RECORDATION NO. 12302 Filed 1420

OCT 14 1980 -3 30 PM

INTERSTATE COMMERCE COMMISSION

THIS LETTER ACCOMPANIES
BEIGE DOCUMENTS

12302

RECORDATION NO. Filed 1420

OCT 14 1980 -3 30 PM

INTERSTATE COMMERCE COMMISSION

SLOVER & LOFTUS
ATTORNEYS AT LAW
SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036

WILLIAM L. SLOVER
C. MICHAEL LOFTUS
DONALD G. AVERY
JOHN H. LE SEUR

No. 0-288A114
Date OCT 14 1980
Fee $ 100.00
ICC Washington, D. C.

October 14, 1980

202 347-7170

RECORDATION NO. 12302 Filed 1420

OCT 14 1980 -3 30 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 12302 Filed 1420

OCT 14 1980 -3 30 PM

INTERSTATE COMMERCE COMMISSION

The Honorable Agatha Mergenovich
Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 2215
Washington, D.C. 20423

Re: Utility Fuels, Inc. Lease Financing Dated As Of October 1, 1980 12.75% Conditional Sale Indebtedness Due October 1, 1994.

Dear Madam Secretary:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Utility Fuels, Inc. for filing and recordation counterparts of the following documents:

(1)(a) A Lease of Railroad Equipment dated as of October 1, 1980 between Utility Fuels, Inc. and the Connecticut Bank and Trust Company as Trustee for Wells Fargo Equipment Leasing Corporation ("Wells Fargo");

(b) An Assignment Of Lease And Agreement dated as of October 1, 1980 between the Connecticut Bank and Trust Company as Trustee for Wells Fargo and the Mercantile Safe-Deposit and Trust Company as Agent ("Agent");

(2)(a) A Conditional Sale Agreement dated as of October 1, 1980 between the Connecticut Bank and Trust Company as Trustee for Wells Fargo and ACF Industries, Inc. ("ACF"); and

(b) An Agreement And Assignment dated as of October 1, 1980 between the Agent and ACF.

The names and addresses of the parties to the aforementioned Agreements are as follows:

Countersigned — John L. Seur

Trustee:

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115
(Trustee for Vendee-Lessor)

Builder-Vendor:

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

Vendee-Lessor:

Wells Fargo Equipment Leasing Corporation
425 California Street
San Francisco, California 94104

Lessee:

Utility Fuels, Inc.
611 Walker Street
Houston, Texas 77002

Agent-Assignee:

The Mercantile Safe-Deposit and Trust Co.
Two Hopkins Plaza
Baltimore, Maryland 21203
(Assignee of Vendee-Lessor)

Please file and record the documents referred to in this letter and index them under the names of the Trustee, the Builder-Vendor, the Lessee, and the Agent-Assignee.

The equipment covered by the aforementioned Agreements consists of 305 105-ton, 4240 cu. ft. gondola-type coal cars, bearing the road numbers of the Lessee 13001-13110; 14001-14110; 15001-15110; 16001-16170; 17001-17110; inclusive; AAR mechanical designation: GTS.

Enclosed is our check in the amount of $100.00 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger, along with your fee receipt, addressed to the undersigned.

Thank you for your consideration in this matter.

Very truly yours,

C. Michael Loftus
As Agent for
Utility Fuels, Inc

CML:kal

Enclosure

12302/A

RECORDATION NO. ..... Filed 1425

[CS&M Ref. 2483-135]

OCT 14 1980 -3 30 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of October 1, 1980 (this "Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY, acting solely in its capacity as Trustee (the "Trustee") under a Trust Agreement dated as of the date hereof with the Owner named therein (the "Trust Agreement"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Trustee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with ACF INDUSTRIES, INCORPORATED (the "Builder"), providing for the sale to the Trustee of such units of railroad equipment (the "Units") described in the Annexes thereto as are accepted by the Trustee thereunder;

WHEREAS the Trustee and UTILITY FUELS, INC. (the "Lessee"), have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") providing for the leasing by the Trustee to the Lessee of the Units;

WHEREAS Houston Industries Incorporated (the "Guarantor") has executed and delivered a Guarantee dated as of the date hereof (the "Guarantee") pursuant to which the Guarantor has guaranteed unconditionally the payment by the Lessee of all its obligations under the Lease; and

WHEREAS, in order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in Paragraph 4.3(b) of the CSA), the Trustee agrees to assign for security purposes its rights in, to and under the Lease and the Guarantee to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under (i) the Lease (except for the Trustee's and the Owner's rights under §§ 6, 12 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease, and (ii) the Guarantee (except for the Trustee's rights under the second sentence of the Guarantee and except to the extent the Guarantee relates to §§ 6, 12 and 20 of the Lease), including without limitation all amounts paid or payable to the Trustee thereunder and all rights of the Trustee to enforce payment of any amounts thereunder (except for amounts payable under the second sentence thereof and except for amounts payable under the Guarantee to the extent the Guarantee relates to the Lessee's obligations under §§ 6, 12 and 20 of the Lease) or performance of any duty, agreement, covenant or obligation thereunder. (Moneys paid or payable to or receivable by the Trustee under the Lease (except for moneys paid or payable to or receivable by the Trustee or the Owner with respect to their individual indemnities pursuant to §§ 6 and 12 of the Lease and pursuant to § 20 of the Lease) or the Guarantee (except pursuant to the second sentence of the Guarantee and except to the extent the Guarantee relates to §§ 6, 12 and 20 of the Lease) are hereinafter called collectively the "Payments.") In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease or by the Guarantor pursuant to the Guarantee. To

the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Trustee, by check mailed to the Trustee on such date or, upon written request of the Trustee, by bank wire to the Trustee at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall promptly notify the Trustee, the Owner and the Lessee at their addresses set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Trustee shall not affect the obligations of the Trustee hereunder or under the CSA.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee; without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and

give acquittance for any and all Payments due and to become due under or arising out of the Lease or the Guarantee to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease and by the Guarantor with all the terms and provisions of the Guarantee, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease and the Guarantee shall revert to the Trustee without further act or deed, but the Vendor shall execute and deliver such documents as the Trustee may reasonably request in order to confirm, or make clear upon the public record, such termination and/or reversion. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Trustee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder. The Vendor will give written notice to the Trustee and the Lessee of any such assignment.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease or the Guarantee, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor.

10. The Vendor hereby agrees with the Trustee that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Trustee may, so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease.

11. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, warranties and agreements in this Agreement made on the part of the financial institution acting as Trustee hereunder are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said financial institution or the Owner on account of any representation, warranty or agreement herein of the Trustee or the Owner either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

This Assignment shall be effective upon delivery

of fully executed counterparts hereof to the Trustee at its offices in Hartford, Connecticut.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

Assistant Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this 10th day of October 1980, before me personally appeared DONALD E. SMITH, to me personally known, who, being by me duly sworn, says that he is an ASST. VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Barbara S. Kacich
Notary Public
BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

CONSENT AND AGREEMENT

The undersigned, UTILITY FUELS, INC., a Texas corporation (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment") and HOUSTON INDUSTRIES INCORPORATED, a Texas corporation (the "Guarantor"), the guarantor pursuant to the guarantee (the "Guarantee") referred to in the Lease Assignment, hereby (a) acknowledge receipt of a copy of the Lease Assignment and (b) consent to all the terms and conditions of the Lease Assignment and agree that:

(1) in the case of the Lessee, it will pay all rentals, casualty payments, liquidated damages, indemnities (except any amounts of indemnity payable to the Owner and/or Trustee in their individual capacity pursuant to §§ 6, 12 and 20 of the Lease) other moneys provided for in the Lease due and to become due under the Lease, and, in the case of the Guarantor, it will pay all amounts payable under the Guarantee (except amounts payable under the second sentence thereof and except for amounts payable under the Guarantee to the extent the Guarantee relates to the Lessee's obligations under §§ 6, 12 and 20 of the Lease), directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment, by wire transfer to the Annapolis Banking and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Vendor's Account No. 52076-1, in the name of Mercantile-Safe Deposit and Trust Company, marked "RE: UTILITY-10/1/80", with advice to Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Two Hopkins Plaza (P. O. Box 2258), Baltimore, Maryland 21203 (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) except as otherwise contemplated by Paragraphs 1 and 10 of the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease and by the Guarantor under the Guarantee as though the Vendor were named therein as the Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) neither the Lease nor the Guarantee shall, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee or the Guarantor, the taking or omission of which might result in an alteration or impairment of the Lease or the Guarantee or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement shall be construed in accordance with the laws of the State of Texas.

UTILITY FUELS, INC.,

by

Vice President

[Corporate Seal]

Attest:

~~Assistant~~ Secretary

HOUSTON INDUSTRIES INCORPORATED,

by

Vice President

[Corporate Seal]

Attest:

J.R. Johnston

~~Assistant~~ Secretary

[CS&M Ref. 2483-135]

ASSIGNMENT OF LEASE AND AGREEMENT dated as of October 1, 1980 (this "Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY, acting solely in its capacity as Trustee (the "Trustee") under a Trust Agreement dated as of the date hereof with the Owner named therein (the "Trust Agreement"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Trustee is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with ACF INDUSTRIES, INCORPORATED (the "Builder"), providing for the sale to the Trustee of such units of railroad equipment (the "Units") described in the Annexes thereto as are accepted by the Trustee thereunder;

WHEREAS the Trustee and UTILITY FUELS, INC. (the "Lessee"), have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease") providing for the leasing by the Trustee to the Lessee of the Units;

WHEREAS Houston Industries Incorporated (the "Guarantor") has executed and delivered a Guarantee dated as of the date hereof (the "Guarantee") pursuant to which the Guarantor has guaranteed unconditionally the payment by the Lessee of all its obligations under the Lease; and

WHEREAS, in order to provide security for the obligations of the Trustee under the CSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as defined in Paragraph 4.3(b) of the CSA), the Trustee agrees to assign for security purposes its rights in, to and under the Lease and the Guarantee to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under (i) the Lease (except for the Trustee's and the Owner's rights under §§ 6, 12 and 20 of the Lease), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease, and (ii) the Guarantee (except for the Trustee's rights under the second sentence of the Guarantee and except to the extent the Guarantee relates to §§ 6, 12 and 20 of the Lease), including without limitation all amounts paid or payable to the Trustee thereunder and all rights of the Trustee to enforce payment of any amounts thereunder (except for amounts payable under the second sentence thereof and except for amounts payable under the Guarantee to the extent the Guarantee relates to the Lessee's obligations under §§ 6, 12 and 20 of the Lease) or performance of any duty, agreement, covenant or obligation thereunder. (Moneys paid or payable to or receivable by the Trustee under the Lease (except for moneys paid or payable to or receivable by the Trustee or the Owner with respect to their individual indemnities pursuant to §§ 6 and 12 of the Lease and pursuant to § 20 of the Lease) or the Guarantee (except pursuant to the second sentence of the Guarantee and except to the extent the Guarantee relates to §§ 6, 12 and 20 of the Lease) are hereinafter called collectively the "Payments.") In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Trustee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease or by the Guarantor pursuant to the Guarantee. To

the extent received, the Vendor will apply such Payments to satisfy the obligations of the Trustee under the CSA, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Trustee, by check mailed to the Trustee on such date or, upon written request of the Trustee, by bank wire to the Trustee at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall promptly notify the Trustee, the Owner and the Lessee at their addresses set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Trustee shall not affect the obligations of the Trustee hereunder or under the CSA.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Trustee under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Trustee or persons other than the Vendor.

3. The Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee; without the written consent of the Vendor, the Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Trustee agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Trustee does hereby constitute the Vendor the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee, or otherwise), to ask, require, demand, receive, compound and

give acquittance for any and all Payments due and to become due under or arising out of the Lease or the Guarantee to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease and by the Guarantor with all the terms and provisions of the Guarantee, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease and the Guarantee shall revert to the Trustee without further act or deed, but the Vendor shall execute and deliver such documents as the Trustee may reasonably request in order to confirm, or make clear upon the public record, such termination and/or reversion. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Trustee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Vendor in order to confirm or further assure the interest of the Vendor hereunder. The Vendor will give written notice to the Trustee and the Lessee of any such assignment.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease or the Guarantee, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor.

10. The Vendor hereby agrees with the Trustee that the Vendor will not, so long as no event of default under the CSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the CSA, the Trustee may, so long as no event of default under the CSA has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease.

11. It is expressly understood and agreed by and between the parties hereto, anything in this Agreement to the contrary notwithstanding, that each and all of the representations, warranties and agreements in this Agreement made on the part of the financial institution acting as Trustee hereunder are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution, or for the purpose or with the intention of binding said financial institution personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said financial institution solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said financial institution or the Owner on account of any representation, warranty or agreement herein of the Trustee or the Owner either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same.

This Assignment shall be effective upon delivery

of fully executed counterparts hereof to the Trustee at its offices in Hartford, Connecticut.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee as aforesaid,

by

[Seal]

Authorized Officer

Attest:

Authorized Officer

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent,

by

[redacted] Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this 10th day of October 1980, before me personally appeared G. J. Johnston, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Patricia A. Shilow
Notary Public

[Notarial Seal]

My Commission expires 7-1-82

CONSENT AND AGREEMENT

The undersigned, UTILITY FUELS, INC., a Texas corporation (the "Lessee"), the lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment") and HOUSTON INDUSTRIES INCORPORATED, a Texas corporation (the "Guarantor"), the guarantor pursuant to the guarantee (the "Guarantee") referred to in the Lease Assignment, hereby (a) acknowledge receipt of a copy of the Lease Assignment and (b) consent to all the terms and conditions of the Lease Assignment and agree that:

(1) in the case of the Lessee, it will pay all rentals, casualty payments, liquidated damages, indemnities (except any amounts of indemnity payable to the Owner and/or Trustee in their individual capacity pursuant to §§ 6, 12 and 20 of the Lease) other moneys provided for in the Lease due and to become due under the Lease, and, in the case of the Guarantor, it will pay all amounts payable under the Guarantee (except amounts payable under the second sentence thereof and except for amounts payable under the Guarantee to the extent the Guarantee relates to the Lessee's obligations under §§ 6, 12 and 20 of the Lease), directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment, by wire transfer to the Annapolis Banking and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Vendor's Account No. 52076-1, in the name of Mercantile-Safe Deposit and Trust Company, marked "RE: UTILITY-10/1/80", with advice to Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Two Hopkins Plaza (P. O. Box 2258), Baltimore, Maryland 21203 (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) except as otherwise contemplated by Paragraphs 1 and 10 of the Lease Assignment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease and by the Guarantor under the Guarantee as though the Vendor were named therein as the Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) neither the Lease nor the Guarantee shall, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee or the Guarantor, the taking or omission of which might result in an alteration or impairment of the Lease or the Guarantee or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement shall be construed in accordance with the laws of the State of Texas.

UTILITY FUELS, INC.,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary

HOUSTON INDUSTRIES INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Secretary