requisitioning or taking of indefinite duration remains in effect as of the end of the Lease term, it shall be deemed a Requisition Loss to any affected unit of Equipment, occurring as of the last day of the Lease term. A requisitioning or taking for a stated period extending beyond the end of the Lease term also shall be deemed a Requisition Loss to any affected unit of Equipment, occurring as of the date on which Lessee receives notice of the requisitioning or taking.

Upon the occurrence of a Requisition Loss, Lessee shall pay to Lessor on the next rental payment due date the Casualty Loss Value for any affected unit of Equipment as set forth in Section 8 of the Lease Schedule, together with any other sums then due and payable to Lessor from Lessee under this Lease Agreement. Upon receipt of such payment by Lessee, Lessor shall transfer to Lessee its title to any affected unit of Equipment, as is and without warranties of any kind, express or implied, SPECIFICALLY EXCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, and Lessee shall be entitled to receive and

retain for its own account all sums subsequently payable by the responsible governmental authority as compensation for such requisitioning or taking.

14. INSURANCE. Lessee, at its sole cost and expense, shall either self-insure or procure and maintain insurance covering the risk of physical damage to the Equipment stated in Section 11, Paragraph A, of the Lease Schedule, naming Lessor as Loss Payee. Lessee shall procure and maintain public liability and property damage insurance in amounts not less than the minimum amounts stated in Section 11, Paragraph B, of the Lease Schedule, naming Lessor as Additional Insured. Lessee shall deliver the policies of insurance or duplicates thereof or certificates of insurance to Lessor. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor that it will give Lessor thirty (30) days' written notice before the policy in question shall be materially altered or cancelled. The proceeds of any public liability insurance shall be payable first to Lessor to the extent of its liability, if any; the balance payable to Lessee. The proceeds of any fire, extended coverage, theft, collision or other insurance providing coverage of risk of loss or damage to the owner of the Equipment leased hereunder shall be payable to Lessor as its interest shall appear and shall be credited by Lessor toward the payment of obligations of and expenses of Lessee in discharging

its liability under Paragraph 13 hereof, and the balance of the proceeds, if any, shall be paid to Lessee. In the event Lessee fails to procure, maintain or pay for said insurance, Lessor shall have the right, but not be obligated, to obtain such insurance; and Lessee shall reimburse Lessor for the cost thereof plus interest thereon at the rate of twelve percent (12%) per annum.

15. ENCUMBRANCES. Lessee agrees to keep the Equipment free and clear of all levies, liens and encumbrances, whether voluntary or involuntary, and to notify Lessor in writing within ten (10) days after any such levy, lien or encumbrance shall attach to any item of the Equipment. In the event Lessee shall fail to remove any such levy, lien or encumbrance within thirty (30) days of its attachment or otherwise default in its obligations hereunder, Lessor may, in addition to exercising any other right it may have under this Lease Agreement and at its sole option, discharge any such levy, lien or encumbrance and Lessee shall, upon demand, reimburse Lessor for the full payment of any payment made for this purpose plus interest thereon at the rate of twelve percent (12%) per annum.

16. INDEMNITY. Lessee agrees to defend, at its sole cost and expense, and to indemnify and hold harmless Lessor, its agents and employees from and against any and all loss, claims, actions, suits, damages (including attorneys' fees), however caused, resulting directly or indirectly from or pertaining to

the manufacture, possession, use, purchase, lease, operation or return of the Equipment, or as to third parties, from the rejection of the Equipment, including without limitation, such loss, claims, costs, expenses, damages and liabilities arising from the death or injury of any agent or employee of Lessee or Lessor, or any third person, or damage to the property of Lessee or Lessor, their agents or employees, or any third person. Lessee shall give Lessor prompt written notice of any matter hereby indemnified against and agrees that upon written notice by Lessor of the assertion of such loss, claim, action, damage or liability, Lessee shall assume full responsibility for the defense thereof. Lessor may, at its option, and at its own expense, participate in such defense. This section shall survive termination of this Lease Agreement.

17. INDEMNITY FOR LOSS OF DEPRECIATION DEDUCTIONS. Lessee represents and warrants that: (a) at the time the Lessor becomes the owner of the Equipment, the entire purchase price of the Equipment will qualify as "new Section 38 property" within the meaning of Section 48(b) of the Internal Revenue Code of 1954, as amended (hereafter "the Code"); (b) at the time the Lessor becomes the owner of the Equipment, the Equipment will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (c) at the time the Lessor

becomes the owner of the Equipment, no investment credit, depreciation or other tax benefits will have been claimed by any person with respect thereto; and (d) at all times during the term of the Lease Agreement, the Equipment will constitute "Section 38 property" within the meaning of Section 48(a) of the Code in effect on the date the Equipment is placed in service.

Lessee's liability, and Lessor's rights against Lessee, arising from or related to the failure to be true of any of the representations contained in the foregoing clauses (a) through (d) or from the breach of any warranty contained in such clauses, shall be limited to the indemnification for loss provided for in Paragraph 17.

Lessee agrees that if, and only if, due to any act of the Lessee or Lessee's failure to act, or due to the failure of any of Lessee's representations to be correct or the breach of any of its warranties set forth in the first subparagraph of this Paragraph 17, Lessor shall not be entitled to the most accelerated method of depreciation provided in Sections 167(b) and 167(m) of the Internal Revenue Code of 1954, as amended, or such deductions are lost, disallowed, eliminated, reduced, or otherwise unavailable for any of the reasons stated above (the "loss"), then Lessee shall pay to Lessor, within thirty (30) days after the date of such loss (as defined herein) an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt

of such sum under the laws of any federal, state or local government or taxing authority, shall be equal to the amount of such deductions so lost plus the amount of interest or penalties (including additions to tax because of underpayment of estimated tax) which may be payable to any federal, state or local government or taxing authority in connection with such loss. The amount of such loss shall be determined by mutual agreement of Lessor and Lessee or, failing such agreement, by an independent firm of certified public accountants or independent tax counsel, at Lessee's expense. Any payments required to be made by Lessee under the provisions of this Paragraph 17 will be limited to the amount which is sufficient to maintain Lessor's after-tax return on any unit of Equipment for which a loss is incurred at the same level that would have been available had no loss been incurred.

For the purpose of this Lease Agreement, the date of any such loss shall be the earliest of:

(i) The occurrence of any event (such as disposition or change in use of any unit of Equipment) which may cause such loss, or

(ii) The payment by Lessor (or the consolidated federal taxpayer group of which Lessor is a part) to the Internal Revenue Service of the tax increase resulting from such loss, or

(iii) Receipt by Lessor from the appropriate taxing authority of any notice of proposed deficiency, statutory notice of deficiency or assessment relating to the loss, or

(iv) A determination by an independent firm of certified public accountants or independent tax counsel to the effect that Lessor (or the consolidated federal taxpayer group of which Lessor is a part) is not entitled to such deduction, or

(v) The adjustment of the tax return of Lessor (or the consolidated federal taxpayer group of which Lessor is a part) to reflect such a loss.

Lessee shall not be required to pay for any loss if the loss results from the occurrence of any of the following events:

(a) a disqualifying disposition due to sale of any unit or the lease thereof by Lessor prior to any default by Lessee, or (b) a failure of Lessor to timely claim depreciation for any unit in the appropriate tax return of Lessor (or the consolidated federal taxpayer group of which Lessor is a part), or (c) a disqualifying change in the nature of Lessor's business or the liquidation thereof.

18. INVESTMENT TAX CREDIT. It is understood and agreed between Lessor and Lessee that Lessee will take the benefit of any investment tax credit with respect to the Equipment.

19. OWNERSHIP BY LESSOR. The Equipment is, and shall at all times remain, the sole and exclusive property of Lessor, and Lessee shall have no right, title or interest therein except as expressly set forth in this Lease Agreement.

20. END OF LEASE OPTIONS. At the expiration of the full term of this Lease Agreement, if Lessee shall not be in default under any of the terms hereof, Lessee shall have the right and privilege, at its option, and provided that Lessee has given Lessor written notice of its intention to exercise said option not less than one hundred twenty (120) days prior to the expiration of the term of this Lease Agreement:

(a) To purchase any unit, or all of the Equipment, at a purchase price equal to the Fair Market Value thereof at the expiration of the Lease term, as agreed to by Lessor and Lessee.

(b) To renew the Lease for any unit, or all of the Equipment, at its then Fair Market Rental Value for a period agreed upon by Lessor and Lessee.

The Fair Market Value or Fair Market Rental Value of the Equipment shall be determined on the basis that costs of installation and removal shall not be a deduction from such value. If Lessor and Lessee cannot agree upon the Fair Market Value or Fair Market Rental Value, such value shall be determined by a qualified independent appraiser mutually acceptable to Lessor and Lessee,

or failing such agreement, by a panel of three independent appraisers, one selected by Lessor, the second by Lessee, and the third designated by the first two selected. The value determination so made by the sole appraiser or by a majority of the panel of appraisers shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser(s) shall be borne by Lessee.

If Lessee elects to purchase the Equipment as provided herein, upon full payment of the purchase price, Lessor shall duly execute and deliver to the Lessee all documents necessary to effect transfer of ownership of the Equipment purchased to Lessee, without warranties of any kind, express or implied, *SPECIFICALLY EXCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE.* Lessee agrees to pay or cause to be paid all sales and/or use taxes payable in connection with such purchase, and any unpaid property taxes theretofore assessed or levied against said Equipment.

21. SURRENDER. Upon the expiration or earlier termination of this Lease Agreement and subject to the provisions of paragraphs 13 and 20 hereof, with respect to any item of Equipment, or all of the Equipment, Lessee will, at its own cost and expense, at the request of Lessor, remove such Equipment from any unit of railroad rolling stock to which such Equipment is attached and deliver possession of such Equipment to Lessor at such reasonable

storage place on the lines of the AT&SFR as Lessor may designate and arrange for Lessor to store such Equipment at such place for a period not exceeding ninety (90) days and transport the same at any time within such ninety- (90-) day period to any reasonable place on the lines of the AT&SFR or to any connecting carrier for shipment, all as directed by Lessor upon not less than thirty (30) days' written notice to Lessee; provided that the obligation of Lessee to so transport shall be limited to only one such movement in respect of each item of Equipment. All movement, storage and maintenance of such Equipment is to be at the risk and expense of Lessee. During any such storage period Lessee will arrange for Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Equipment to inspect the same. During any such storage period Lessee shall maintain the insurance required by Paragraph 14 hereof and will maintain such Equipment as required by Paragraph 10 hereof. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease Agreement, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to appropriate equitable relief, including, but not limited to, specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

All Equipment returned pursuant to this Paragraph shall be free of all advertising or insignia placed thereon by Lessee, and shall be in good repair, condition and working order, ordinary wear and tear resulting from the intended use thereof excepted, as required by Paragraph 10 hereof.

22. ASSIGNMENT BY LESSEE. Lessee shall not, without the prior written consent of Lessor, which shall not be unreasonably withheld, assign, delegate, transfer, or hypothecate this Lease Agreement, the Equipment, or any part thereof or interest therein; or offer to sell, or sublet or lend the Equipment, or any part thereof, other than to a wholly owned subsidiary of Lessee, or, except as allowed by Paragraph 10 hereof, permit the Equipment or any part thereof to be used by anyone other than Lessee or Lessee's employees, or those of a wholly owned subsidiary of Lessee.

23. ASSIGNMENT BY LESSOR. Lessor may assign, transfer, pledge, hypothecate, or grant a security interest in, this Lease Agreement or the Equipment (subject to Lessee's rights hereunder), or both, in whole or in part, without notice to or consent by Lessee, to any person or entity, including a trustee or trustees selected by Lessor to act for it, and Lessor's assignee or secured party may reassign said interest (subject to Lessee's rights hereunder) without notice to or consent by Lessee. Should this Lease Agreement or the Equipment, or any interest or part thereof, be so transferred, Lessee shall have no right to demand assurances

of performance. Notwithstanding the foregoing, Lessor agrees to notify Lessee after any such assignment within a reasonable period of time.

24. DEFAULT. Time is of the essence of this Lease Agreement. Lessee shall be deemed to have committed a total breach in default of this Lease Agreement (i) if Lessee fails to pay within thirty (30) days of the due date any rent or other amount required herein to be paid by Lessee; (ii) if Lessee fails to perform any other obligation required by the terms of this Lease Agreement within fifteen (15) days after Lessor shall have demanded in writing performance thereof; (iii) if, in the event of any loss or damage to any unit of Equipment, Lessee fails to provide reasonable assurances of its financial ability to perform the lease and to repair or replace said unit or to pay Casualty Loss Value, all as required by Paragraph 13; (iv) if Lessee, in connection with the negotiation and creation of this Lease Agreement, has misrepresented any material fact, including but not limited to, any of the facts warranted by Lessee in Paragraph 7(b) hereof or in the Lease Schedule or any of the Certificates of Acceptance, all of which are material; (v) if Lessee commits any act of bankruptcy, if any proceeding under the Bankruptcy Act is commenced by Lessee or if such a proceeding is commenced against Lessee which is not discharged within thirty (30) days of its commencement; (vi) if a receiver is appointed to take possession of any item of

Equipment leased hereunder; or (vii) if Lessee makes a general assignment for the benefit of its creditors, or sells, transfers or disposes of all or substantially all of its assets or property without the prior written consent of Lessor. In the event of such a default by Lessee, Lessor, at its election, may pursue any one or more of the following actions:

(a) Declare immediately due and payable all the rent and other obligations then unpaid for the full remaining term of this Lease Agreement without thereby terminating the Lease or Lessor's right to recover possession of the leased Equipment.

(b) Peacefully take possession of the Equipment or render it unusable without demand or notice and without court order or legal process. In taking possession of said Equipment or rendering it unusable, Lessor shall have the right to enter upon Lessee's premises. *LESSEE SPECIFICALLY WAIVES ANY RIGHT IT HAS TO NOTICE OR A JUDICIAL HEARING PRIOR TO LESSOR'S TAKING POSSESSION OF THE EQUIPMENT OR RENDERING IT UNUSABLE* and specifically acknowledges that its agreement to waive said rights, if any, is made in consideration of Lessor's agreement to enter into this Lease Agreement. Unless Lessor gives written notice to the contrary, this Lease Agreement shall not be terminated by Lessor's taking possession of, or rendering unusable, the Equipment, and Lessee shall remain liable for the performance of all of its obligations hereunder. Upon retaking possession of the Equipment,

Lessor may retain possession of the Equipment, may lease the Equipment for any period (including a period beyond the expiration term of this Lease) on such terms and conditions as Lessor selects, or sell the Equipment at public or private sale upon such notice and after solicitation of such bids as Lessor deems reasonable. Lessor may be the purchaser at any such sale.

Lessor shall apply the net proceeds (the proceeds of any renting or sale pursuant to this Paragraph 24, minus all costs and expenses incurred with recovery, repair, storage, renting or sale) of any such rental or sale to the payment of Lessee's obligations hereunder, Lessee remaining liable for any deficiency.

(c) Terminate this Lease Agreement and recover from Lessee the excess, if any, of the amount of rent and value of other obligations of Lessee hereunder, valued at the time of termination, for the balance of the term or any shorter period of time, over the then reasonable rental value of the Equipment for the same period.

(d) Bring legal action to recover all rents or other amounts then accrued or thereafter accruing, or to enforce any other obligation of the Lessee hereunder.

(e) Pursue any other remedy at law or equity which Lessor may have.

(f) If Lessor terminates this Lease Agreement pursuant to the terms of this Paragraph 24, Lessee shall forthwith deliver possession of the Equipment to Lessor. For the purpose of delivering possession of any item of Equipment to Lessor as above required, Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith remove such Equipment from any unit of railroad rolling stock to which such Equipment is attached and place such Equipment in such reasonable storage place on the lines of the AT&SFR as Lessor may designate;

(ii) Arrange for Lessor to store such Equipment in such reasonable storage place on the lines of the AT&SFR without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by Lessor, and during such period of storage Lessee shall continue to maintain the insurance required by Paragraph 14 hereof; and

(iii) Transport the Equipment to any place on the lines of the AT&SFR or to any connecting carrier for shipment, all as Lessor may direct in writing.

The removal, assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having

jurisdiction in the premises, Lessor shall be entitled to appropriate equitable relief, including, but not limited to, specific performance of the covenants of Lessee so to remove, assemble, deliver, store and transport the Equipment.

Without in any way limiting the obligations of Lessee under the foregoing provisions of this subparagraph (f) to this Paragraph 24, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is in default of this Lease Agreement and is obligated to deliver possession of any item of Equipment to Lessor, to demand and take possession of such item in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such item.

No right or remedy herein conferred upon or reserved by Lessor is exclusive, and each remedy is cumulative and may be enforced separately or concurrently. Regardless of the remedy or remedies pursued by Lessor, Lessee agrees to be liable for, and, upon demand, to pay to Lessor, in addition to all other sums due hereunder, the full amount of any costs or expenses, including reasonable attorneys' fees, incurred by Lessor in connection with any default by Lessee hereunder.

25. TERMINATION, MODIFICATION OR WAIVER. This Lease Agreement cannot be terminated or cancelled except as expressly provided herein. No amendment, alteration or change to this

Lease Agreement shall be effective unless the same shall be in writing and signed by Lessor and Lessee. No waiver of any conditions or of either party's obligations hereunder shall be deemed to take place unless such waiver shall be in writing and signed by the party against whom such waiver is to operate. Failure to exercise any remedy which Lessor may have hereunder or any other acquiescence in the default of Lessee shall not constitute a waiver of any obligations of Lessee including the obligation in which Lessee is in default and Lessor shall be entitled to pursue any remedy available to it hereunder until Lessee has rendered complete performance of all obligations of this Lease Agreement.

26. REPORTS AND DOCUMENTS. Lessee shall, within one hundred twenty (120) days of the close of its fiscal year, submit to Lessor financial statements including income and expense data. If audited financial statements are available, they shall be submitted; otherwise, the statements must be signed and dated by an officer of Lessee. In addition, Lessee shall submit to Lessor such corporate resolutions, opinions of counsel, financial statements, and other documents as Lessor may reasonably request from time to time.

27. NOTICES. All notices required or permitted under this Lease Agreement shall be sufficient if in writing and delivered personally or mailed by Certified or Registered Mail with postage

prepaid to the party at the address hereinafter set forth, or at such other address as either party may designate in writing from time to time. Any such notice so mailed to such address shall be effective forty-eight (48) hours after it has been deposited in the United States mail, duly addressed with all applicable postage prepaid.

28. APPLICABLE LAW AND ENFORCEMENT. The validity, enforcement and performance of this Lease Agreement shall be governed and determined by the laws of the State of Washington.

29. MISCELLANEOUS. Whenever reference is made herein to "this Lease Agreement," it shall be deemed to include, as required, the Lease Schedule and the various Certificates of Acceptance identifying all items of Equipment, or identifying one or more particular items of Equipment.

Whenever the context permits, Lessee's covenants under this Lease Agreement shall survive the delivery and return of the Equipment leased hereunder.

If there should be more than one person executing this Lease as Lessee, all obligations hereunder to be performed by Lessee shall be the joint and several liability of all such persons.

If any provision of this Lease Agreement is held invalid for any reason whatsoever, such invalidity shall not affect any other provision which can be given effect without the invalid provision,

and to this end provisions of this Lease Agreement are declared to be severable.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement on the 7th day of August, 1980.

Lessor:

RAINIER EQUIPMENT LEASING, INC.

[CORPORATE SEAL]

By *[Signature]*
Its Chairman

By *[Signature]*
Its President

Address: 720 Third Avenue
P. O. Box C34028
Seattle, WA 98124

Lessee:

KAISER CEMENT CORPORATION

[CORPORATE SEAL]

By *[Signature]*
Its Senior Vice President

Address: 300 Lakeside Drive
Oakland, CA 94612



STATE OF WASHINGTON)
 :SS
COUNTY OF KING)

On this 7th day of August, 1980, before me personally appeared Orville E. Melby, to me personally known, whom, being by me duly sworn, says that he is Chairman of Rainier Equipment Leasing, Inc., that one of the seals affixed to the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, is the corporate seal of said corporation, and that the said instruments were signed and sealed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, was the free act and deed of said corporation.

[NOTARIAL SEAL]

Janice Hogan
Notary Public in and for the State of
Washington, residing at Seattle.
My commission expires April 24, 1982.

STATE OF WASHINGTON)
 :SS
COUNTY OF KING)

On this 7th day of August, 1980, before me personally appeared David I. Williams, to me personally known, whom, being by me duly sworn, says that he is President of Rainier Equipment Leasing, Inc., that one of the seals affixed to the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, is the corporate seal of said corporation, and that the said instruments were signed and sealed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, was the free act and deed of said corporation.

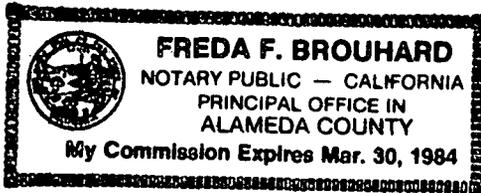
[NOTARIAL SEAL]

Janice Hogan
Notary Public in and for the State of
Washington, residing at Seattle.
My commission expires April 24, 1982.

STATE OF CALIFORNIA)
 :SS
COUNTY OF ALAMEDA)

On this 5th day of August, 1980, before me personally appeared J. I. Walker, to me personally known, whom, being by me duly sworn, says that he is Senior Vice President of Kaiser Cement Corporation, that one of the seals affixed to the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, is the corporate seal of said corporation, and that the said instruments were signed and sealed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing Equipment Lease Agreement, as well as the attached Lease Schedule, was the free act and deed of said corporation.

[NOTARIAL SEAL]



Freda F. Brouhard
Notary Public in and for the State of
California, residing at Alameda County.
My commission expires March 30, 1984.

LEASE SCHEDULE

This Lease Schedule is expressly incorporated in and made a part of that certain Equipment Lease Agreement No. 810016-6 ("Lease Agreement") between RAINIER EQUIPMENT LEASING, INC. ("Lessor") and KAISER CEMENT CORPORATION ("Lessee"), dated August 7, 1980. That Lease Agreement should be read in conjunction with this Schedule.

1. EQUIPMENT:

<u>Description</u>	<u>Anticipated Location</u>	<u>Anticipated Acquisition Cost</u>
Twenty-five (25) ACF Industries 100-Ton Roller Bearing CF 2980 Center Flow Covered Hopper Rail Cars equipped with 30" hatches and #5090 gravity outlets. AAR Mechanical Designation: LO Kaiser Cement Corporation Car Numbers: KCGX 05-29 (both inclusive)	Cushenbury, Calif.	\$1,000,000

2. ACQUISITION COST: The total acquisition cost for the Equipment, including applicable sales, use, or similar taxes, and any freight and handling charges shall not exceed \$1,000,000.
3. OUTSIDE DELIVERY DATE: If any unit of Equipment is not delivered to and accepted by Lessee on or before December 31, 1980, or there is an adverse change in Lessee's financial condition prior to acceptance of the Equipment, then Lessor shall have no obligation whatsoever to Lease such unit or units to Lessee.
4. TERM: The term of this Lease Agreement shall commence upon the date Lessee accepts the Equipment described in Section 1 hereof and shall end upon expiration of the basic term as set forth in this Section 4. The basic term for the Equipment described above shall be fifteen (15) years, not including any interim rental period, and shall commence on the Lease Commencement Date (as defined herein).
5. FIRST HALF DELIVERY: Any unit of Equipment delivered to and accepted by Lessee on or before June 30, 1980, shall be considered a first half delivery. As such the following terms shall apply:
 - (a) The Lease Commencement Date shall be January 15, 1981.
 - (b) As interim rent for the Equipment for the period between the date of acceptance and January 15, 1981, Lessee shall pay Lessor 8% of Acquisition Cost, plus all applicable sales, use, or similar excise taxes, on January 15, 1981.
 - (c) As basic rent for the Equipment, Lessee shall pay Lessor fifteen (15) consecutive annual payments, each in a sum equal to 14.150% of Acquisition Cost, plus all applicable sales, use, or similar excise taxes. The first annual payment will be due on January 14, 1982.
 - (d) The Casualty Loss Values for the Equipment are provided in Section 8 hereof.
 - (e) The Early Termination Values for the Equipment are provided in Section 9 hereof.

6. SECOND HALF DELIVERY: Any unit of Equipment delivered to and accepted by Lessee after June 30, 1980 and before January 1, 1981, shall be considered a second half delivery. As such, the following terms shall apply:
- (a) The Lease Commencement Date shall be January 15, 1981.
 - (b) As interim rent for the Equipment for the period between the date of acceptance and January 15, 1981, Lessee shall pay Lessor 5% of Acquisition Cost, plus all applicable sales, use, or similar excise taxes, on January 15, 1981.
 - (c) As basic rent for the Equipment, Lessee shall pay Lessor fifteen (15) consecutive annual payments, each in a sum equal to 14.150% of Acquisition Cost, plus all applicable sales, use or similar excise taxes. The first annual payment will be due on January 14, 1982.
 - (d) The Casualty Loss Values for the Equipment are provided in Section 8 hereof.
 - (e) The Early Termination Values for the Equipment are provided in Section 10 hereof.
7. EARLY TERMINATION: Notwithstanding the provisions contained in Paragraph 25 of the Lease Agreement, Lessee shall have the option to terminate the Lease Agreement, as to any unit, or all, of the Equipment described on this Schedule, after a minimum of seven (7) years of the basic term of this Schedule, provided that the Equipment has become obsolete or surplus to Lessee's requirements, provided Lessee shall not be in default under any of the terms of the Lease Agreement, and further provided that Lessee give Lessor 120 days prior written notice of its intention to terminate the Lease Agreement with respect to that Equipment. In consideration of such termination, Lessor shall be entitled as follows: After written notice of intent to terminate the Lease as to one or more units of Equipment, Lessee shall obtain three bids for purchase of such Equipment from qualified bidders (all bidders shall be independent entities which are not affiliated with, or related to the Lessee in any manner). Such bids shall be in writing, shall be for cash only, and shall contain an expiration date of no less than 30 days from submission to Lessor. Upon receipt of three bids to purchase the Equipment, Lessor, in its sole discretion, may either sell or retain the Equipment, if any of the three bids is greater than the applicable Early Termination Value. In either event, Lessee shall be free of any further obligations regarding payments hereunder. If none of the three bids is for a price greater than the Early Termination Value, the Equipment shall be sold to the highest bidder and Lessee shall pay Lessor the difference, if any, between the Early Termination Value and the net proceeds from such sale, whereupon Lessee shall have no further obligations under the Lease Agreement. For purposes of this provision, net proceeds shall be defined as the difference between the gross sales price of the Equipment and the reasonable costs and expenses incurred by Lessor in selling the Equipment.

8. CASUALTY LOSS VALUES - FIRST AND SECOND HALF DELIVERY:

<u>Casualty Occurrence</u> <u>After</u> <u>Before</u> <u>Payment</u> <u>Payment</u>	<u>Casualty Loss Value</u> <u>Due on Date of Basic</u> <u>Rental Payment Number</u>	<u>Casualty Loss Value</u> <u>As a % of Acquisition</u> <u>Cost</u>
Prior to Lease Commencement	Date of Lease Commencement	106.00
0 1	1	103.22
1 2	2	101.00
2 3	3	98.52
3 4	4	95.74
4 5	5	92.63
5 6	6	89.13
6 7	7	85.21
7 8	8	80.81
8 9	9	75.86
9 10	10	70.31
10 11	11	64.06
11 12	12	57.04
12 13	13	49.14
13 14	14	40.28
14 15	15	30.00

9. EARLY TERMINATION VALUES - FIRST HALF DELIVERY:

<u>Early Termination</u> <u>As of Basic Rental</u> <u>Payment Number</u>	<u>Early Termination Value</u> <u>As a % of Acquisition</u> <u>Cost</u>
7	84.14
8	79.13
9	73.52
10	67.22
11	60.16
12	52.24
13	43.35
14	33.39

10. EARLY TERMINATION VALUES - SECOND HALF DELIVERY:

The Early Termination Values for second half delivery Equipment are the same as those for first half delivery (See Section 9 above).

11. INSURANCE: In accordance with and subject to the provisions of Paragraph 14 of the Lease Agreement, Lessee shall procure and maintain insurance or be permitted to self insure the risks of Paragraph A below and shall procure and maintain insurance for the risks in Paragraph B below at the following minimum amounts and with the deductibles provided by Paragraph C below:
- A. Fire, extended coverage, theft, vandalism, and malicious mischief insurance (collision, upset and overturn insurance in the case of mobile equipment) in an amount which is at all times during the term of this Lease Agreement in excess of the full replacement value of the Equipment as determined by Lessor, naming Lessor as Loss Payee as their interest may appear.
 - B. Public liability and property damage insurance, resulting from or out of ownership, use, possession or operation of the leased Equipment. Evidence of insurance shall name Lessor as Additional Insured as respects its interest in the Equipment. The minimum limit acceptable to Lessor is a Combined Single Limit of \$10,000,000 for each occurrence.
 - C. Lessee acknowledges its liability to Lessor for the self-insurance of the deductible amounts under Lessee's casualty and liability insurance for equipment detailed on this Schedule. The deductible amount for the liability shall not exceed \$2,000,000.

IN WITNESS WHEREOF, the parties have agreed to and executed this Lease Schedule on this 7th day of August, 1980.

LESSEE

KAISER CEMENT CORPORATION

By [Signature]
Its Senior Vice President

By _____
Its

Address:

300 Lakeside Drive
Oakland, CA 94612

LESSOR

RAINIER EQUIPMENT LEASING, INC.

By [Signature]
Its Chairman

By [Signature]
Its President

Address:

720 Third Avenue
P. O. Box C34028
Seattle, WA 98124

CERTIFICATE OF ACCEPTANCE

Second Half Delivery

No. _____

The undersigned hereby certifies that it has received, inspected, approved, and hereby accepts delivery of the Equipment described below upon the terms and conditions set forth herein and in that Equipment Lease Agreement No. 810016-6, dated August 7, 1980, between the undersigned and RAINIER EQUIPMENT LEASING, INC., and Lease Schedule thereto. The undersigned further certifies that the original use of the Equipment described below has not commenced prior to the date hereof.

1. BASIC TERM: The basic term of the Lease of the Equipment shall be for a period of fifteen (15) years, commencing January 15, 1981.
2. INTERIM RENT: As interim rent for the Equipment for the period between the date hereof and January 15, 1981, Lessee shall pay Lessor \$ _____, plus all applicable sales, use, or similar excise taxes, on January 15, 1981.
3. BASIC RENT: As basic rent for the Equipment, Lessee shall pay Lessor fifteen (15) consecutive annual payments of \$ _____, plus all applicable sales, use, or similar excise taxes, with the first annual payment due on January 14, 1982.
4. CASUALTY LOSS AND EARLY TERMINATION VALUES: Casualty Loss Values for the Equipment are detailed in the Lease Schedule, Section 8. Early Termination Values for the Equipment are detailed in the Lease Schedule, Section 9.
5. LOCATION: The Equipment shall be kept at:
 - Address:
 - County :
 - City, State:

6. EQUIPMENT:

<u>Quantity</u>	<u>Description (Manufacturer, Type, Model No.)</u>	<u>Identification or Serial No.</u>	<u>Cost</u>
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The execution of this Certificate will in no way relieve or decrease the responsibility of the manufacturer of the Equipment for any warranties it has made with respect to the same.

Dated _____

LESSOR

LESSEE

RAINIER EQUIPMENT LEASING, INC.

KAISER CEMENT CORPORATION

Hereby acknowledged receipt of this Certificate this _____ day of _____, 1980.

By _____
Its

By _____
Its