

13304 A
RECORDATION NO. Filed 1425

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RECORDATION NO. Filed 1425

NOV 10 1981 - 2 25 PM NOV 10 1981 - 2 25 PM

1-314A079

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

Commerce Commission
Recordation Department
Room No. 2303
Attention: Ms. Mildred Lee
12th and Constitution Ave., N.W.
Washington, D. C. 20423

No. 1
Date NOV 10 1981
Fee \$ 100.00
ICC Washington, D. C.

RECEIVED

NOV 10 2 19 PM '81

Dear Ms. Lee:

Enclosed please find the following documents for recordation: one original and one certified true copy of the Lease; one original and one certified true copy of the Security Agreement.

The parties to the transaction are:

Lessee

Northern Petrochemical Company
2350 East Devon Avenue
Des Plaines, Illinois 60012

Lessor

Merrill Lynch Leasing, Inc.
One Liberty Plaza
165 Broadway
New York, New York 10080

Agent for the Investors

The Omaha National Bank
18th & Farnam Streets
Omaha, Nebraska 68102
Attention: Corporate Trust Department

Guarantor

InterNorth, Inc.
2223 Dodge Street
Omaha, Nebraska 68102

Investors

United Benefit Life Insurance Company
Mutual of Omaha Plaza
Omaha, Nebraska 68175

Woodmen of the World Life Insurance Society
1700 Farnam Street
Omaha, Nebraska 68102

The Lease and the Security Agreement cover 150 CF 5251 Center Flow Covered Hopper Cars and 25 Jumbo 112J400W Tanker

TRINITY AND ACE CARS

Christy [Signature]

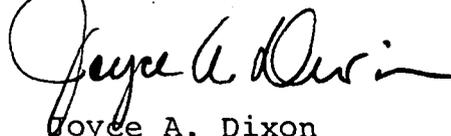
Cars which are more particularly described in the attached Equipment Schedule and the Equipment Schedules which will be filed as supplements thereto as delivery of the cars is completed.

The original documents may be returned to:

Kutak Rock & Huie
The Omaha Building
1650 Farnam Street
Omaha, Nebraska 68102

Thank you for your assistance.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joyce A. Dixon".

Joyce A. Dixon
Kutak Rock & Huie
Attorneys for Investors

sjd

Enclosures

EQUIPMENT SCHEDULE

| <u>Type</u> | <u>Quantity</u> | <u>Car Number</u> |
|---|-----------------|-------------------|
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7006 |
| " " | 1 | " 7015 |
| " " | 1 | " 7042 |
| " " | 6 | " 7000-7005 |
| " " | 8 | " 7007-7014 |
| " " | 26 | " 7016-7041 |
| " " | 10 | " 7043-7052 |
| " " | 21 | " 7055-7075 |
| " " | 6 | " 7078-7083 |
| " " | 5 | " 7087-7091 |
| " " | 11 | " 7093-7103 |
| " " | 1 | " 7105 |
| " " | 1 | " 7108 |
| " " | 1 | " 7109 |
| " " | 1 | " 7111 |
| " " | 1 | " 7113 |
| " " | 1 | " 7115 |
| " " | 1 | " 7116 |
| Jumbo 112J400W Tank Car | 19 | " 501-519 |

Interstate Commerce Commission
Washington, D.C. 20423

11/10/81

OFFICE OF THE SECRETARY

Kutak Rock & Huie
The Omaha Building
1650 Farnam Street
Omaha, Nebraska 68102

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 **11/10/81** at **2:25pm**, and assigned re-
recording number(s). **13304 & 13304-A**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

13304

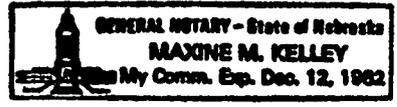
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STATE OF *Nebraska*)
) SS.
COUNTY OF *Douglas*)

NOV 10 1981 -2 25 PM
INTERSTATE COMMERCE COMMISSION

The undersigned has compared the document to which this certificate is attached with the original thereof, entitled Lease of Railroad Equipment, and certifies that is is a true and correct copy of the same in all respects.

Maxine M. Kelley
Notary Public



(NOTARIAL SEAL)

My Commission expires *December 12, 1982.*

13304

RECORDATION NO. Filed 1425

NOV 10 1981 -2 25 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

between

MERRILL LYNCH LEASING INC.
as Lessor

and

NORTHERN PETROCHEMICAL COMPANY
as Lessee

150 JUMBO HOPPER CARS

and

25 LPG TANKERS

Dated as of November 1, 1981

Filed and recorded with the Interstate Commerce Commission
pursuant to 49 U.S.C. §11303 on 11/10, 1981 at 2:25 PM
M., Recordation No. 13304 .

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LEASE OF RAILROAD EQUIPMENT dated as of November 1, 1981 between Merrill Lynch Leasing Inc., a Delaware corporation having its principal place of business at New York, New York (together with its successors and assigns, the "Lessor") and Northern Petrochemical Company, a Delaware corporation having its principal place of business in Omaha, Nebraska (the "Lessee").

WHEREAS, the Lessee has entered into a Purchase Contract for Sale of New Hopper Cars dated as of July 10, 1981 with ~~ACF Industries, Incorporated~~, and has entered into a Purchase Order with ~~Trinity Industries~~ (ACF Industries, Incorporated, and Trinity Industries called the "Builders" and the Contract for Sale of New Hopper Cars and the Purchase Order for certain tank cars hereinafter collectively called the "Purchase Agreements") covering the construction, sale and delivery, on the conditions therein set forth, by the Builders and the purchase by the Lessee of the railroad equipment described in Equipment Schedules attached hereto from time to time in the form of Annex A hereto (the "Equipment") and has made arrangements with certain vendors for the lining of the hopper cars which comprise the Equipment; and

WHEREAS, the Lessee has assigned to the Lessor the Lessee's rights to acquire the Equipment pursuant to the Assignment of Purchase Agreements dated as of the date hereof between the Lessor and the Lessee (the "Assignment"); and

WHEREAS, each Builder has consented to the assignment of the Lessee's rights under the respective Purchase Agreements pursuant to a Consent and Agreement dated as of the date hereof (together, the "Consents"); and

WHEREAS, The Omaha National Bank, as Agent (the "Agent") under an Agency Agreement dated as of the date hereof (the "Agency Agreement") between the Agent and certain Investors named therein (the "Investors") has entered into a Participation Agreement dated as of the date hereof with the Lessee, InterNorth Inc. (hereinafter called the "Guarantor"), the Lessor and the Investors (hereinafter called the "Participation Agreement") pursuant to which the Investors through their Agent will loan money to the Lessor to enable the Lessor to acquire the Equipment, all in accordance with the terms and conditions of the Participation Agreement, and in evidence of this loan (in the aggregate, the "Equipment Indebtedness") the Lessor will deliver to the Agent one or more limited recourse promissory notes (the "Notes"); and

WHEREAS, the Lessee desires to lease all the units of the Equipment, or such lesser number as are delivered,

accepted and settled for under the Participation Agreement, at the rentals, for the terms and upon the conditions hereinafter stated (as to such number of units as are delivered, accepted and settled for under the Participation Agreement, the "Units"); and

WHEREAS, the Guarantor, as parent of the Lessee, has entered into a Guaranty Agreement dated as of the date hereof with the Lessor (the "Guaranty"), whereby the Guarantor has guaranteed the performance of the Lessee's obligations hereunder;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions (terms are defined in Section 24 hereof):

Section 1. Net Lease. This Lease is a net lease and, except as otherwise expressly provided herein, the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, 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 in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law and except as provided herein, the Lessor and the Lessee each hereby waive any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or

otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each Payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such Payment from the Lessor for any reason whatsoever.

Section 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee as its agent for the inspection and acceptance of, and the approval of all invoices relating to, the Units pursuant to the Participation Agreement and the Assignment. Each Unit is to be delivered to the Lessee, acting as such agent of the Lessor, by the Builders under the Purchase Agreements at the place of delivery designated in the Purchase Agreements and in Annex A hereto not later than 10 Business Days prior to December 31, 1981. As provided in Section 1 of the Participation Agreement, each Unit is to be delivered, inspected and accepted for purposes of this Lease concurrently with the settlement therefor on the Funding Date for such Unit pursuant to Section 2 of the Participation Agreement. Upon such delivery on such Closing Date, the Lessee will have caused an employee of the Lessee or an authorized representative of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit on such Funding Date on behalf of the Lessor under the Participation Agreement and on its own behalf hereunder and execute and deliver to the Lessor, the Agent and the respective Builder a certificate of acceptance in the form of Annex C hereto (a "Certificate of Acceptance"), in accordance with the provisions of Section 2 of the Participation Agreement, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on such Funding Date and is marked in accordance with Section 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall thereafter be subject to all the terms and conditions of this Lease. The Lessee hereby agrees to see that each Hopper Car is lined and to inspect and accept on behalf of the Lessor such lining. The Lessee may, upon, but not prior to, completion of the settlement for such Unit in accordance with Paragraph 2 of the Participation Agreement, and acceptance of the required lining, if any, commence its use of such Unit pursuant to Section 12 hereof.

Section 3. Rentals. The Lessee agrees to pay to the Lessor, as Rent for each Unit subject to this Lease, consecutive semiannual payments in arrears on January 2 and July 2 of each year, commencing July 2, 1982 ("Rent"). Rent shall be in an amount as shown on Annex B hereto. Such Rent payments have been calculated on the following assumptions: (i)

the first Funding Closing of the Units will occur under the Participation Agreement no later than November 13, 1981; (ii) the interest rate on the Notes will be 17.10%; (iii) except solely as a result of a Change in Tax Law which shall occur subsequent to the first Funding Date, the Tax Benefits set forth in Section 6(B) hereof will be realized by the Lessor and the Lessee; (iv) no Change in Tax Law shall have occurred on or after the date of execution of this Lease and on or prior to the first Funding Date; (v) no Unit or any part thereof will be used outside the continental United States at any time during the Term such as to affect the Lessor's Net Economic Return; and (vi) all the Units subject to this Lease are delivered and accepted prior to December 31, 1981. If for any reason any assumption set forth in (i), (ii), (iv), (v) or (vi) is at any time or from time to time incorrect in whole or in part, the Lessor and the Lessee agree that the Rent payable hereunder and the Casualty Value percentages set forth in Section 7 hereof will be adjusted in order to maintain the Lessor's Net Economic Return (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Lessor in calculating the rental rate for this transaction and as set forth in Section 6(B) hereof). In no event shall the Rent and Casualty Value percentages, as so adjusted, be insufficient to satisfy the obligations of the Lessor under the Notes, notwithstanding any limitation of liability contained therein.

If any of the Rent Payment Dates referred to above is not a Business Day, the annual Rent payment otherwise payable on such date shall be payable on the next following Business Day, without additional interest thereon.

The Lessee agrees to pay to the Lessor as Supplemental Rent hereunder, as and when requested by the Lessor, any such amounts other than Rent as shall then be due hereunder ("Supplemental Rent").

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease at the principal office of the Agent until the Agent shall have given the Lessee notice that the Notes shall have been paid in full. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph by 10:00 A.M., Omaha, Nebraska time, in immediately available funds in the city where the Agent maintains its principal place of business.

Section 4. Term of Lease. The Interim Term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder in accordance with the provisions of Section 2 hereof and, subject to the provisions

of Sections 7, 10 and 13, shall terminate on December 31, 1981. The Base Term shall commence on January 1, 1982 and shall terminate on January 1, 2001. Except as otherwise expressly provided herein, all obligations of the Lessee under this Lease are effective as to each Unit from the acceptance of such Unit until termination of the Term.

Anything herein to the contrary notwithstanding, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Agent under the Notes and the Security Agreement until the Notes are paid in full. The Agent under certain circumstances may terminate this Lease (or rescind its termination), all as agreed between the Lessor and the Agent, if the Lessee is in default hereunder.

Section 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with an identifying number as set forth in Annex A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Owned by a Leasing Company. Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission," with appropriate changes thereof and additions thereto as from time to time may be required by applicable rules, regulations and laws, including, but not limited to, the rules and regulations of the Association of American Railroads, in order to protect the Lessor's title to and the Agent's property interest in such Unit.

In the event that the Lessee shall become obligated to change any markings on any Unit or to incur any cost in connection therewith pursuant to this Section 5, the Lessee shall give notice of such marking changes to the Lessor and the Agent. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identifying number of any Unit unless and until it shall have received permission from the Lessor and, until the Notes have been paid in full, the Agent. Such permission shall be granted upon the following: (i) a statement of new number or numbers to be substituted therefor shall have been provided by the Lessee to the Agent and the Lessor; (ii) such changes shall have been filed, recorded, registered and deposited in all public offices where this Lease and the Security Agreement shall have been filed, recorded, registered and deposited and (iii) the Agent and the Lessor shall have received an opinion of counsel satisfactory to each of them to the

effect that such filings have been duly filed, recorded, registered and deposited and are sufficient to protect the interests of the Lessor and the Agent. The Lessor and the Lessee agree to execute any documents required to effect the filings specified herein. All costs associated with the changed markings, including, without limitation, filing fees and attorney's fees, shall be immediately payable by the Lessee. Any costs attributable to changed markings which are requested by the Lessor and which are not required pursuant to this Section 5 shall be payable by the Lessor.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessee.

Section 6A. Impositions. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of all withholdings of any nature whatsoever, and if any withholding is required, the Lessee shall pay an additional amount of Rent such that the net amount of Rent actually received by the Lessor will equal the amount of Rent then due absent such withholding. The Lessee agrees to pay, and on demand to indemnify and hold harmless, each Indemnified Party from all local, state, federal or foreign license, documentation, recording and registration fees, and all taxes (including sales, use, property, real or personal, tangible or intangible, interest equalization, stamp and transfer taxes), levies, imposts, duties, assessments, fees, charges or withholdings of any nature whatsoever, together with any penalties, additions to tax, fines or interest thereon imposed or levied against or with respect to the Lessee, any Unit or any part thereof by any authority asserting jurisdiction to impose or collect any tax upon or with respect to (i) any Unit or any part thereof, (ii) the purchase, acquisition, acceptance, rejection, construction, manufacture, ownership, delivery, nondelivery, leasing, possession, use, operation, repair, maintenance, modification, disservicing, rebuilding, sale, return, assembly, rental, condition, transportation, abandonment, importation, exportation or, upon an occurrence of an Event of Default, other application or disposition of all or any part of any interest in any Unit, (iii) the payment of Rent or the receipts or earnings arising from any Unit or any part thereof, (iv) the payment of principal of, or interest or other

amounts payable on, the Notes and the Certificates of Interest, (v) this Lease, the Participation Agreement, the Security Agreement, the Notes, the Certificates of Interest or the issuance, acquisition or subsequent transfer thereof, (vi) the payment of any amount pursuant to any document referred to in clause (v) above, or (vii) otherwise with respect to or in connection with the transactions contemplated by this Lease (all such license, documentation, recording and registration fees, taxes, levies, imposts, duties, assessments, fees, charges, withholdings, penalties, fines, additions to taxes and interest imposed as aforesaid being herein referred to collectively as "Impositions"). The foregoing provisions of this Section 6(A) shall not apply to the following:

(a) any United States federal income tax;

(b) any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein that is creditable for federal income tax purposes;

(c) the aggregate of (i) all state and city income taxes and franchise taxes measured by net income, (ii) gross income or gross receipts taxes based on such receipts other than gross receipts taxes in the nature of sales or use taxes, and (iii) any excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by the Lessor's capital, capital stock or net worth; provided, however, that this Section 6(A)(c) shall not apply to any tax which is in substitution for or relieves the Lessee from the payment of any Imposition which it would otherwise be obligated to pay or reimburse as herein provided.

The Lessee hereby also agrees to keep at all times all and every part of every Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith such Impositions pursuant to the last paragraph of this Section 6(A) and the nonpayment thereof does not, in the advance opinions of independent counsel to the Lessor and the Agent, adversely affect the title, property or rights of the Lessor hereunder or the rights of the Agent under the Security Agreement. If any Impositions shall have been charged or levied against the Lessor or the Agent directly and paid by the Lessor or the Agent, the Lessee shall reimburse the Lessor or the Agent on presentation of an invoice therefor.

The amount which the Lessee shall be required to pay in accordance with this Section 6(A) shall be an amount which, after deduction of all taxes and other charges in respect of the receipt of such amount under the laws of any federal, state or local government or taxing authority in the United States or under the laws of any foreign country or subdivision or any taxing authority thereof or therein, is sufficient to restore each Indemnified Party to the same after-tax position that they would have been in had the Impositions giving rise to such payments not been imposed. The amount to be paid to the Indemnified Party pursuant to the preceding sentence shall be determined in the first instance by the Indemnified Party; if such determination is not acceptable to the Lessee, the Lessee shall at its own expense retain an independent firm of certified public accountants reasonably acceptable to the Indemnified Party, which firm's determination shall be conclusive and binding.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interests of the Indemnified Parties in the Units as shall be satisfactory to the Indemnified Parties or, where not so permitted, will notify the Indemnified Parties of such requirement and will prepare and deliver such reports to the Indemnified Parties within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Indemnified Parties.

In the event that, during the Term of this Lease, the Lessee becomes liable for the payment or reimbursement of any Impositions, pursuant to this Section 6(A), such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

If claim is made against an Indemnified Party for any Imposition indemnified against under this Section 6(A), the Indemnified Party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, the Indemnified Party shall, at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Impositions by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings or both. The Lessee

may also contest, at its own expense, the validity, application or amount of such Impositions in the name of the Indemnified Party or in its own name. The Lessee agrees to give the Indemnified Party reasonable notice of such contest prior to the commencement thereof. If the Indemnified Party shall obtain a refund of all or any part of such Impositions previously reimbursed by the Lessee or any amount representing interest thereon, the Indemnified Party shall pay the Lessee the amount of such refund or interest net of expenses. If the Indemnified Party shall actually receive any future additional tax or other benefit from any item with respect to which the Lessee has indemnified the Indemnified Party pursuant to this Section 6(A), the Indemnified Party shall pay to the Lessee the amount of such benefit together with the amount of any tax benefit arising from any payment pursuant to this sentence.

(B) Income Tax Benefits. In entering into the Participation Agreement and all of the documents and instruments referred to therein (collectively, the "Operative Documents") and the transactions contemplated thereby, it is the intention of the Lessor and the Lessee that for purposes of the United States Internal Revenue Code of 1954, as amended by the Economic Recovery Tax Act of 1981 (the "Code") and of all tax laws of the state and political subdivisions thereof in which the Lessor has its principal office that are based on or measured by the income of the Lessor (such federal, state and local tax laws, including rules, regulations and procedures called the "Income Tax Laws") such transactions will result in making available to the Lessor, from and after the Closing Date in respect of each Unit, such deductions, credits and other attributes of ownership in respect of each Unit as are provided to an owner of property (the "Tax Benefits"), including the following:

(1) Under all Income Tax Laws, the Lessor will be the purchaser and owner and the original user of each Unit.

(2) Each Unit constitutes an item of "new section 38 property" to the Lessor within the meaning of Section 48(b) of the Code and the Regulations.

(3) No Unit or any part thereof will be used predominantly outside the United States within the meaning of Section 48(a)(2) or 168(f)(2)(D) of the Code or the Regulations promulgated thereunder during any taxable year of the Lessor beginning or ending within the Term of the Lease.

(4) Neither the Lessee nor any person that is a "related person" with respect to the Lessee, within the meaning of Section 168(e)(4)(D) of the Code, owned or used any Unit or any part thereof at any time during or prior to 1980.

(5) As of the Funding Date with respect to each Unit, such Unit will not have been used or available for use by any person so as to preclude the "original use of such property" within the meaning of Section 48(b) of the Code from commencing with the Lessor, or so as to preclude such Unit from qualifying as "recovery property" for purposes of Section 168, 46, 47 or 48 of the Code or the Regulations promulgated or to be promulgated thereunder.

(6) As of the Funding Date with respect to each Unit, no person will have claimed depreciation deductions with respect to such Unit or any part thereof.

(7) The Lessee will not claim (i) any depreciation deductions with respect to any Unit or any part thereof or (ii) any deductions for amounts paid or accrued as interest on the Notes or the Certificates of Interest.

(8) The Lease with respect to each Unit will constitute a "true lease" and will be treated as a "true lease," and the Lessor will be treated as the original purchaser, owner and lessor of each Unit and the Lessee will be the lessee of each Unit.

(9) The Lessor will be the owner of each Unit and will be entitled to take into account, in computing the consolidated federal income tax liability of the affiliated group of corporations of which it is a member (the "Group"), items of income, gain, loss, credit and deduction as are provided by the Code to an owner of property including, without limitation, depreciation deductions with respect to each Unit and deductions with respect to amounts paid or accrued as interest on the Notes or the Certificates of Interest.

(10) The Lessor will have a basis in each Unit under Section 168(d)(1)(A) of the Code for purposes of computing depreciation deductions with respect thereto in an amount at least equal to the Purchase Price for such Unit.

(11) Each Unit of the Hopper Cars will constitute an item of "5-year property" of the Lessor within the

meaning of Section 168(c)(2)(B) of the Code, and each Unit of the Tankers will constitute an item of "10-year property" of the Lessor within the meaning of Section 168(h)(2) of the Code, in each case for purposes of computing depreciation deductions with respect thereto, and the applicable percentage set forth in the table contained in Section 168(b)(1)(A) shall not be reduced, under Section 168(f)(5) of the Code or the Regulations promulgated or to be promulgated thereunder or otherwise, because of or by reference to the actual Funding Date of any Unit.

(12) Depreciation deductions (the "ACRS Deductions") will be allowed under the Accelerated Cost Recovery System with respect to each Unit pursuant to Sections 168(a) and 168(b)(1)(A) of the Code, and the Lessor will be entitled to take the ACRS Deductions into account in computing the consolidated federal income tax liability of the Group.

(13) For purposes of all Income Tax Laws, the Equipment Indebtedness will constitute loans made to the Lessor; all amounts paid as interest with respect thereto (the "Interest Deductions") will be allowable as deductions pursuant to Section 163 of the Code and the Regulations promulgated thereunder and appropriate provisions of the Income Tax Laws other than the Code in accordance with the method of accounting on the basis of which the Lessor regularly computes its income; and the Lessor will be entitled to take the Interest Deductions into account in computing the consolidated federal income tax liability of the Group.

(14) Each Unit falls within Asset Guideline Class No. 00.25 of Revenue Procedure 77-10 1977-1 Cum. Bull. 548.

(15) Under all Income Tax Laws, the Lease will constitute in respect of each Unit a true lease, under which the Lessor will be the lessor and the Lessee will be the lessee.

(16) For purposes of all Income Tax Laws other than the Code, the Lessor will be entitled to depreciation deductions in respect of each Unit on the basis of the same assumptions and benefits, as permitted under such Income Tax Laws, set forth above in respect of the Code (including elections available under the Code), to the extent applicable.

(17) The Lessor will not be required to include in its gross income with respect to any Unit or any of the transactions and other properties contemplated or referred to in the Operative Documents, under any circumstance or for any reason, an amount other than (w) the Impositions, (x) the Rent specified in Sections 3, 13 and 14 of this Lease, (y) any indemnity payment pursuant to this section or (z) gains realized by the Lessor as a result of termination or purchase payments specified in Section 7 or 13 of this Lease. None of the amounts specified in the foregoing clauses (w), (x), (y) or (z) shall be required to be included in the Lessor's gross income prior to the time such amounts are (i) received or accrued by the Lessor, depending upon the Lessor's method of accounting, with respect to the payments referred to in clause (x) of this paragraph (20), or (ii) actually received by the Lessor with respect to the payments referred to in clauses (w), (y) and (z) of this paragraph (20).

(18) With respect to each Unit, the Lessor will not claim any investment credit, and will, upon request from the Lessee, provide the Lessee with a statement that contains the information required by clauses (i) through (vii) of Section 1.48-4(f) of the Regulations and otherwise take such actions as are necessary to elect to have the Lessee treated as having "acquired" such Unit for purposes of Section 48(d) of the Code. The foregoing notwithstanding, the Lessor does not covenant, warrant, represent or otherwise agree (x) that all or any portion of any Unit will constitute "section 38 property" (within the meaning of Section 48(a) of the Code) or "new section 38 property" (within the meaning of Section 48(b) of the Code) in the hands of the Lessor or to the Lessee, (y) that the requirements contained in clauses (i) through (iii), inclusive, of Section 1.48-4(a)(1) of the Regulations can or will be satisfied, or (z) that the election described in this paragraph (18) will entitle the Lessee to any tax credit under Section 38(a) or any other section of the Code.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, at any time during the Term of any Unit under the Lease, will take any action or fail to take any action or file any return, certificate or other document inconsistent with the foregoing contemplated Tax Benefits of the Lessor, and that it will file such returns, take such action and execute such documents, and keep and make available for inspection and copying by the Lessor such

records (other than the Lessee's corporate income tax returns), as may be reasonable and necessary to facilitate accomplishment of the purposes of this Section 6(B). The Lessee shall keep records of the dates on which each Unit is first available for use and is first actually used by the Lessee and shall certify such dates to the Lessor within 15 days after the date of first actual use thereof.

The Lessee represents and warrants that:

(a) each of the statements set forth in paragraphs (1) through (8) inclusive of this section shall be true and accurate on the Funding Date with respect to each Unit and at all times thereafter during the Term of the Lease applicable thereto; and

(b) the Lessee will not claim that it is the owner of any Unit at any time.

The Lessor represents, warrants and agrees that:

(a) the Lessor shall execute and deliver to the Lessee the statement as provided in subsection 18 hereof on or before the due date of the Lessee's federal income tax return for its 1981 taxable year; and

(b) during the five-year period beginning with the Closing Date with respect to each Unit, the Lessor shall not "dispose of" such Unit, within the meaning of Section 47(a)(1) of the Code or the Treasury regulations thereunder, unless an Event of Default, within the meaning of Section 10 of this Lease, shall have occurred.

If by reason of any act or failure to act of the Lessee or the Guarantor (including, but not limited to, any breach or inaccuracy or incorrectness of any representation, warranty or opinion, including the opinion of the independent appraiser referred to in Section 8(A)(iii)(k) of the Participation Agreement) made, furnished or rendered by or on behalf of the Lessee or the Guarantor, pursuant to or forming part of any of the Operative Documents, any act or omission of the Lessee or the Guarantor, whether required or permitted or consented to under any Operative Document or otherwise, and including without limitation the Lessee's or the Guarantor's failure for any reason whatsoever to comply with, fulfill or abide by any of its covenants, duties, undertakings or other obligations contained in any Operative Document, any default by the Lessee or the Guarantor which results in a sale or other disposition of any Unit by the Lessor, or if solely by reason of any Change in Tax Law which shall be or is

announced to become effective on or prior to the first Funding Date under the Participation Agreement, the Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to the Lessor, for federal income tax purposes, all or any portion of the Interest Deductions or the ACRS Deductions of any Unit, or if for federal or foreign income tax purposes any item of income, loss or deduction with respect to any Unit is treated as derived from or allocable to sources outside the United States (any such loss, disallowance, recapture, treatment or inclusion called a "Loss"), then, after written notice to the Lessee by the Lessor that a Loss has occurred, the rental applicable to such Unit shall, on and after the next succeeding annual Rent Payment Date under this Lease, be increased by such amount for such Unit which, after deducting all taxes, fees and other charges, however imposed, required to be paid by the Lessor as a result of the Lessor's receipt of such amount, will provide the Lessor with the same after-tax yield, after-tax cash flows, percentage of after-tax profit to equity investment and book earnings over the term of this Lease ("Net Economic Return") as originally anticipated by the Lessor in calculating the Rent under this Lease and as would have been realized by the Lessor if it had not suffered such Loss with respect to such Unit, after taking into effect any present or future tax benefits that the Lessor reasonably anticipates it will derive in respect of such Unit, and the Lessee shall in addition forthwith pay to the Lessor an amount which, after the deduction of all income tax liabilities payable by the Lessor in respect of the receipt of such amount, shall be equal to the amount of any interest, penalty or addition to tax which may be assessed by the United States or any other taxing authority against the Lessor attributable to the Loss. Such computations shall be made in accordance with the last paragraph of Section 6(B) hereof.

For purposes of this section, a Loss shall occur (x) in the case of a Loss that is required to be reflected on a tax return of the Lessor, 30 days after such tax return is filed; (y) in the case of a Loss that results from a proposed disallowance or adjustment of the Internal Revenue Service or of any foreign taxing authority that is not contested pursuant to this section, 30 days after the Lessee has received the notice referred to in this section; and (z) in the case of a Loss that results from a proposed disallowance or adjustment of the Internal Revenue Service or of any foreign taxing authority that is contested pursuant to this section, 30 days after the day on which such contest is finally concluded. With respect to any Unit, the Lessor shall be responsible for and shall not be entitled to a payment under this section on

account of any Loss due solely to any one or more of the following events:

(a) a disqualifying disposition due to (i) the sale or other disposition by the Lessor of such Unit or (ii) the lease thereof by the Lessor other than during the existence of an Event of Default (as defined in Section 10 of this Lease) by the Lessee or the Guarantor;

(b) a failure of the Lessor to timely or properly claim the Interest Deductions or the ACRS Deductions for such Unit in the tax return of the Lessor other than (i) any such failure of the Lessor following the receipt of an opinion from its independent tax counsel to the effect that there is not a reasonable basis for making such claim without the Lessor's incurring a substantial risk of imposition of a civil or criminal penalty, or (ii) any such failure which is caused directly by the failure of the Lessee or the Guarantor, after having received a written request from the Lessor, to take any action or provide to the Lessor any information or document which it is required to do or furnish pursuant to this Lease;

(c) any event which by the terms of the Lease requires payment by the Lessee of the Casualty Value of such Unit, to the extent that such Casualty Value is actually paid by the Lessee and to the extent that such Casualty Value payment actually reimburses the Lessor for amounts otherwise payable by the Lessee pursuant to this section;

(d) the failure of the Lessor to have sufficient taxable income (or, alternatively, if the Lessor files a consolidated federal income tax return, the failure of the group to have sufficient consolidated taxable income), in either case, from which to deduct the Interest Deductions or the ACRS Deductions; or

(e) the determination, not due to any act or failure to act or misrepresentation of the Lessee, that the Lessor's representations set forth in this section are in any respect inaccurate, except as a result of a Change in Tax Law for which the Lessee is obligated to indemnify the Lessor pursuant to this section.

The Lessee agrees that, on or prior to March 1 of any calendar year (or in the event the Lessor gives the Lessee written notice that the Lessor's taxable year closes on a date specified therein other than December 31, within 30 days

after said date) in which the Lessee has made any addition, modification or improvement to any Unit which the Lessee believes are capital expenditures which the Lessor may be obligated to include in its gross income for federal income tax purposes, the Lessee will give written notice thereof to the Lessor describing such expenditures in reasonable detail and specifying the cost thereof with respect to each Unit.

Upon receipt by the Lessor of a written notification from the Internal Revenue Service or from any foreign taxing authority of a proposed disallowance or adjustment for which an amount may be payable by the Lessee in accordance with this section (a "Claim"), the Lessor shall promptly notify the Lessee of said Claim (which notice shall include all relevant information relating to such Claim which may be particularly within the knowledge of the Lessor).

The Lessor shall contest such Claim provided the following conditions are satisfied:

(i) the Lessee requests the Lessor to contest such Claim within 30 days after the Lessor has so notified the Lessee and within 60 days thereafter tax counsel selected by the Lessee and acceptable to the Lessor renders a written opinion that there is a reasonable basis for contesting such Claim; and

(ii) the Lessee shall have provided the Lessor with a bond or other indemnity satisfactory to the Lessor for any liability, expense or loss arising out of or relating to such contest (including, without limitation, indemnification for all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties and interest) and the Lessee shall have agreed to pay on demand all out-of-pocket reasonable expenses, including without limitation the fees and disbursements of tax counsel selected by the Lessor and acceptable to the Lessee ("Independent Tax Counsel"), accountants and investigators, paid or incurred by the Lessor in connection with contesting such Claim.

Pursuant to the Lessor's obligations to contest such Claim on the satisfaction of the conditions described in subparagraphs (i) and (ii) immediately above, the Lessor, at its sole option after consultation with the Lessee, may choose to forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or any other taxing authority in respect of such Claim (other than such administrative appeals, proceedings, hearings or conferences as may be a condition precedent to

filing and pursuing a claim for a redetermination of deficiency, of for a refund of taxes in an appropriate judicial forum, as the case may be). In all events, upon satisfaction of the conditions described in subparagraphs (i) and (ii) immediately above, the Lessor shall be obligated to contest such Claim in an appropriate judicial forum, the decision as to forum to be in the independent judgment of the Lessor. In fulfilling its obligation to contest a Claim in a judicial forum, the Lessor shall have the right, at its sole discretion, to elect either (a) to petition the Tax Court of the United States (or any equivalent foreign forum) for a redetermination of the deficiency proposed to be assessed by the Internal Revenue Service or such other taxing authority as a result of such Claim or (b) to pay the deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid. The Lessor will not compromise or settle any claim presented by the Internal Revenue Service with respect to a tax year in which any claim indemnified herein may arise to which the Lessor is required to contest under this paragraph without the consent of the Lessee, which consent shall not be unreasonably withheld; provided, however, that such consent shall be deemed given if such proposed compromise or settlement shall not be disapproved by the Lessee within 30 days after written notice thereof from the Lessor to the Lessee.

If, after actual receipt by the Lessor of an amount paid by the Lessee and attributable to a Loss, the extent of such Loss shall be established by the final adjudication thereof or a settlement with the consent of the Lessee, then on the next succeeding annual rental payment date (or, if there is no succeeding rental payment date, within 30 days) after such final adjudication or settlement, as the case may be, the Lessor shall repay to the Lessee such portion of the amount or amounts theretofore received by the Lessor and paid by the Lessee, as the case may be, with respect to such Loss which (by reason of such adjudication or settlement) the Lessor did not ultimately incur, less, in either case, unpaid expenses of the contest. In addition to the foregoing, in the event of any final adjudication or settlement described in the preceding sentence, the increase in subsequent Rent in respect of such Unit by reason of such Loss shall, commencing on the next succeeding annual Rent Payment Date after such final adjudication or settlement, as the case may be, be reduced to the extent such increase related to the portion of such Loss the Lessor did not ultimately incur. Notwithstanding the foregoing, the Lessor shall not be required to make any payment hereunder so long as an Event of Default under the Lease (or an event which with notice or lapse of time or

both would constitute an Event of Default) shall have occurred and be continuing.

If any indemnity amount payable herein becomes payable after the last Rent shall have been paid, the total amount of such indemnity payment shall be payable in a lump sum within 30 days of the Lessor's reasonable request therefor. Interest shall be payable on any overdue amounts of such indemnity at the rate equal to the lower of 18.10% per annum or the highest legally permitted rate from the date of such request but only as to amounts which the Lessor shall have actually disbursed or otherwise discharged in payment of any tax.

All the Lessor's and Lessee's rights and privileges arising from the indemnities contained in this section shall survive the expiration or other termination of this Lease and such indemnities are expressly made for the successors and assigns of the Lessor or the Lessee, as the case may be.

For purposes of this section, the term "Lessor" shall include the corporation constituting the Lessor and shall also include any member of any affiliated group of corporations of which the Lessor is or may become a member, if consolidated, joint or combined returns are filed for such affiliated group for federal, state, local or foreign income tax purposes.

If solely by reason of the failure of the Lessor to perform the obligations undertaken by it in this section, the Lessee shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to the Lessee, for federal income tax purposes, all or any portion of the investment tax credit as is provided to a lessee of property with respect to a Unit which a lessor has elected to pass through the credit to a lessee, pursuant to Sections 38 and 46-50 of the Code (any such loss, disallowance or recapture called an "ITC Loss"), then, after written notice to the Lessor by the Lessee that an ITC Loss has occurred, the Lessor shall pay to the Lessee an amount for such Unit which, after the deduction of all income tax liabilities payable by the Lessee in respect of the receipt of such amount, shall be equal to the amount of the ITC Loss plus any interest or penalty which may be assessed by the United States or any state taxing authority against the Lessee attributable to the ITC Loss; provided, however, that an ITC Loss shall not include the Lessee's loss of the investment tax credit that is due to one or more of the following events: (a) a determination that all or any portion of a Unit does not constitute "section 38 property" (within

the meaning of Section 48(a) of the Code); (b) a determination that the requirements contained in clauses (i) through (iii) inclusive of Section 1.48-4(a)(1) of the Regulations were not satisfied; or (c) that the Lessor's election described in paragraph (18) hereof did not entitle the Lessee to a credit under Section 38(a) of the Code.

In the event of a Loss subject to indemnification by the Lessee, the Casualty Value (as defined in Section 7 of this Lease) with respect to each applicable Unit shall be appropriately adjusted to reflect the circumstances and consequences of such Loss.

All computations required to be made under this Section 6(B) shall be made in the first instance by the Lessor and if requested by the Lessee shall, at the Lessee's expense, be independently determined by independent public accountants jointly selected by the Lessor and the Lessee, which determination shall be conclusive. The Lessee shall reimburse the Lessor for all amounts paid to outside contractors, including but not limited to attorneys, auditors or other third parties named by the Lessor and approved by the Lessee and reasonably necessary to make such computations.

Section 7. Payment for Casualty Occurrences; Insurance. Pursuant to the terms of this Lease, in the event that any Unit shall become lost, stolen, destroyed, irreparably damaged from any cause whatsoever or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only in the case of an indefinite period, after such taking or requisition by the United States Government continues for a period of one year, or by any other governmental entity resulting in loss of possession by the Lessee for a period of one year during the term of this Lease (such occurrences being hereinafter called "Casualty Occurrences"), the Lessee shall promptly and fully notify the Agent until the Notes are paid in full, and thereafter the Lessor, with respect thereto. Notwithstanding the Casualty Occurrence the Lessee shall continue to make all Payments provided for in this Lease in respect of such Unit, to and including the Rent payable immediately following such notice. On the next succeeding Rent Payment Date, the Lessee shall pay to the Lessor an amount equal to the Payments in respect to such Unit not theretofore paid and which are due and payable on or prior to such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon (but not prior to) the making of such Payments by the Lessee in

respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the Term of this Lease as to such Unit shall terminate and the Lessor shall be entitled to recover possession of such Unit, except in the event of a loss, theft or complete destruction thereof, and the Lessee shall pay all costs, if any, of removing such Unit and delivering possession thereof to the Lessor. The Lessor hereby appoints the Lessee as its agent to dispose of any Unit suffering a Casualty Occurrence (including any Unit suffering a Casualty Occurrence during the storage period provided for such Unit in Section 15 hereof) or any component thereof at the best price obtainable on an "as is, where is" basis. If the Lessee shall have previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent that such proceeds do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the Rent Payment Date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date:

JUMBO HOPPER CARS
CASUALTY VALUE SCHEDULE

| <u>Payment Number</u> | <u>As A % of</u> <u>Purchase Price</u> |
|-----------------------|---|
| * 1 | 111.0682 |
| 2 | 113.2906 |
| 3 | 115.0559 |
| 4 | 116.3624 |
| 5 | 117.2684 |
| 6 | 117.6682 |
| 7 | 117.6160 |
| 8 | 117.0066 |
| 9 | 116.0839 |
| 10 | 115.1185 |
| 11 | 114.1077 |
| 12 | 113.0507 |
| 13 | 111.9447 |
| 14 | 110.7889 |
| 15 | 109.5801 |
| 16 | 108.3178 |
| 17 | 106.9988 |
| 18 | 105.6224 |
| 19 | 102.8613 |
| 20 | 99.9731 |
| 21 | 96.9504 |
| 22 | 93.7960 |
| 23 | 90.5011 |
| 24 | 87.0637 |
| 25 | 83.4742 |
| 26 | 79.7308 |
| 27 | 75.8230 |
| 28 | 71.7489 |
| 29 | 67.4975 |
| 30 | 63.0668 |
| 31 | 58.4448 |
| 32 | 53.6300 |
| 33 | 48.6093 |
| 34 | 43.3864 |
| 35 | 37.9406 |
| 36 | 32.2802 |
| 37 | 26.3789 |
| 38 | 20.0000 |

*Starting July 2, 1982

TANK CAR
CASUALTY VALUE SCHEDULE

| <u>Payment Number</u> | <u>As A % of Purchase Price</u> |
|-----------------------|-------------------------------------|
| * 1 | 106.4077 |
| 2 | 108.5869 |
| 3 | 110.4577 |
| 4 | 112.0979 |
| 5 | 113.5664 |
| 6 | 114.8451 |
| 7 | 115.9657 |
| 8 | 116.8775 |
| 9 | 117.6100 |
| 10 | 118.1129 |
| 11 | 118.4230 |
| 12 | 118.5134 |
| 13 | 118.4061 |
| 14 | 118.0585 |
| 15 | 117.4898 |
| 16 | 116.6590 |
| 17 | 115.5819 |
| 18 | 114.2191 |
| 19 | 111.2567 |
| 20 | 108.1216 |
| 21 | 104.8056 |
| 22 | 101.3638 |
| 23 | 97.7495 |
| 24 | 93.9984 |
| 25 | 90.0599 |
| 26 | 85.9728 |
| 27 | 81.6819 |
| 28 | 77.2297 |
| 29 | 72.5558 |
| 30 | 67.7070 |
| 31 | 62.6172 |
| 32 | 57.3380 |
| 33 | 51.7967 |
| 34 | 46.0499 |
| 35 | 40.0187 |
| 36 | 33.7650 |
| 37 | 27.2025 |
| 38 | 20.0000 |

*Starting July 2, 1982

Whenever any Unit shall suffer a Casualty Occurrence before such Unit shall have been returned in the manner provided in Section 14 hereof or during the 120-day storage period provided for such Unit in said Section 14, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor as Supplemental Rent an amount equal to 20% of the Purchase Price of such Unit. Upon (but not prior to) the making of such payment by the Lessee in respect of any Unit, the storage period with respect to such Unit shall terminate and the Lessor shall be entitled to recover possession of such Unit, except in the event of a loss, theft or complete destruction thereof, and the Lessee shall pay all costs, if any, of removing such Unit and delivering possession thereof to the Lessor.

Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of and responsibility for any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

In the event of the requisition for use by the United States Government or any other governmental entity (hereinafter called the "Government") of any Unit during the Term of this Lease, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except to the extent the Lessee's obligations are modified pursuant to the first paragraph of this Section 7 with respect to any such requisition which represents a Casualty Occurrence, as defined therein; provided, however, that if any Unit requisitioned by the Government is returned by the Government at any time after the end of the Term of this Lease, the Lessee shall be obligated to return such Unit to the Lessor pursuant to Section 11 or Section 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the Term of this Lease, but the Lessee shall in all other respects comply with the provisions of said Section 11 or Section 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the Term of this Lease shall be paid over to, or retained by, the Lessee, provided no Event of Default (or other event which after notice, demand and/or lapse of time would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the Term of this Lease, shall, to the extent of the Casualty Value theretofore paid by the Lessee, be paid over to, or retained by, the

Lessee, and any such amounts paid in excess of such Casualty Value shall be paid over to, or retained by, the Lessor.

The Lessee will, at all times while this Lease is in effect (including during any storage period as described in Section 11 or Section 14 hereof), at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks as are satisfactory to the Lessor and the Agent, and in any event in amounts and against risks (i) at least equal to the Casualty Value of the Units and (ii) comparable to those insured against by the Lessee on equipment similar to the Units which is owned or leased by the Lessee; provided that all such insurance may have a deductible not to exceed \$250,000 per occurrence. Such insurance shall be maintained with insurance companies, underwriters or funds which shall be satisfactory to the Lessor and the Agent and which shall be authorized to do business in the jurisdictions in which the Units may from time to time be located. At or prior to the date the first Unit is delivered and accepted by the Lessee under this Lease, the Lessee shall deliver certificates of insurance to the Lessor and the Agent which shall provide that until the Notes are paid in full, the Agent, and thereafter the Lessor, shall receive not less than 30 days' written notice of any cancellations of any of such policies or of any material change in the coverage to be provided thereunder. The Lessee, the Lessor, the Agent and the Investors shall be named insureds under the public liability and property insurance, with losses payable in respect of the Units to the Agent until the Notes have been paid in full and thereafter during the Term of the Lease to the Lessor. Any net property insurance proceeds resulting from insurance carried by the Lessee received by the Agent in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 7. If any such net property insurance proceeds or condemnation payments shall be received after the Lessee shall have made payments pursuant to this Section 7 without deduction for such net property insurance proceeds or such condemnation payments, the Lessee shall be entitled to receive such net property insurance proceeds or condemnation payments up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Agent and applied to discharge the liabilities of the Lessee under Section 11. The balance of such net insurance

proceeds or condemnation payments shall remain the property of the Agent to the extent of amounts outstanding on the Notes (both principal and accrued interest thereon) or, upon payment in full of the Notes, of the Lessor. The Lessee hereby assigns to the Agent all its rights to net insurance proceeds received during an Event of Default. All net insurance proceeds received by the Agent with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Agent and applied to discharge the liabilities of the Lessee under Section 10. The balance of such net insurance proceeds shall remain the property of the Agent to the extent of amounts outstanding on the Notes (both principal and accrued interest thereon) or, upon payment in full of the Notes, of the Lessor. Except as otherwise hereinabove provided, any condemnation payments received with respect to a Unit not suffering a Casualty Occurrence shall be the property of the Lessor.

The Lessor at its option shall have the right to insure the Equipment or any Units thereof at the Lessor's cost and upon such terms and conditions as are satisfactory to the Lessor; provided that this paragraph shall in no way require the Lessor to obtain such insurance.

Copies of all insurance policies issued pursuant to the provisions of the preceding paragraph shall be delivered to the Agent and the Lessor upon written request. At the time of the first Funding Closing, and annually on March 1 thereafter, the Lessee shall provide to the Lessor and the Agent the report of an independent insurance broker as required by Section 8(z) hereof.

Section 8. Reports. On or before March 1 in each year, commencing with the year 1982, and at such other times as the Lessor may reasonably request, the Lessee will furnish to the Lessor and the Agent an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by this Lease and the Participation Agreement, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than ordinary maintenance) or have been withdrawn from use pending repairs (other than ordinary maintenance) during the preceding calendar year and such other information regarding

the condition and state of repair of the Units as the Lessor or the Agent may reasonably request and (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 5 hereof have been preserved or replaced. The Lessor and/or its duly appointed agents shall have the right to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the term of this Lease.

The Lessee will promptly furnish to the Agent so long as the Notes are outstanding and thereafter to the Lessor, (i) as soon as available, and in any event within 120 days after the end of each fiscal year, copies of the Guarantor's Form 10-K Annual Report to the Securities and Exchange Commission for such fiscal year (or any other comparable report substituted therefor which includes certified annual financial information) and (ii) as soon as available, and in any event within 45 days after the end of each of the first three quarterly periods of each such fiscal year, copies of the Guarantor's Form 10-Q Reports to the Securities and Exchange Commission for such quarterly periods (or any other comparable report substituted therefor which includes quarterly financial information).

At the time of the delivery of the financial statements pursuant to clause (i) of the preceding paragraph, the Lessee will deliver to the Lessor and the Agent the following:

(y) a certificate signed by the President, any Vice President, the Treasurer or any Assistant Treasurer of the Lessee stating that a review of the activities of the Lessee during the accounting period covered by such financial statements has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under this Lease and that, to the best of his knowledge, the Lessee during such accounting period has kept, observed, performed and fulfilled each and every covenant and obligation contained herein, or if an Event of Default under this Lease shall exist or shall have existed or if an event has occurred which, with notice, demand and/or lapse of time, would constitute such an Event of Default, specifying such Event of Default or such event and the nature and status thereof; and

(z) a certificate from an independent insurance broker to the effect that the insurance required by

Section 7 hereof is in full force and effect and complies in all material respects with the terms and conditions of such section.

The Lessee agrees to prepare, deliver to the Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare for and file on behalf of the Lessor directly) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of or the interest of the Agent or of any Investor in the Units or the leasing thereof to the Lessee. The Lessor agrees to forward to the Lessee copies of or information regarding any notices which the Lessor receives in respect of such reports.

Section 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee as its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of the Purchase Contracts and the Assignment; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor or its successors and assigns may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Unit or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Unit or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages of any person; or (iv) the delivery, operation,

servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all of the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees for the benefit of the Lessor and the Agent to comply in all respects with all applicable laws (including, but not limited to, laws with respect to the use, maintenance and operation of each Unit) of the jurisdictions in which operations involving the Units extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, maintenance or use of the Units; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may, at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Agent, adversely affect the property title of the Lessor under this Lease or the rights of the Agent under the Security Agreement.

The Lessee agrees that, at its own cost and expense, it will be responsible for ordinary maintenance and repairs required to maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted.

Any and all additions to any Unit, and any and all linings or parts installed, on and additions and replacements made to any Unit (other than such parts, additions or replacements which can be removed from a Unit without material damage to that Unit, which parts, additions or replacements shall remain the property of the Lessee), shall constitute accessions to such Unit and ownership thereof, free from any lien, charge, security interest or encumbrance (except for those created by this Lease or by the Lessor), and shall immediately be vested in the Lessor.

The Lessee agrees to indemnify, protect and hold harmless each Indemnified Party and their respective successors, assigns, agents and servants from and against all losses,

damages, injuries, liabilities, claims and demands whatsoever (including, but not limited to, claims in which negligence or breach of warranty or contract of such indemnified part is alleged), regardless of the cause thereof (except for losses, damages, injuries, liabilities, claims and demands arising solely out of the gross negligence or willful misconduct of the Indemnified Party), and expenses in connection therewith, including counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Operative Documents, including, but not limited to, those in any way relating to or arising (or alleged to arise out of) during the Term of the Lease or the post-termination storage periods specified in Sections 11 and 14 hereof the following: (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, sub-lease, transport, storage, use, operation, condition, maintenance, sale, return or other disposition of any Unit or portion thereof, (ii) any latent and other defects whether or not discoverable by the Lessor or the Lessee, (iii) any claim for patent, trademark or copyright infringement, (iv) any claims based on strict liability in tort, (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units, resulting or allegedly resulting from the condition of any thereof, (vi) any violation or alleged violation of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction affecting or applicable to the Units or the lease, ownership, use, replacement, adaptation or maintenance thereof, or (vii) the execution and delivery of and performance under the Operative Documents by any Indemnified Party in accordance with the terms of such Operative Documents. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease. The amount which the Lessee shall be required to pay with respect to any indemnification under this Section 9 shall be an amount sufficient to restore the Indemnified Party to the same net after-tax position, after considering the net after-tax effect of the receipt of such indemnification by the Indemnified Party on its United States federal, state and local income taxes or franchise taxes based on net income, that the Indemnified Party would have been in had such taxes not been imposed. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full

payment of all obligations under this Lease or the termination or expiration of the Term of this Lease.

Section 10. Default. If during the continuance of the Term of this Lease one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

(A) default shall be made in payment of any part of the semiannual Rent provided in Section 3, and such default shall continue for 10 days;

(B) default shall be made in payment of any Supplemental Rent under the Lease, and such default shall continue for 10 days after written notice from the Lessor to the Lessee specifying such failure of payment and demanding that the same be paid;

(C) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(D) the Lessee shall fail to maintain insurance in accordance with Section 7;

(E) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained in this Lease, in the Participation Agreement or in any other agreement entered into concurrently herewith relating to the financing or leasing of the Units, and such default shall continue for 20 days after written notice from the Lessor to the Lessee specifying such default and demanding that the same be remedied;

(F) any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension, and, if such proceedings have been commenced against the Lessee, such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within 60 days after such proceedings shall have been commenced, or the Lessee shall make a general assignment for the benefit of creditors or shall generally not be paying its debts as they become due within the meaning of Section 303(h)

of the United States Bankruptcy Code, 11 U.S.C. §101 et seq.; or

(G) any representations or warranties made by the Lessee herein or in any other agreement, statement or certificate furnished in connection with this Lease or the transaction contemplated hereby proves untrue in any material respect as of the date of issuance thereof;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(2) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the possession and use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may, by its agents, enter upon the premises of the Lessee or any other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatsoever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the Rent for any number of days less than a full Rent period by multiplying the Rent for such full Rent period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full Rent) and also to recover forthwith from the Lessee (a) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, which represents the excess of the present worth, at the time of such termination, of all Rent therefor which would otherwise have accrued hereunder from the date of such termination to the end of the Base Term of this Lease (or, if such default occurs during a Renewal Term, the Term of this Lease) over the then present worth of the then fair rental value of such Unit for

such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present worth to be computed in each case on a basis of a 6% per annum discount, compounded semiannually from the respective dates upon which Rent would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Unit as of the Rent Payment Date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value thereof at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this clause (a) with respect thereto, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Unit, as of the Rent Payment Date on or next preceding the date of termination over the net proceeds of such sale, plus (b) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of Rent.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the Rent due hereunder, and agrees to pay Rent regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise any of the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The Lessor and the Lessee shall each give prompt notice to the other and to the Agent of any Event of Default of which the Lessor or the Lessee shall have knowledge.

The foregoing provisions of this Section 10 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

Section 11. Return of Units upon Default. If this Lease shall terminate pursuant to Section 10, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, and shall meet all applicable standards of the Department of Transportation and comply with the applicable Interchange Rules of the Mechanical Division of the Association of American Railroads. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

- (a) place the Unit or Units in the standard of condition as specified above;
- (b) forthwith place such Units upon such storage tracks as the Lessor reasonably may designate;
- (c) permit the Lessor to store such Units on such tracks for a period of time not to exceed the earlier of one year after such termination or 120 days after the scheduled termination of the Term of the Lease at the risk of the Lessee without charge to the Lessor for insurance or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and
- (d) cause the same to be delivered to any carrier for shipment as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as in this Section 11 provided shall be at the expense and risk of the Lessee for a period of nine months following such termination and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any

such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored as hereinabove provided within 30 days after such termination, the Lessee shall, in addition to any amounts payable by the Lessee in accordance with Section 10, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Daily Lease Rate of such Unit in effect at the time of such termination exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time, subject to all mandatory requirements of due process of law.

Section 12. Assignment; Possession and Use; Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, subject to the Lessee's right to quiet enjoyment of the leased Units so long as the Lessee is not in default under this Lease, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Such rights and obligations of the Lessor hereunder as shall be so assigned shall inure to the benefit of the Lessor's assigns. Whenever the term "Lessor" is used in this Lease, it shall apply and refer to the Lessor and each assignee of the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessor covenants not to interfere with Lessee's quiet enjoyment of the Units leased hereunder in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, sublease, triplease (except as hereinafter in this paragraph provided) or transfer its leasehold interest under this Lease in the Units or any of them. Without the prior written consent of the Lessor, the Lessee shall be permitted to enter into one or more tripleases with respect to the Units so long as, at the time of any such triplease and after giving effect thereto: (i) no Event of Default shall have occurred and be

continuing, (ii) such triplease shall be subject and subordinate to the rights of the Lessor under this Lease, including the right of the Lessor to repossess the Equipment upon the occurrence of an Event of Default under Section 10 hereof; and (iii) each such triplease shall be for a single trip, shall be for a term not in excess of 180 days, and in any event shall not be for a term extending beyond the Base Term (or if the triplease occurs during the Renewal Term, the Term) of this Lease. Notwithstanding any such assignment, transfer, sublease or triplease, the Lessee shall remain primarily liable for all of its obligations, liabilities or duties hereunder. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance resulting from a claim against the Lessor or the Agent not related to the ownership of the Units) on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Agent or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Lessor or the Agent, as the case may be, adversely affect the title of the Lessor in or to the Units or otherwise adversely affect its rights or the rights of the Agent under this Lease or the Security Agreement; and provided further that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent. The Lessee shall not, without the prior written consent of the Lessor, part with the legal control of, or suffer or allow to pass out of its legal control, any of the Units, except to the extent permitted by the provisions of this paragraph; provided, that failure to maintain physical control over the Units in accordance with the Lessee's customary conduct of its business shall not be deemed to be a parting with legal control.

The Lessee acknowledges and agrees that its rights and the rights of its permitted assigns under this Lease shall at all times be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Agent under the Security Agreement; provided, however, that so long as the Lessee shall not be in default under this Lease, the Lessor

shall not interfere with the Lessee's quiet enjoyment of the Equipment. The Lessee agrees to use the Units only for the lawful transportation of its products within the continental United States of America, Canada and Mexico, and to haul lawfully any other product within the continental United States of America if the hauling of such other product does not result in wear and tear to the Units beyond that which would result from the intended use specified above. The Lessee agrees that any Units which are used to haul products in Canada or Mexico shall be returned to the United States of America not less frequently than once each year, it being the intent of the Lessor and the Lessee that the Units are to be used primarily in the United States.

Section 13. Options. Provided this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 365 days prior to the end of the Base Term of this Lease elect to extend the term of this Lease beyond the Base Term in respect of not less than all of such Units then covered by this Lease for an additional two-year period (such period being hereinafter called a "Renewal Term") commencing on the scheduled expiration of the Base Term of this Lease. In the event that the term of this Lease is extended pursuant to the preceding sentence, the Lessee shall pay Rent at the then Fair Market Rental (as hereinafter defined) of such Units in semiannual payments on January 2 and July 2 in each year of such Renewal Term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use or storage shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 Business Days after such notice is given, each party shall appoint an independent appraiser within 25 Business Days after such notice is given, and the two appraisers

so appointed shall within 35 Business Days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 Business Days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

Provided that this Lease has not been earlier terminated and that no Event of Default under this Lease (or other event which after lapse of time or notice or both would become an Event of Default under this Lease) shall have occurred or be continuing, in the event the Lessor elects to sell any Hopper Cars or Tankers to third parties at the expiration of the Base Term or Renewal Term of this Lease, the Lessee shall be given written notice of such intention (and written notice of the Lessor's estimate of the Fair Market Value of the Units) at least 45 days prior to the expiration of such term. The Lessee shall have the sole right and option to purchase all but not less than all such Hopper Cars or such Tankers or all such Hopper Cars and Tankers, at the Fair Market Value of such Units. The Lessee may exercise such purchase right by delivery to the Lessor of a written notice within 10 days of receipt of notice from the Lessor, indicating whether it accepts the Lessor's estimate of the Fair Market Value of the Units or that such Fair Market Value shall be determined in accordance with the appraisal procedure set forth in this Section 13, and specifying a date of purchase not later than

the latest of (i) 30 days after the date of delivery of such notice by the Lessee to the Lessor, (ii) 90 days after the expiration of such term of this Lease or (iii) 10 business days after completion of the appraisal procedure, if applicable. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase. If the Lessee does not deliver such notice to the Lessor, all obligations of the Lessor under this paragraph shall terminate.

Section 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the Base Term of this Lease, provided that the Lessee has not agreed to purchase the Units as provided in Section 13 above, the Lessee will, at its cost and expense, at the request of the Lessor, deliver such Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and store such Units on such tracks for a period not exceeding 120 days and cause the same to be delivered, at any time within such 120-day period as may be designated by the Lessor upon 20 days' prior written notice to the Lessee, to an interchange point located not further than 100 miles from Joliet, Illinois which is directed by the Lessor. The movement and storage of such Units shall be at the expense and risk of the Lessee and without charge to the Lessor for insurance. During any such storage period, the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Units, may inspect the same. Each Unit returned to the Lessor pursuant to this Section 14 shall: (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet all applicable standards of the Department of Transportation and to comply with any applicable Interchange Rules of the Mechanical Division of the Association of American Railroads. The grouping, delivery, storage and transporting of the Units as in this Section 14 provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not grouped, delivered and stored as hereinabove provided, within 30 days after such termination, the

Lessee shall in addition pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Daily Lease Rate of such Unit in effect at the termination of the Lease exceeds the actual earnings received by the Lessor on such Unit for each such day. As to any Unit, upon delivery of such Unit to the delivery point designated by the Lessor, or, if earlier, upon the expiration of the 120-day storage period herein provided, the Lessee shall have no further liability with respect to such Unit.

Section 15. Recording. The Lessor, at its own expense, will cause this Lease and any security interests in the Equipment granted on or before the acceptance of the First Units under this Lease to be filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303. Any subsequent filing, registering, depositing and recording required to protect the Lessor's ownership of or the Agent's interest in the Equipment will be at the expense of the Lessee. The Lessor and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will refile, reregister, redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Agent for the purpose of proper protection, to their satisfaction, of their respective interests in the Units, or for the purpose of carrying out the intention of and their respective rights under this Lease, the Assignment, the Security Agreement and the Notes; and the Lessee will promptly furnish to the Lessor and the Agent evidences of all such filing, registration, depositing and recording and an opinion or opinions of independent counsel with respect thereto satisfactory to the Lessor and the Agent. Notwithstanding this Section 15, any subsequent filing, registering, depositing and recording required solely by the transfer (other than a transfer in connection with an Event of Default hereunder) (a) by the Lessor of its interest in this Lease and the Units (other than the assignment to the Agent contemplated by this Lease) or (b) the transfer by an Investor of its interest under its Certificates of Interest shall be at the cost of the transferring party.

Section 16. Interest on Overdue Payments. Anything herein to the contrary notwithstanding, any nonpayment of Payments due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of, computed in each case on the basis of a 360-day year of twelve 30-day months, (i) 18.10% per annum, or (ii) 1% per annum in excess of the per annum rate charged by The Omaha National Bank, from time to time, and denoted by it as its "prime rate," on

the overdue Rent, Supplemental Rent and other obligations for the period of time during which they are overdue.

Section 17. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, when mailed registered mail, postage prepaid, at the following specified addresses:

(a) To the Lessor,

Merrill Lynch Leasing Inc.
One Liberty Plaza
165 Broadway
New York, New York 10080

Attention: Leveraged Leasing Department

(b) To the Lessee,

Northern Petrochemical Company
2223 Dodge Street
Omaha, Nebraska 68102

Attention: Assistant Secretary and Controller

(c) To the Agent,

The Omaha National Bank
18th and Farnam
Omaha, Nebraska 68102

Attention: Corporate Trust Department

or to such other address as may have been furnished in writing by such person to the other parties to this Lease.

Section 18. Payment of Expenses. The Lessee agrees to pay (i) all of the costs and expenses incurred by the Lessee and the Guarantor in connection with the preparation, execution and delivery of the Operative Documents. Under the terms of the Participation Agreement, Merrill Lynch Leasing Inc. has agreed with the Lessee to pay certain expenses. The Lessee agrees to pay such expenses as Supplemental Rent in the manner provided in Section 3, to the extent such expenses are not paid by Merrill Lynch Leasing Inc. under the Participation Agreement; provided that the Lessee shall be entitled to reimbursement from Merrill Lynch Leasing Inc. as to such amounts.

Section 19. Severability; Effect and Modification of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Lessee and the Lessor to the full extent permitted by law, to the end that this Lease shall be enforced as written.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and of the Lessee.

All section headings and the introductory recitals hereof are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

Section 20. Lessor's Right to Perform for the Lessee. It is expressly understood and agreed that upon the occurrence of any of the defaults or conditions described in clauses (A), (B), (D) or (E) of the first paragraph of Section 10 of this Lease, and prior to the time that such default or condition shall constitute an Event of Default hereunder, the Lessor may make such payment or perform such other act as will cure such default or condition, and the amount of all payments made by the Lessor on behalf of the Lessee, plus the amount of all reasonable expenses incurred in connection therewith, together with interest thereon, to the extent legally enforceable, at the rate equal to the greater of, computed in each case on the basis of a 360-day year of twelve 30-day months, (i) 18.10% per annum or (ii) 1% per annum in excess of the per annum rate charged by The Omaha National Bank from time to time and denoted by it as its "prime rate," from the date of expenditure to the date of reimbursement, shall constitute Supplemental Rent payable hereunder from the Lessee to the Lessor on demand.

Section 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Nebraska; provided, however, that the parties and the Agent shall be entitled to all rights conferred by 49 U.S.C. §11303 and such additional rights arising

out of the filing, recording, registering or depositing, if any, of this Lease and the Security Agreement as shall be conferred by the laws of the several jurisdictions in which this Lease or the Security Agreement shall be filed, recorded, registered or deposited; and provided further that the validity and enforceability of the appraisal procedure provided in Section 13 hereof shall be governed by the United States Arbitration Act, 9 U.S.C. §§1-14.

Section 22. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although this Lease is dated as of November 1, 1981 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 23. Guaranty. In consideration of the Lessor's entering into this Lease the Lessee is delivering concurrently with its execution hereof the Guaranty.

Section 24. Definitions. Except as the context otherwise requires, for all purposes of this Lease the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"ACF" shall mean ACF Industries, Incorporated, a New Jersey Corporation.

"ACF Consent" shall mean the Consent and Agreement delivered by ACF, substantially in the form of Exhibit D to the Participation Agreement.

"ACF Bill of Sale" shall mean the Bill of Sale delivered by ACF, substantially in the form of Annex A to the ACF Consent.

"ACF Opinion" shall mean the opinion of counsel delivered by counsel to ACF, substantially in the form of Annex B to the ACF Consent.

"ACRS Deductions" shall mean those depreciation deductions allowed under the Accelerated Cost Recovery System with respect to each Unit pursuant to Sections 168(a) and 168(b) (1) (A) of the Code.

"Agent" shall mean The Omaha National Bank, a national banking association, as agent under the Agency Agreement.

"Agency Agreement" shall mean that certain Agency Agreement, substantially in the form of Exhibit B to the Participation Agreement, dated as of November 1, 1981, by and between the Agent and the Investors.

"Appraisal" shall mean that certain Appraisal, substantially in the form of Exhibit J to the Participation Agreement.

"Assignment" shall mean that certain Assignment of the Purchase Agreements, substantially in the form of Exhibit C to the Participation Agreement, dated as of November 1, 1981, by and between the Lessee and the Lessor.

"Base Term" shall mean that portion of the Term which shall commence on January 1, 1982 and shall terminate on January 1, 2001.

"Bills of Sale" shall mean both the ACF Bill of Sale and the Trinity Bill of Sale.

"Builders" shall mean ACF and Trinity.

"Builders' Opinions" shall mean the ACF Opinion and the Trinity Opinion together.

"Business Day" shall mean a calendar day, excluding Saturdays, Sundays and other days on which banking institutions in Omaha, Nebraska are authorized to remain closed.

"Casualty Occurrence" shall mean any occurrence in which any Unit or Units shall become lost, stolen, destroyed, irreparably damaged or taken or requisitioned by condemnation by the United States Government, pursuant to Section 7 of the Lease.

"Casualty Value" shall mean, as of any particular date of computation, that percentage of the Purchase Price of each Unit as set forth in the schedule provided in Section 7 of the Lease.

"Certificate of Acceptance" shall mean that certificate given by the Lessee, substantially in the form set forth as Annex C to the Lease.

"Certificates of Interest" shall mean those certificates issued by the Agent, representing the Equipment Indebtedness of the Investors, substantially in the form set forth in Section 3.02 of the Agency Agreement.

"Change in Tax Law" shall mean any change in the Income Tax Laws.

"Claim" shall mean a written notification from the Internal Revenue Service or from any foreign taxing authority of a proposed disallowance or adjustment for which an amount may be payable by the Lessee.

"Closing Date" shall mean that date on which either an Initial Closing or a Funding Closing occurs.

"Closings" shall mean both the Initial Closing and the Funding Closings.

"Code" shall mean the United States Internal Revenue Code of 1954, as amended by the Economic Recovery Tax Act of 1981.

"Collateral" shall have the meaning set forth in Section 2 of the Security Agreement.

"Collateral Payments" shall have the meaning set forth in Section 2 of the Security Agreement.

"Consents" shall mean both the ACF Consent and the Trinity Consent.

"Daily Lease Rate" shall mean semiannual Rent payment accruing immediately prior to a termination, divided by 180.

"Equipment" shall mean all the Units set forth on the Equipment Schedules to the Lease, including any linings, additions and replacements thereof (other than parts, additions and replacements which can be removed from a Unit without material damage thereto).

"Equipment Indebtedness" shall mean the aggregate amount of funds loaned by the Investors to the Lessor, repayment of which is promised in the Notes, such Equipment Indebtedness not to exceed \$7,735,000.

"Equipment Schedule" shall mean that schedule attached to the Lease as Annex A describing the Equipment under the Lease.

"Equity Amount" shall mean the aggregate amount paid in cash by the Lessor for the Equipment, such Equity Amount not to exceed \$3,815,000.

"Excluded Payments" shall have the meaning set forth in Section 2 of the Security Agreement.

"Fair Market Rental" shall mean that amount as determined in accordance with Paragraph 2 of Section 13 of the Lease.

"Fair Market Value" shall mean that amount as determined in accordance with Section 13 of the Lease.

"Funding Closings" shall mean those Closings at which the Lessor and the Investors shall remit funds to the Agent for payment to the respective Builder or any other party for the Purchase Price of Units of Equipment which have been delivered to the Lessee.

"Funding Date" shall mean that date on which a Funding Closing occurs.

"Government" shall mean the United States Government or any other governmental entity.

"Group" shall have the meaning set forth in Section 6(B) (9) of the Lease.

"Group of Equipment" shall mean all Units of Equipment that are funded at any one Funding Closing.

"Guarantor" shall mean InterNorth Inc.

"Guaranty Agreement" shall mean that certain Guaranty Agreement, substantially in the form of Exhibit G to the Participation Agreement, dated as of November 1, 1981 by and between the Guarantor and the Lessor.

"Hopper Cars" shall mean that portion of the Equipment composed of 150 CF-5251 center flow covered hopper cars as more specifically described in the Purchase Contract.

"Impositions" shall mean those taxes, levies, assessments, fees and charges as more specifically set forth in Section 6A of the Lease.

"Income Tax Laws" shall mean all federal, state and local tax laws, including rules, regulations and procedures in effect under the Code and the State and political subdivisions where the Lessor has its principal office.

"Indemnified Party" shall mean the Lessor, the Agent and each Investor, or their respective successors, assigns,

agents or servants, as their interests may appear, for whose benefit an indemnification is given.

"Independent Tax Counsel" shall mean a counsel selected by the Lessor and acceptable to the Lessee.

"Initial Closing" shall mean that closing at or by which time the Agency Agreement, the Lease, the Participation Agreement, the Assignment, the Consents, the Security Agreement and the Guaranty Agreement shall be executed and delivered by the respective parties thereto.

"Initial Closing Date" shall mean that date on which the Initial Closing occurs.

"Interest Deductions" shall mean all amounts paid as interest with respect to the Notes.

"Interim Term" shall mean that portion of the Term which, as to each Unit, shall begin on the date of delivery and acceptance by Lessee of such Unit under the Lease and, subject to the provisions of Sections 7, 10 and 13 of the Lease, shall terminate on December 31, 1981.

"Investors" shall mean the United Benefit Life Insurance Company, a Nebraska corporation, and the Woodmen of the World Life Insurance Society, a fraternal order under the laws of the State of Nebraska.

"ITC Loss" shall mean any such loss, disallowance or recapture as more specifically described in Section 6B of the Lease.

"Lease" shall mean that certain Lease of Railroad Equipment, substantially in the form of Exhibit F to the Participation Agreement, dated as of November 1, 1981 by and between the Lessor and the Lessee, including all Annexes attached thereto.

"Lessee" shall mean Northern Petrochemical Company, a Delaware corporation, as lessee under the Lease.

"Lessor" shall mean Merrill Lynch Leasing Inc., a Delaware corporation, as lessor under the Lease, and so long as the Notes are outstanding, unless the context requires otherwise, the Agent and the Investors.

"Loss" shall mean such loss, disallowance, recapture, treatment or inclusion pursuant to which the Lessor shall lose, shall not have or shall lose the right to claim, all or

any portion of the Interest Deductions or ACRS Deductions of any Unit, as more specifically set forth in Section 6B to the Lease.

"Net Economic Return" shall mean the inherent economics in the transaction contemplated by the Operative Documents as originally anticipated by the Lessor in calculating Rent, including the after-tax yield, after-tax cash flow, percentage of after-tax profit to equity investment and book earnings over the term of the Lease.

"Notice" shall mean the Notice, substantially in the form of Exhibit 15 to this Participation Agreement, which is delivered by the Lessee pursuant to Section 2 hereof.

"Notes" shall mean the Promissory Notes, substantially in the form of Exhibit H to the Participation Agreement, each dated as of a Funding Date in which the Lessor promises to pay the Agent a certain principal sum plus interest.

"Operative Documents" shall mean all documents to the transaction, including, without limitation, the Participation Agreement, the Agency Agreement, the Assignment, the Consents, the Lease, the Guaranty Agreement, the Notes, the Security Agreement and the Appraisal, including those documents to which a particular entity is a party referred to as "its Operative Documents."

"Participation Agreement" shall mean that certain Participation Agreement, dated as of November 1, 1981 by and among the Agent, the Lessor, the Lessee, the Guarantor and the Investors.

"Payments" shall mean all Rent and other sums payable to or received by the Lessor under the Lease, whether as Rent or Supplemental Rent and all sums payable to or received by the Lessor under the Guaranty Agreement.

"Purchase Agreements" shall mean both the Purchase Contract and the Purchase Order.

"Purchase Contract" shall mean that certain Purchase Contract for Sale of New Hopper Cars dated July 10, 1981, and the Letter Agreement dated October 15, 1981, each by and between AFC and the Lessee.

"Purchase Order" shall mean those certain documents for the sale of Tankers by and between Trinity and the Lessee.

"Purchase Price" shall mean, with respect to any Unit of Equipment, the base price of such Unit and shall include the sales or use tax, liner's amounts, storage charges prior to delivery, and freight charges to the place of delivery.

"Regulations" shall mean those regulations adopted to and made a part of the Code.

"Renewal Term" shall mean that additional two-year period under the Lease, which Lessee may elect, commencing at the scheduled expiration of the Base Term.

"Rent" shall mean the aggregate scheduled Rent payable throughout the Term of the Lease, as more specifically set forth in Section 3 and Annex B of the Lease.

"Rent Payment Date" shall mean January 2 and July 2 of each year, commencing July 2, 1982 and ending January 2, 2001 (or if the Lease is renewed, January 2, 2003) for each Unit of Equipment subject to the Lease.

"Rent Schedules" shall mean those certain schedules attached as Annex B to the Lease, setting forth the Rent and Rent Payment Date for each Group of Equipment.

"Security Agreement" shall mean that certain Security Agreement, substantially in the form of Exhibit I to the Participation Agreement, dated as of November 1, 1981, by and between the Agent and the Lessor.

"Supplemental Rent" shall mean any and all other payments which the Lessee is obligated to make under the terms of the Lease, other than Rent.

"Tankers" shall mean that portion of the Equipment composed of 25 new jumbo tank cars as more specifically described in the Purchase Order.

"Tax Benefits" shall mean those deductions, credits and other attributes of ownership in respect of each Unit as are provided to an owner of property, as more specifically set forth in Section 6(B) of the Lease.

"Term" shall mean the Interim Term, the Basic Term and the Renewal Terms, if any, under the Lease.

"Trinity" shall mean Trinity Industries Leasing Company, a Texas corporation.

"Trinity Bill of Sale" shall mean the Bill of Sale delivered by Trinity, substantially in the form of Annex A to the Trinity Consent.

"Trinity Consent" shall mean the Consent and Agreement delivered by Trinity, substantially in the form of Exhibit E to the Participation Agreement.

"Trinity Opinion" shall mean the opinion of counsel delivered by counsel to Trinity, substantially in the form of Annex B to the Trinity Consent.

"Unit" shall mean one item of Equipment under the Lease.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Lease to be signed in their respective corporate names by duly authorized officers as of the date first above written.

MERRILL LYNCH LEASING INC.

By Judith A. Hannaway
[Title] Officer
NORTHERN PETROCHEMICAL COMPANY

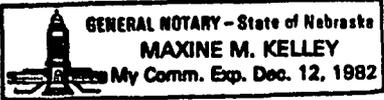
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[Signature]
ASSIT. Sec'y.

By W.B. B...
[Title] Dir. President

STATE OF Nebraska)
COUNTY OF Douglas) SS.

9th The foregoing instrument was acknowledged before me this day of November, 1981, by Judith A. Hannaway, an officer of Merrill Lynch Leasing Inc., a Delaware corporation, on behalf of the corporation.



Maxine M. Kelley
Notary Public

(NOTARIAL SEAL)
My Commission expires December 12, 1982

Annex A to the Lease

EQUIPMENT SCHEDULE

| <u>Type</u> | <u>Quantity</u> | <u>Car Numbers</u> | <u>Place of Delivery</u> |
|--|-----------------|--------------------|--------------------------|
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7006* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7015* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7042* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 6 | NPCX 7000-7005 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 8 | NPCX 7007-7014 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 26 | NPCX 7016-7041 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 10 | NPCX 7043-7052 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 21 | NPCX 7055-7075 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 6 | NPCX 7078-7083 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 5 | NPCX 7087-7091 | Milton, Pennsylvania |

| <u>Type</u> | <u>Quantity</u> | <u>Car Numbers</u> | <u>Place of Delivery</u> |
|--|-----------------|--------------------|----------------------------|
| CF-5251 Center Flow Covered Hopper Car | 11 | NPCX 7093-7103 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7105 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7108 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7109 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7111 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7113 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7115 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7116 | Milton, Pennsylvania |
| Jumbo 112J400W Tank Car | 19 | NPCX 501-519 | Oklahoma City, Oklahoma |

(103)
(19)

Annex B
Lease of Railroad Equipment

Rent Payment Schedule

| <u>Payments</u> | <u>Hopper Car Payment Amount*</u> | <u>Tank Car Payment Amount*</u> |
|-----------------|---------------------------------------|-------------------------------------|
| 1-18 | 6.2692% | 6.6741% |
| 19-38 | 7.5922 | 8.0825 |

*Per \$1,000,000 of Purchase Price of Equipment Subject to Lease

Implicit Lease Rate = 11.7507% per annum for Hopper Cars and 12.7254% per annum for Tank Cars.

Annex C to the Lease

CERTIFICATE OF ACCEPTANCE

Northern Petrochemical Company, lessee under the Lease of Railroad Equipment (the "Lease") dated as of November 1, 1981 (the "Lessee") as duly authorized agent of Merrill Lynch Leasing Inc., lessor under the Lease, hereby certifies that the Equipment as attached hereto as Schedule I has been delivered to Lessee, inspected by Lessee, conforms to the specifications set forth in the respective Purchase Agreements (as defined in the Lease), found to be in good and working order and is fully equipped to operate for its intended purpose (except as to the lining of the hopper cars noted on Schedule I), and is on the date set forth below fully and finally accepted pursuant to the terms of Section 2 of the Lease.

Pursuant to this Certificate of Acceptance the Lessee further certifies the following:

(a) The Equipment has been marked in accordance with Section 5 of the Lease;

(b) The Equipment listed on Schedule I hereto complies with the description of the Equipment as set forth in Annex A to the Lease;

(c) Upon signature by the Lessee of this Certificate of Acceptance the Lessee agrees the Term of the Lease shall begin with respect to the Equipment and that for all purposes the terms and conditions as set forth in the Lease shall be in full force and effect as to the Equipment as set forth on Schedule I.

All terms not defined herein shall have the meanings ascribed to them in the Lease.

Date of Acceptance:

NORTHERN PETROCHEMICAL COMPANY,
as Lessee

By James A. Jordan
Title Supervisor - Rail Equipment

EQUIPMENT SCHEDULE

| <u>Type</u> | <u>Quantity</u> | <u>Car Numbers</u> | <u>Place of Delivery</u> |
|--|-----------------|--------------------|--------------------------|
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7006* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7015* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7042* | Joliet, Illinois |
| CF-5251 Center Flow Covered Hopper Car | 6 | NPCX 7000-7005 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 8 | NPCX 7007-7014 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 26 | NPCX 7016-7041 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 10 | NPCX 7043-7052 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 21 | NPCX 7055-7075 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 6 | NPCX 7078-7083 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 5 | NPCX 7087-7091 | Milton, Pennsylvania |

| <u>Type</u> | <u>Quantity</u> | <u>Car Numbers</u> | <u>Place of Delivery</u> |
|--|-----------------|--------------------|----------------------------|
| CF-5251 Center Flow Covered Hopper Car | 11 | NPCX 7093-7103 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7105 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7108 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7109 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7111 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7113 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7115 | Milton, Pennsylvania |
| CF-5251 Center Flow Covered Hopper Car | 1 | NPCX 7116 | Milton, Pennsylvania |
| Jumbo 112J400W Tank Car | 19 | NPCX 501-519 | Oklahoma City, Oklahoma |