RECORDATION NO. 18899-B FILED 1425

JUL 15 1994 -10 10 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

(Solvay Polymers Equipment Trust 1994)

Dated as of June 1, 1994

Between

WILMINGTON TRUST COMPANY,
not in its individual capacity, except as otherwise
expressly provided herein, but solely as trustee under
the Trust Agreement dated as of June 1, 1994, between
the Owner Participant and Wilmington Trust Company
in its individual capacity
(Lessor)

and

SOLVAY POLYMERS, INC.
(Lessee)

THIS LEASE HAS BEEN EXECUTED IN COUNTERPARTS. TO THE EXTENT THIS LEASE CONSTITUTES CHATTEL PAPER WITHIN THE MEANING OF ANY APPLICABLE UNIFORM COMMERCIAL CODE PROVISION, NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL EXECUTED COUNTERPART, WHICH SHALL BE IDENTIFIED FOR SUCH PURPOSES AS THE COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY THE INDENTURE TRUSTEE ON THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION PURSUANT TO 49 U.S.C. SECTION 11303 ON JULY ___, 1994, AT _____ __.M., RECORDATION NUMBER _____, AND DEPOSITED WITH THE OFFICE OF THE REGISTRAR GENERAL OF CANADA PURSUANT TO SECTION 90 OF THE RAILWAY ACT OF CANADA ON JULY ___, 1994, AT _____ __.M.

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EQUIPMENT LEASE AGREEMENT

EQUIPMENT LEASE AGREEMENT made as of June 1, 1994 (the "Lease"), between WILMINGTON TRUST COMPANY, a Delaware banking corporation, having its principal place of business located at 1100 North Market Street, Wilmington, Delaware, not in its individual capacity but solely as the trustee ("Lessor") under the Trust Agreement dated as of June 1, 1994 (the "Trust Agreement"), for the benefit of J.P. MORGAN INTERFUNDING CORP., a Delaware corporation, and its permitted successors and assigns ("Owner Participant"), and SOLVAY POLYMERS, INC., a Delaware corporation ("Lessee") having its principal place of business located at 3333 Richmond Avenue, Houston, Texas 77098.

1. DEFINITIONS: Each capitalized term used in this Lease and not otherwise defined herein shall have the meaning specified in Schedule X to the Participation Agreement dated as of the date hereof among Lessee, Owner Participant, Wilmington Trust Company, not in its individual capacity except as expressly provided therein, but solely as trustee under the Trust Agreement, and others, which Schedule X shall for all purposes constitute a part of this Lease and shall be subject to amendment in accordance with Section 23 hereof.

2. LEASE AGREEMENT:

(a) Lessor hereby leases to Lessee, and Lessee hereby rents from Lessor, the Equipment. All of the terms and conditions of this Lease shall govern the rights and obligations of Lessor and Lessee except as specifically modified in a Lease Supplement. Whenever reference is made herein to "this Lease," such reference shall be deemed to include each and every Lease Supplement and Lease Schedule, all of which constitute one lease of the Equipment and the terms and conditions of which are incorporated herein by reference.

(b) On each Funding Date, Lessee shall enter into a Lease Supplement with Lessor, which Lease Supplement shall: (i) state that Lessee has had an opportunity to inspect, and has inspected, the Equipment listed therein, (ii) state that Lessee has received a bill of sale for each Item of Equipment from the manufacturer or seller of such Item, and (iii) set forth the Equipment Cost and the Transaction Costs to be funded on such Funding Date.

3. TERM: The obligations under this Lease with respect to the Items of Equipment specified on a Lease Schedule shall commence upon the Funding Date for such Items and shall terminate on the date that is 22½ years after the Basic Term Commencement Date, subject to earlier termination pursuant to Sections 14 and 27 hereof and subject to renewal pursuant to Section 15 hereof.

4. RENTAL PAYMENTS:

Lessee agrees to pay Lessor the following Rent for the use of the Equipment:

(a)(i) For the Basic Lease Term, Lessee will pay Basic Rent (in semiannual installments as set forth on the Lease Schedule) on each Rent Payment Date commencing with the first Rent Payment Date to occur and ending on January 14, 2017, such installment on any Rent Payment Date with respect to the Items of Equipment then subject to the Lease to be in an amount equal to the Equipment Cost for all such Items of Equipment times the Basic Rent Factor with respect to such Rent Payment Date. Lessee shall not be required to pay any Basic Rent for the Interim Term. Basic Rent for any Renewal Term shall be as provided in Section 15 hereof.

(ii) If any payment of Basic Rent shall be due and payable on a day which is not a Business Day, such payment of Basic Rent shall be due and payable on the immediately preceding Business Day. Rent during any Renewal Term shall be payable semiannually in arrears.

(iii) If Lessor shall fail to pay the Interim Amount to Indenture Trustee on the Basic Term Commencement Date pursuant to Section 9.3(c) of the Participation Agreement, then upon written demand therefor from the Indenture Trustee Lessee shall pay to the Indenture Trustee on such date Special Supplemental Rent on behalf of and for the account of Lessor and Lessee may offset amounts so paid, together with interest at the Past Due Rate, against future payments of Basic Rent in excess of the amount required to pay principal and interest and all other amounts on the Notes, in accordance with the Participation Agreement.

(b) Lessee also agrees to pay to Lessor, or to whomever shall be entitled thereto as expressly provided herein or in any other Operative Document, as appropriate, any and all Supplemental Rent promptly as the same shall become due and owing.

(c) The Basic Rent will be subject to Adjustment as specified in Article IX of the Participation Agreement, and shall not be less than the amounts required by Section 9.4 of the Participation Agreement.

(d) All payments of Rent payable to Lessor shall be made by Lessee by wire transfer of immediately available funds prior to 10:00 A.M. New York time, on the date of payment, to Lessor at its office at Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration (or such other office of Lessor in the continental United States or such other account as Lessor shall direct in a notice to Lessee at least ten Business Days prior to the date such payment of Rent is due); provided, however, that so long as the Lien of the Indenture shall not have been fully discharged, Lessor hereby directs and Lessee agrees, that, unless the Indenture Trustee shall otherwise direct, all Rent (other than Excepted Payments) payable to Lessor and

assigned to the Indenture Trustee pursuant to the Indenture shall be paid prior to 10:00 A.M. New York time on the due date thereof directly to the Indenture Trustee at the office of the Indenture Trustee as provided in Section 2.06 of the Indenture. All payments of Supplemental Rent owing to the Indenture Trustee or to any Noteholder shall be made in immediately available funds prior to 10:00 A.M. New York time, on the due date thereof at the office of Indenture Trustee or at such other office of such other financial institution located in the continental United States as the party entitled thereto may so direct at least ten Business Days prior to the due date thereof. All payments of Supplemental Rent payable to the Owner Participant or Lessor, to the extent that such amounts constitute Excepted Payments, shall be made in immediately available funds prior to 10:00 A.M. New York time, on the due date thereof, to the account of the Owner Participant or Lessor, as applicable.

(e) Should Lessee fail to pay in full when due any Rent or other sum to be paid under this Lease, then Lessee shall pay (as Supplemental Rent), on demand, interest on such unpaid amount from the due date until paid at a per annum rate equal to the Past Due Rate.

(f) Anything contained in any of the Operative Documents to the contrary notwithstanding, each installment of Basic Rent payable hereunder (together with any payment made pursuant to Section 9.3(c) of the Participation Agreement), the amount of any Termination Value (together with the amount of any Basic Rent to be paid on the date such Termination Value is to be paid), the amount of any EBO Price (together with the amount of any Basic Rent to be paid on the date such EBO Price is to be paid) and the amount of any Stipulated Loss Value (together with the amount of any Basic Rent to be paid on the date such Stipulated Loss Value is to be paid) shall each be sufficient to pay in full on such date the amount then scheduled to be paid on account of the principal of and interest on the Notes outstanding on such date.

(g) The obligation of Lessee to pay Basic Rent shall be subject to credit as provided in Section 10.5(b) of the Participation Agreement.

5. DELIVERY: Lessee will select the type, quantity and supplier of each Item of Equipment described in a Lease Supplement. Lessor shall have no liability for any delivery or failure by the supplier to fill the purchase order or meet the conditions thereof. Lessee is authorized to accept the Items of Equipment on behalf of and as agent for Lessor.

6. WARRANTIES:

(a) EACH OF LESSOR, OWNER PARTICIPANT, INDENTURE TRUSTEE AND NOTEHOLDERS, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN, OPERATION OR CONDITION OF THE EQUIPMENT; THE QUALITY OR

CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. Lessee accordingly agrees not to assert any claim whatsoever against Lessor, Owner Participant, Indenture Trustee or any Noteholder based thereon. Lessee further agrees not to assert any claim whatsoever against Lessor, Owner Participant, Indenture Trustee or any Noteholder for loss of anticipatory profits or consequential damages resulting from any defect or failure of the Equipment or any Item thereof. Lessor shall have no obligation to install, erect, test, adjust, service, or maintain the Equipment. Lessee shall look to the manufacturer and/or seller for any claims related to the Equipment; provided that the foregoing shall not prevent Lessee from bringing any separate cause of action against Lessor for any breach by Lessor of the terms hereof or against Owner Participant, Indenture Trustee or any Noteholder for any breach by such Person under any of the Operative Documents.

(b) To the extent not prohibited by the manufacturer or seller of the Equipment or the lining contractor, or otherwise, during the Term that this Lease is in effect and so long as no Lease Event of Default shall have occurred and be continuing, Lessor hereby authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's and/or seller's warranties with respect to the Equipment, and Lessor agrees to provide such assistance as Lessee may from time to time reasonably request in order to obtain the benefits of such Equipment manufacturer's or seller's warranties.

7. TITLE TO AND LOCATION OF EQUIPMENT; RESTRICTIONS ON LIENS:

(a) Title to each Item of Equipment leased hereunder shall remain with Lessor at all times and Lessee shall have no right, title or interest therein except as expressly set forth in this Lease.

(b) Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Item of Equipment, Lessor's title thereto or any interest therein or in, to or under this Lease or any other Operative Document or any interest of Lessor in any Rent or any sublease except for Permitted Liens. Lessee will promptly, at its own expense, take or cause to be taken such action as may be necessary duly to discharge any Lien (other than Lessor Liens) not excepted above when such Lien arises and shall promptly furnish evidence of such discharge to Lessor.

8. USE OF EQUIPMENT; INSPECTION AND REPORTS; MODIFICATIONS; INSIGNIA; RECORDINGS:

(a) Lessee may possess and use the Equipment in accordance with this Lease, provided that any such use is in conformity in all material respects with all applicable laws, any insurance policies, and any warranties of the manufacturer or seller with respect to the Equipment, and conforms to Prudent Industry Practice.

Lessee agrees not to operate or locate any Item of Equipment, or to suffer any Item of Equipment to be operated or located, in any area excluded from coverage by any insurance policy required by the terms of Section 10 hereof. Lessee shall operate the Equipment and permit the Equipment to be located only in the continental United States (including Alaska), Canada and Mexico.

(b) At reasonable times, and so long as no Lease Event of Default shall have occurred and be continuing upon at least 30 Business Days' prior written notice to Lessee and while any Lease Event of Default shall have occurred and be continuing upon at least ten Business Days' prior written notice to Lessee, Lessor, Indenture Trustee or Owner Participant, or their respective authorized representatives, may inspect the Equipment or any Item thereof and may inspect all books and records of Lessee required by law to be kept and relating to the maintenance of the Equipment or any Item thereof; any such inspection of the Equipment or any Item thereof shall be a visual, walk-around inspection of the exterior thereof; however, Lessee shall bear the expense of any such inspection conducted while a Lease Event of Default shall have occurred and be continuing. So long as no Lease Event of Default shall have occurred and be continuing, the Person conducting any such inspection shall bear the expense thereof. Lessee agrees to respond in a timely fashion to any of Lessor's, Indenture Trustee's, or Owner Participant's inquiries regarding (i) the location of the Equipment or any Item thereof or (ii) the scheduling of any major overhaul with respect to the Equipment or any Item thereof. None of Lessor, Owner Participant or Indenture Trustee shall have any duty to make any such inspection nor shall any of them incur any liability or obligations by reason of not making any such inspection.

(c) Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. Lessee shall not modify or alter or make any additions or improvements to any Equipment in any manner which will decrease the value, utility or useful life of such Equipment; provided, that notwithstanding the foregoing, Lessee shall at all times be permitted to use the Equipment to transport soda ash.

(d) Lessee, at its own cost and expense, shall make all such modifications, alterations or improvements (collectively, "Modifications") to all or any Items of Equipment as are required by law or by any Authority having jurisdiction over Lessee, Lessor and/or the Equipment and may make any other Modifications to all or any Items of Equipment that do not impair the value, utility or remaining useful life of such Items of Equipment. Title to all Severable Modifications (other than those required by law or regulation of the United States, or by law or regulation of any state thereof having jurisdiction over Lessee, Lessor and/or the Equipment) shall remain and vest with the Lessee, and any such Severable Modifications may be removed and retained by Lessee, at its own cost and expense, at the expiration of the Term of this Lease. Title to all Nonseverable Modifications (and to those Severable Modifications required by law or regulation of the United States, or by law or regulation of any state thereof having jurisdiction over Lessee, Lessor and/or the Equipment) shall vest with Lessor (but Lessee shall be allowed to use such Modifications during the Term of this Lease without the payment of any additional Rent therefor).

(e) Within 45 days following the applicable Funding Date, Lessee agrees to affix and maintain (or cause to be affixed and maintained) in a form and manner deemed suitable by Lessee on each Item of Equipment the following inscription:

Leased From

Wilmington Trust Company, as Owner Trustee
Owner and Lessor

and, for so long as such Item of Equipment shall be subject to the Lien of the Indenture, the following additional inscription:

Mortgaged to

Shawmut Bank Connecticut, National Association,
Indenture Trustee

(such inscription to be replaced, if necessary, with an inscription reflecting the name of any successor Lessor or successor Indenture Trustee in each case as permitted under the Operative Documents). Except as above provided, Lessee will cause each Item of Equipment to be kept numbered with the serial number as shall be set forth in any Lease Supplement hereto extending this Lease to cover such Item of Equipment, and Lessee will not allow the name of any Person to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided that nothing herein contained shall prohibit Lessee (or any sublessee or sub-sublessee) from placing its customary colors and insignia on any Item of Equipment. Lessee will not change the identification number of any Item of Equipment unless and until (i) a statement of a new number or numbers to be substituted therefor shall have been delivered to the Indenture Trustee and Lessor and filed, recorded and deposited by Lessee in all appropriate public offices, including the public offices where this Lease and/or the Indenture shall have been filed, recorded and deposited, and (ii) Lessee shall have furnished Lessor and the Indenture Trustee an opinion of counsel in form and substance reasonably satisfactory to them to the effect that such statement has been so filed, recorded and deposited and that such filing, recordation and deposit will protect Lessor's interest in such Items of Equipment and the security interest of the Indenture Trustee under the Indenture with respect to such Items of Equipment.

(f) To the extent necessary or advisable to maintain or evidence the ownership interest of Lessor in the Equipment or to maintain or evidence the Lien of the Indenture in the Trust Estate, promptly following the execution and delivery of this Lease, each Bill of Sale, each bill of sale for Replacement Equipment, each Lease Supplement and each Indenture Supplement, Lessee will cause each such Operative Document to be duly filed and recorded, and maintained of record, in accordance with the applicable laws of any jurisdiction having authority over the Equipment or the Trust Estate. In addition, Lessee will promptly and duly execute and deliver to Lessor such further documents and take such further action as Lessor (and, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee) may from time to

time reasonably request in order to more effectively carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder, including, without limitation, if requested by Lessor, at the expense of Lessee, the execution, delivery and recordation of supplements or amendments hereto in recordable form, subjecting to this Lease and the Lien of the Indenture any equipment substituted for any Item of Equipment.

9. OPERATING RULES AND REGULATIONS; REPLACEMENTS: Lessee agrees to comply in all material respects with all applicable laws, regulations and requirements of any Authority relating to the operation and/or use of the Equipment, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Interstate Commerce Commission. In case any equipment or appliance on any Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor (but Lessee shall have the use and benefit of any such changes, additions and replacements during the Term of this Lease without the payment of any additional Rent therefor); provided that all such replacement equipment (including but not limited to Replacement Equipment), or property shall be free and clear of all Liens (except for Permitted Liens described in clauses (a), (c), (d), (f) and (g) of the definition thereof) and shall be in at least as good operating condition and have at least the same value, utility and useful life as the Items of Equipment being replaced (assuming that such Items were in at least as good condition as required to be maintained hereunder). Any such replacement equipment (including but not limited to Replacement Equipment), or property shall, without further act, become the property of the Lessor and be deemed part of the Equipment for all purposes hereof, subject to the Lien of the Trust Indenture.

10. INSURANCE:

(a) Lessee will cause to be carried and maintained with insurers of recognized reputation and responsibility, at its sole expense, with respect to the Equipment (i) physical damage insurance insuring against physical loss or damage to the Equipment, in an amount equal to the Stipulated Loss Value of the Equipment and (b) insurance against liability for bodily injury, death and property damage resulting from the use, operation, ownership and possession of the Equipment in an amount not less than $10,000,000 per occurrence, each subject to Lessee's right to self-insurance set forth in clause (g) of this Section 10. All losses will be adjusted by Lessee with the insurers; provided that in the event that a Lease Event of Default shall have occurred and be continuing, such loss shall not be adjusted without the consent of Lessor and, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee.

(b) Any insurance policies carried in accordance with this Section 10 covering the Equipment, and any policies taken out in substitution or replacement for any such policies, (i) shall name the Lessor (as trustee under the Trust Agreement and in its individual capacity), the Indenture Trustee, each Note Purchaser and the Owner

Participant (collectively, the "Insured Parties"), as additional insureds or, if appropriate, loss payees, as their respective interests may appear (but without imposing on any such party liability to pay premiums with respect to such insurance), provided, that Lessor (or if the Lien of the Indenture shall not have been discharged, the Indenture Trustee) shall be named as the sole loss payee on the policies for physical damage insurance with respect to the Equipment, (ii) may provide for self-insurance to the extent permitted in clause (g) of this Section 10, (iii) shall provide that if the insurers cancel such insurance for any reason whatsoever, or if the same is allowed to lapse for non-payment of premium or if any material change is made in the insurance which adversely affects the interest of any Insured Party, such lapse, cancellation or change shall not be effective as to any Insured Party for 30 days (ten days in the case of lapse for nonpayment of premium) after receipt by such Insured Party of written notice by such insurers of such lapse, cancellation or change, (iv) with respect to physical damage policies only, shall provide that in respect of the respective interests of each Insured Party in such policies the insurance shall not be invalidated by any action or inaction of Lessee or Guarantor, or any Affiliate of either, and shall insure the respective interests of the Insured Parties, as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee or Guarantor, or any Affiliate of either, (v) shall be primary without any right of contribution from any other insurance with is carried by Lessee, any Insured Party or any other Person, (vi) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured and shall waive any right of subrogation of the insurers against Lessor, the Noteholders, the Owner Participant and the Indenture Trustee, (vii) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Insured Party.

(c) As long as the coverages maintained by Lessee are not adversely affected, Owner Participant may, at its sole option, insure the Equipment or its interests therein at its own expense and for its own exclusive benefit. Such insurance may be in addition to that required to be maintained by Lessee under this Section 10. Any proceeds from such policy or policies maintained by the Owner Participant for its behalf shall be for the sole and exclusive benefit of the Owner Participant.

(d) (i) The proceeds of any insurance required under this Section 10 received on account of damage to any Equipment not constituting a Lease Event of Loss with respect to such Equipment (as well as any payments received at any time by the Lessee on account of such damage from an insurer, a railroad or other party, which shall be paid over forthwith upon receipt to the Lessor (or, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee)) will be applied in payment for the repair of such damage to the extent required to maintain such Equipment in accordance with Section 18, if not already paid for by Lessee, or, if so paid for by Lessee, to reimburse Lessee for the cost of such repairs, and any balance remaining after compliance with said Section 18 with respect to such loss shall be paid to the order of the Lessee, provided that no Payment Default or Lease Event of Default shall have occurred or be continuing; if and so long as the foregoing proviso is not satisfied,

such proceeds shall be held pursuant to Section 30 as security for Lessee's obligations hereunder and under the Participation Agreement.

(ii) Any payments received at any time by the Lessee on account of damage constituting an Event of Loss from an insurer, a railroad or other party shall be paid over forthwith upon receipt to the Lessor (or, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee).

(e) Lessee shall furnish, or cause to be furnished, to Lessor, the Indenture Trustee and the Participants on or before each Funding Date and annually in the month of July a report from Marsh & McLennan or any other independent firm of insurance brokers reasonably acceptable to Lessor (Marsh & McLennan or such other brokers, the "Insurance Broker"), describing in reasonable detail the insurance then carried and maintained with respect to the Equipment and stating the opinion of such firm that (i) such insurance complies with the terms of this Section 10 and (ii) that such insurance together with any self-insurance permitted hereby complies with the requirements of this Section 10. In addition, Lessee will also cause such Insurance Broker to deliver to Lessor, the Indenture Trustee, the Owner Participant and the Noteholders, on or prior to the date of expiration of any insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by Lessee to such parties on the relevant Funding Date except for the changes in the report or the coverage consistent with the terms hereof. To the extent that the insurance required under this Section 10 shall not be maintained, Lessor or the Indenture Trustee may at its sole option, but shall be under no duty to, provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor or the Indenture Trustee as Supplemental Rent, for the cost thereof to Lessor or the Indenture Trustee, as the case may be, together with interest thereon at the Past Due Date from the date of payment by such Person to the date of reimbursement.

(f) Any amount referred to in this Section 10 which is payable to or retainable by Lessee shall not be paid or retained by Lessee if at the time of such payment or retention a Payment Default or Lease Event of Default shall have occurred and be continuing, and such amount shall be held pursuant to Section 30 as security for Lessee's obligations hereunder and under the Participation Agreement. At such time as no Lease Event of Default shall be continuing, such amounts shall be paid to the Lessee to the extent not previously applied in accordance with the preceding sentence.

(g) Notwithstanding any other provision of this Section 10 or of any of the other Operative Documents, Lessee shall have the right to self-insure the Equipment for physical damage and liability from bodily injury, death and property damage up to the aggregate amount of $5,000,000 (inclusive of any deductibles or retentions under policies of insurance). Any such self-insurance shall be in lieu of, and in satisfaction of, any obligation of Lessee to provide, or bear the cost of providing, insurance up to such amount under any provision of this Lease or any of the other Operative Documents.

11. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS: If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Equipment, Lessor may (at its option) perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Equipment and Lessor's title thereto, including payments for satisfaction of Liens, repairs, Taxes, levies and insurance and all sums so paid or incurred by Lessor, together with interest as provided below, and any reasonable legal fees incurred by Lessor in connection therewith shall be Supplemental Rent under this Lease and payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of Lessee.

12. NET LEASE: This Lease is a net lease and Lessee's obligation to pay all Rent and all costs and expenses of every character in connection with the use and operation of the Equipment are absolute and unconditional and shall continue unaffected (i) unless and until this Lease shall be terminated as provided herein or (ii) except as set forth in Section 10.5(b) of the Participation Agreement with respect to interference with Lessee's quiet enjoyment of the Equipment. For the avoidance of doubt, during the period when a Lease Event of Default shall have occurred and be continuing Lessee's obligations to pay all Rent and expenses shall be absolute and unconditional and shall remain unaffected, regardless of any actions being taken by any Person that impacts Lessee's quiet enjoyment of the Equipment.

13. NO OFFSET: Except as set forth in Section 4(a)(iii) hereof and Section 10.5(b) of the Participation Agreement, Lessee's obligation to pay all Rent and all costs and expenses of every character in connection with the use and operation of the Equipment (until this Lease shall be terminated as provided herein) payable hereunder shall be absolute and unconditional and shall not be affected by any circumstance including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right that Lessee or Guarantor may have against Lessor, in its individual capacity or as Owner Trustee, the Indenture Trustee, any Noteholder, the Owner Participant, the Guarantor, any sublessee, the supplier of the Equipment or any other Person for any reason whatsoever (whether in connection with the transactions contemplated hereby or any other transactions) including, without limitation, any breach by Lessor or the Owner Participant of their respective warranties, agreements or covenants contained in any of the Operative Documents, (ii) any defect in the title, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, any Item of Equipment, or any interruption or cessation in or prohibition of the use or possession thereof by Lessee or any sublessee for any reason whatsoever, (iii) any insolvency, bankruptcy, reorganization or similar case or proceedings by or against Lessee or Guarantor or (iv) any other circumstance, happening, or event whatsoever, whether or not unforeseen or similar to any of the foregoing. This section shall not be construed so as to prohibit any separate action by Lessee against Lessor, Owner Participant, Indenture Trustee or any other Person with respect to any right or action arising out of or related to this Lease or the transactions contemplated hereby.

14. EARLY TERMINATION:

(a) On any Rent Payment Date following a determination by Lessee in its sole opinion (as evidenced by a certificate of a Responsible Officer) (such date a "Termination Date") that all or any Items of Equipment with an aggregate original Equipment Cost of not less than $2,500,000 are obsolete, surplus or uneconomic to Lessee's needs, Lessee shall have the right to terminate this Lease (an "Early Termination") for such Items of Equipment upon payment to Lessor of the applicable Termination Value (including accrued Rent, if any) for such Rent Payment Date. Lessee shall give Lessor not less than 90 days' written notice (a "Termination Notice") prior to the Termination Date of each determination that all or any of the Items of Equipment are obsolete, surplus or uneconomic to Lessee's needs, which notice shall specify the Termination Date as to which this Lease shall terminate with regard to such Items of Equipment. Upon such Early Termination, Lessee, as agent for Lessor, shall sell the Items of Equipment to a third party unaffiliated with Lessee. Lessor shall have no duty to solicit bids for, or otherwise sell or offer for sale, such Items of Equipment. The total sales price realized at such sale, net of out-of-pocket reasonable expenses incurred by the Lessor and the Owner Participant in connection with the sale (the "Net Sales Price"), shall be paid to Lessor or, so long as the Lien of the Indenture shall not have been discharged, to the Indenture Trustee for distribution as provided in Section 3.02 of the Indenture. In addition, on the date of such sale, Lessee shall pay to Lessor or, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee, or, in the case of Supplemental Rent, to the Person entitled thereto, the sum of: (i) the amount, if any, by which the Termination Value for such Items of Equipment computed as of the Termination Date exceeds the Net Sales Price, plus (ii) all unpaid Supplemental Rent due and payable on or before the Termination Date (including in respect of Make Whole Premium Amount, if any), plus (iii) all unpaid Basic Rent due and payable on or before the Termination Date. Upon such payment by Lessee and Lessor's payment of the principal of the Notes outstanding in the amount required to be paid by it pursuant to Section 2.14(a)(ii) of the Indenture, together with accrued interest thereon to the date of payment, plus any Make Whole Premium Amount thereon and all other sums due and payable on such date to the Noteholders hereunder or under the Indenture, the Participation Agreement or the Notes, and compliance by Lessor with the provisions of this Section 14, this Lease shall terminate (and Lessor shall cause the Indenture Trustee to release the Lien of the Indenture) with respect to the relevant Items of Equipment and Lessor will transfer without recourse or warranty (except as to the absence thereof of Lessor Liens), all of Lessor's right, title and interest in and to such Items of Equipment. Lessee agrees to pay all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable counsel fees and disbursements) of Lessor, the Owner Participant, the Indenture Trustee and the Noteholders in connection with the transactions contemplated by this Section 14. Proceeds (net of expense of sale) in excess of Termination Value will be for the account of Lessor. Lessee will have the right on not more than three occasions to revoke any Termination Notice upon not less than five days' prior written notice by Lessee to Lessor.

(b) Notwithstanding Section 14(a) hereof, Lessor may, subject to Section 14(c) hereof, elect to retain all (but not less than all) of the Items of Equipment specified in a Termination Notice, by giving Lessee and, if the Lien of Indenture shall not have been terminated, the Indenture Trustee written irrevocable notice of such election not less than 30 days prior to the Termination Date. If Lessor so elects, Lessee shall pay on the Termination Date the sum of:

(i) all Basic Rent due on or before the Termination Date; plus

(ii) all other amounts then due and payable by Lessee under this Lease and any other Operative Document, including any Make Whole Premium Amount, but in no event shall Lessee be liable for the payment of any Termination Value or the principal amount of the Notes allocable to the Items of Equipment subject to the Termination Notice.

(c) If the Lien of the Indenture shall be in effect on any Termination Date, it shall be an absolute condition precedent to Lessor's right to retain the Items of Equipment subject to a Termination Notice that Lessor (or Lessee to the extent set forth in Section 14(b)) shall have paid to the Noteholders on or before such Termination Date the principal amount, the Make Whole Premium Amount (if any) and accrued interest on the Notes, in each case as such amounts are allocable to the Items of Equipment subject to the Termination Notice.

15. LEASE RENEWAL OPTIONS: Provided that (i) no Payment Default or Lease Event of Default shall have occurred and be continuing at the time of renewal, (ii) this Lease shall not have expired or otherwise terminated and (iii) Lessee shall have given notice of intent to renew at least 90 days prior to the expiration of the Basic Lease Term or then effective Renewal Term, as applicable; then at the end of the Basic Lease Term Lessee may elect one of the following options and at the end of any Renewal Term Lessee may elect the option set forth in clause (b) below:

(a) to renew this Lease (the "Fixed Rate Renewal") with respect to the Equipment or any Item of the Equipment at a fixed rate rental equal to 50% of the average of Basic Rent during the Basic Lease Term for such Items of Equipment for a term (the "Fixed Rate Renewal Term") which commences on the expiration of the Basic Lease Term and which does not exceed 80% of the then remaining useful life of the Equipment, as determined pursuant to the Appraisal Procedure; or

(b) to renew this Lease (the "Fair Market Value Renewal") at the then Fair Market Rental Value for the Equipment or Items of Equipment, as determined by the mutual written agreement of Lessee and Owner Participant or, in the absence of such agreement, the Appraisal Procedure, for a term (the "FMV Renewal Term") of not less than one year and not more than five years commencing on the expiration of the Basic Lease Term, the Fixed Rate Renewal Term or any FMV Renewal Term, as applicable. "Renewal Term(s)" shall refer to the Fixed Rate Renewal Term or the FMV Renewal Term, or both, as the context shall indicate.

(c) To exercise the Fair Market Value Renewal option set forth in clause (b) above, Lessee shall give to Lessor written notice of its tentative election to renew at least 240 days prior to the proposed renewal date,which notice shall specify the Items of Equipment to be renewed. At least 90 days prior to the expiration of the Basic Lease Term or then effective Renewal Term, as applicable, but in no event sooner than 30 days after the determination of Fair Market Rental Value for the applicable Items of Equipment, Lessee may deliver to Lessor a written notice finally electing to renew this Lease for such Items of Equipment. Failure by Lessee to deliver such written notice finally electing to renew this Lease for such Items of Equipment within the period provided in the preceding sentence shall constitute a waiver of Lessee's option to so renew this Lease as to such Items of Equipment.

(d) Lessee shall have the right, at any time during the Term of this Lease, to renounce and relinquish its renewal rights under this Section 15 by giving written notice thereof to Lessor.

16. SUBLEASE: Lessee shall have the right, so long as no Lease Default or Lease Event of Default shall have occurred and be continuing, to sublease any or all Items of Equipment, and any sublessee shall have the right to further sublease such Items of Equipment for use within the United States, Mexico and Canada; provided that the sublessee under such sublease shall not then be the subject of a petition filed under the Bankruptcy Code or other insolvency laws now or hereafter in effect in the United States or other relevant jurisdiction. Any sublease (or sub-sublease) of Items of Equipment shall not extend beyond the Term of this Lease in effect at the time such sublease or sub-sublease is entered into. Notwithstanding any sublease, Lessee will remain primarily liable for the performance of all of its obligations under this Lease and the other Operative Documents to which it is a party to the same extent as if such sublease were not in effect. Any such sublease or sub-sublease will not be assigned to Lessor or the Indenture Trustee but will be expressly subject and subordinate to this Lease, including, without limitation, the right of Lessor to repossess Items of Equipment pursuant to Section 20 of this Lease and to avoid such sublease upon termination of this Lease, notwithstanding the absence of default under such sublease. Lessee shall have the further rights to (i) subject any Items of Equipment to normal interchange, pooling or similar arrangements which do not result in the transfer of title to any Item of Equipment, (ii) allow the Equipment to be used for any shipment by a commercial carrier, but only of commodities which pose no greater environmental risk than currently contemplated and (iii) trip lease the Equipment to Lessee's customers in the normal course of Lessee's business, provided that no such arrangements shall diminish or discharge any of Lessee's obligations to Lessor hereunder.

17. ASSIGNMENT BY LESSOR: For the purpose of providing funds for financing the purchase of the Equipment, Lessee acknowledges and agrees (i) that Lessor has assigned, transferred, conveyed, sold and/or encumbered this Lease, the Equipment and the Rent payments (other than Excepted Payments) hereunder to the Indenture Trustee and (ii) that Lessee shall pay directly to Indenture Trustee all Rent payments (other than Excepted Payments) and other sums due or to become due under this Lease and (iii) that the Equipment leased hereunder has been mortgaged by Lessor

under the Indenture in favor of Indenture Trustee. THE RIGHTS OF THE INDENTURE TRUSTEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET-OFF WHICH LESSEE MAY HAVE AGAINST LESSOR, OWNER PARTICIPANT, MANUFACTURER OR ANY OTHER PERSON, EXCEPT AS PROVIDED IN SECTION 4(a)(iii) HEREOF AND SECTION 10.5(b) OF THE PARTICIPATION AGREEMENT. Notwithstanding the foregoing, the rights of the Indenture Trustee under the Indenture and the rights of any Person under any further such assignment, transfer or conveyance (x) shall be subject to Lessee's right to possess and use the Equipment so long as no Lease Event of Default has occurred and is continuing and (y) shall not release any of Lessor's obligations hereunder or any claim which Lessee has against Lessor, Owner Participant or any other Person. To the extent, if any, that this Lease and the Lease Supplements shall constitute chattel paper (within the meaning of any applicable Uniform Commercial Code provision), no security interest in this Lease and the Lease Supplements may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified for such purposes as the counterpart containing the receipt therefor executed by the Indenture Trustee as mortgagee under the Indenture on the signature pages hereof or thereof.

18. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT:

(a) Without limiting the obligations of Lessee set forth in Section 8 and Section 9 hereof, Lessee shall maintain the Equipment in as good a condition as when delivered, normal wear and tear excepted, and in compliance in all material respects with all applicable laws and regulations. Lessee will not discriminate in the maintenance of the Equipment or any Item thereof solely on the basis of ownership, and shall maintain all Items of Equipment in the same manner as similar equipment owned by Lessee, but in any event consistent with Prudent Industry Practice.

(b) At the end of the Basic Lease Term or any Renewal Term with respect to Items of Equipment, unless Lessee has exercised its purchase or renewal options with respect to such Items of Equipment, Lessee will have 180 days (the "Redelivery Period") to return such Items of Equipment to Lessor in groups of at least 25 Items of Equipment at any location in the United States selected by Lessee and reasonably acceptable to Lessor, but in no event at more than four separate locations. This Lease shall remain in effect for the Redelivery Period except that the first 30 days of the Redelivery Period shall be rent free (except for Supplemental Rent, if any); and for the remainder of the Redelivery Period, Lessee shall pay Rent on the unreturned Items of Equipment at the daily equivalent of the Basic Rent for the Basic Lease Term until such Items of Equipment are returned to Lessor. All Equipment so delivered by Lessee to Lessor shall be returned to the designated location free and clear of all Liens (except for Lessor Liens), in the same condition as when first delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted, and in the condition required by this Lease.

19. LEASE EVENTS OF DEFAULT: The occurrence and continuation of any of the following events or conditions shall constitute a "Lease Event of Default" under this Lease:

(a) Lessee or Guarantor shall fail to make any payment of Basic Rent within ten Business Days from the due date thereof;

(b) Lessee or Guarantor shall fail to make any payment of Stipulated Loss Value, EBO Price or Termination Value (or of any Supplemental Rent due in connection therewith) on the due date therefor;

(c) Lessee or Guarantor shall fail to make any other payment required under this Lease or under any of the other Operative Documents within 30 days after receipt by the Lessee or Guarantor of a written demand for such payment;

(d) Lessee or Guarantor shall fail to observe, perform or comply with any of their respective covenants or agreements contained in this Lease (other than those described in clauses (a), (b) and (c), above) or any other Operative Document and such failure continues unremedied for a period of 30 days after receipt of written notice thereof by Lessee, unless Lessee or Guarantor shall be diligently proceeding to correct such failure (but in no event for a total period of longer than 180 days);

(e) Any representation (other than the Tax Representations) by Lessee or Guarantor contained in any Operative Document or in any certificate required to be delivered hereunder or thereunder shall have been incorrect in a material respect when made, shall remain material when discovered and shall not have been cured within 30 days after written notice thereof to Lessee;

(f) Either Lessee or Guarantor, as may be applicable, shall (i) dissolve or terminate its existence, or (ii) discontinue its usual business, or (iii) apply for or consent to the appointment of a receiver, conservator, trustee, custodian or liquidator of it or of all or a substantial part of its property, or (iv) generally fail to pay its debts as they come due in the ordinary course of business, or (v) commence, or file an answer admitting the material allegations of or consenting to, or default in a petition filed against it in, any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking to have an order for relief entered with respect to it under the Bankruptcy Code, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief with respect to it or its debts; or

(g) A receiver, conservator, liquidator, custodian or trustee of Lessee or Guarantor or any of their property is appointed by the order or decree of any court or agency or supervisory authority having jurisdiction, and such decree or order remains in effect for more than 60 days; or Lessee or Guarantor obtains an order for relief under the Bankruptcy Code; or any of the property of Lessee or Guarantor is sequestered by court order and such order remains in effect for more than 60 days; or

a petition is filed or a proceeding is commenced against Lessee or Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 90 days after such filing.

20. REMEDIES:

(a) Generally. Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare by written notice to Lessee this Lease to be in default (provided that this Lease shall be deemed to be declared in default without the necessity of such written declaration upon the occurrence of any Lease Event of Default described in paragraph (f) or (g) of Section 19 hereof) and at any time thereafter, so long as any such outstanding Lease Event of Default shall not have been remedied prior to Lessor's commencing to enforce its remedies hereunder, Lessor may do one or more of the following with respect to all or any Item of Equipment as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(i) cause Lessee, upon the written demand of Lessor and at Lessee's expense, to return promptly, and Lessee shall return promptly, all or any Item of Equipment as Lessor may so demand to Lessor in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 18(b) hereof, or Lessor, at its option, may enter upon any premises under the control of Lessee where all or any Item of Equipment is located and take immediate possession of and remove the same, without the necessity to first institute proceedings, or by summary proceedings or otherwise, all without liability accruing to Lessor for or by reason of such entry, storage or taking of possession or removal, whether for the restoration of damage to property caused by such action or otherwise;

(ii) with or without taking possession thereof, sell all or any Item of Equipment or any part thereof at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle all or any Item of Equipment or any part thereof as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee or any sublessee or any sub-sublessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except as hereinafter set forth in this Section 20;

(iii) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (i) or paragraph (ii) of this Section 20(a) with respect to all or any Item of Equipment, Lessor, by written notice to Lessee specifying a payment date that shall be a Rent Payment Date not earlier than 20 days from the date of such notice, may demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the Rent Payment Date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty

(in lieu of the installments of Basic Rent for the Equipment due on or after the Rent Payment Date specified in such notice), (A) all unpaid Basic Rent payable or that would have been payable on or prior to the Rent Payment Date specified in such notice (with interest thereon at the Past Due Rate from such specified Rent Payment Date until the date of actual payment of such amount), plus (B) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice: (x) an amount equal to the excess, if any, of the Stipulated Loss Value, computed as of the Rent Payment Date specified in such notice, over the aggregate Fair Market Rental Value of the Equipment for the remainder of the Term, after discounting such aggregate Fair Market Rental Value semi-annually (from the relevant Rent Payment Dates) to present value as of the Rent Payment Date specified in such notice at a rate applicable to the Notes then outstanding; or (y) an amount equal to the excess, if any, of the Stipulated Loss Value, computed as of the Rent Payment Date specified in such notice, over the Fair Market Value of the Equipment as of the Rent Payment Date specified in such notice; provided, however, that any Item of Equipment not in the possession of Lessor shall be deemed to have a Fair Market Value of zero; and, in the case of any Item of Equipment not in the possession of Lessor which is deemed to have a Fair Market Value of zero as aforesaid, upon any final payment by Lessee of the amounts specified in this clause (iii), Lessor will deliver to Lessee a bill of sale to evidence the sale of such Item or Items of Equipment to Lessee (which bill of sale shall contain warranties as to Lessor's good title and the absence of any Lessor Liens) and the Indenture Trustee will execute a document releasing such Item or Items of Equipment from the Lien of the Indenture;

(iv) in the event Lessor, pursuant to paragraph (ii) of this Section 20(a), shall have sold the Equipment or any Item or any interest or part therein, Lessor, in lieu of exercising its rights under paragraph (iii) of this Section 20(a) with respect to the Equipment, may, if it shall so elect, demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Equipment due on or after the date as of which the Stipulated Loss Value thereof is calculated as hereinafter provided in this paragraph (iv) (the "SLV Calculation Date")), the sum of (A) all unpaid Basic Rent due on or prior to the SLV Calculation Date, plus (B) the amount of the excess of the Stipulated Loss Value computed as of the Rent Payment Date on or immediately preceding the date of such sale over the net proceeds of such sale (after deduction of all costs and expenses of sale including, without limitation, sales and transfer taxes) together with interest, if any, on the amount of such sum, at a rate per annum equal to the Past Due Rate from the SLV Calculation Date to the date of such payment;

(v) Lessor, in lieu of exercising its rights under paragraphs (ii), (iii) or (iv) above, by notice to Lessee specifying a payment date that shall be a Rent Payment Date not earlier than 20 days from the date of such notice, may demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the date specified in such notice, as liquidated damages for loss of a bargain and not as

a penalty, and in lieu of the Basic Rent for the Equipment due on or after such payment date, the sum of (A) all unpaid Basic Rent payable or that would have been payable on or prior to such Rent Payment Date plus (B) an amount equal to the Stipulated Loss Value for the Equipment computed as of such Rent Payment Date, together with interest at the Past Due Rate on the amount of such sum from the Rent Payment Date specified in such notice until the date of actual payment; and upon such payment of liquidated damages and all other Rent then due and payable by Lessee hereunder, Lessor shall transfer title and ownership of the affected Item or Items of Equipment to Lessee, free and clear of all Liens other than Permitted Liens, and free and clear of the Lien of the Indenture and all other Lessor Liens; further, Lessor will deliver to Lessee a bill of sale to evidence the sale of such Item or Items of Equipment to Lessee (which bill of sale shall contain warranties as to Lessor's good title and the absence of any Lessor Liens) and Indenture Trustee will execute a document releasing such Item or Items of Equipment from the Lien of the Indenture; and/or

(vi) Lessor may rescind or terminate this Lease as to all or any Item of Equipment; and/or

(vii) Lessor may exercise any other right or remedy that may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

(b) Liability for Other Amounts. In addition, Lessee shall be liable for any and all unpaid Supplemental Rent due hereunder before, after or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses (including fees of all appraisers hereinabove referred to together with all reasonable costs and expenses of such appraisers) incurred by Lessor, as Owner Trustee and in its individual capacity, the Indenture Trustee, the Noteholders and the Owner Participant by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, including all reasonable costs and expenses incurred in connection with the retaking or return of the Equipment in accordance with the terms of Section 20(a)(i) hereof or in placing the Equipment in the condition required by Section 18(b) hereof.

(c) Sale of the Equipment. The Equipment may be sold at public or private sale, provided that Lessor shall provide Lessee at least 10 days' prior written notice of a public sale. At any public sale of any Item of Equipment or any part thereof pursuant to this Section 20, the Indenture Trustee, the Noteholders and/or the Owner Participant may bid for and purchase such property. Each Noteholder shall be entitled, at any sale of any Item of Equipment pursuant this Section 20, to credit against any purchase price bid at such sale by such Noteholder all or any part of the unpaid obligations owing to such Noteholder and secured by the Lien of the Indenture.

(d) Remedies Cumulative; One Satisfaction. Except as otherwise expressly provided above, no remedy referred to in this Section 20 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to

above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. In no event shall Lessor be entitled to more than the sum of (i) Lessor's damages as determined pursuant to Section 20(a) hereof and (ii) the other amounts specified in Section 20(b) hereof.

(e) No Waiver. No express or implied waiver by the Lessor of any Lease Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Lease Event of Default. The Lessor's access to the Equipment is of the essence and shall not be impaired.

21. SEVERABILITY: Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition and unenforceability without invalidating the remaining provisions hereof. To the extent permitted by applicable law, Lessee hereby waives any provision of law which prohibits or renders unenforceable any provisions hereof in any respect.

22. NOTICES: Any notice or other communication given under this Lease shall be sent in the manner and to the address specified pursuant to Section 10.1 of the Participation Agreement.

23. ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS:

(a) This Lease and the other Operative Documents constitute the entire agreement between Lessor and Lessee with respect to the Equipment and the subject matter of this Lease.

(b) Any term, covenant, agreement or condition of this Lease may be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) only by an instrument or instruments in writing executed by both Lessor and Lessee with, to the extent required by the Indenture, the written consent of the Indenture Trustee (so long as the Lien of the Indenture shall not have been discharged), except that Lessor may insert the serial number of any Item of Equipment on the appropriate Lease Schedule after delivery thereof. No express or implied waiver by Lessor of any Lease Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Lease Event of Default whether similar in kind or otherwise.

24. CONSTRUCTION: THIS LEASE SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK AND THE PROVISIONS OF THIS LEASE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THAT STATE. The titles of the sections of this Lease are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence of this Lease in each of its provisions.

25. PARTIES: The provisions of this Lease shall be binding upon, and inure to the benefit of, the assigns, transferees, representatives and successors of Lessor and Lessee.

26. LESSEE'S QUIET ENJOYMENT: So long as no Lease Event of Default shall have occurred and be continuing, Lessee's quiet enjoyment of the Equipment shall not be disturbed by any Person lawfully claiming by, through or under Lessor. By acceptance of any assignment of this Lease, any assignee hereof agrees, with and for the benefit of Lessee, that as long as Lessee shall perform all of its obligations and covenants hereunder, and notwithstanding any default of Lessor, Lessee's quiet enjoyment shall not be disturbed by such assignee or any party lawfully claiming by, through or under such assignee.

27. LESSEE'S PURCHASE OPTIONS:

(a) Upon not less than 60 days' prior written notice to Lessor, Lessee may elect to purchase on July 14, 2009 (the "EBO Date") all or part (but not less than 40%) of the total number of Items of Equipment originally subject to this Lease (the "Early Buy-Out Option") either (i) for a cash price equal to the EBO Price for such Items or (ii) if Lessee exercises its assumption rights under Section 8.2 of the Participation Agreement, for a cash price equal to the EBO Price less the principal amount of the Notes being assumed with respect to such Items of Equipment. In the event that Lessee shall have so elected to purchase Items of Equipment, on the EBO Date, Lessee shall pay to Lessor (i) the EBO Price, plus (ii) all Supplemental Rent due and payable on or before the EBO Date, plus (iii) all unpaid Basic Rent due and payable on or before the EBO Date with respect to the Items of Equipment being so purchased.

(b) Upon not less than 90 days' prior written notice to Lessor, Lessee may elect to exercise at the end of the Basic Lease Term or any Renewal Term either of the following rights to purchase the Equipment or any Item or Items thereof (the "Fair Market Value Purchase Option"):

(i) if Lessee shall have previously exercised its Early Buy-Out Option, then Lessee will have the right to purchase all but not less than all of such Items of Equipment subject to this Lease for their then Fair Market Value (as determined by the Appraisal Procedure with respect to such Items of Equipment); or

(ii) if Lessee shall not have exercised its Early Buy-Out Option, then Lessee may purchase all or part (but not less than 50 Items of Equipment) of the Equipment at their then Fair Market Value (as determined by the Appraisal Procedure with respect to such Items of Equipment).

(c) To exercise either of the options set forth in clause (b) above, Lessee shall give to Lessor written notice of its tentative election to purchase at least 240 days prior to the proposed purchase date, which notice shall specify the Items of Equipment

to be purchased and, upon the earlier of (i) 30 days after the determination of Fair Market Value for the applicable Items of Equipment and (ii) 90 days prior to the earlier of the last day of the Basic Lease Term or any Renewal Term, Lessee may deliver to Lessor an irrevocable written notice finally electing to purchase such Items of Equipment. Failure by Lessee to deliver such written notice finally electing to purchase such Items of Equipment within the period provided in the preceding sentence shall constitute a waiver of Lessee's option to purchase such Items of Equipment.

(d) Upon payment by Lessee of the purchase price for the Item or Items of Equipment, together with all other amounts owing under this Lease or any of the other Operative Documents (including, without limitation, the amounts required to be paid on the Notes pursuant to Section 2.14(a)(ii) of the Indenture in connection with the exercise of the Early Buy-Out Option), Lessor will transfer to Lessee title and ownership of the Item or Items of Equipment purchased by Lessee under this Section 27, free and clear of the Lien of the Indenture and all Lessor Liens; further, Lessor will deliver to Lessee a bill of sale to evidence the sale of such Item or Items of Equipment to Lessee (which bill of sale shall contain warranties as to Lessor's good title and the absence of any Lessor Liens) and Indenture Trustee will execute a document releasing such Item or Items of Equipment from the Lien of the Indenture.

28. EVENT OF LOSS:

(a) Lessee shall promptly notify Lessor of the occurrence of an Event of Loss with respect to any Item or Items of Equipment. Within 60 days after the occurrence of such Event of Loss, Lessee shall elect one of the following two alternatives (failure by Lessee to make such election within 60 days after the occurrence of such Event of Loss being deemed an election of alternative (i) below):

(i) Lessee shall pay or cause to be paid to Lessor on the Loss Payment Date with respect to such Event of Loss (collectively, the "SLV Obligations") (A) the Stipulated Loss Value with respect to such Item or Items of Equipment computed as of the Rent Payment Date occurring on or immediately prior to such Event of Loss, plus (B) all other unpaid amounts of Supplemental Rent due and payable on or before such Loss Payment Date plus (C) the daily equivalent of Basic Rent with respect to the Items of Equipment subject to the Event of Loss from and including such Rent Payment Date to, but not including, such Loss Payment Date; or

(ii) provided that no Lease Event of Default shall have occurred and be continuing and that Lessee shall have reimbursed the reasonable out-of-pocket costs and expenses (including, without limitation, reasonable counsel fees and disbursements) of Lessor, the Owner Participant, the Indenture Trustee and the Noteholders in connection with the matters contemplated by this Section 28(a)(ii), Lessee shall convey or cause to be conveyed to Lessor, as replacement for any such Item or Items of Equipment with respect to which an Event of Loss shall

have occurred, title to Replacement Equipment free and clear of all Liens other than Permitted Liens and having a value, utility and remaining useful life at least equal to, and being in as good operation condition as, such Equipment with respect to which an Event of Loss occurred assuming such Equipment was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. In the event of the substitution of Replacement Equipment while the Lien of the Indenture has not been discharged, all provisions of the Indenture relating to the Items of Equipment being replaced shall be applicable to such Replacement Equipment with the same force and effect as if such Replacement Equipment were the same equipment as the Items of Equipment being replaced but for the Event of Loss with respect to the Items of Equipment being replaced.

(b) In the event Lessee elects to provide Replacement Equipment pursuant to clause (a)(ii) of this Section 28, Lessee shall furnish to Lessor the following documents with respect to each Item of Replacement Equipment: (i) a general warranty bill of sale, (ii) a Lease Supplement, (iii) an Indenture Supplement, (iv) at the election of Owner Participant, either a favorable legal opinion as to the absence of adverse tax consequences to either or both of Lessor and Owner Participant as a result of such substitution, or an indemnity to each of Lessor and Owner Participant from any such adverse tax consequences; (v) an appraisal of such Replacement Equipment; and (vi) evidence of insurance (subject however, to Lessee's right to self-insure pursuant to Section 10 hereof).

(c) After Lessee's obligations under clause (a) of this Section 28 have been satisfied, (i) Lessee shall have no further obligation to pay Basic Rent for the Items of Equipment affected by the Event of Loss and (ii) Lessee shall be deemed to have purchased such Item or Items of Equipment and Lessor will transfer title and ownership of such Item or Items of Equipment to Lessee, free and clear of the Lien of the Trust Indenture and all Lessor Liens; further, Lessor will deliver to Lessee a bill of sale to evidence the sale of such Item or Items of Equipment to Lessee (which bill of sale shall contain warranties as to Lessor's good title and the absence of any Lessor Liens) and the Indenture Trustee will execute a document releasing such Item or Items of Equipment from the Lien of the Indenture.

(d) Any payments received at any time by Lessor or by Lessee or the Indenture Trustee from any insurer, railroad, governmental authority or other party with respect to an Event of Loss resulting from damage to, or the condemnation, confiscation, theft or seizure of, or requisition of title to or use of, the Items of Equipment subject to an Event of Loss shall be applied as follows:

(i) if Lessee elects to pay the Stipulated Loss Value for such Item of Equipment pursuant to clause (a)(i) hereof, (A) so much of such payments as shall be required to satisfy in full the SLV Obligations shall be applied by Lessor (or, if the Lien of the Indenture shall not have been discharged, the Indenture Trustee) in reduction of Lessee's

obligation to pay such SLV Obligations, if not already paid by Lessee, and the remaining balance of such payments (if any) shall be paid over to, or retained by, Lessee or (B) if the SLV Obligations shall have been paid by Lessee, all such payments shall be paid over to, or retained by, Lessee; provided that if a Payment Default or a Lease Event of Default shall have occurred and be continuing, any such amounts due to Lessee under this clause (d)(i) shall be held pursuant to Section 30 hereof as security for Lessee's obligations hereunder and under the Participation Agreement; and

(ii) if Lessee elects to provide substitute Equipment pursuant to clause (a) of this Section 28, all such payments shall be paid over to, or retained by, Lessee; provided that Lessee shall have fully performed the terms of this Section 28 with respect to the Event of Loss for which such payments are made and provided further that if a Payment Default or a Lease Event of Default shall have occurred and be continuing, such proceeds shall be held pursuant to Section 30 hereof as security for Lessee's obligations hereunder and under the Participation Agreement.

29. FURTHER ASSURANCES: Lessee shall execute and deliver to Lessor or the Indenture Trustee upon Lessor's or the Indenture Trustee's request, as the case may be, such instruments and assurances and take such other actions as Lessor or the Indenture Trustee, as the case may be, in the reasonable exercise of its discretion deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder or for the effectuation of the intent hereof or for the perfection of the Lien of the Indenture and the establishment and protection of the rights and remedies created or intended to be created in favor of the Indenture Trustee hereunder and under the Indenture; provided that with respect to the use, operation or sublease of any Items of Equipment in Canada and Mexico pursuant to the terms of Section 8 and 16 hereof, the Lessee shall take all such reasonable actions at the request of the Lessor or the Indenture Trustee to the extent legally possible. In furtherance thereof, Lessor may file or record this Lease or a financing statement with respect thereto so as to give notice to any interested parties. Lessor is authorized to file a financing statement or a continuation statement concerning the Equipment signed only by Lessor in accordance with the Uniform Commercial Code or one signed by Lessor as Lessee's attorney-in-fact. Any such filing or recording shall be precautionary only and shall not be deemed evidence of any intent to create a security interest under the Uniform Commercial Code.

30. INVESTMENT OF SECURITY FUNDS: Any amounts not payable to Lessee (which amounts shall be paid to or retained by Lessor (or, so long as the Indenture shall be in effect, the Indenture Trustee)) pursuant to any provision of Section 10 and 28 hereof or this Section 30 solely because a Lease Event of Default shall have occurred and be continuing or because Lessee shall not have performed in full its obligations under Section 10, shall, in each case, be held by Lessor (or, so long as the Indenture shall be in effect, the Indenture Trustee) as security for the obligations

of Lessee under this Lease and the Participation Agreement. At such time as no Lease Event of Default or failure to perform shall be continuing, such amounts, including all earnings thereon but net of any amounts previously applied to Lessee's obligations hereunder or under the Participation Agreement, shall be paid to Lessee. Any such amounts which are held by Lessor (or, so long as the Indenture shall be in effect, the Indenture Trustee) pending payment to Lessee shall, until paid to Lessee as provided hereunder or, as long as the Indenture is in effect, until applied against Lessee's obligations hereunder and under the Participation Agreement and distributed as provided in the Indenture or (after Indenture is no longer in effect) in connection with any exercise of remedies hereunder, be invested by Lessor (or, so long as the Lien of the Indenture shall not have been discharged, the Indenture Trustee) in Permitted Investments as directed from time to time in writing by Lessee.

31. COUNTERPARTS: This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[SIGNATURES AND ACKNOWLEDGMENTS FOLLOW]

LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXECUTED AND TRUE COPY OF THIS LEASE AND THAT THIS LEASE IS NON-CANCELABLE.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed.

LESSOR:

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as trustee, as Lessor

By: _____
Name: Donald G. MacKelcan
Title: Senior Financial Services Officer

LESSEE:

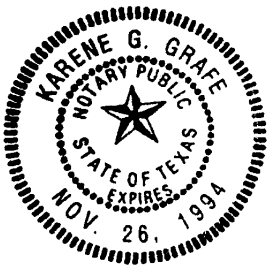
SOLVAY POLYMERS, INC.

By: _____
Name: G. N. Miertschin
Title: Vice President, Commercial Operations

[ICC ACKNOWLEDGMENT]

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me June 18, 1994, by G. N. Miertschin, Vice President, Commercial Operations of SOLVAY POLYMERS, INC., a Delaware corporation.



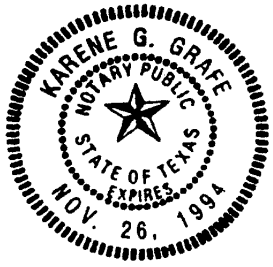
Karene G. Grafe
Notary Public in and for
the State of Texas

[REGISTRAR GENERAL ACKNOWLEDGMENT]

STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 18th day of June, 1994, before me personally appeared, G. N. Miertschin, to me personally known, being by me duly sworn, says that he is the Vice President, Commercial Operations of SOLVAY POLYMERS, INC. (the "Corporation") and that the said instrument attached hereto was signed on behalf of the Corporation under the authority of the board of directors on May 16, 1994 and he acknowledged that the execution of the said instrument was the act and deed of the Corporation.

Karene G. Grafe
Notary Public in and for
the State of Texas



[ICC ACKNOWLEDGEMENT]

STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

On this 20th day of June, 1994, before me personally appeared Donald G. MacKelcan, to me known, who, being by me duly sworn, did depose and say that he resides at No. 1108 Dardel Drive, Wilmington, DE 19803; that he is the Senior Financial Services Officer of WILMINGTON TRUST COMPANY, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

Norman F. Aiken
Notary Public in and for
the State of New York

My Commission Expires: January 31, 1996

NORMAN F. AIKEN
NOTARY PUBLIC, State of New York
No. 31-4703220
Qualified in New York County
Commission Expires January 31, 1996

[REGISTRAR GENERAL ACKNOWLEDGMENT]

STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

On this 20th day of June, 1994, before me personally appeared Donald G. MacKelcan, to me personally known, being by me duly sworn, says that he is the Senior Financial Services Officer of WILMINGTON TRUST COMPANY (the "Corporation") and that the said instrument attached hereto was signed on behalf of the Corporation under the authority of the board of directors on May 5, 1994 and he acknowledged that the execution of the said instrument was the act and deed of the Corporation.

Norman F. Aiken
Notary Public in and for
the State of New York

My Commission Expires: January 31, 1996

NORMAN F. AIKEN
NOTARY PUBLIC, State of New York
No. 31-4703220
Qualified in New York County
Commission Expires January 31, 1996

SCHEDULE X

(SOLVAY POLYMERS EQUIPMENT TRUST 1994)

DEFINITIONS

THIS SCHEDULE X IS CONCURRENTLY BEING REFERRED TO AND USED IN CERTAIN OF THE OPERATIVE DOCUMENTS AND MAY CONTAIN TERMS NOT OTHERWISE USED IN ANY ONE OR MORE OF SUCH OPERATIVE DOCUMENTS. ANY AMENDMENT TO AN OPERATIVE DOCUMENT THAT AMENDS THE DEFINITION OF A DEFINED TERM IN THIS SCHEDULE X SHALL BE EFFECTIVE AS TO SUCH DEFINED TERM FOR PURPOSES OF SUCH OPERATIVE DOCUMENT ONLY AND SHALL NOT AFFECT THE DEFINITION OF SUCH DEFINED TERM FOR PURPOSES OF ANY OTHER OPERATIVE DOCUMENT. THE TERMS DEFINED IN THIS SCHEDULE X SHALL INCLUDE THE PLURAL AS WELL AS THE SINGULAR AND THE SINGULAR AS WELL AS THE PLURAL.

SCHEDULE X

DEFINITIONS

"Accountant" shall have the meaning given such term in Section 9.5 of the Participation Agreement.

"Adjustment" shall mean any recomputation of Basic Rent Factors and the percentages for determining Stipulated Loss Value, EBO Price, and Termination Value pursuant to Article IX of the Participation Agreement.

"Affected Interest" shall mean the interest in the Note purchased by an Affected Lender that gave rise to a non-exempt prohibited transaction in connection with, arising out of, or resulting from, the use by such Affected Lender of General Account Assets to acquire or hold all or part of such interest.

"Affected Lender" shall have the meaning given such term in Section 4.6(e) of the Participation Agreement.

"Affiliate" of any Person shall mean any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such Person. No Person shall be considered an Affiliate of the Owner Trustee unless such Person directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, the Owner Trustee solely in its capacity as trustee under the Trust Agreement.

"After-Tax Basis" shall mean (a) with respect to any payment to be received by an Indemnitee (which, for purposes of this definition shall include any Tax Indemnitee and, for purposes of the Tax Indemnity Agreement, the Owner Participant as defined in the Tax Indemnity Agreement) an amount of such payment supplemented by a further payment or payments so that after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other Tax benefits or the present value of any expected future credits, deductions or other Tax benefits (determined using the Debt Rate as a discount rate) arising from the payment by the Indemnitee of any amount, including Taxes, for which the payment to be received is made) imposed currently on the Indemnitee by any Authority or taxing authority with respect to such payments, the balance of such payment shall be equal to the original payment to be received and (b) with respect to any payment to be made by any Indemnitee, the amount of such payment supplemented by a further payment or payments so that, after increasing such payment by the amount of any current credits or other Tax benefits or the present value of expected future credits or other Tax benefits (determined using the Debt Rate as a discount rate) realized by the Indemnitee under the laws of any Authority or taxing authority resulting from the making of such payments, the sum of such payments (net of such credits or benefits) shall be equal to the original payment to be made; provided, however, for the purposes of this definition, it shall be assumed that (i) for an Indemnitee other than the Owner Participant, federal income taxes are payable by such Indemnitee at the highest marginal statutory rate applicable to corporations from time to time, (ii) for the Owner Participant as the Indemnitee, federal, state and local income taxes are payable at the Highest Rate, and (iii) such Indemnitee has sufficient income to utilize any deductions, credits (other than foreign

tax credits, the use of which shall be determined on an actual basis) and other Tax benefits arising from any payments described in clause (b) of this definition. If any future tax benefit taken into account in the above computation is not realized, the loss of such benefit shall be a Tax subject to indemnification by the Lessee.

"Applicable Percentage" shall mean, (i) for each Note Purchaser, the percentage set forth on Schedule I to the Participation Agreement opposite the name of such Note Purchaser and (ii) for the Owner Participant, 28.06438082%.

"Appraisal" shall mean the report of the Appraiser delivered pursuant to Section 3.3(h) of the Participation Agreement.

"Appraisal Procedure" shall mean the procedure specified in this paragraph for determining an amount or value. Any estimate of the Fair Market Value of Equipment to be determined as of any Funding Date shall be determined by the Appraiser. With respect to any other amount or value, the Owner Participant and the Lessee shall consult for the purpose of determining such amount or value by mutual agreement. In the absence of such agreement on or before the 30th day following the commencement of the Appraisal Procedure, either of such parties may give written notice to the other requesting determination of such amount or value by appraisal, and in such event the parties shall consult for the purpose of appointing a mutually acceptable qualified independent appraiser. If the parties are unable to agree on an appraiser on or before the 20th day after such notice, such amount or value shall be determined by a panel of three independent appraisers, one of whom shall be selected by each of the Lessee and the Lessor on or before the 10th day following the expiration of such 20-day period. If one party appoints an appraiser pursuant to the immediately preceding sentence, and the other party fails to appoint a second appraiser within the applicable time limit, the appraisal shall be made by the first appointed appraiser without the appointment of any other appraiser. If a second appraiser is duly appointed, on or before the 10th day after appointment of the second appraiser, a third appraiser shall be selected by agreement of the first two appraisers, or if such two appraisers are unable to agree upon a third appraiser by such date, such appointment shall be made by the American Arbitration Association (or its successors). The Owner Participant and the Lessee shall share equally the fees and expenses of the Appraisal Procedure; provided that the Lessee shall pay all such fees and expenses if a Lease Event of Default shall have occurred and be continuing. Each appraiser appointed pursuant to the foregoing procedure shall be experienced, shall be independent of the Lessee, the Owner Participant, the Owner Trustee, the Noteholders, and the manufacturers of any material components of the Equipment, and shall be instructed to determine such amount or value on or before the 30th day after the appointment of the last of such appraisers to be appointed, and such determination shall be final, binding and conclusive upon the parties. If three appraisers shall be appointed, the determination shall be the average of the three appraisals rendered by the appraisers. In the event, however, that the lowest or the highest of the three appraisals, or both, varies by more than ten percent from the middle appraisal, the appraisal or appraisals so varying shall be disregarded. Except as otherwise specified in the Operative Documents, any estimate of an amount or value determined pursuant to the Appraisal Procedure shall take into account a reasonable estimate of inflation or deflation.

"Appraiser" shall mean Enterprise Appraisal Co.

"Assumed Note Indenture" shall have the meaning given such term in Section 8.2(a)(ii)(B) of the Participation Agreement.

"Assumed Notes" shall have the meaning given such term in Section 8.2(a)(i) of the Participation Agreement.

"Assumed Obligations" shall have the meaning given such term in Section 8.2(a)(ii)(A) of the Participation Agreement.

"Assumption Agreement" shall have the meaning given such term in Section 5.3(a) of the Participation Agreement.

"Authority" shall mean any (a) federal, state, local or foreign, tribunal, legislative body, governmental subdivision, administrative agency or other governmental authority, or (b) arbitrator or panel of arbitrators, in the case of each of clause (a) and (b) having or exercising jurisdiction over the Lessee, the Owner Participant, the Owner Trustee, the Indenture Trustee, or the Equipment (or any Item thereof).

"Authorizations" shall mean all authorizations and approvals from any Authority required by any applicable law, rule, regulation or order.

"Authorized Officer" shall mean, with respect to the Owner Trustee or the Indenture Trustee, (a) any vice president, any assistant vice president, any trust officer or any officer in the Corporate Trust Administration of such Person or (b) any other officer of such Person who is authorized by the bylaws of such Person, or by the board of directors of such Person in accordance with the bylaws of such Person, to perform the act or to sign the document in question.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978 (11 USC §101, et seq), as now or hereafter in effect.

"Basic Lease Term" shall mean the period from and including the Basic Term Commencement Date to and including the date that is 22½ years after the Basic Term Commencement Date, or such earlier date on which the Term shall end pursuant to the provisions of the Lease.

"Basic Rent" shall mean, for the Basic Lease Term, the rentals payable on each Rent Payment Date pursuant to Section 4(a) of the Lease, and for any Renewal Term, the rentals payable during such Renewal Term determined and payable in accordance with Section 15 of the Lease. Notwithstanding anything in the Operative Documents to the contrary, the amount of Basic Rent that becomes due and payable on any Rent Payment Date during the Basic Lease Term shall be, under any circumstances and in all events, an amount at least sufficient to pay in full the aggregate amount of unpaid principal of, and accrued but unpaid interest on, all Notes outstanding as of such date that first become due and payable on such date.

"Basic Rent Factor" shall mean, for any Rent Payment Date, the percentage set forth opposite such Rent Payment Date under the heading "Basic Rent Factor" on Schedule II attached to the Participation Agreement (as such schedule may be amended and adjusted pursuant to any Lease Supplement in effect from time to time).

"Basic Term Commencement Date" shall mean January 14, 1995.

"Bill of Sale" shall mean the Bill of Sale dated as of a Funding Date from Lessee to the Owner Trustee.

"Business Day" shall mean any day on which commercial banks in Houston, Texas; Wilmington, Delaware; New York, New York and, unless the Indenture shall have been terminated pursuant to Section 10.01(b) thereof, the city in which the Corporate Trust Office is located, are open for business.

"Closing" shall have the meaning given such term in Section 2.1 of the Participation Agreement.

"Closing Date" shall mean June 22, 1994.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor federal income tax statute, in each case including any transition or effective date rules (whether or not codified).

"Competitor of Lessee" shall mean (a) any Person that (x) has as a part of its business the manufacturing of solid thermoplastic polyolefin resins or vinyl polymers, producing or processing trona, soda ash, sodium sulfite, caustic soda or other sodium compounds, or manufacturing, producing or processing any other product line which accounts for 15% or more of the Lessee's sales or (y) has business operations that compete with any chemical, pharmaceutical, or other processing or manufacturing operations of the Guarantor or any of its subsidiaries, or (b) any Person who has as an Affiliate a Person described in clause (a) of this definition; provided that in no event shall any bank, credit or finance corporation, insurance company, leasing company, or other financial institution, or any pension fund or employee benefit plan, or any mutual fund, or any Person primarily engaged in a financial services business, including without limitation, any investment bank, any registered investment company, any registered investment advisor or manager, or any savings and loan institution, ever be deemed to be a Competitor of Lessee notwithstanding that any such financial institution or other Person described in this proviso is or is an Affiliate of any Person described in clause (a) of this definition.

"Confidential Information" shall have the meaning given such term in Section 10.2(b) of the Participation Agreement.

"Confirmation" shall have the meaning given such term in Section 8.2(a)(iii) of the Participation Agreement.

"Corporate Trust Office" shall have the meaning given to such term in Section 1.01 of the Indenture.

"Credit Amount" shall have the meaning given such term in Section 10.5(b) of the Participation Agreement.

"Creditworthy Person" shall have the meaning given such term in Section 5.3(a) of the Participation Agreement.

"Debt Rate" shall mean 7.74% per annum (computed on the basis of a 360-day year of twelve 30-day months).

"Dispossessed Items" shall have the meaning given such term in Section 10.5(b) of the Participation Agreement.

"Dispossession Amount" shall have the meaning given such term in Section 10.5(b) of the Participation Agreement.

"Early Buy-Out Option" shall have the meaning given such term in Section 27(a) of the Lease.

"Early Termination" shall have the meaning given such term in Section 14 of the Lease.

"EBO Date" shall have the meaning given such term in Section 27(a) of the Lease.

"EBO Price" for an Item of Equipment shall mean an amount equal to the product of (i) the Equipment Cost for such Item and (ii) the percentage identified as the "EBO Price Percentage" set forth in Schedule II to the Participation Agreement (as such schedule may be amended and adjusted pursuant to Section 9 of the Participation Agreement and any Lease Supplement in effect from time to time). EBO Price for an Item of Equipment shall be, under any circumstances and in all events, not less than an amount that shall comply with the requirements of Section 9.4 of the Participation Agreement and Section 4(f) of the Lease.

"Employer" shall mean all Persons that are treated as a single employer pursuant to sections 414(b) and (c) of the Code or either of section 414(b) or (c) of the Code.

"Equipment" shall mean all the railcars described in any Lease Supplement.

"Equipment Cost", for an Item of Equipment, shall mean the purchase price of such Item together with any and all other costs (including interior lining) necessary to place such Item of Equipment in service.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" shall mean the Lessee and any member of a "controlled group of corporations" or "trade or business," as such terms are defined in Section 414(b) or (c) of the Code, of which the Lessee is a member.

"ERISA Change of Law" shall have the meaning given to such term in Section 4.6(c) of the Participation Agreement.

"Event of Loss" with respect to any Item of Equipment shall mean any of the following events:

(a) Such Item of Equipment shall be stolen or destroyed or its whereabouts shall be unknown to the Lessee for a period in excess of one hundred eighty consecutive days;

(b) Such Item of Equipment shall be, in the Lessee's good faith opinion, irreparably damaged or uneconomical to repair for any reason whatsoever;

(c) (i) Title to such Item of Equipment shall be condemned, confiscated, seized, or requisitioned by an Authority; or (ii) the use of such Item of Equipment shall be condemned, confiscated, seized or requisitioned by an Authority for the shorter of (x) a period of one year or (y) a period anticipated to extend beyond the Basic Lease Term; or

(d) Such Item of Equipment shall be the subject of a casualty insurance payment or settlement payment on the basis of a total loss with respect to such Item of Equipment.

"Excepted Payments" shall mean collectively, (i) all right, title and interest of the Owner Participant or the Owner Trustee in, to and under the Tax Indemnity Agreement and any moneys due or to become due under the Tax Indemnity Agreement and payments of Supplemental Rent or other payments by the Lessee in either case solely in respect of the Tax Indemnity Agreement, (ii) indemnity payments and interest thereon and other amounts paid or payable by the Lessee to the Owner Participant or to WTC or any of their respective Affiliates (other than the Owner Trustee in its capacity as trustee and the trust created pursuant to the Trust Agreement), successors, assigns, directors, officers, employees, agents or servants pursuant to Articles VI and VII of the Participation Agreement or any corresponding payment of Supplemental Rent under the Lease; (iii) proceeds of public liability insurance or governmental indemnities in lieu thereof in respect of the Equipment or any Item thereof payable to the Owner Participant or WTC, or any of their Affiliates (other than the Owner Trustee in its capacity as trustee and the trust created pursuant to the Trust Agreement), successors or assigns, as a result of insurance claims made, or losses suffered, by, or amounts in respect of such indemnities paid for the benefit of, the Owner Participant or WTC either pursuant to the Lease or maintained by the Owner Trustee or the Owner Participant and not required to be maintained under the Lease; (iv) proceeds of any insurance in respect of the Equipment or any Item thereof (not required by Section 10 of the Lease) which is separately acquired and paid for by the Owner Participant (directly or through the Owner Trustee) or the Lessor in accordance with Section 10(d) of the Lease; (v) indemnity payments payable by the Owner Participant to WTC pursuant to Section 3.2 of the Trust Agreement; (vi) Transaction Costs or other expenses paid or payable by the Lessee to, or for the benefit of, the Indenture Trustee, the Owner Trustee or the Owner Participant pursuant to

Section 10.4 of the Participation Agreement; (vii) any payment made by the Guarantor under the Guaranty with respect to payments included in the foregoing clauses; and (viii) the right to enforce, and the proceeds of any such enforcement of, any right to receive the proceeds of any of the amounts referred to in clauses (i) through (vii) above; and (ix) any payments in respect of interest to the extent attributable to the payments referred to in clauses (i) through (viii) above.

"Excess Amount" shall have the meaning given such term in Section 10.7 of the Participation Agreement.

"Expenses" shall have the meaning given such term in Section 6.1(a) of the Participation Agreement.

"Fair Market Rental Value" shall mean the fair market rental value of one or more Items of Equipment that would be obtained in an arm's-length transaction between an informed and willing lessee and an informed and willing lessor, in each case under no compulsion to lease, as determined in accordance with the Appraisal Procedure, assuming that such Item or Items of Equipment are in condition and repair not worse than that required to be maintained by the terms of the Lease.

"Fair Market Value" shall mean, with respect to an Item or Items of Equipment, fair market sales value of such Item or Items of Equipment that would be obtained in an arm's-length transaction between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller, in each case under no compulsion to buy or sell, as determined in accordance with the Appraisal Procedure, assuming that such Item or Items of Equipment are in condition and repair not less than that required to be maintained by the terms of the Lease. In the determination of such Fair Market Value, all alternative uses in the hands of such buyer including, without limitation, further leasing of such Item or Items of Equipment, shall be taken into account.

"Fair Market Value Purchase Option" shall have the meaning given such term in Section 27(b) of the Lease.

"Fair Market Value Renewal" shall have the meaning given such term in Section 15(b) of the Lease.

"Financing Statement" shall mean a form UCC-1 financing statement executed by the Owner Trustee, as Debtor, and showing the Indenture Trustee as Secured Party, to be filed with the Office of the Secretary of State of the State of Delaware.

"First Funding Date" shall mean the Business Day so designated by the Funding Date Notice delivered pursuant to Section 3.3(a) of the Participation Agreement; and in the event such Funding Date Notice shall so designate the Closing Date, the First Funding Date and the Closing Date shall be the same Business Day.

"Fixed Rate Renewal" shall have the meaning given such term in Section 15(a) of the Lease.

"Fixed Rate Renewal Term" shall have the meaning given such term in Section 15(a) of the Lease.

"FMV Renewal Term" shall have the meaning given such term in Section 15(b) of the Lease.

"Foreign Person" shall have the meaning given such term in Section 5.1(a)(ii) of the Participation Agreement.

"Funding Dates" shall mean the First Funding Date and the Second Funding Date.

"Funding Date Notice" shall mean an Officer's Certificate of the Lessee that shall: (a) designate a Business Day as a Funding Date, (b) describe by serial number each Item of Equipment to be included under the Bill of Sale, Lease Supplement and Indenture Supplement to be delivered on such Funding Date, and (c) set forth the Equipment Cost of each such Item of Equipment and the aggregate Equipment Cost thereof.

"General Account Assets" shall mean the assets of a Note Purchaser other than assets allocated to a "separate account" (as defined in ERISA) maintained by such Note Purchaser.

"Governmental Actions" shall mean any and all approvals, notices, filings, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, certificates, licenses or other actions required to be taken, given, made, or obtained, as the case may be, by, from, to or with any applicable Authority.

"Guarantor" shall mean Solvay America, Inc., a Delaware corporation, and its successors and assigns.

"Guaranteed Obligations" shall have the meaning given to such term in Section 1 of the Guaranty.

"Guaranty" shall mean the Guaranty dated as of June 1, 1994, from the Guarantor in favor of the Owner Trustee, the Owner Participant, the Indenture Trustee and the Noteholders, as the same may be modified, amended, ratified or supplemented from time to time pursuant to the applicable provisions thereof.

"Incumbency Certificate" of a party shall mean a certificate signed by the secretary or an assistant secretary (or, with respect to the Owner Trustee or the Indenture Trustee in their individual capacities, any individual that satisfies the requirements of clause (b) of the definition of Authorized Officer) of such party, setting forth the names and signature specimens of all officers of such party with signature authority or, in the case of the Owner Participant, of certain officers of such party with signatory authority.

"Indemnitees" shall have the meaning given such term in Section 6.1(a) of the Participation Agreement.

"Indenture" shall mean the Trust Indenture and Security Agreement dated as of June 1, 1994, between the Owner Trustee and the Indenture Trustee, as the same may be modified, amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Indenture Default" shall mean an event that is a "Default" as defined in Section 1.01 of the Indenture.

"Indenture Event of Default" shall mean an event that is an "Event of Default" as defined in Section 1.01 of the Indenture.

"Indenture Supplement" shall mean a supplement to the Indenture in the form of Exhibit A to the Indenture.

"Indenture Trustee" shall mean Shawmut Bank Connecticut, National Association, a national banking association, not in its individual capacity (except as otherwise expressly provided in an Operative Document), but solely as trustee under the Indenture, until such time as it is succeeded pursuant to the provisions of the Indenture, and thereafter the term "Indenture Trustee" shall mean such successor.

"Insurance Broker" shall have the meaning given to such term in Section 10(e) of the Lease.

"Insured Parties" shall have the meaning given to such term in Section 10(b) of the Lease.

"Interim Amount" shall have the meaning given such term in Section 9.3(c) of the Participation Agreement.

"Interim Term" shall mean the period commencing on the First Funding Date and ending at midnight on the day preceding the Basic Term Commencement Date.

"Item" shall mean each railcar described in any Lease Supplement.

"Lease" shall mean the Equipment Lease Agreement dated as of June 1, 1994, between the Lessor and the Lessee, as the same may be modified, amended or supplemented (including by Lease Supplements) from time to time pursuant to the applicable provisions thereof.

"Lease Default" shall mean an event that, after the giving of notice or lapse of time, or both, would constitute a Lease Event of Default.

"Lease Event of Default" shall have the meaning given such term in Section 19 of the Lease.

"Lease Schedule" shall mean the schedule of Basic Rent Factors and the percentages for determining EBO Price, Stipulated Loss Value and Termination Value that is attached as Schedule II to the Participation Agreement, as amended from time to time by any such schedule attached to any Lease Supplement.

"Lease Supplement" shall mean any Lease Supplement that is executed and delivered pursuant to the Lease or Sections 2.2, 2.3 or 9.5 of the Participation Agreement.

"Leases" shall mean, collectively, the Lease and the Other Lease.

"Lessee" shall mean Solvay Polymers, Inc., a Delaware corporation.

"Lessor" shall mean the Owner Trustee.

"Lessor Liens" shall mean Liens or other encumbrances resulting from any act or inaction of or claim against the Lessor, the Owner Participant or WTC (or any Person claiming by, through or under the Lessor, the Owner Participant or WTC), in each case arising out of any event or condition not related to the exercise of such Person's rights or the performance of its duties expressly provided under any Operative Document.

"Lien" shall mean (a) any interest in property securing an obligation owed to, or claimed by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including, without limitation, any judgment lien, security interest, chattel mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or (b) any lease or other encumbrance affecting property.

"Lien of the Indenture" or "Lien of this Indenture" and the terms of like import shall mean the Liens and security interests created by the Indenture (including the after-acquired property clauses thereof), or subsequently created under or pursuant to the Indenture, or otherwise created, that effectively cause any property to become a part of the security held by the Indenture Trustee for the benefit of the Noteholders.

"Loss Payment Date" shall mean a date which is the earlier of (i) the date on which insurance proceeds with respect to an Event of Loss are received, and (ii) 180 days after the occurrence of the Event of Loss.

"Make Whole Premium Amount" shall have the meaning given such term in Section 1.01 of the Indenture.

"Memorandum" shall have the meaning given such term in Section 4.2(j) of the Participation Agreement.

"Merger" shall have the meaning specified in Section 5.1(a)(ii) of the Participation Agreement.

"Modifications" shall have the meaning given such term in Section 8(d) of the Lease.

"Net Economic Return" shall mean the anticipated net after-tax yield (calculated using the multiple investment sinking fund method of analysis) and anticipated aggregated after-tax cash flow to the Owner Participant during the Interim Term and

the Basic Lease Term (without regard to the timing thereof), as computed on the basis of Schedule II to the Participation Agreement, the Rent Assumptions and the Tax Assumptions, in each case as in effect on the Closing Date.

"Net Sales Price" shall have the meaning given such term in Section 14(a) of the Lease.

"Nonseverable Modifications" shall mean any Modifications other than Severable Modifications.

"Note Assumption Agreement" shall have the meaning given such term in Section 8.2(a)(ii)(A) of the Participation Agreement.

"Noteholder" shall mean a holder from time to time of one or more Notes.

"Note Purchasers" shall mean the Persons named on Schedule I to the Participation Agreement.

"Notes" shall mean the Owner Trustee's notes issued pursuant to Section 2.02 of the Indenture.

"Officer" shall mean, as to any corporation, the chairman of the board, the vice-chairman of the board, the president, any vice president, the treasurer or assistant treasurer, the secretary or assistant secretary of such corporation, and, as to any other entity, an individual generally authorized to execute and deliver contracts on behalf of such entity.

"Officer's Certificate" of a party shall mean a certificate, in form and substance reasonably satisfactory to the recipients thereof, signed on behalf of such party by a duly authorized Officer of such party who, in the normal performance of his or her operational responsibilities, would have knowledge of the particular matter in question (either directly or through other individuals employed by such party) and of the requirements of the relevant Operative Document in respect thereto.

"Operative Documents" shall mean the Participation Agreement, the Notes, the Indenture, the Bills of Sale, the Manufacturer's Consent to Assignment of Warranty (as defined in the Indenture), the Purchase Agreement (as defined in the Indenture), the Guaranty, the Lease, the Trust Agreement, the Tax Indemnity Agreement, any Lease Supplement and any Indenture Supplement.

"Other Lease" shall mean the document that is defined to be the Lease in that certain Participation Agreement dated as of June 1, 1994, among (a) Solvay Minerals, Inc., a Delaware corporation, as lessee, (b) the Participants, (c) WTC, not in its individual capacity, except as otherwise expressly provided therein, but solely as trustee under a Trust Agreement between it and the Owner Participant that creates the Solvay Minerals Equipment Trust 1994, and (d) Shawmut Bank Connecticut, National Association, a national banking association, not in its individual capacity, except as otherwise provided therein, but solely as trustee under a Trust Indenture and Security Agreement between it and the Person identified in clause (c) of this definition.

"Owner Participant" shall mean J.P. Morgan Interfunding Corp., a Delaware corporation and its successors and permitted assigns pursuant to the Participation Agreement.

"Owner Trustee" shall mean Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity, but solely as trustee under a Trust Agreement dated as of June 1, 1994, between it and the Owner Participant that creates the Solvay Polymers Equipment Trust 1994, until such time as its successor shall have become such pursuant to the provisions of such Trust Agreement, and thereafter the term "Owner Trustee" shall mean such successor.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"Participants" shall mean the Owner Participant and the Note Purchasers.

"Participation Agreement" shall mean the Participation Agreement, dated as of June 1, 1994, among the Lessee, the Guarantor, the Owner Participant, each of the Note Purchasers, the Owner Trustee and the Indenture Trustee, as the same may be modified, amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Payment Default" shall mean the failure to make any payment described in Section 19(a) or Section 19(c) of the Lease which with the lapse of time or giving of notice, or both, would constitute a Lease Event of Default.

"Past Due Rate" shall have the meaning given such term in Section 1.01 of the Indenture.

"Pension Plan" shall mean any plan subject to Title IV of ERISA and maintained for employees of the Lessee.

"Permitted Contest" shall mean actions taken by a Person to contest in good faith, by appropriate proceedings initiated timely and diligently prosecuted, the legality, validity or applicability to the Equipment or any interest therein or any Person of (a) any law, regulation, rule, judgment, order, or other legal provision or judicial or administrative requirements, (b) any term or condition of, or any revocation or amendment of, or other proceeding relating to, any Authorization or other consent, approval or other action by any Authority, or (c) any Lien; provided that the initiation and prosecution of such contest would not (i) result in, or materially increase the risk of, the imposition of any criminal liability on any Indemnitee, (ii) materially and adversely affect the right, title or interest of the Lessee, the Indenture Trustee, the Noteholders, the Owner Participant or the Owner Trustee in or to any of the Equipment or any interest therein, or (iii) materially and adversely affect the Fair Market Value, utility or remaining useful life of the Equipment or any interest therein or the continued economic operation thereof; and provided further that in any event adequate reserves in accordance with generally accepted accounting principles are maintained against any adverse determination of any such contest.

"Permitted Investment" shall mean:

(a) obligations and securities issued by the United States of America, or any agency, bureau or department thereof, which are backed by the full faith and credit of the United States of America (either by statute or by interpretation of an Attorney General of the United States), maturing not later than 24 months from the date of purchase;

(b) certificates of deposit, time deposits (including Eurodollar investments), bankers acceptances, commercial paper and other obligations issued by domestic or foreign banks which (i) have stockholders' equity of not less than $100 million (including their branches and holding companies, taken in the aggregate) and (ii) are rated in either of the two highest rating categories by Thomson Bank Watch or any other nationally recognized rating service, maturing not later than 18 months from the date of purchase; provided, however, that the aggregate face amount of obligations of any one Person, on a consolidated basis, shall not exceed $500,000 at any time; and

(c) commercial paper, which at all times is (i) rated in the highest category by a nationally recognized rating service and (ii) issued or guaranteed (directly or under a letter of credit) by a domestic or foreign corporation (other than a bank), maturing not later than 18 months from the date of purchase, provided, however, that the aggregate face amount of all such commercial paper issued by any one Person, on a consolidated basis, shall not exceed $500,000 at any time.

"Permitted Liens" shall mean (a) the respective interests of the Lessee, the Lessor, the Indenture Trustee and the Noteholders under the Lease and the other Operative Documents; (b) any Liens for taxes, assessments, levies, fees and other governmental and similar charges not yet due and payable or the amount or validity of which is being challenged by a Permitted Contest; (c) any Liens of mechanics, suppliers, materialmen and laborers for work or service performed or materials furnished in connection with the Equipment that are not yet due and payable or the amount or validity of which is being challenged by a Permitted Contest; (d) interchange, pooling or similar arrangements, commercial carrier user agreements, trip leases and subleases of an Item or Items of Equipment that are permitted pursuant to the Lease; (e) Liens arising out of judgments or awards against the Lessee or the Guarantor with respect to which an appeal or proceeding for review is being prosecuted by a Permitted Contest and there shall have been secured a stay of execution pending such appeal or proceeding for review; (f) Lessor Liens; and (g) Liens arising as a result of claims against the Indenture Trustee in its individual capacity that arise out of any event or condition not related to the exercise of the Indenture Trustee's rights or the performance of its duties expressly provided under any Operative Document.

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

"Phase I Equipment" shall mean those Items of Equipment described in the Funding Date Notice delivered with respect to the First Funding Date.

"Phase II Equipment" shall mean those Items of Equipment described in the Funding Date Notice delivered with respect to the Second Funding Date.

"Plan" shall mean any employee benefit plan subject to Part 4 of Subtitle B of Title I of ERISA and any plan within the meaning of Section 4975(c)(1) of the Code.

"Prime Rate" shall mean, at the time any determination thereof is to be made, the fluctuating per annum rate of interest reported in the Wall Street Journal as the "Prime Rate" (the base rate on corporate loans posted by at least 75% of the 30 largest U.S. commercial banks) and if reported as a range, the interest rate shall be the mid-point of the range. In the event that the Wall Street Journal ceases to report the Prime Rate, then "Prime Rate" shall mean the fluctuating interest rate per annum announced from time to time by Morgan Guaranty Trust Company of New York as its "prime rate" (or, if otherwise denominated, such bank's reference rate for interest rate calculations on general commercial loans).

"Prudent Industry Practice" shall mean, at a particular time, the practices, methods and acts which in the exercise of reasonable judgment, in light of the facts, are prudent in the ownership or operation of the Equipment. Prudent Industry Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather is a spectrum of possible practices, methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety and expedition and all applicable laws, rules, regulations, and orders of all Authorities. Prudent Industry Practice is intended to mean at least the same standard as the Lessee would, in the prudent management of its similar equipment owned by it, use from time to time.

"PT Notice" shall have the meaning given such term in Section 4.6(d) of the Participation Agreement.

"Purchased Items" shall have the meaning given such term in Section 8.2(a) of the Participation Agreement.

"Qualified Proposed Lender" shall have the meaning given such term in Section 4.6(e) of the Participation Agreement.

"Reasonable Basis" for a position shall exist if tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Redelivery Period" shall have the meaning given such term in Section 18(b) of the Lease.

"Refunding Date" shall have the meaning given such term in Section 8.1(b) of the Participation Agreement.

"Reimbursement Amount" shall have the meaning given such term in Section 9.3(c) of the Participation Agreement.

"Renewal Term" shall mean the one or more lease terms in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 15 of the Lease.

"Rent" shall mean Basic Rent and Supplemental Rent.

"Rent Assumptions" shall have the meaning given such term in Section 9.1 of the Participation Agreement.

"Rent Payment Date" shall mean each January 14 and July 14 commencing January 14, 1995, through and including the last such date to occur on or before the expiration of the Term.

"Replacement Equipment" shall mean an item of railcar equipment substituted for an Item of Equipment pursuant to Section 28 of the Lease and, so long as the Indenture is in effect, Section 5.06 of the Indenture.

"Replacement Notes" shall have the meaning given such term in Section 8.1(a)(iii) of the Participation Agreement.

"Responsible Officer":

(a) of any Person, other than the Indenture Trustee, shall mean (i) in the case of any business corporation, the chairman of the board of directors of such corporation if such chairman is an officer of such corporation, the president, any vice president or any assistant vice president of such corporation, the secretary or any assistant secretary of such corporation or the treasurer or any assistant treasurer of such corporation, (ii) in the case of any partnership, a general partner (if such general partner is an individual), or a Responsible Officer of a corporate general partner, of such partnership or the general manger of such partnership or any assistant general manger of such partnership, and (iii) in the case of any commercial bank or trust company, the chairman or vice chairman of the board of directors or trustees of such bank or trust company, the chairman or vice chairman of the executive committee of the board of directors or trustees of such bank or trust company, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or any assistant trust officer of such bank or trust company, the controller or any assistant controller of such bank or trust company, any executive or senior or assistant or second vice president of such bank or trust company or any other individual who is employed by such bank or trust company and customarily performs functions similar to these performed by any of the other officers of such bank or trust company referred to herein; and

(b) of the Indenture Trustee, shall mean any officer in the Corporate Trust Administration Department of the Indenture Trustee or any other individual who is employed by the Indenture Trustee and customarily performs functions similar to those performed by any of the other officers of the Indenture Trustee referred to herein.

"SLV Calculation Date" shall have the meaning given such term in Section 20(a)(iv) of the Lease.

"Second Funding Date" shall mean the Business Day so designated by the Funding Date Notice delivered pursuant to Section 3.5(a) of the Participation Agreement.

"Severable Modifications" shall mean any Modifications that are readily removable from an Item of Equipment without causing material damage to such Item of Equipment.

"Special Supplemental Rent" shall have the meaning given such term in Section 9.3(c) of the Participation Agreement.

"Stipulated Loss Value" during the Basic Term for an Item of Equipment on any Rent Payment Date shall mean an amount equal to the product of (i) the Equipment Cost for such Item multiplied by (ii) the percentage set forth opposite such Rent Payment Date under the heading "Stipulated Loss Percentages" on Schedule II attached to the Participation Agreement. "Stipulated Loss Value" during any Renewal Term for an Item of Equipment on any Rent Payment Date shall be the Fair Market Value of such Item on such Rent Payment Date. Stipulated Loss Value for the Equipment subject to the Lease shall be, under any circumstances and in all events, not less than an amount that shall comply with the requirements of Section 9.4 of the Participation Agreement and Section 4(f) of the Lease.

"Subsidiary" shall mean, with respect to a corporation, any corporation a majority of any class of voting stock of which is owned, directly or indirectly, by such corporation.

"Supplemental Rent" shall mean any and all amounts, liabilities and monetary obligations, other than Basic Rent, that the Lessee assumes or agrees to pay to any Person under any Operative Document, including, without limitation, (a) damages for breach of any covenants, representations, warranties or agreements therein, (b) payments of Stipulated Loss Value, Termination Value, the EBO Price and Fair Market Value, (c) Special Supplemental Rent, (d) amounts payable by the Lessee under Articles VI and VII of the Participation Agreement, (e) amounts payable by the Lessee under the Tax Indemnity Agreement, (f) amounts payable under Section 2.14(c) of the Indenture, (g) amounts payable under Section 10.4(c) of the Participation Agreement, (h) all Make Whole Premium Amounts payable pursuant to the Indenture, and (i) interest at the Past Due Rate on the Notes in connection with any acceleration of the Notes following an Event of Default attributable to a Lease Event of Default.

"Tax" or "Taxes" shall have the meaning given such term in Section 7.1(a) of the Participation Agreement.

"Tax Advance" shall have the meaning given such term in Section 7.1(g)(iii)(d) of the Participation Agreement.

"Tax Assumptions" shall have the meaning given such term in Section 2 of the Tax Indemnity Agreement.

"Tax Benefit" shall have the meaning given such term in Section 7.1(e) of the Participation Agreement.

"Tax Claim" shall have the meaning given such term in Section 7.1(g) of the Participation Agreement.

"Tax Indemnitee" shall mean the Owner Trustee, WTC, the Owner Participant, the Indenture Trustee (both in its individual capacity and as Indenture Trustee), any Note Purchaser, any Noteholder, and any Affiliate, successor or permitted assign of any of the foregoing.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of June 1, 1994, between the Owner Participant and the Lessee, as the same may be modified, amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Term" shall mean the Total Lease Term and all Renewal Terms (if any), subject to early termination as provided in the Lease.

"Termination Date" shall have the meaning given such term in Section 14 of the Lease.

"Termination Notice" shall have the meaning given such term in Section 14 of the Lease.

"Termination Value" during the Basic Term for an Item of Equipment on any Rent Payment Date shall mean an amount equal to the product of (i) the Equipment Cost for such Item multiplied by (ii) the percentage set forth opposite such Rent Payment Date under the heading "Termination Value Percentages" on Schedule II to the Participation Agreement (as such schedule may be amended and adjusted pursuant to any Lease Supplement in effect from time to time). "Termination Value" during any Renewal Term for an Item of Equipment on any Rent Payment Date shall be the Fair Market Value of such Item on such Rent Payment Date. Termination Value for the Equipment subject to the Lease shall be, under any circumstances and in all events, not less than an amount that shall comply with the requirements of Section 9.4 of the Participation Agreement and Section 4(f) of the Lease.

"Total Lease Term" shall mean the Interim Term and the Basic Lease Term.

"Transaction Costs" shall mean:

(a) the reasonable fees, expenses and disbursements (including, without limitation, document production, copying and distribution expenses) of Davis Polk & Wardwell, special counsel for the Owner Participant, to the extent such fees, expenses and disbursements are attributable to negotiating, documenting and closing the transactions contemplated by the Participation Agreement;

(b) the reasonable fees, expenses and disbursements (including, without limitation, document production, copying and distribution expenses) of Milbank, Tweed, Hadley & McCloy, special counsel for the Note Purchasers, to the extent such fees, expenses and disbursements are attributable to negotiating, documenting and closing the transactions contemplated by the Participation Agreement;

(c) the reasonable fees, expenses and disbursements (including, without limitation, document production, copying and distribution expenses) of Fulbright & Jaworski L.L.P., special counsel for the Lessee and the Guarantor, to the extent such fees, expenses and disbursements are attributable to negotiating, documenting and closing the transactions contemplated by the Participation Agreement;

(d) the initial fees and expenses of the Owner Trustee in connection with the transactions contemplated by the Participation Agreement, including the reasonable fees, expenses and disbursements of Potter Anderson & Corroon, special counsel to the Owner Trustee;

(e) the initial fees and expenses of the Indenture Trustee in connection with the transactions contemplated by the Participation Agreement, including the reasonable fees, expenses and disbursements of Shipman & Goodwin, special counsel to the Indenture Trustee;

(f) the reasonable out-of-pocket expenses of the Owner Participant attributable to negotiating, documenting and closing the transactions contemplated by the Participation Agreement;

(g) the reasonable fees and expenses of the Appraiser for services rendered in connection with the transactions contemplated by the Participation Agreement;

(h) the reasonable fees and expenses of Chemical Securities Inc., advisor and debt placement agent for the Lessee, for services rendered in connection with the transactions contemplated by the Participation Agreement;

(i) any Taxes that are sales or use taxes payable by the Lessee or the Owner Trustee in connection with the purchase of the Equipment by the Owner Trustee; and

(j) all fees, taxes (including mortgage registration and similar taxes) and other charges payable in connection with the recording or filing of documents, instruments and financing statements described in the Participation Agreement or required pursuant to the provisions of the Indenture.

"Transfer" shall have the meaning given such term in Section 5.1(a)(ii) of the Participation Agreement.

"Treasury Regulation" shall mean the federal income tax regulations including regulations in proposed, temporary or final form.

"Trust" shall have the meaning given such term in Section 2.1 of the Trust Agreement.

"Trust Agreement" shall mean the Trust Agreement dated as of June 1, 1994, between the Owner Participant and WTC that creates Solvay Polymers Equipment Trust 1994, as the same may be modified, amended or supplemented from time to time pursuant to the applicable terms thereof.

"Trust Estate" shall have the meaning given such term in Section 2.4 of the Trust Agreement.

"Trust Indenture Estate" shall have the meaning given such term in Section 1.01 of the Indenture.

"WTC" shall mean Wilmington Trust Company, a Delaware banking corporation.