RECORDATION NO. 22073, FILED
MAR 18 '99 11-00AM

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OF COUNSEL
URBAN A. LESTER

March 18, 1999

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Master Equipment Lease Agreement-[D], dated as of April 27, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of Lease Schedule-[D] No. One, dated March 18, 1999, and Lease Acceptance Certificate-[D] No. 1, dated March 19, 1999, secondary documents related thereto.

The names and addresses of the parties to the enclosed documents are:

Lessor: First Security Bank, N. A.
79 South Main Street
Salt Lake City, Utah 84111

Lessee: Montell USA Inc.
2801 Centerville Road
Wilmington, Delaware 19850

A description of the railroad equipment covered by the enclosed documents is:

set forth on Schedule 1 attached to the Lease Acceptance Certificate-[D]

Also enclosed is a check in the amount of $78.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY
Alvord and Alvord
918 Sixteenth Street, NW Suite 200
Washington, DC 20006-2973

Dear Sir:

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C. 11301 and CFR 1177.3 (c), on 3-18-99 at 11:00 am, and

assigned recordation numbers (s): 22073, 22073-A, 22073-B and22074 .

Sincerely Yours,

Vernon A. Williams

Vernon A. Williams

Enclosure(s)

$ 104.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature

RECORDATION NO. 22073 FILED
MAR 18 '99 11-00AM

MASTER EQUIPMENT LEASE AGREEMENT-[D]

Dated as of April 27, 1998

Between

First Security Bank, National Association,
not in its individual capacity except
as specifically provided herein, and
otherwise solely as Owner Trustee

LESSOR

and

Montell USA Inc.

LESSEE

Filed and Recorded with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301 on _____, at _____ and given Recordation No. _____; and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada

TABLE OF CONTENTS

1.	LEASE AGREEMENT	1
2.	CONDITION PRECEDENT	1
3.	REPRESENTATIONS, WARRANTIES AND COVENANTS	1
4.	TERM	2
5.	RENTAL PAYMENTS	2
6.	DELIVERY AND INSTALLATION	2
7.	WARRANTIES	3
8.	TITLE TO AND LOCATION OF EQUIPMENT	4
9.	USE OF EQUIPMENT, INSPECTION AND REPORTS	5
10.	OPERATING RULES AND REGULATIONS	5
11.	FURTHER ASSURANCES	6
12.	RISKS OF LOSS	6
13.	INSURANCE	6
14.	EXPENSES, FEES AND TAXES	6
15.	LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS	10
16.	LATE CHARGES	10
17.	INDEMNIFICATION	10
18.	UNCONDITIONAL PAYMENT	12
19.	PURCHASE OPTION	13
20.	RENEWAL	14
21.	ASSIGNMENT BY LESSEE	14

TABLE OF CONTENTS

22. ASSIGNMENT BY LESSOR OR BENEFICIARY 15

23. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT 17

24. EVENTS OF DEFAULT 19

25. REMEDIES OF LESSOR 20

26. SEVERABILITY 21

27. NOTICES 21

28. AMENDMENTS AND WAIVERS 22

29. CONSTRUCTION 22

30. PARTIES 22

31. LESSEE'S QUIET ENJOYMENT 22

32. TAX INDEMNITY 22

33. OWNER TRUSTEE: 24

34. DEFINITIONS 25

EXHIBIT A Purchase Option and Renewal Option

EXHIBIT B Lease Schedule

EXHIBIT C Assignment

EXHIBIT D-1 Conditions Precedent to Obligations of Lessor

EXHIBIT D-2 Conditions Precedent to Obligations of Lessee

EXHIBIT E-1 Lessee's Representations, Warranties and Covenants

EXHIBIT E-2 Lessor's Representations, Warranties and Covenants

TABLE OF CONTENTS

EXHIBIT F	Loss, Requisition or Seizure
EXHIBIT G	Insurance
SCHEDULE I	Restricted Assignees
SCHEDULE II	Purchase Agreements

MASTER EQUIPMENT LEASE AGREEMENT-[D]

Lease Agreement-[D], dated as of April 27, 1998 (the "Lease"), between First Security Bank, National Association, not in its individual capacity except as specifically provided herein, and otherwise solely as Owner Trustee pursuant to the Trust Agreement (together with its successors and permitted assigns, "Lessor"), with a place of business located at 79 South Main Street, Salt Lake City, Utah 84111, Montell USA Inc. (together with its successors and permitted assigns, "Lessee") having its principal place of business located at Three Little Falls Centre, 2801 Centerville Road, Wilmington, Delaware 19808.

1. **LEASE AGREEMENT:** Lessor hereby leases to Lessee and Lessee hereby rents from Lessor all the machinery, equipment and other personal property ("Equipment") described in a Lease Schedule-[D] in substantially the form of Exhibit B (the "Lease Schedule") and Lease Acceptance Certificates-[D] delivered thereunder (the "Lease Acceptance Certificates"; the Lease Schedule and Lease Acceptance Certificates, collectively, the "Schedule"), which are or may from time to time be executed by Lessor and Lessee and incorporated herein by reference, upon the terms and conditions set forth in this Lease, as supplemented by the terms and conditions set forth in the Schedule. The terms and conditions of this Lease shall govern the rights and obligations of Lessor and Lessee except as specifically modified in writing. Whenever reference is made herein to "this Lease", it shall be deemed to include the Schedule identifying all items of Equipment then delivered pursuant thereto, the terms and conditions of which are incorporated herein by reference, all of which shall constitute one undivided lease of the Equipment. Each exhibit and schedule to this Lease is a part hereof and each reference to this Lease shall also include each such exhibit and schedule.

Without limitation of the preceding paragraph, the parties intend to deliver one (1) Lease Schedule hereunder in January 1999 and Lease Certificates from time to time thereunder for all of the railcars delivered by the Manufacturers to Lessee during the period from January 1, 1999 to March 30, 1999 (the "Delivery Period"). The number of railcars currently scheduled to be delivered during the Delivery Period and the purchase price thereof is listed in Schedule 1 to Exhibit B hereto.

2. **CONDITION PRECEDENT:** The obligations of Lessor hereunder to purchase any of the Equipment and lease any of the Equipment to Lessee shall be subject, on or as of the Acceptance Date for such Equipment, to the conditions precedent specified in Exhibit D-1 hereof. The obligations of Lessee hereunder to sell any of the Equipment to Lessor and to lease any of the Equipment from Lessor shall be subject, on or as of the Acceptance Date for such Equipment, to the conditions precedent specified in Exhibit D-2 hereunder.

3. **REPRESENTATIONS, WARRANTIES AND COVENANTS:** (a) The Lessee shall make the representations, warranties and covenants set forth in Exhibit E-1 hereto as of the date of this Lease and each Acceptance Date. The Lessor shall make the representations, warranties and covenants set forth in Exhibit E-2 hereto

as of the date of this Lease and each Acceptance Date. The Beneficiary shall make the representations, warranties, and covenants set forth in the Beneficiary's Agreement.

4. **TERM:** The obligations under this Lease shall commence upon the Effective Date and shall end upon full performance and observance of each and every term, condition and covenant set forth in this Lease, the Schedule thereto and any extensions thereof. The rental term of the Equipment listed in or pursuant to the Schedule shall commence on the date of the Lease Acceptance Certificate for such Equipment and, in any event, prior to March 30, 1999, and shall terminate on the last day of the term stated in such Schedule unless such Schedule has been extended or otherwise modified in writing and signed by the Lessor and Lessee.

5. **RENTAL PAYMENTS:** The rent for the Equipment shall be due and payable on the dates set forth in the Schedule which dates shall not precede delivery and acceptance of such Equipment. Such rent and all other amounts payable by Lessee to Lessor hereunder shall be paid by wire transfer in immediately available funds to the following account (or such other account as the Lessor shall specify to Lessee in writing) so that the Lessor receives the full amount of each payment not later than 2:00 p.m. (New York City time) on the due date thereof:

Mellon Bank N.A.
Pittsburgh, PA
ABA# 043000261
For the account of PB Funding Corporation
Acct No. 172-2822
Re: Montell

provided, however, that if any payment hereunder is due on a date which is not a Business Date, the date of payment shall be extended to the next Business Date.

6. **DELIVERY, SALE AND PURCHASE:** Lessee has selected the type, quantity and supplier of each item of Equipment, as designated in the Schedule, and shall accept delivery of the Equipment from the Manufacturer thereof pursuant to the relevant Purchase Agreement. In reliance on such selection and acceptance by the Lessee and subject to the other terms and conditions hereof, Lessor will purchase from and lease to the Lessee all of the Equipment delivered to the Lessee by the Manufacturer thereof during the Delivery Period and, subject to the terms and conditions hereof, Lessee shall sell to and lease from the Lessor all such Equipment. Lessee shall assign to Lessor its rights under such Purchase Agreement that survive delivery of Equipment thereunder to Lessee, and the Manufacturer shall agree to such assignment, in an Assignment of Purchase Agreement-[D] (an "Assignment") in substantially the form attached hereto as Exhibit C. Lessor shall have no liability for any delivery or failure by the Manufacturer to deliver

Equipment under the relevant Purchase Agreement or meet the conditions thereof provided such delivery or failure is not due to the breach by Lessor or Beneficiary of any of its obligations under any of the Operative Documents. Lessee shall comply with the terms of each Purchase Agreement except that the Lessor shall pay the purchase price for the Equipment (subject to the terms and conditions hereof) and Lessor shall have no liability for Lessee's non-compliance with any of the terms thereof. As between Lessor and Lessee, Lessee, at its expense, will pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges in connection with the delivery, installation and use of the Equipment.

7. **WARRANTIES:** LESSOR, 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, AND THE LESSEE EXPRESSLY DISCLAIMS, AS BETWEEN THE LESSOR AND ITSELF, ANY SUCH WARRANTIES, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; ANY OBLIGATION BASED ON STRICT LIABILITY IN TORT; PATENT TRADEMARK OR COPYRIGHT INFRINGEMENT; OR LATENT DEFECTS, EXCEPT THAT LESSOR REPRESENTS AND WARRANTS THAT ON EACH ACCEPTANCE DATE IT WILL HAVE WHATEVER TITLE TO THE ITEMS OF EQUIPMENT DELIVERED TO AND ACCEPTED BY IT ON SUCH ACCEPTANCE DATE AS IS CONVEYED TO IT ON SUCH ACCEPTANCE DATE, SUBJECT TO NO LESSOR LIEN. THE LESSEE ACKNOWLEDGES THAT (i)THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY THE LESSEE, (ii) THE EQUIPMENT IS SUITABLE FOR THE LESSEE'S PURPOSES AND (iii) THE LESSOR LEASES, AND THE LESSEE TAKES, EACH ITEM OF EQUIPMENT "AS IS", WHERE IS" AND WITH ALL FAULTS. Lessee agrees not to assert any claim whatsoever against Lessor based on any such disclaimed warranties. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages, except to the extent that any such damages relate to Lessor's wrongful, intentional and willful refusal to comply, or its gross negligence in complying with, its payment obligations under this Lease or the Assignments, or the breach of Lessee's right of quiet enjoyment of the Equipment as provided in Section 31. Lessor shall have no obligation to install, erect, test, adjust, service, or maintain the Equipment. Lessee shall look to the Manufacturer for any claims related to the Equipment.

Lessor hereby acknowledges that any Manufacturer's warranties are for the benefit of both Lessor and Lessee. NOTWITHSTANDING THE FOREGOING, LESSEE'S

OBLIGATIONS TO PAY THE RENTALS OR OTHERWISE UNDER THIS LEASE SHALL BE AND ARE ABSOLUTE AND UNCONDITIONAL.

To the extent permitted by the Manufacturer, and provided Lessee is not in default under this Lease, Lessor shall make available to Lessee all Manufacturer's warranties with respect to the Equipment.

8. **TITLE TO AND LOCATION OF EQUIPMENT:** Title to each item of Equipment leased hereunder shall remain with the Lessor at all times and the Lessee shall have no right, title or interest therein except as expressly set forth in this Lease. Lessee, at its expense, will protect and defend Lessor's title to the Equipment and will keep the Equipment free and clear from any and all Liens (including, but not limited to, any levy, seizure or attachment) except for those created by, through or under Lessor, its successors or assigns. Without limitation of the foregoing, Lessee will not attempt to or permit sale of any of the Equipment while it is subject to this Lease. Lessor assumes no liability and makes no representation as to the treatment by Lessee of this Lease, the Equipment or the rental payments hereunder for financial statement or tax purposes.

All items of Equipment shall at all times be and remain personal property notwithstanding that any such Equipment may now or hereafter be affixed to realty. The Equipment shall be delivered to the location specified in the Schedule with respect thereto.

The Lessee shall display notice of Lessor's ownership of the Equipment by affixing to and maintaining on each railcar item of Equipment on both sides thereof plainly, distinctly and permanently in letters not less than one inch in height an identifying stencil or plate with the words "Leased through lease filed with the Surface Transportation Board" and Lessee will not alter, deface, cover or remove such ownership identification. Such identification shall be affixed by the Manufacturer at Lessee's expense not later than the delivery of such Equipment to the Lessee under the Assignment and relevant Purchase Agreement. The Lessee shall cause each railcar item of Equipment to be kept numbered with the identifying number set forth in the Schedule applicable to such Equipment.

9. **USE OF EQUIPMENT, INSPECTION AND REPORTS:** Lessee may possess and use the Equipment in accordance with this Lease, provided that any such use is in conformity with all Applicable Law, any insurance policies, and any warranties of the Manufacturer with respect to the Equipment. Lessee shall not use or permit the Equipment to be used to contain or transport any explosive, hazardous, toxic, dangerous or environmentally threatening waste, materials or matter, it being acknowledged for the avoidance of doubt that: (i) in the normal course of its business, Lessee may use or permit the Equipment to be used to contain or transport polyolefinic materials and such use shall not violate the prohibitions contained in this sentence and (ii) such use shall be solely at the risk of

Lessee, and Lessor, its successors and assigns shall have no liability with respect to such use. Lessee shall make no additions or modifications to any item of Equipment except those required pursuant to Section 10 hereof without Lessor's prior written consent, such consent (a) not to be unreasonably withheld and (b) to contain the request (if any) discussed in the next sentence to remove such addition or modification before return of the Equipment. Lessee agrees that, if requested by Lessor in the written consent required by the preceding sentence, it will, prior to return of such item of Equipment to Lessor hereunder, remove any such addition or modification except those additions or modifications required pursuant to Section 10 hereof and, following such removal, restore the Equipment (i) to the original configuration and gates as when the Equipment was first accepted by Lessee and (ii) to the condition required by Section 23 hereof. Lessor shall have the right, upon reasonable prior notice to the Lessee and during the Lessee's regular business hours, to inspect the Equipment at the premises of the Lessee or to the extent reasonable wherever the Equipment may be located. Lessee shall promptly notify Lessor of all details arising out of any alleged encumbrances on the Equipment or any accident which may result in a claim against the Lessor allegedly resulting from the use or operation thereof. Lessee will make available (or will cause to be made available) to the Lessor and/or Beneficiary such information as may be reasonably requested from time to time in order to enable the requesting party to fulfill its Federal, state, local and foreign tax return or other tax obligations and shall furnish for inspection and copying such original records or copies of available records necessary to satisfy tax audit requirements and to conduct effectively any tax contest. Lessor and/or Beneficiary will make available (or will cause to be made available) to the Lessee such information as may be reasonably requested from time to time in order to enable Lessee to fulfill its Federal, state, local and foreign tax return or other tax obligations and shall furnish for inspection and copying such original records or copies of available records necessary to satisfy tax audit requirements and to conduct effectively any tax contest.

10. **OPERATING RULES AND REGULATIONS:** Lessee agrees to comply with all local, state, Federal, foreign, provincial and other governmental laws, regulations and requirements, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Surface Transportation Board, relating to the operation and/or use of the Equipment. 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. Any such replacement shall be in as good operating condition as, and with a value, utility and useful life at least equal to, the item of property being replaced, assuming that such replaced item was in the condition required to be maintained by the terms of this Lease.

11. **FURTHER ASSURANCES:** Lessee shall execute and deliver to Lessor upon Lessor's request such instruments and assurances as Lessor in the reasonable exercise of its discretion deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder. In furtherance thereof, Lessor may file or record this Lease or a financing statement or other notice with respect thereto so as to give notice to any interested parties. The Lessor is authorized to file a financing statement concerning the Equipment signed only by the 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 not be deemed evidence of any intent to create a security interest under the Uniform Commercial Code. Lessee, at its own expense, will cooperate with Lessor to cause this Lease and the Schedule and each Lease Acceptance Certificate or a memorandum thereof (if appropriate) to be filed with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301 and deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and to take necessary actions for publication of notice of such deposit in The Canadian Gazette.

12. **RISKS OF LOSS:** Lessee shall comply with Exhibit F hereto.

13. **INSURANCE:** Lessee shall comply with Exhibit G hereto.

14. **EXPENSES, FEES AND TAXES:** (a) In addition to the rent payments, Lessee shall pay promptly when due, all costs, expenses, fees, charges (in each case, excluding Transaction Costs) and taxes (including sales, use, doing business, excise, personal property, ad valorem, stamp, documentary, gross receipts, foreign withholding and other taxes) incurred by any Tax Indemnitee (as defined in Section 14(b) hereof) in connection with the titling, licensing, registration, use, rental, shipment, transportation, delivery, purchase, payment of the purchase price, ownership or operation thereof, and on or relating to this Lease and any Schedule. In case any report or return is required to be filed with respect to any taxes, Lessee will, to the extent legally permissible, file such report or return or notify Lessor in writing to the extent Lessor or Beneficiary must file such report or return in sufficient time for Lessor or Beneficiary to make such filing of the required report or return. All reports and returns filed by Lessee will be in Lessee's name and account number. To the extent reasonably requested by Lessor, Lessee will promptly supply Lessor a copy of such reports or returns. Subject to Section 14(b) hereof, Lessee shall promptly reimburse any Tax Indemnitee for any taxes charged to or assessed against such Tax Indemnitee on account of the transactions contemplated by this Lease. Lessee's obligations under this Section shall continue in full force and effect notwithstanding the expiration or other termination of this Lease.

(b) Notwithstanding anything in this Lease or any other Operative Document to the contrary, Lessee shall not be responsible for the payment or reimbursement of any Taxes attributable to or imposed on Owner Trustee, FSB or

Beneficiary or their successors or assigns (individually, a "Tax Indemnitee" and collectively the "Tax Indemnitees") associated with the following:

(1) Taxes with respect to or measured by any fees received by a Tax Indemnitee for services rendered under the Trust Agreement;

(2) Taxes to the extent that such Taxes result from the gross negligence or willful misconduct of a Tax Indemnitee, or from the breach by a Tax Indemnitee of any of its representations, covenants, or obligations under the Lease or other Operative Documents unless attributable to a breach by Lessee;

(3) Taxes as a result of a voluntary sale, assignment, transfer or other disposition of any interest by a Tax Indemnitee in the Equipment or any part thereof, or the Trust (unless the sale, assignment, transfer or other disposition takes place after the occurrence and during the continuance of an Event of Default), or of any involuntary sale, assignment, transfer or other disposition in connection with any bankruptcy or other proceedings for the relief of debtors in which a Tax Indemnitee is the debtor, or any foreclosure by a creditor of a Tax Indemnitee.

(4) Taxes imposed on a Tax Indemnitee with respect to any period commencing after the later of (i) the expiration or earlier termination of the Lease and (ii) possession of the Equipment has been redelivered to Owner Trustee in accordance with the terms of the Lease.

(5) Taxes (without regard to whether such Taxes are collected by withholding or otherwise) imposed by any state or local government or taxing authority in the United States (and any interest, additions to tax, penalties, fines, or other charges in respect thereof) (1) that are imposed on, based on or measured by gross or net income or gross or net receipts (including without limitation capital gains taxes, excess profit tax, minimum taxes, alternative minimum taxes, and taxes on tax preference items) or (2) that are capital, net worth, franchise, doing business, accumulated earnings tax, personal holding company tax or similar taxes; provided, however, that the exclusion provided in this clause (5) shall not apply to property, sales, use, rental, license, excise, ad valorem, stamp, luxury, or similar Taxes;

(6) Taxes (without regard to whether such Taxes are collected by withholding or otherwise) imposed by the United States government (and any interest, additions to tax, penalties, fines, or charges in respect thereof), that are imposed on, based on or measured by gross or net income or receipts, or accumulated earnings taxes, personal holding company taxes, capital, net worth excise taxes, capital gains taxes, minimum taxes, taxes imposed by Section 59A of the Code and taxes on or measured by tax preference items; provided, however, the exclusion provided in this clause (6) shall not apply to property, sales, use, rental, license, excise, ad valorem or stamp Taxes or Taxes imposed under Section 4975 of the Code.

(7) Taxes (without regard to whether such taxes are collected by withholding or otherwise) imposed by any foreign government or political subdivision or taxing authority thereof or any territory or possession of the United States or any international authority (and any interest, additions to tax penalties, fines, or other charges in respect thereof) that are imposed on, based on, or measured by gross or net income or group or net receipts, capital gains taxes, excess profits taxes, minimum taxes, alternative minimum taxes, and taxes on tax preference items or that are capital, net worth, franchise, doing business, accumulated earnings, personal holding company, or similar taxes, except to the extent that such taxes are imposed as a result of the activities of the Lessee; provided, further however, that the exclusions provided in this Clause 7 shall not apply to (1) property, sales, use, rental, license, excise, ad valorum, or stamp taxes, or taxes imposed under Section 4975 of the Code or (2) such taxes that would not have been imposed but for the location or use of the equipment in such jurisdiction or the identity, activities, or presence of Lessee, any sub-Lessee, user, or person in possession of any equipment or any affiliate of the foregoing in such jurisdiction.

(8) Taxes imposed by any taxing authority to the extent that such Taxes would not have been imposed, or to the extent that such Taxes are greater than the Taxes that would have been imposed, if the only contact of the Tax Indemnitee with such taxing authority had been with respect to the transactions contemplated by the Lease and other Operative Documents;

(9) Taxes imposed in the nature of penalties, additions to tax, interest or fines in connection with the performance of, or failure to perform, any requirement imposed on a Tax Indemnitee if such Tax Indemnitee failed to use reasonable care in performing such requirement or, with respect to any return otherwise required to be filed by a Tax Indemnitee without regard to the transactions contemplated by the Lease or other Operative Documents, in connection with the preparation or filing of such tax returns by such Tax Indemnitee or the payment of such Tax Indemnitee's taxes required to be shown in such returns or the conduct of any proceeding in respect thereof;

(10) Taxes resulting from, or which would not have occurred but for, a Lessor's Lien;

(11) Taxes that are being contested by Lessee provided that non-payment of such Taxes does not jeopardize any Tax Indemnitee's right, title or interest in the Equipment;

(12) Taxes included in the cost of Equipment if paid by the Lessee to the proper taxing authority;

(13) Any Taxes imposed to the extent such Taxes are actually utilized by a Tax Indemnitee as determined in good faith in the same taxable year as a credit against Taxes not covered by Section 14;

(14) Taxes to the extent imposed by reason of the trust described in the Trust Agreement being taxed in the same manner as a corporation;

(15) Taxes that result from a Tax Indemnitee engaging in transactions prohibited by or inconsistent with the Lease or other Operative Documents;

(16) Taxes that would not have been imposed but for an amendment to the Lease or any other Operative Document to which Lessee is not a party, which amendment has not been consented to by Lessee in writing;

(17) Taxes that would not have been imposed if the Beneficiary were the lessor under the Lease and no owner trust structure were used in connection with the ownership or lease of the Equipment;

(18) Taxes attributable to the loss or modification of the depreciation deductions under Section 167 and/or 168 of the Code (as hereafter defined) which loss or modification is attributable to, in whole or in part, the structure of the Lessor as a trust;

(19) Property, sales, use, rental, license, excise, ad valorem, stamp, luxury or similar Taxes imposed by any state or local taxing authority, including but not limited to the State of Utah, as a result of FSB, the Owner Trustee or the trust created pursuant to the Trust Agreement being located or having nexus in such state or within such taxing authority;

(20) Taxes that would not have been imposed but for the creation of the trust pursuant to the Trust Agreement or the appointment of the Owner Trustee or any successor trustee or co-trustee pursuant to the Trust Agreement;

(21) Taxes imposed by way of withholding (i) if such withholding would not have been imposed but for (a) the failure of any Tax Indemnitee to be a United States Person (within the meaning of Section 7701(a)(30) of the Code), or (b) payments under the Lease being attributable to a permanent establishment of any Tax Indemnitee in any jurisdiction other than the United States of America unless such establishment results solely from the location of all of the Equipment; or (ii) if such withholding results from a breach of any covenant of a Tax Indemnitee; or (iii) if such withholding results from the gross negligence, wilful misconduct or fraud of any Tax Indemnitee; and

(22) Taxes that would not have been imposed but for any assignment by Lessor or Beneficiary (excluding any assignment for security) of this Lease pursuant to Section 22 hereof, or the Beneficiary Agreement, and Taxes to the extent increased because of any such assignment.

(c) If Lessee should fail to pay any of the costs, expenses, fees, charges and taxes for which Lessee is liable hereunder, a Tax Indemnitee may pay, but shall not be required to pay, the same for the account of Lessee. Lessee shall reimburse such Tax Indemnitee, upon demand, as additional rental hereunder, for the full amount of any costs, expenses, taxes or other charges paid by such Tax Indemnitee which constitute an obligation of Lessee hereunder together with interest on such amounts at the rate provided under this Lease for late charges from the date of demand for reimbursement by a Tax Indemnitee (accompanied by a reasonably detailed explanation of the charges) to the date of reimbursement.

(d) Lessor shall pay all Transaction Costs at its own expense except that Lessee will pay the fees and expenses of Lessee's special counsel in connection with the negotiation and closing of the Lease.

15. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS: If Lessee shall fail duly and promptly to perform any of its obligations under this Lease with respect to the Equipment or otherwise, Lessor may (at its option) perform any act or make any payment which Lessor reasonably deems necessary or advisable for the maintenance and preservation of the Equipment and Lessor's title thereto or for any other reason otherwise related to performance of such obligations, including payments for satisfaction of Liens, repairs, taxes, levies and insurance that are the responsibility of the Lessee hereunder and all sums so paid or incurred by Lessor, including but not limited to reasonable legal fees incurred in connection therewith, together with interest on such sums at the rate provided under this Lease for late charges from the date Lessor demands reimbursement for such charges (and provides a reasonably detailed explanation of the charges), shall be additional 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 the Lessee.

16. LATE CHARGES: Should Lessee fail to duly pay any part of any rent payment or other sum to be paid to Lessor under this Lease, Lessee shall pay interest on such delinquent payment from the due date until paid at a rate of 2% over The Chase Manhattan Bank, N.A. Prime Rate per annum not to exceed the highest legal contract rate of interest.

17. INDEMNIFICATION: Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless each Indemnitee from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and

nature, arising out of the use (including, but not limited to, transporting or using the Equipment to contain polyolefinic materials or any other material of any kind), condition, manufacture or design (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor and patent, trademark and copyright infringement), maintenance, improvement, purchase, sale, operation, possession, ownership, selection, delivery, acceptance, non-acceptance, rejection, leasing, subleasing or return of any item of Equipment while it is subject to this Lease, including any Applicable Law pertaining to environmental control, noise pollution or other matters, or any death, injury or property damage, or any strict liability in tort, regardless of where, how and by whom the Equipment was operated, or any failure on the part of Lessee to perform or comply with any of its obligations under this Lease or any other Operative Document or any false or inaccurate representation made by the Lessee under the Lease or any other Operative Document, except that the foregoing shall not apply with respect to any liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (individually, a "Loss" and collectively, "Losses") to the extent:

(a) attributable to acts or events which occur after the date when the Equipment is no longer leased under the Lease;

(b) attributable to the gross negligence or willful misconduct of an Indemnitee or any Affiliate, agent, officer, director, servant or employee thereof, or to the breach by any such Person of Section 31 hereof;

(c) constituting a Tax, whether or not Lessee is required to reimburse or indemnify any Indemnitee therefor pursuant to Sections 14 or 32 hereof, it being understood that such sections are intended to cover Lessee's obligations to indemnify for Taxes, except that this clause (c) shall not affect the terms of the last paragraph of this Section 17;

(d) arising out of any sale, assignment, transfer or other disposition (whether voluntary or involuntary) by Beneficiary or Owner Trustee of its interest in or any part of the Trust Estate unless such sale, assignment, transfer or other disposition takes place after the occurrence and during the continuance of an Event of Default;

(e) attributable to the incorrectness in any respect of any representation or warranty by such Indemnitee in the Operative Documents;

(f) attributable to the failure by such Indemnitee to perform or observe in any respect any agreement, covenant or condition on its part required to be performed or observed in any of the Operative Documents;

(g) in the case of the Owner Trustee, arising out of the failure on its part to distribute in accordance with the Trust Agreement any amounts received and distributable by it thereunder;

(h) included in Transaction Costs or that is incurred by any such Indemnitee (or any successor, assign, director, officer, employee, servant, agent or Affiliate of such Indemnitee) to the extent that such Indemnitee shall have expressly agreed in the Operative Documents to bear such Loss;

(i) arising out of any Loss that would not have been incurred but for the creation of the trust pursuant to the Trust Agreement or (except when an Event of Default has occurred and is continuing) the appointment of a successor or co-trustee pursuant to Section 7.7 of the Trust Agreement;

(j) arising out of the authorization or giving or withholding of any future amendments, supplements, waivers or consents by such Indemnitee with respect to any of the Operative Documents, other than such as have been requested by or consented to by Lessee;

(k) that would not have been incurred but for the creation of the trust pursuant to the Trust Agreement or the appointment of the Owner Trustee or any successor trustee or co-trustee pursuant to the Trust Agreement; or

(l) that would not have been incurred if the Beneficiary were the Lessor under the Lease and no owner trust structure were used in connection with the ownership or lease of the Equipment.

To the extent that payment pursuant to this Section results in additional net taxable income to any Indemnitee, Lessee shall pay an additional amount to such Indemnitee such that after subtracting any income taxes occurring as the result of the receipt of such additional amount is equal to the U.S. federal, state and local income tax applicable to such additional net taxable income. Additional net taxable income means that amount which results from the netting of (1) any tax deductions derived by any Indemnitee as a result of its loss indemnified hereunder and (2) the gross indemnification amount payable by Lessee. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor.

18. **UNCONDITIONAL PAYMENT:** This is a net lease, and the Lessee's obligation to pay rent and other amounts payable hereunder and under any other Operative Document and the right of the Lessor and any successor and assignee of the Lessor in and to such payments shall be absolute and unconditional under any

and all circumstances and shall not be affected by any circumstances of any character, including, but not limited to: (i) any setoff, counterclaim, recoupment, offset, defense or other right which the Lessee may have against the Lessor or any other person for any reason whatsoever, including any default by the Lessor or any party to any of the Operative Documents or any agreement referred to therein; (ii) any unavailability of any item of Equipment, after its delivery and acceptance by the Lessee hereunder, for any reason, including, any lack of or invalidity of title or any other defect in the title, condition, design, operation, merchantability or fitness for use of such item of Equipment; (iii) any loss or destruction of, or damage to, such Equipment or interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever and of whatever duration; (iv) any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against the Lessee, the Lessor or any other Person; (v) the invalidity or unenforceability or other infirmity of this Lease or any other Operative Document; or (vi) any other event, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding to the extent permitted by Applicable Law. The Lessee hereby waives, to extent permitted by Applicable Law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. Without limitation of the foregoing, nothing in this Section is intended to limit any right of the Lessee to pursue a claim for damages against the Lessor or any other person and to recover any such damages.

19. PURCHASE OPTION: Lessee shall have no option to purchase or otherwise acquire title or ownership of Equipment unless (a) a purchase option is referred to in Exhibit A hereto relating to the Equipment and (b) if there is any such purchase option, any such purchase option can only be exercised by Lessee's irrevocable written notice to Lessor, at Lessor's address stated above, not earlier than 360 days nor later than 270 days prior to the time when such purchase may occur, as stated in Exhibit A, and only if no Event of Default has occurred and is continuing either at the time such notice is given or the time such purchase is scheduled to occur and (c) the purchase shall occur and the purchase price shall be payable at the time stated in Exhibit A and (d) concurrently with payment of such purchase price, Lessee pays Lessor all rent and other amounts that are then due and payable hereunder and (e) Lessee purchases all (and not less than all) of the Equipment. Any purchase option price stated as "Fair Market Sales Value" ("FMSV") for Equipment shall be determined on the basis of, and shall be equal in amount to, the value which one would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession and a used equipment dealer or broker) under no compulsion to buy and an informed and willing seller under no compulsion to sell and on the assumption that the Equipment is in the condition in which it is required to be returned pursuant to Section 23 hereof and, in such determination, (i) costs of removal of Equipment from its location of current use shall not be a deduction from such value

and (ii) any renewal option found in this Lease shall be disregarded. In the event Lessee purchases the Equipment, Lessee shall be responsible for all applicable sales, use or other taxes incurred in connection with such purchase, provided, however, that Lessor will co-operate with Lessee, at Lessee's request and expense, with reasonable actions to minimize or avoid such taxes. Upon receipt of the purchase price and payment of such other amounts and taxes by Lessee, Lessor shall transfer or cause to be transferred to Lessee the Equipment by delivery of such bills of sale and other documents in form and substance reasonably satisfactory to Lessee as are necessary to convey title to the Equipment "as is - where is" to Lessee without any representation or warranty except a representation by Lessor that the Equipment is free of any Liens created by, through or under Lessor or its successors or assigns.

In the event the FMSV is not agreed upon by Lessee and Lessor, it shall be determined at Lessee's sole expense by the average of three (3) appraisals by independent, reputable appraisers which shall include two appraisers individually, one selected by Lessee and one selected by Lessor, and a third mutually selected by Lessee and Lessor, in each case not later than 20 days after Lessee has provided notice of its election to exercise its option, and each such appraiser shall deliver its appraisal not later than 20 days after it is selected.

20. RENEWAL: Lessee will have no right to renew the original lease term unless a renewal option is referred to in Exhibit A hereto relating to the Equipment. If there is any such renewal option, such renewal option can only be exercised by Lessee's written notice to Lessor, at Lessor's address stated above, not earlier than 390 days nor later than 360 days prior to the end of the original lease term for the applicable Equipment, and only if no Event of Default has occurred and is continuing either at the time such notice is given or at the end of the original lease term for the applicable Equipment.

If Lessee fails to return the Equipment at the end of the original lease term or any renewal thereof in compliance with Section 23 hereof, and does not exercise its renewal option or purchase option as aforesaid, the Lease shall automatically be renewed from month to month with rent payable monthly at the monthly rate applicable during the original term (but such renewal shall not change or vitiate Lessee's obligation to return the Equipment at the end of such term or the renewal thereof, nor shall it prejudice Lessor's right to require such return or to seek damages or other recourse or redress against Lessee or otherwise for Lessee's failure to return the Equipment on time).

21. ASSIGNMENT BY LESSEE: Without Lessor's prior written consent, Lessee may not, by operation of law or otherwise, (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein or (b) sublet or lend the Equipment; provided, however, that Lessee may (a) permit the Equipment to be used by Lessee's customers or Montell Canada Inc. in the normal course of Lessee's business and (b) assign its rights to use some or all of the

Equipment to a direct or indirect subsidiary of the Guarantor (an "Assignee"), provided that: (1) no Default or Event of Default has occurred and is continuing at the time of such assignment or will arise as a result of such assignment; (2) the Assignee agrees to be bound by all terms and conditions of this Lease and the other Operative Documents in an agreement reasonably satisfactory to Lessor; (3) the Lessee remains primarily liable for all of its obligations under the Lease and other Operative Documents as if such assignment had not occurred and the Lessee so affirms to the Lessor in an agreement reasonably acceptable to Lessor; (4) the Guaranty remains in full force and effect as if such assignment had not occurred and the Guarantor so affirms to the Lessor in an agreement reasonably acceptable to the Lessor; (5) such assignment does not alter the depreciation deductions of Lessor or Beneficiary, or its successors and assignees; (6) Lessee must assign all of its rights and obligations with respect to such Equipment (without releasing Lessee from liability therefor); (7) Lessee must notify Lessor in writing no less than thirty (30) days prior to such assignment; (8) prior to or contemporaneously with the assignment, Lessor is to receive evidence of such filings as reasonably deemed necessary by Lessor to protect its title and rights under the Lease and other Operative Documents, including, but not limited to, filings with the Surface Transportation Board, the Registrar General of Canada and UCC financing statements; (9) Lessor shall receive certificates or other evidence of insurance reasonably satisfactory to Lessor from Lessee or such Assignee evidencing that the insurance required by this Lease is being provided in connection with such assignment; (10) Lessee shall take such other actions and provide such other opinions of counsel or other documents or agreements as reasonably requested by Lessor to protect its title and rights under the Lease and other Operative Documents and to meet the requirements of this Section and (11) Lessee shall pay all reasonable legal fees and expenses and other costs of Lessor and Beneficiary incurred in connection with such assignment.

Irrespective of any permitted sublease or use by other Persons, Lessee shall remain primarily liable to Lessor under all terms and conditions of this Lease and the Guaranty shall remain in full force and effect.

22. **ASSIGNMENT BY LESSOR OR BENEFICIARY:** For the purpose of providing funds for financing or refinancing the purchase of the Equipment, or for any other purpose, Lessee agrees (a) that Lessor or the Beneficiary may assign, sell or encumber all or any part of the Trust Estate, this Lease and the other Operative Documents, any or all items of Equipment and the rent and other payments hereunder and thereunder and (b) in the event of any such assignment of rent and other payments and written notice thereof to Lessee, to unconditionally pay directly to any such assignee all rentals and other sums due or to become due under this Lease or any other Operative Document and (c) that the Equipment leased hereunder or the Trust Estate may be subjected by Lessor or Beneficiary to a security agreement or security agreements (collectively, any assignment or transfer permitted by clause (a), (b) or (c), a "Transfer"; the transferring Lessor or

Beneficiary, the "Transferor"). In any such event, the right, title and interest of a secured party under any security agreement permitted by clause (c) of the preceding sentence shall by the express terms of such security agreement be subject to the leasehold interest of Lessee in and to the Equipment hereunder. THE RIGHTS OF ANY ASSIGNEE OR TRANSFEREE UNDER A TRANSFER SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH LESSEE MAY HAVE AGAINST THE TRANSFEROR. Lessee, at the Transferor's expense, shall cooperate with any reasonable request of the Transferor in connection with a Transfer (but such cooperation shall not be a condition to the Transferor's right to make any Transfer), including, without limitation: (i) providing an acknowledgement or consent to such Transfer on terms reasonably requested by the Transferor; and (ii) providing an estoppel certificate, legal opinion, insurance certificates or other documents reasonably requested by the Transferor or cooperating with or making filings or taking other action reasonably requested by the Transferor in connection with such Transfer. Notwithstanding the foregoing, any Transfer (a) shall be subject to Lessee's right to possess and use the Equipment (which right to possess and use is understood to include, without limitation, the right of quiet enjoyment and the purchase and renewal options referenced herein) so long as no Event of Default has occurred and is continuing and (b) shall not release any claim which Lessee has against the Transferor or any of the Transferor's obligations hereunder or under any other Operative Document except that if, pursuant to any such Transfer, the Transferor sells, assigns or otherwise transfers all of its right, title and interest to some or all of the Equipment, the transferee shall assume, in a writing reasonably satisfactory to Lessee, all of the Transferor's obligations under the Lease and other Operative Documents with respect to such Equipment from and after the time of such Transfer, the Transferor shall be released from all such obligations and such transferee shall be "Lessor" or "Beneficiary" (as the case may be) for all purposes of this Lease and the other Operative Documents with respect to such Equipment. In the event, pursuant to such Transfer, the Transferor sells, assigns or otherwise transfers less than all of its right, title and interest to the Equipment subject to such Transfer, the Transferor shall not be released from any of its obligations under this Lease or the other Operative Documents with respect to such Equipment.

Additional Conditions. Any Transfer by the Lessor or Beneficiary pursuant to this Section 22 shall be subject to the following additional conditions (except that conditions (1), (2), (6) and (7) shall not apply to Transfers to a secured party pursuant to a security agreement or other collateral assignment):

(1) the transferee shall be a Permitted Transferee and shall not be a party (with adverse interests to Lessee or any of its Affiliates) to any pending or threatened litigation or arbitration (whether as plaintiff or defendant) with, and is not attempting a hostile takeover of, Lessee or any of its Affiliates.

(2) the transferee shall deliver to Lessee an opinion of counsel as to the due authorization, execution, delivery, validity and enforceability of any writing referred to above in this section by which the transferee assumes the Transferor's obligations under such Transfer and as to other relevant matters reasonably requested by Lessee, in form and substance reasonably satisfactory to Lessee;

(3) such transfer shall not (x) require registration of the Transferor's interest in and to the Trust Estate or the Operative Documents under any provision of the Securities Act of 1933, as amended, or (y) violate or cause the violation of any Applicable Law or any Operative Document;

(4) the Transferor shall pay all of its own fees and expenses, and all reasonable fees and expenses of Lessee, arising out of, or in connection with, such transfer;

(5) the Transferor shall have given notice to Lessee of such proposed transfer at least 20 Business Days prior to such proposed transfer identifying the proposed transferee and other terms and conditions of such transfer material to the requirements of this Section 22;

(6) at no time shall there be more than one Lessor or one Beneficiary hereunder (it being expressly agreed, however, that this limitation shall apply only to this Lease and shall not preclude the Beneficiary from holding rights under any other lease with Lessee nor shall it preclude FSB from acting as owner trustee under any other lease with Lessee); and

(7) such Transfer shall include all of the Equipment then subject to this Lease.

Notwithstanding anything to the contrary contained in the preceding paragraphs of this Section 22, neither Lessor nor the Beneficiary may make any Transfer to a Restricted Assignee without Lessee's prior written consent, provided, that Lessee's consent shall be deemed to be given if Lessee has not notified the Transferor of its objection within ten (10) Business Days of delivery of the Transferor's written notice for any such proposed Transfer. A Restricted Assignee shall mean any institution listed on Schedule I hereto.

Notwithstanding anything to the contrary contained in the preceding paragraphs of this Section 22, the appointment of a successor Owner Trustee, or a separate or co-trustee, shall be governed by the terms of Article VII of the Trust Agreement rather than the foregoing terms of this section.

23. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT: Lessee shall, at no expense to Lessor, maintain the Equipment in good repair and operating

condition so that the Equipment complies with the applicable interchange standards set for such Equipment by the Association of American Railroads or any successor thereto ("AAR"), the Equipment is in good operating order by industry standards and fit for the purposes for which they were designed, and satisfy the tests described below;

a. All damaged or broken parts will be repaired according to AAR specifications;

b. Exterior and interior surfaces will be clean, free of rust and corrosion except for minor surface rust, and will be painted to a standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification and Lessor's identification as provided in Section 8 hereof;

c. Equipment will conform to United States Department of Transportation regulations or those of any other government agency having jurisdiction over the use and operation of the Equipment;

d. Equipment shall, at all times, be maintained in compliance with the original manufacturer's recommended maintenance procedures and policies. In any event, Lessee shall maintain the Equipment or cause the Equipment to be maintained on the same scheduling basis that Lessee employs for similar equipment, whether owned or leased.

e. Liners must be in good condition with no holes or bare spots.

f. All wheels shall have a minimum thickness and diameter equal to at least 50% of the original manufacturer's specifications, as when first accepted by Lessee.

g Equipment will be returned with undercarriage systems, including any related tracks and rollers of a type, size, and quality standard according to original manufacturing specifications, and will be in good repair and operating condition;

At Lessee's expense, Lessee shall provide written evidence from a mutually acceptable independent party that the Equipment returned meets the specifications above. Lessor or its representative will inspect the Equipment to verify that the units have been proffered for return in compliance with the terms and conditions of this Section. Additional wear and tear beyond the extent permitted herein shall be deemed excessive wear and tear and Lessee, at its option, shall be responsible to either promptly make such repairs as are required to correct excessive wear and tear and to otherwise bring the Equipment into the condition required under this Section, or to forward the affected items of Equipment to a repair facility, which

facility shall have been previously approved in writing by Lessor, for such repairs and pay the costs of such repairs. Such repairs shall be performed prior to return of the Equipment hereunder. Until such Equipment is returned to Lessor in proper condition, the Lease shall continue as provided in Section 20 hereof.

Upon payment in full of all rent payments and all other sums due under this Lease for the Equipment, unless Lessee shall have duly exercised any renewal or purchase option with respect thereto, Lessee will, at its expense, insure and deliver such items of Equipment to Lessor at any place or places in the continental United States designated by Lessor in writing, for such disposition. If the Equipment is returned to the Lessor pursuant to Section 25 following an Event of Default, Lessee will return all Equipment to Lessor in the same manner. All Equipment so delivered by Lessee to Lessor shall be returned to the designated location in the same condition as when first delivered to Lessee, reasonable wear and tear resulting from authorized use thereof alone excepted.

Upon any return of the Equipment, Lessee shall deliver possession of such Equipment to Lessor and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Equipment so to return such Equipment. For the purpose of delivering possession of any Equipment to Lessor as required above, Lessee will, at its own expense and risk: (i) forthwith and in the usual manner cause such Equipment to be transported to the storage tracks of Lessee as Lessee may select, and there assembled; (ii) furnish or arrange for Lessor to store such Equipment on Lessee's storage tracks until such Equipment has been sold, leased or otherwise disposed of by Lessor, such period not to exceed forty-five (45) days; and (iii) cause such Equipment to be transported to such interchange point or points as shall be designated by Lessor upon any sale, lease or other disposition of all or any such Equipment. All movement to and storage of each piece of Equipment at Lessee's storage track is to be at the risk and expense of Lessee. All movement from Lessee's storage tracks is to be at the risk and expense of Lessor. Following such storage period, at the request of Lessor, Lessee will provide reasonable assistance for Lessor to make arrangements for the storage of the Equipment at Lessor's risk and expense for an additional 120 days or such shorter period as Lessor may request.

24. **EVENTS OF DEFAULT:** Lessee shall be in default under this Lease upon the happening of any of the following events or conditions ("Events of Default"):

(a) Default by Lessee in payment of any installment of rent or any other indebtedness or obligation now or hereafter owed by Lessee to Lessor or any other Person under this Lease or any other Operative Document and the continuance of such default for two (2) consecutive Business Days after delivery by Lessor or Beneficiary to Lessee of written notice thereof; or (b) failure by Lessee to procure and maintain insurance as required by Section 13 hereof and the

continuance of such failure for three (3) consecutive Business Days after delivery by Lessor or Beneficiary to Lessee of written notice thereof; or (c) default in the performance of any other obligation, covenant or liability contained in this Lease or the Guaranty and the continuance of such default for ten (10) consecutive Business Days after written notice thereof by Lessor to Lessee or Guarantor, as the case may be; or (d) any material warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee or Guarantor proves to have been false in any material respect when made or furnished; or (e) dissolution, termination of existence, discontinuance of its business, insolvency, or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by Lessee or Guarantor or the commencement of any proceedings under any voluntary bankruptcy, reorganization or arrangement laws by or against Lessee or Guarantor; or (f) in the event of an involuntary bankruptcy or the appointment of a receiver without Lessee's or Guarantor's consent, such bankruptcy or appointment continues and is ongoing for a period of sixty (60) consecutive days; or (g) any proceeding or event comparable to those described in clause (e) or (f) occurs to Lessee or Guarantor under the laws of a jurisdiction outside the United States; or (h) the Guaranty or any provision thereof ceases for any reason to be a valid and enforceable obligation of the Guarantor in accordance with its terms or the Guarantor repudiates all or any portion of the Guaranty or its obligations thereunder or repudiates any of the Operative Documents or the Guarantor's or Lessee's obligations thereunder; or (i) any of the Equipment is used to contain or transport any explosive, hazardous, toxic, dangerous or environmentally threatening waste, material or matter in violation of Section 9 hereof; or (j) default by Lessee or Guarantor with respect to any indebtedness or lease obligations where the aggregate remaining principal or rent is in the amount of $50,000,000 or greater and, as a result of such default, such indebtedness or rent has been or is declared to be due prior to its stated maturity or any lessor has declared the relevant lease to be terminated or has sought return of property subject to such lease before the scheduled expiration date thereof; or (k) default by Lessee of Section 2(c) or 2(d) in Exhibit E-1 hereto; or (l) a default by Guarantor of its obligations under Section 5 of the Guaranty.

25. REMEDIES OF LESSOR: Upon the occurrence of any Event of Default and at any time thereafter Lessor may without any further notice exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) declare all unpaid rentals due and to become due under this Lease, to be immediately due and payable; (b) terminate this Lease as to any or all items of Equipment; (c) take possession of the Equipment wherever found without any liability or suit, action or other proceeding by the Lessee and remove the same, including, if necessary, entering on the premises of the Lessee for the purpose of taking possession of or removing Equipment; (d) cause Lessee at its expense to promptly return the Equipment to Lessor and in the condition set forth in Section 23; (e) use, hold, sell, lease or otherwise dispose of the Equipment or any item thereof without affecting the obligations of Lessee as provided in this Lease; (f) sell

or lease the Equipment or any part thereof, at public auction or by private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than ten (10) days prior to the date thereof shall constitute reasonable notice thereof to Lessee; (g) proceed by appropriate action either by law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or (h) exercise any and all rights accruing to a Lessor under any Applicable Law upon a default by a Lessee. In addition, Lessor shall be entitled to recover immediately as liquidated damages for loss of a bargain and not as a penalty an amount equal to the Stipulated Loss Value for the Equipment on the date of Lessor declaring this Lease in default, together with interest as provided herein. After default at the request of Lessor and to the extent requested by Lessor, Lessee shall comply with the provisions of Paragraph 23 of this Lease. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises for a reasonable time for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of sale, lease or other disposition, if any, shall be applied (1) to all Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment; then, (2) to the extent not previously paid by Lessee, to pay Lessor the Stipulated Loss Value for the Equipment and all other sums, including any unpaid rent and any indemnification, then remaining unpaid under this Lease or any other Operative Document; then (3) to reimburse to Lessee any such sums paid by Lessee as liquidated damages; (4) any surplus shall be retained by Lessor. Lessee shall pay any deficiency in (1) and (2) forthwith. Should Lessor, however, estimate its actual damages in lieu of or in addition thereto, Lessor shall not be obligated to sell, lease or otherwise dispose of any item of repossessed Equipment hereunder if it would impair the sale, lease or other disposition of similar equipment in the ordinary course of Lessor's business or which was previously repossessed by Lessor from any party. None of the remedies under this Lease are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor in law or in equity. Any repossession or subsequent sale or lease by Lessor of any item of Equipment shall not bar an action for a deficiency as herein provided, and the bringing of an action or the entry of judgment against the Lessee shall not bar the Lessor's right to repossess any or all items of Equipment. In no event shall Lessor be entitled to recover from Lessee more than the sum of (a) the liquidated damages, as defined above, (b) all of Lessor's costs, charges, and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment, (c) unpaid rent that has accrued to the date of Lessor's declaring this Lease in default and (4) any other unpaid amounts payable under this Lease and the other Operative Documents.

26. 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 unenforceable 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.

27. NOTICES: Any notice or other communication given under this Lease shall be in writing and sent to the following address:

LESSOR:
First Security Bank, National Association

79 South Main Street
Salt Lake City, UT 84111
Attn: Corporate Trust Department
Telecopy: 801-246-5053

with a copy to: Beneficiary at the address set forth below

BENEFICIARY:
Pitney Bowes Credit Corporation
27 Waterview Drive
Shelton, CT 06484-4361
Attn: Vice President, Operations
Telecopy: 203-922-4083

LESSEE:
Montell USA Inc.
3 Little Falls Centre
2801 Centerville Road
Wilmington, DE 19808
Attn: Manager of Transportation and Equipment
Telecopy: 302-996-6233

with a copy to: General Counsel at the same address
Telecopy: 302-996-6056

Any such notice or other communication shall be given by telecopy or by hand or by commercial overnight courier, all charges prepaid and shall be deemed to be delivered upon receipt thereof. Each party shall notify the other of a change of address for notices to the other party as herein provided.

28. AMENDMENTS AND WAIVERS: 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. No term or provision of this Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee. No express or implied waiver by Lessor of any Default or Event of Default hereunder or of any provision or requirement hereunder or under any other Operative Document shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default or waiver of such provision or requirement whether similar in kind or circumstance or otherwise.

29. CONSTRUCTION: This Lease and each of the Operative Documents shall in all respects be governed by and construed in accordance with the laws of the State of New York. 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.

30. PARTIES: The provisions of this Lease shall be binding upon, and inure to the benefit of, the permitted assignees, representatives and successors of the Lessor, and Lessee. The Beneficiary, its successors and assignees shall be third party beneficiaries of this Lease to the extent that the Beneficiary is given rights by the express terms of any of the provisions hereof.

31. LESSEE'S QUIET ENJOYMENT: So long as no Event of Default shall have occurred and be continuing, the Lessee's quiet enjoyment of the Equipment shall not be disturbed by any party lawfully claiming by, through or under Lessor or any other Indemnitee. By acceptance of any Transfer pursuant to this Lease, any assignee or transferee agrees, with and for the benefit of Lessee, that as long as no Event of Default shall have occurred and be continuing, Lessee's quiet enjoyment shall not be disturbed by such assignee or transferee or any party lawfully claiming by, through or under such assignee or transferee.

32. TAX INDEMNITY: Lessee acknowledges that the rent for the Equipment provided for in Section 5 and the Schedule is computed on the assumptions that (a) the Lessor will be entitled to depreciation deductions, with respect to the full cost of each item of Equipment, allowed under Section 167(a) and 168(a) of the Internal Revenue Code of 1986 as amended (the "Code") as in effect on the date hereof, utilizing the applicable (1) depreciation method provided in Section 168(b)(1)(A) and (B) of the Code; (2) convention described in Section 168(d)(1) of the Code; and (3) recovery period and classification of 7 years as determined under Section 168(c) and (e) of the Code, commencing in the Lessor's current taxable year and cost recovery deductions or depreciation deductions for state or local income tax purposes (such deductions being referred to hereinafter as "Tax Benefits") and (b) until the tax year commencing after 2005 (or 2006 if the Delivery Period occurs in 1999), not less than 90 percent of all amounts includable in the gross income of the Lessor with respect to the Equipment will be treated as derived from or allocable to sources within the United States.

Lessee represents and warrants to Lessor and the Beneficiary that (v) it has not, and will not, at any time during the term of the Agreement take any action or omit to take any action (whether or not the same is permitted or required hereunder) which, under the Code, will result in the loss or delay by the Lessor of all or any part of the Tax Benefits and (w) until the tax year commencing after 2005 (or 2006 if the Delivery Period occurs in 1999), not less than 90 percent of all amounts includable in the gross income of the Lessor with respect to the Equipment will be treated as derived from or allocable to sources within the United States. If as a result of any act, omission, or misrepresentation of Lessee or an Applicable Law Change (as defined below in this section) after the time any item of Equipment is placed in service, Tax Benefits are lost, disallowed, eliminated, reduced, recaptured, compromised, delayed or otherwise made unavailable to the Lessor (any of the foregoing being hereafter called a "Tax Loss"), Lessee shall promptly pay to the Lessor on demand, as additional Rent, an amount in cash which in the reasonable opinion of the Lessor is equal to that which provides the Lessor with the same net after-tax earnings for book accounting purposes that the Lessor originally would have realized from the transaction contemplated by this Lease had it not been for the Tax Loss. The amount payable to the Lessor shall be paid no later than fifteen (15) days after receipt of a written demand therefor from the Lessor accompanied by a written statement describing in reasonable detail such Tax Loss and the computation of the amount so payable. The repair, replacement or destruction of any item of Equipment, not resulting for any reason in payment of any Stipulated Loss Value therefor, shall constitute the act of Lessee for purposes of this Section. In the event of a breach of the representation and warranty as stated in (w) above, if more than 10 percent of all amounts includable in the gross income of the Lessor with respect to the Equipment shall not be treated as derived from, or allocable to, sources within the United States for a given taxable year (any such event hereinafter referred to as a "Foreign Loss"), then Lessee shall pay to the Lessor as an indemnity, on the next succeeding Basic Rent Date, or in any event within fifteen (15) days after written demand to Lessee by the Lessor, such amount as, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amounts under the laws of any Federal, state or local government or taxing authority of the United States, shall equal the sum of: (i) the excess of (x) the foreign tax credits which the Lessor would have been entitled to for such year had no such Foreign Loss occurred over (y) the foreign tax credit to which the Lessor was limited as a result of such Foreign Loss and (ii) the amount of any interest, penalties or additions to tax payable as a result of such Foreign Loss. If, as a result of Foreign Loss, the foreign taxes that the Lessor is entitled to utilize as a credit for any taxable year shall exceed the foreign taxes that the Lessor would have been entitled to utilize had no such Foreign Loss occurred, then the Lessor shall pay Lessee the reduction in its federal incomes taxes attributable to the amount of any such excess plus any additional Federal, state or local income tax benefits realized by the Lessor as a result of payment pursuant to this sentence, such payment amount, as the case may be, however, not to exceed the amount Lessee has previously paid to the Lessor as an indemnity, from time to time, as the result of

any Foreign Loss. For purposes of the preceding sentence, a reduction in taxes shall be considered attributable to a foreign tax credit carryover or carryback arising from Foreign Loss only to the extent that all other carryovers and carrybacks of foreign tax credits of the Lessor have been fully utilized by the Lessor; provided, however, that carryovers and carrybacks of foreign tax credits of the Lessor arising as a result of the foreign source characterization of any item of gross income with respect to other leases entered into subsequent to this Lease by the Lessor, as the case may be, with indemnity agreements substantially the same as that contained in this Section relating to a Foreign Loss shall be taken into consideration only after taking into consideration any carryovers and carrybacks arising from Foreign Losses under this Lease. For purposes of this Section, the term "Lessor" shall include the affiliated taxpayer group within the meaning of Section 1504 of the Code of which the Lessor is a member. The provisions of this Section shall survive the expiration or earlier termination of this Lease for any reason.

Notwithstanding anything above to the contrary, Lessee agrees a Tax Loss includes any loss or delay by the Lessor of any part of the anticipated Tax Benefits as the result of any changes in the Code, Treasury Department's income tax documents, or interpretation thereof (an "Applicable Law Change") prior to the time any item of Equipment is placed in service. To the extent that Lessor's Tax Benefits are greater than they otherwise would be as a result of such Applicable Law Change, Lessor will reduce rental payments due from Lessee or make a payment to Lessee in such an amount which, in the reasonable opinion of Lessor, will still provide the Lessor with the same net after-tax earnings for book accounting purposes that the Lessor originally would have realized from the transaction contemplated by this Lease had it not been for the Applicable Law Change. LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXECUTED AND TRUE COPY OF THIS LEASE AND THAT IT IS NON-CANCELLABLE FOR THE TERM OF THE LEASE.

To the extent that the Beneficiary or any Permitted Transferee (and not the Lessor) is deemed to be the "lessor" of the Equipment for federal income tax purposes, each reference to "Lessor" in this Section 32 shall be deemed to be a reference to the Beneficiary or such Permitted Transferee.

33. OWNER TRUSTEE: No amendment or supplement to the Trust Agreement that would adversely affect the interests of the Lessee shall become effective without the consent of the Lessee.

The Owner Trustee or any successor may resign or be removed by the Beneficiary and a successor Owner Trustee may be appointed only in accordance with the provisions of Article VII of the Trust Agreement.

Each of the representations, undertakings and agreements herein or in other Operative Documents stated to be those of the Lessor or Owner Trustee (when made in its trust capacity) are not personal representations, undertakings and

agreements of FSB but are binding only on the Trust Estate and the Owner Trustee as trustee thereof, and except as to representations, undertakings or agreements herein or in the other Operative Documents which are expressly stated to be those of FSB, nothing herein contained shall be construed as creating any personal liability of FSB or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, FSB, any such liability being expressly waived by the other parties on their own behalf and on behalf of any persons claiming through or under them; provided, however, that nothing in this Section shall be deemed to limit in scope or substance the personal liability of FSB (a) to the Beneficiary as expressly set forth in the Trust Agreement, (b) in respect of the representations, warranties and agreements of FSB expressly made as such herein or in any other Operative Document to which it is a party, and (c) for the consequences of its own gross negligence, willful misconduct, and, in receiving, handling or remitting of funds only, its simple negligence as a trustee.

The Lessor may act hereunder through agents or representatives, including, but not limited to, the Beneficiary and shall be responsible for acts of such agents or representatives as if those acts were taken by Lessor hereunder.

34. DEFINITIONS: In addition to other words and terms defined elsewhere in this Lease, as used herein the following words and terms shall have the following meanings, respectively, unless the context hereof otherwise clearly requires. Definitions of documents in this Lease shall include such documents as they may from time to time be amended or modified.

"**Acceptance Date**" means, with respect to each item of Equipment, the date of the Lease Acceptance Certificate under which the Lessee accepts the Equipment.

"**Affiliate**" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract of otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Applicable Law**" means all applicable laws, ordinances, codes, treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority, arbitrator, or other administrative, judicial or quasi-judicial tribunal or agency, and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority.

"**Assignment**" shall have the meaning given in Section 6 hereof.

"**Basic Term**" shall have the meaning given in the Schedule.

"**Beneficiary**" means Pitney Bowes Credit Corporation and its successors and permitted assigns.

"**Beneficiary's Agreement**" means the Beneficiary's Agreement-[D], dated as of the date hereof, between the Beneficiary and the Lessee.

"**Bill of Sale**" shall mean a warranty bill of sale reasonably satisfactory to Lessor given by Lessee to Lessor for each item of Equipment on the Acceptance Date of such Equipment.

"**Business Day**" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"**Code**" shall have the meaning given in Section 32 hereof.

"**Default**" means an event which, with the passage of time, the giving of notice or both, would constitute an Event of Default.

"**Delivery Period**" shall have the meaning given in Section 1 hereof.

"**Effective Date**" means the date when each of the Lessor and Lessee execute and deliver this Lease.

"**Equipment Cost**" means the unit cost of each item (rail car) of Equipment plus the unit cost of transportation as noted on the vendor invoice or Purchase Agreement and as stated in Schedule 1 to the Restated Schedule (or, if the Restated Schedule has not yet been delivered, in Schedule 1 to the relevant Lease Acceptance Certificate).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as heretofore and hereafter amended, as codified at 29 U.S.C. § 2001 et seq.; and the regulations promulgated thereunder.

"**Event of Default**" shall have the meaning given in Section 24 hereof.

"**Event of Loss**" means the occurrence of any of the following events with respect to any item of Equipment then leased under this Lease (it being understood that an "item of Equipment" as used in this paragraph refers to an individual railcar): (i) an insurance settlement shall be paid on account of an actual or constructive total loss of such item of Equipment: (ii) such item of Equipment shall suffer an actual or constructive total loss: (iii) such item of Equipment shall become unfit for commercial use by the Lessee, as determined in good faith by the Lessee and evidenced by a certificate of an officer of the Lessee to such effect: (iv) such

item of Equipment shall be lost or stolen or shall otherwise disappear for a period in excess of 30 days; (v) such item of Equipment shall become worn out or shall suffer destruction or damage beyond economic repair, as determined in good faith by the Lessee and evidenced by a certificate of an officer of the Lessee to such effect; (vi) such item of Equipment shall be taken, condemned or requisitioned for title by any governmental authority; (vii) such item of Equipment shall be taken, condemned or requisitioned for use by (a) the United States government for a period in excess of the lesser of one year or the remaining term of the Lease or (b) any other government or agency, authority or instrumentality thereof for a period in excess of the lesser of 180 days or the remaining term of the Lease; or (viii) the use of such item of Equipment in the normal course of interstate rail transportation shall have been prohibited for a continuous period in excess of six months as a result of any rule, regulation, order or other action by the United States government or any agency or instrumentality thereof. The date of such Event of Loss shall be the date of such loss, damage, condemnation, taking, requisition or disappearance.

"**Guarantor**" means Montell N.V.

"**Guaranty**" means the Guaranty Agreement-[D], dated as of the date hereof, given by the Guarantor to the Lessor and Beneficiary.

"**FSB**" means First Security Bank, National Association, in its individual capacity and not as trustee or Owner Trustee.

"**Indemnitee**" means the Lessor, Beneficiary and any of their respective agents, employees, officers, directors, successors and assignees.

"**Interim Rent**" shall have the meaning given in the Schedule.

"**Interim Term**" shall have the meaning given in the Schedule.

"**Lease Acceptance Certificate**" shall have the meaning given in Section 1 hereof.

"**Lease Schedule**" shall have the meaning given in Section 1 hereof.

"**Lessor's Lien**" means any Lien in respect of any item of Equipment, the Trust Estate, or Lessee's rights under any Operative Document resulting from (i) any claim against FSB or the Beneficiary which is not related to the transactions contemplated by the Operative Documents or which arises from such Person's violation of the Operative Documents, or (ii) nonpayment of a Tax imposed upon or Loss suffered by FSB or the Beneficiary or an Affiliate of either of them for which Lessee is not obligated to indemnify such Person pursuant to the terms of the Operative Documents.

"**LIBOR**" means the per annum London Interbank Offered Rates quoted for a one-month period in *The Wall Street Journal* "Money Rates" section as published on the relevant date or dates set forth in the "Interim Rent" definition in Exhibit B hereto. Such annual LIBOR rate shall be prorated, based on a 360-day year, for the number of days actually comprising the relevant period set forth in such definition of "Interim Rent".

"**Lien**" means any mortgage, pledge, lien, charge, disposition of title, encumbrance, lease, or security interest.

"**Loss**" shall have the meaning given in Section 14 hereof.

"**Manufacturer**" means each of National Steel Car Limited and Thrall Car Manufacturing Company.

"**Operative Documents**" means the Trust Agreement, Beneficiary's Agreement, Lease, Assignment, Bills of Sale, Schedule and Guaranty.

"**Owner Trustee**" means First Security Bank, National Association, as Owner Trustee under the Trust Agreement.

"**Payment Date**" shall have the meaning given in the Schedule.

"**Permitted Transferee**" means a transferee meeting the following criteria, or guaranteed by a party meeting such criteria:

(a) if the transferee is an Affiliate of the transferring Lessor or transferring Beneficiary and does not otherwise qualify under clause (b) below, the transferring Lessor or transferring Beneficiary unconditionally guarantees the payment and performance obligations of the transferee (such guarantee shall remain in full force and effect if the transferee transfers to another Affiliate, unless such Affiliate qualifies under clause (b) below), or

(b) if the transferee is not an Affiliate of the transferring Lessor or transferring Beneficiary, the transferee meets the following criteria: (i) the tangible net worth of the transferee or such guarantor, if any, is at least $50 million; or (ii) the transferee or such guarantor shall have a credit rating, or shall receive a private letter rating, of not less than A2 from Moody's or A from S&P.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Purchase Agreement**" means each of the agreements listed on Schedule II, as such agreements may be amended, modified or supplemented.

"**Responsible Officer**" means, with respect to the subject matter of any covenant, agreement or obligation of a party contained in any Operative Document, the President, any Vice President, Treasurer, or other officer at such party's chief executive office who in the normal performance of his or her operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"**Restated Schedule**" shall have the meaning given in the Schedule.

"**Schedule**" shall have the meaning given in Section 1 hereof, provided, however, that prior to the delivery of such Schedule by the parties thereto, terms defined herein by reference to such Schedule shall be given the meanings assigned thereto (if any) in Exhibit B hereto.

"**Stipulated Loss Value**" for any date shall be the amount determined by multiplying (a) (i) during the Interim Term, 105% or (ii) during the Basic Term,the percentage set forth on the date next following the relevant Event of Loss (or, if a determination is being made under Section 25 hereof, next following such determination) in Schedule 3 to the Restated Schedule by (b) (i) if such determination is being made with respect to an Event of Loss, the Equipment Cost of each item of Equipment which has suffered an Event of Loss or (ii) if such determination is being made for purposes of Section 25, (x) the Total Equipment Cost listed in the Restated Schedule (or, if the Restated Schedule has not yet been delivered, in each Lease Acceptance Certificate delivered to date) minus (y) the Equipment Cost of any individual item of Equipment, if any, for which Stipulated Loss Value has been previously paid as a result of an Event of Loss."

"**Tax**" or "**Taxes**" means any and all license, registration and documentation fees and all taxes, assessments, levies, licenses, imposts, duties, charges, fees or withholdings of any nature whatsoever, together with any penalties, fines or interest thereon or other additions thereto, imposed by any Federal, state or local government, political subdivision, or taxing authority in the United States, or by any government, political subdivision or taxing authority of or in a foreign country or any international authority.

"**Tax Loss**" shall have the meaning given in Section 32 hereof.

"**Total Equipment Cost**" means the sum of the Equipment Cost of all units of Equipment delivered under the Schedule as stated in the Restated Schedule (or, if the Restated Schedule has not yet been delivered, as stated in each Lease Acceptance Certificate delivered to date).

"**Transaction Costs**" means the following out-of-pocket costs, fees and expenses incurred by the Beneficiary, the Lessee or the Lessor in connection with the negotiation, preparation, execution, delivery, filing and recording of the Operative Documents and the transactions contemplated thereby including, without limitation,:

(i) the invoiced fees, expenses and disbursements of (A) Fulbright & Jaworski L.L.P., special New York counsel for the Beneficiary, (B) Ray, Quinney & Nebeker, special Utah counsel for FSB, (C) Alvord & Alvord, special Surface Transportation Board counsel, (D) McCarthy Tetrault, special Canadian counsel and (E) DeBrauw Blackstone Westbroek, special Netherlands counsel for the Guarantor; and

(ii) the cost of preparation and filing Uniform Commercial Code financing statements, and filing fees covering any Operative Documents or any filings contemplated thereby.

"**Trust Agreement**" means the Trust Agreement-[D], dated as of the date hereof, between FSB and the Beneficiary.

"**Trust Estate**" shall have the meaning given in the Trust Agreement.

IN WITNESS WHEREOF, the Lessor and Lessee have each caused this Lease to be duly executed as of the date first above written.

LESSOR:	LESSEE:
FIRST SECURITY BANK, NATIONAL ASSOCIATION not in its individual capacity except as specifically provided herein, and otherwise solely as Owner Trustee	MONTELL U.S.A. INC.
By: _____	By: _____
Title: Vice President	Title: _____

IN WITNESS WHEREOF, the Lessor and Lessee have each caused this Lease to be duly executed as of the date first above written.

LESSOR:	LESSEE:
FIRST SECURITY BANK, NATIONAL ASSOCIATION not in its individual capacity except as specifically provided herein, and otherwise solely as Owner Trustee	MONTELL U.S.A. INC.
By:_____	By: Paolo Lorione
Title: _____	Title: President

DWK

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EXHIBIT A

PURCHASE OPTION AND RENEWAL OPTION

Purchase Option: Fair Market Sales Value, such purchase to occur on the expiration date of the Basic Term of the Lease.

Renewal Option:

Renewal term of a duration to be agreed in good faith by Lessor and Lessee. The renewal term must cover all items of Equipment subject to this Lease at the expiration of the Basic Term. Renewal term rent is to be fair-market-value rent at a rate to be agreed by Lessor and Lessee (without appraisers). Purchase options (if any) at the end of the renewal term will be as agreed by Lessor and Lessee. With the foregoing exceptions, the terms and conditions of the Lease will apply during the renewal term. If Lessor and Lessee do not agree on the duration of the renewal term, the renewal term rent, or the availability of any purchase options at the end of the renewal term at least 300 days before expiration of the Basic Term, Lessee will have no right to renew the original lease term.

EXHIBIT B

LEASE SCHEDULE-[D]

Master Equipment
Lease Agreement-[D] dated
as of April 27, 1998

Outside Commitment
Date: March 30, 1999.

Lease Schedule-[D] No. One (this "Schedule").

Lease Schedule Date: _____ ___, 199_.

Master Lease Agreement-[D] between First Security Bank, N.A., not in its individual capacity except as specifically provided in the Lease, and otherwise solely as Owner Trustee (Lessor) and MONTELL USA Inc. (Lessee). Capitalized terms used and not defined herein shall be given the meaning assigned in the Master Equipment Lease Agreement referred to above (the "Lease").

1. Equipment Description: _____ (___) rail hopper cars are scheduled to be delivered during the Delivery Period. The Manufacturers, model numbers, specifications and serial numbers of all of the Equipment will be listed in Lease Acceptance Certificates-[D] in the form attached hereto as Exhibit 1 (the "Lease Acceptance Certificates"). The actual number of cars that Lessor will purchase and lease under this Schedule will be the total shown in all Lease Acceptance Certificates, as determined by Lessor and Lessee.

2. Acceptance of Equipment: The Equipment will be delivered by the Manufacturers to the Lessee who shall accept such Equipment pursuant to the respective Purchase Agreements. Lessee shall have sole responsibility for inspecting the Equipment and satisfying itself that it is in the condition required by the relevant Purchase Agreement and will provide Lessor with copies of the acceptance documentation.

3. Lease Acceptance: The Equipment will be delivered by Lessee to Lessor under this Schedule after delivery of the Equipment by the Manufacturer. Such delivery will be evidenced by a Lease Acceptance Certificate in the form attached hereto as Exhibit 1, which shall, among other things: (a) state the total number of cars and the Total Equipment Cost of the Equipment being delivered pursuant thereto; (b) state the initial LIBOR rate for the initial

Interim Rent for the Equipment being delivered (as further described below under Interim Rent); and (c) in Schedule 1 thereto, list the Manufacturer, model number, serial number and other specifications of the Equipment being delivered and the Equipment Cost of each car (including the freight cost). Upon its delivery, each Lease Acceptance Certificate shall be incorporated by reference herein and form a part of this Schedule. The date of the Lease Acceptance Certificate shall be the Acceptance Date of the Equipment subject thereto.

4. Equipment Location: Not applicable.

5. Total Equipment Cost: Each Lease Acceptance Certificate shall state the Total Equipment Cost of the Equipment delivered pursuant thereto. The Total Equipment Cost for all the Equipment delivered pursuant to this Schedule shall be the aggregate of the Total Equipment Cost stated in each Lease Acceptance Certificate delivered hereunder and shall be stated in such aggregate amount in the Restated Schedule.

6. Funding: Lessor will fund Equipment Cost, in amounts of not less than $2.0 million, upon not less than 5 Business Days' prior written notice from Lessee concurrently with delivery of a Bill of Sale from the Lessee to Lessor for such Equipment, a Lease Acceptance Certificate, invoices from the Manufacturer and satisfaction of the other terms and conditions stated in the Lease and this Schedule.

7. Basic Term: Twenty years, commencing on the Basic Term Commencement Date. The Basic Term shall expire March 29, 2019.

8. Basic Rent: Basic Rent is payable in advance and shall be applied by the Lessor in advance or in arrears (as set forth in Schedule 2 to the Restated Schedule) on each Payment Date during the Basic Term in an amount equal to the aggregate Total Equipment Cost stated in the Restated Schedule times the applicable percentage for such date stated in Schedule 2 to the Restated Schedule.

   Basic Rent will be determined two Business days before the Basic Term Commencement Date (the "Determination Date") by adjusting the Basic Rent percentages attached hereto in Exhibit 2 as follows. The percentages in Exhibit 2 were calculated as of March 12, 1998 based upon a yield for U.S. Treasury Notes with a term to maturity of 11.5 years of 5.65% as quoted on the Bloomberg Financial Market (the "Base Rate"). The Basic Rent percentages will be adjusted upward or downward by 8/10ths of a basis point (0.008%) for every basis point (0.01%) that the Base Rate has increased or decreased on the Determination Date and the adjusted Basic Rent Percentages will be attached as Schedule 2 to the Restated Schedule.

9. Basic Term Commencement Date shall be March 30, 1999.

10. Payment Dates: Each March 30 and September 30 during the Basic Term, commencing March 30, 1999.

11. Interim Term: Commencing on the date of delivery of a Lease Acceptance Certificate of the Equipment delivered thereunder and ending on the Basic Term Commencement Date.

12. Interim Rent: for the Equipment delivered under each Lease Acceptance Certificate, an amount equal to the sum of the product of the LIBOR rates as determined pursuant to the next sentence of this Section times the Total Equipment Cost of such Equipment, as calculated for each period set forth in in the following sentence. For the period beginning on the Acceptance Date for such Equipment and ending on the last calendar day of the month in which such Acceptance Date occurs, the LIBOR rate shall be the rate in effect 2 (two) Business Days prior to such Acceptance Date and shall be stated in the Lease Acceptance Certificate; and for each remaining month during the Interim term, the LIBOR rate shall be the rate in effect on the first Business Day of each such month.

13. Stipulated Loss Value: for any date, the amount determined by multiplying (a) (i) during the Interim Term, 105% or (ii) during the Basic Term,the percentage set forth on the date next following the relevant Event of Loss (or, if a determination is being made under Section 25 of the Lease, next following such determination) in Schedule 3 to the Restated Schedule by (b) (i) if such determination is being made with respect to an Event of Loss, the Equipment Cost of each item of Equipment which has suffered an Event of Loss or (ii) if such determination is being made for purposes of Section 25 of the Lease, (x) the Total Equipment Cost listed in the Restated Schedule (or, if the Restated Schedule has not yet been delivered, in each Lease Acceptance Certificate delivered to date) minus (y) the Equipment Cost of any individual item of Equipment, if any, for which Stipulated Loss Value has been previously paid as a result of an Event of Loss.

    Stipulated Loss Value percentages for each Payment Date during the Basic Term shall be determined two Business days before the Basic Term Commencement Date using the same factors used to establish Basic Rent percentages and will be stated in Schedule 3 to the Restated Schedule.

14. Restated Schedule: On or about the Basic Term Commencement Date, the Lessor shall deliver a Restated Schedule to the Lessee, which will: (a) state the Total Equipment Cost for all of the Equipment subject to this Schedule; (b) restate the Acceptance Date and Total Equipment Cost of the Equipment funded under each of the respective Lease Acceptance Certificates; (c) restate in Schedules 1-A, 1-B, etc. (as needed) Schedule 1 delivered under each of the

respective Lease Acceptance Certificates; (d) state in Schedule 2 thereto the Basic Rent percentages for all of the Equipment subject to this Schedule; and (e) state in Schedule 3 thereto the Stipulated Loss Value percentages for all of the Equipment subject to this Schedule. Schedules 2 and 3 to the Restated Schedule shall be calculated as provided above under Basic Rent and Stipulated Loss Value. Upon its delivery, the Restated Schedule shall supersede and replace this Schedule and each of the Lease Acceptance Certificates delivered hereunder and shall be the "Schedule" for all purposes of the Lease.

The Lessor shall make such filings under Section 2(d) of Exhibit D-1 as it shall reasonably determine are necessary or prudent of or with respect to the Restated Schedule and shall cause the opinions described in Section 2(i) and (j) of Exhibit D-1 to be delivered to it with respect to the Restated Schedule. The Lessee shall cooperate with such filings as provided in Section 2(d) of Exhibit D-1.

A chattel paper version of the Restated Schedule shall be created as provided in Section 19 hereof.

15. Renewal Option: as specified in Exhibit A to the Lease.

16. Purchase Option: as specified in Exhibit A to the Lease.

17. Minimum Liability Insurance Coverage to be carried by Lessee per section 13 of the Master Equipment Lease Agreement is $10,000,000.00 per occurrence.

18. **THIS SCHEDULE AND ITS TERMS AND CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE IN THE ABOVE MASTER EQUIPMENT LEASE AGREEMENT.**

19. **THIS SCHEDULE ALONG WITH A CERTIFIED COPY OF THE MASTER EQUIPMENT LEASE AGREEMENT SHALL CONSTITUTE CHATTEL PAPER FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE. NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED THROUGH THE TRANSFER OF POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1 OF THIS SCHEDULE.**

Accepted by:

FIRST SECURITY BANK,N.A.,
not in its individual
capacity except as specifically
provided in the Lease, and otherwise
solely as Owner Trustee
(Lessor)

MONTELL USA INC.
(Lessee)

By: _____

Name:

Title:

Date:

By: _____

Name:

Title:

Date:

EXHIBIT 1 to
EXHIBIT B

LEASE ACCEPTANCE CERTIFICATE-[D]

Master Equipment
Lease Agreement-[D] dated
as of April 27, 1998

Lease Acceptance Certificate-[D] No. dated , 199_, executed and delivered under the Master Lease Agreement-[D] between First Security Bank, N.A., not in its individual capacity except as specifically provided in the Lease, and otherwise solely as Owner Trustee (Lessor) and MONTELL USA Inc. (Lessee) and the Schedule thereto. Capitalized terms used and not defined herein shall be given the meaning assigned in the Master Equipment Lease Agreement referred to above (the "Lease").

1. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Equipment shown on Schedule 1 hereto which, among other things, (a) lists the Manufacturer, model number, serial number and other specifications of such Equipment and (b) states the individual Equipment Cost of such Equipment (including the freight cost). Lessee confirms that it has sole responsibility for inspecting such Equipment and satisfying itself that it is in the condition required by the relevant Purchase Agreement, that it has inspected the Equipment and so satisfied itself and has provided Lessor with copies of the acceptance documentation under which it has accepted the Equipment from the Manufacturer thereof.

2. The Total Equipment Cost of the Equipment delivered hereunder and listed in Schedule 1 hereto is $_____. Concurrently with delivery of this Lease Acceptance Certificate, the Lessor has paid the Total Equipment Cost to the relevant Manufacturer(s).

3 LIBOR for purposes of determining the Interim Rent is ____% from the date hereof until the last day of the month in which this Lease Acceptance Certificate is delivered.

4. Lessee confirms that by its execution and delivery of this Lease Acceptance Certificate, Lessee hereby irrevocably accepts delivery of the Equipment listed in Schedule 1 hereto to it for purposes of the Lease.

IN WITNESS WHEREOF, the parties hereto have delivered this Lease Acceptance Certificate on the date first written above.

FIRST SECURITY BANK,N.A., not in its individual capacity except as specifically provided in the Lease, and otherwise solely as Owner Trustee (Lessor)	MONTELL USA INC. (Lessee)
By: _____	By: _____
Name:	Name:
Title:	Title:

EXHIBIT C

PURCHASE AGREEMENT ASSIGNMENT

Purchase Agreement Assignment (this "Assignment"), dated as of April 27, 1998, among MONTELL USA INC., (the "Assignor"), FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee (the "Assignee") and _____ (the "Seller").

The Assignor and the Seller are parties to an accepted purchase order No. ___ dated _____, including the attachments thereto, (the "Agreement of Sale") for the purchase of certain items of equipment (the "Equipment") providing among other things, for the sale of the Equipment to Assignor. Assignor has or will accept delivery of the Equipment pursuant to the Agreement of Sale. The Assignee, as Lessor, has agreed upon the satisfaction of certain conditions to purchase all of the Equipment from Assignee pursuant to one or more warranty bills of sale from Assignor to Assignee reasonably satisfactory to Assignee (the "Bills of Sale") and thereupon immediately lease the Equipment back to Assignor as Lessee, pursuant to one or more Master Equipment Lease Agreements (the "Leases").

The Assignor, on the terms and conditions hereinafter set forth, is willing to sell the Equipment to the Assignee and assign to the Assignee certain of the Assignor's rights under the Agreement of Sale, and the Assignee is willing to purchase the Equipment and accept such assignment, as hereinafter set forth.

1. The Assignor has sold, assigned, transferred and set over and does hereby sell, assign, transfer and set over unto the Assignee all the Assignor's rights and interests in and to the Agreement of Sale as and to the extent that the same relate to the Equipment and the purchase thereof under the Agreement of Sale, including without limitation in such assignment, (a) all rights of Assignor in and to the bills of sale executed and delivered by Seller covering the Equipment, (b) all claims for damages in respect of such Equipment arising as a result of any default by the Seller under the Agreement of Sale, and (c) any and all rights of the Assignor to compel performance of the terms of the Agreement of Sale in respect of the Equipment.

Notwithstanding the foregoing, if and so long as no Event of Default under the Lease shall have occurred and remain unremedied, the Assignee authorizes the Assignor, to the exclusion of the Assignee, to exercise in Assignor's name all rights and powers of the Assignee under the Agreement of Sale and to retain any recovery of benefit resulting from the enforcement of any warranty or indemnity under the Agreement of Sale in respect of the Equipment except that (a) the Assignor may not exercise any of the rights assigned hereunder referred to in clause (a) of the preceding paragraph, and (b) the Assignor may not enter into any modification, amendment, or supplement to the Agreement of Sale without the prior written consent or countersignature of the Assignee.

Assignor does hereby constitute, effective at any time after the occurrence and continuance of an Event of Default under any Lease and thereafter so long as Assignor has not remedied all Events of Default thereunder, Assignee, its successors and assigns, Assignor's true and lawful attorney, irrevocably, with full power (in the name of Assignor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due to become due under, or arising out of, the Agreement of Sale in respect of the Equipment, to endorse any checks or other instruments or order in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection therewith that Assignee reasonably may deem to be necessary or advisable.

2. It is expressly agreed that, anything herein contained to the contrary notwithstanding, the Assignee shall have no obligation or liability under the Agreement of Sale by reason of, or arising out of, this Assignment or for any other reason or be obligated to perform any of the obligations or duties of the Assignor under the Agreement of Sale or to make any payments other than to pay the purchase price for the Equipment to the extent and upon the terms and conditions set forth in the Agreement of Sale excluding any termination charges based upon expenses, and costs incurred in the production of Equipment or loss of profit of the Seller, or otherwise. **Further, Assignee shall have no obligation to pay the purchase price for the Equipment, unless the Equipment to be purchased hereby shall have been delivered, placed in operating condition and subjected to a fully executed Lease between Assignor and Assignee, with Assignee having received all documentation from Assignor required by such Lease. Assignee shall have no liability or obligation in respect of Equipment not accepted by Assignor and subjected to a Lease, whether such non-acceptance is wrongful or otherwise, and Seller's sole recourse shall be to Assignor in the event the Equipment is not accepted by Assignor and subjected to such Lease.**

3. The Assignor agrees that at any time, and from time to time upon the written request of Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as

the Assignee may reasonably request in order to obtain the full benefits of this Assignment and the rights and powers herein granted.

4. Assignor and Seller each represent that the Agreement of Sale is in full force and effect and that no default by Assignor or Seller has occurred thereunder. Assignor represents that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Assignment is in effect, the whole or any part of the rights hereby assigned or of any of its rights with respect to the Equipment under the Agreement of Sale not assigned hereby, to anyone other than Assignee. The Seller consents to the terms of this Assignment by its execution hereof.

5. This agreement shall in all respects be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

ASSIGNOR:

MONTELL USA, INC.

By_____
Name:
Title:

ASSIGNEE:

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity but
solely as Owner Trustee

By_____
Name:
Title:

SELLER:

_____

By_____
Name:
Title:

EXHIBIT D-1

CONDITIONS PRECEDENT

TO OBLIGATIONS OF LESSOR

The obligations of the Lessor hereunder to purchase any of the Equipment or to lease any of the Equipment to Lessee shall be subject, on or as of the Effective Date and the Acceptance Date for such Equipment (except as otherwise specified below), to fulfillment to the reasonable satisfaction of the Lessor of the following conditions precedent (except that any action within the control of Lessor shall not constitute a condition precedent) and each document referred to below shall be reasonably satisfactory to Lessor in form, scope and substance.

1. The following conditions precedent shall be satisfied on the Effective Date:

a. Resolutions, Certificates, Etc. The Lessor shall have received the following, in each case in form and substance reasonably satisfactory to it:

(1) on or before the Effective Date a certificate of the Secretary or an Assistant Secretary of the Lessee, dated as of the Effective Date and certifying (A) as to true copies of the certificate of incorporation and bylaws of the Lessee as in effect on the date of the corporate action referred to in clause (B) below and on the Effective Date, (B) as to true copies of all corporate action taken by the Lessee duly authorizing the execution, delivery and performance by the Lessee of the Lease, the Schedule and each Lease Acceptance Certificate delivered thereunder, the Assignments and all other Operative Documents to which it is or will be a party (such certification to state that such corporate action was duly taken and remains in full force and effect on the Effective Date), and (C) that each person who, as an officer of the Lessee, executed Operative Documents and other documents and instruments related thereto on behalf of the Lessee on or before the Effective Date was, at the time of such execution, duly appointed, qualified and acting as such officer, and that the signature of each such person is that person's genuine signature;

(2) on or before the Effective Date a certificate of the Chief Legal Officer of the Guarantor, dated as of the Effective Date and certifying (A) as to true copies of all corporate action taken by the Guarantor duly authorizing the execution, delivery and performance by the Guarantor of the Guaranty (such certification to state that such corporate action was duly taken and remains in full force and effect on the Effective Date), and (B) that each person who, as an officer of the Guarantor, executed the Guaranty on behalf of the Guarantor on or before the Effective Date was, at the time of such execution, duly appointed,

qualified and acting as such officer, and that the signature of each such Person is that Person's genuine signature; and

(3) such other documents and evidence with respect to the Lessee as the Lessor may reasonably request in order to establish the consummation of the transactions contemplated by the Operative Documents, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein or therein set forth.

b. Authorization, Execution and Delivery of Documents. The following documents shall have been duly authorized, executed and delivered by the respective parties thereto and an original executed counterpart of each shall have been delivered to the Lessor on or before the Effective Date (except as otherwise specified below):

(1) this Lease;

(2) the Guaranty;

(3) the Beneficiary's Agreement;

(4) an Assignment for the relevant Purchase Agreement(s);

(5) a copy of each of the relevant Purchase Agreement(s), certified by an officer of the Lessee as being true, complete and accurate; and

(6) the Trust Agreement.

c. Status of Operative Documents. Each Operative Document which has been executed and delivered shall be in full force and effect, and no Default or Event of Default shall have occurred and be continuing.

d. Consents and Approvals. All actions, approvals, consents, waivers, exemptions, rulings, certifications, orders, permits, authorizations, rights and licenses (collectively, the "Approvals") which, in the reasonable opinion of Lessor are required or necessary to be taken, given or obtained, as the case may be, by, from or with any government or agency, authority or instrumentality thereof in connection with the execution and delivery of each Operative Document executed and delivered on or prior to the Effective Date, shall have been duly taken, given or obtained as the case may be, and all such Approvals shall be subsisting and in full force and effect on the Effective Date, and copies thereof, in form and substance reasonably satisfactory to the Lessor and certified by an appropriate public official or an officer of the Lessee, shall have been delivered to the Lessor, without limitation, however, of the Lessor's agreement that it shall be responsible for making or causing the filings referred to in Section 2.d of this Exhibit D-1 to be made.

e. Opinions of Counsel for Lessee. The Lessor shall have received an opinion, dated the Effective Date, addressed to the Lessor and Beneficiary and satisfactory in form, scope and substance to it, from in house counsel for the Lessee.

f. Opinion of Counsel for Guarantor. The Lessor shall have received an opinion, dated the Effective Date, addressed to it and the Beneficiary and satisfactory in form, scope and substance to it, from DeBrauw Westbroek, special counsel for the Guarantor.

g. No Illegality. No change shall have occurred after the date of the execution and delivery of this Lease in any Applicable Law or interpretation thereof by regulatory authorities that, in the reasonable opinion of the Lessor, would make it illegal for the Lessee, Lessor, Beneficiary, or Guarantor to enter into any transaction contemplated by the Operative Documents.

h. No Threatened Proceedings. No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Effective Date to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the transactions contemplated by the Operative Documents.

i. Representations and Warranties of Lessee; No Material Adverse Change. The representations and warranties of the Lessee set forth in the Lease shall be true and correct on and as of the Effective Date and there shall be no material adverse change in Lessee's structure, ownership, financial condition, operating condition or ability to perform its obligations under the Operative Documents from the date of the financial statements for Lessee for the fiscal year ending December 31, 1997 delivered to the Beneficiary to the date of the Effective Date, and the Lessor shall have received an officer's certificate from the Lessee, dated the Effective Date, to such effect.

2. The following conditions precedent shall be satisfied on each Acceptance Date (except as otherwise noted):

a. Authorization, Execution and Delivery of Documents. The following documents shall have been duly authorized, executed and delivered by the respective parties thereto and an original executed counterpart of each shall have been delivered to the Lessor on or before the Acceptance Date:

(1) the Lease Schedule;

(2) the Lease Acceptance Certificate for the Equipment being delivered on such Acceptance Date, dated as of the Acceptance Date; and

(3) Bill of Sale for the Equipment being delivered on such Acceptance Date.

b. Invoices and Acceptance Certificates. The Lessee shall deliver copies of invoices delivered by the Manufacturer and acceptance certificates or similar documents delivered under the Purchase Agreement for the Equipment being delivered hereunder on the Acceptance Date, each certified by an officer of the Lessee as being true,complete and accurate copies of all such documents delivered under the Purchase Agreement.

c. Notice of Scheduled Acceptance Date. The Lessor shall have received not less than 5 Business Days' written notice of the scheduled Acceptance Date from the Lessee.

d. Filings and Recordings. On or before the Acceptance Date, the Lease, Schedule and Lease Acceptance Certificate being delivered on such Acceptance Date (or a memorandum describing the same, if applicable) shall have been (i) filed with the Surface Transportation Board pursuant to 49 U.S.C. § 11301 and (ii) deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada (and necessary actions shall have been taken for publication of notice of such deposit in *The Canada Gazette* in accordance with said Section 90); precautionary Uniform Commercial Code financing statements naming the Lessee as the debtor and the Lessor as the secured party shall have been filed in such public offices as are deemed necessary or appropriate by the Lessor and all filings and deposits of other documents or instruments, if any, necessary or advisable, in the opinion of the Lessor to establish, protect and perfect the right, title and interest of the Lessor (including any security interest which may be deemed to be created by the Lease) in and to the Equipment being delivered on such Acceptance Date shall have been duly filed, recorded or deposited as the case may require; Lessor shall make or cause the preceding filings to be made and Lessee shall cooperate with Lessor to enable such filings to be made; and upon compliance with the requirements of the appropriate public registry and filing offices in the United States and Canada, the Lessor shall hold clear title to the Equipment being delivered on such Acceptance Date free and clear of any and all Liens.

e. Insurance. Insurance complying with the provisions of Section 13 of the Lease shall be in full force and effect with respect to the Equipment being delivered on such Acceptance Date, and on or before the Acceptance Date the Lessor shall have received certificates of insurance signed by the Lessee's insurer or insurers or by an independent insurance broker of national reputation evidencing such coverage.

f. Representations and Warranties of Lessee; No Material Adverse Change. The representations and warranties of the Lessee set forth in the Lease shall be true and correct on and as of the Acceptance Date and there shall be no material adverse change in Lessee's structure, ownership, financial condition, operating condition or ability to perform its obligations under the Operative Documents from the date of the financial statements for Lessee for the fiscal year ending December 31, 1997 delivered to the Beneficiary to the Acceptance Date, and the Lessor shall have received an officer's certificate from the Lessee, dated the Acceptance Date, to such effect.

g. Representations and Warranties of Guarantor; No Material Adverse Change. The representations and warranties of the Guarantor set forth in the Guaranty shall be true and correct on and as of the Acceptance Date and there shall be no material adverse change in Guarantor's structure, ownership, financial condition, operating condition or ability to perform its obligations under the Operative Documents between the financial statements for Guarantor for the fiscal year ending December 31, 1997 delivered to the Beneficiary to the Acceptance Date, and the Lessor shall have received an officer's certificate from the Guarantor, dated the first Acceptance Date, to such effect.

h. Title to Equipment. The Lessor shall have good and marketable title to the Equipment delivered on the Acceptance Date, free and clear of all Liens.

i. Opinion of Special Surface Transportation Board Counsel. The Lessor shall have received an opinion, dated the Acceptance Date, of Alvord & Alvord, special Surface Transportation Board Counsel, addressed to Lessor and Beneficiary and satisfactory in form, scope and substance to it.

j. Opinion of Special Canadian Counsel. The Lessor shall have received an opinion, dated the Acceptance Date, of McCarthy Tetrault, special Canadian counsel, addressed to Lessor and Beneficiary and satisfactory in form, scope and substance to it.

k. Consents and Approvals. All actions, approvals, consents, waivers, exemptions, rulings, certifications, orders, permits, authorizations, rights and licenses (collectively, the "Approvals") which, in the reasonable opinion of Lessor are required or necessary to be taken, given or obtained, as the case may be, by, from or with any government or agency, authority or instrumentality thereof in connection with the execution and delivery of each Operative Document executed and delivered on or prior to the Acceptance Date, shall have been duly taken, given or obtained as the case may be, and all such Approvals shall be subsisting and in full force and effect on the Acceptance Date, and copies thereof, in form and substance reasonably satisfactory to the Lessor and certified by an appropriate public official or an officer of the Lessee, shall have been delivered to the Lessor, without limitation, however, of the Lessor's agreement that it shall be responsible for making or causing the filings referred to in Section 2.d of this Exhibit D-1 to be made.

l. No Illegality. No change shall have occurred after the date of the execution and delivery of this Lease in any Applicable Law or interpretation thereof by regulatory authorities that, in the reasonable opinion of the Lessor, would make it illegal for the Lessee, Lessor, Beneficiary, or Guarantor to enter into any transaction contemplated by the Operative Documents.

EXHIBIT D-2

CONDITIONS PRECEDENT

TO OBLIGATIONS OF LESSEE

The obligations of the Lessee hereunder to sell any of the Equipment to or to lease any of the Equipment from Lessor shall be subject, on or as of the Effective Date and the Acceptance Date for such Equipment (except as otherwise specified below), to fulfillment to the reasonable satisfaction of the Lessee of the following conditions precedent (except that any action within the control of Lessee or an Affiliate thereof shall not constitute a condition precedent) and each document referred to below shall be reasonably satisfactory to Lessee in form, scope and substance:

1. The following conditions precedent shall be satisfied on the Effective Date:

a. Resolutions, Certificates, Etc. The Lessee shall have received the following, in each case in form and substance reasonably satisfactory to it:

(1) on or before the Effective Date a certificate of the Secretary or an Assistant Secretary, each of the Lessor and Beneficiary, dated as of the Effective Date and certifying (A) as to true copies of the articles of association and bylaws of such Person as in effect on the date of the corporate action referred to in clause (B) below and on the Effective Date, (B) as to true copies of all corporate action taken by such Person duly authorizing the execution, delivery and performance by such Person of all Operative Documents to which it is a party (such certification to state that such corporate action was duly taken and remains in full force and effect on the Effective Date), and (C) that each person who, as an officer of the such Person, executed Operative Documents and other documents and instruments related thereto on behalf of such Person on or before the Effective Date was, at the time of such execution, duly appointed, qualified and acting as such officer, and that the signature of each such person is that person's genuine signature;

(2) such other documents and evidence with respect to the Lessor and Beneficiary as the Lessee may reasonably request in order to establish the consummation of the transactions contemplated by the Operative Documents, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein or therein set forth.

b. Authorization, Execution and Delivery of Documents. The following documents shall have been duly authorized, executed and delivered by Lessor and Beneficiary (if a party thereto) and an executed counterpart of each shall have been delivered to the Lessee on or before the Effective Date:

(1) this Lease;

(2) the Assignment for each relevant Purchase Agreement(s);

(3) the Beneficiary's Agreement; and

(4) the Trust Agreement.

c. Status of Operative Documents. Each Operative Document which has been executed and delivered on or prior to the Effective Date shall be in full force and effect on the Effective Date. Lessor shall not be in material default of any of its obligations under the Operative Documents.

d. Representations and Warranties. The representations and warranties of the Lessor set forth herein and the representations and warranties of the Beneficiary set forth in the Beneficiary's Agreement shall be true and correct on and as of the Effective Date, and the Lessee shall have received an officer's certificate from each of the Lessor and Beneficiary, dated the Effective Date, to such effect.

e. Opinions of Counsel for Lessor and Beneficiary. The Lessee shall have received an opinion, dated the Effective Date, addressed to the Lessee and satisfactory in form, scope and substance to it, from each of Ray, Quinney & Nebeker, special counsel to the Lessor, and in-house counsel to the Beneficiary.

f. No Illegality. No change shall have occurred after the date of the execution and delivery of this Lease in any Applicable Law or in the interpretation thereof by regulatory authorities that, in the reasonable opinion of the Lessee, would make it illegal for the Lessee, Lessor, Beneficiary, or Guarantor to enter into any transaction contemplated by the Operative Documents.

g. Consents and Approvals All actions, approvals, consents, waivers, exemptions, rulings, certifications, orders, permits, authorizations, rights and licenses (collectively, the "Approvals") which, in the reasonable opinion of Lessee are required or necessary to be taken, given or obtained, as the case may be, by, from or with any government or agency, authority or instrumentality thereof in connection with the execution and delivery of each Operative Document executed and delivered on or prior to the Effective Date, shall have been duly taken, given or obtained as the case may be, and all such Approvals shall be subsisting and in full force and effect on the Effective Date, and copies thereof, in form and substance reasonably satisfactory to the Lessee and certified by an appropriate public official or an officer of the Lessor, shall have been delivered to the Lessee.

2. The following conditions precedent shall be satisfied on each Acceptance Date:

a. Authorization, Execution and Delivery of Documents. The following documents shall have been duly authorized, executed and delivered by the respective

parties thereto and an executed counterpart of each shall have been delivered to the Lessee on or before the Acceptance Date:

(1) the Lease Schedule; and

(2) the Lease Acceptance Certificate for the Equipment being delivered on such Acceptance Date, dated as of the Acceptance Date.

b. Representations and Warranties. The representations and warranties of the Lessor set forth herein and the representations and warranties of the Beneficiary set forth in the Beneficiary's Agreement shall be true and correct on and as of the Acceptance Date, and the Lessee shall have received an officer's certificate from each of the Lessor and Beneficiary, dated the Acceptance Date, to such effect.

c. Delivery of Equipment. On or before the Acceptance Date, all of the Equipment scheduled to be delivered on such Acceptance Date (as set forth in the Lease Acceptance Certificate to be delivered on such date) shall have been delivered pursuant to the Purchase Agreement.

d. Title to Equipment. The Lessee shall have received such title to the Equipment to be delivered to the Lessor on the Acceptance Date as is sufficient to enable the Lessee to deliver the Bill of Sale for such Equipment to the Lessor.

e. No Illegality. No change shall have occurred after the date of the execution and delivery of this Lease in any Applicable Law or in the interpretation thereof by regulatory authorities that, in the reasonable opinion of the Lessee, would make it illegal for the Lessee, Lessor, Beneficiary, or Guarantor to enter into any transaction contemplated by the Operative Documents.

f. Consents and Approvals All actions, approvals, consents, waivers, exemptions, rulings, certifications, orders, permits, authorizations, rights and licenses (collectively, the "Approvals") which, in the reasonable opinion of Lessee are required or necessary to be taken, given or obtained, as the case may be, by, from or with any government or agency, authority or instrumentality thereof in connection with the execution and delivery of each Operative Document executed and delivered on or prior to the Acceptance Date, shall have been duly taken, given or obtained as the case may be, and all such Approvals shall be subsisting and in full force and effect on the Acceptance Date, and copies thereof, in form and substance reasonably satisfactory to the Lessee and certified by an appropriate public official or an officer of the Lessor, shall have been delivered to the Lessee.

EXHIBIT E-1

LESSEE'S REPRESENTATIONS AND COVENANTS

REPRESENTATIONS AND WARRANTIES

1. The Lessee represents and warrants to the Lessor as of the Effective Date and each Acceptance Date as follows:

(a) Organization. The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly licensed or qualified and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its ability to enter into and perform its obligations under the Operative Documents to which it is a party, and has the corporate power and authority to carry out its business as proposed to be conducted in connection with the Equipments, to execute and deliver this Lease and the other Operative Documents to which it is or will be a party and to perform its obligations hereunder and thereunder.

(b) Authorization and Execution. The execution, delivery and performance by the Lessee of this Lease and the other Operative Documents to which the Lessee is or will be a party have been duly authorized by all necessary corporate action on the part of the Lessee. This Lease and the applicable Assignment have been, and on or before the Acceptance Date the Lease Schedule and Lease Acceptance Certificate to be delivered on such Acceptance Date will have been, duly and validly executed and delivered by the Lessee.

(c) Approvals. Neither the execution and delivery by the Lessee of, the performance by the Lessee of its obligations under, nor the consummation by the Lessee of the transactions contemplated by, this Lease and the other Operative Documents to which the Lessee is or will be a party requires any (i) approval of shareholders of the Lessee other than such approval as has already been obtained, (ii) approval or consent of any trustee or holder of any indebtedness or obligations of the Lessee or (iii) authorization or approval from, consent of, notice to or filing, registration or qualification with or taking of any other action with respect to, any government or agency, authority or instrumentality of the United States of America or of any of the states thereof or the District of Columbia or Canada or any province thereof, except as set forth in Section 2.d of Exhibit D-1.

(d) Compliance with Law and No Conflicts. Neither the execution and delivery by the Lessee of this Lease and the other Operative Documents to which it is or will be a party, the consummation of the transactions contemplated hereby and thereby, nor the compliance by the Lessee with the terms hereof and thereof will (i) violate any of the terms, conditions or provisions of the articles of association or bylaws of the Lessee, (ii) violate any provision of any law or regulation applicable to the Lessee or (iii)

conflict with, result in a breach of or constitute a default or result in the creation of any Lien on any property of the Lessee under any indenture, mortgage, security agreement, deed of trust, conditional sales contract or bank loan or credit agreement, or any other agreement or instrument to which the Lessee is a party or by which the Lessee or its properties may be bound or affected and which would result in having a material adverse impact on the ability of the Lessee to perform its obligation under the Operative Documents.

(e) Enforceability. Assuming the due authorization, execution and delivery hereof and thereof by each other party hereto or thereto, this Lease and each Assignment constitutes, and the Lease Schedule and each Lease Acceptance Certificate when executed and delivered will constitute, legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance, moratorium or similar laws relating to or affecting the rights and remedies of creditors generally, and subject to equitable principles (regardless of whether such enforceability is considered and applied in a proceeding at law or in equity).

(f) Litigation. There are no pending or, to the knowledge of the Lessee, threatened actions, suits, proceedings or investigations before any government or agency, authority, court or other instrumentality thereof against or affecting the Lessee, the outcome of which, individually or in the aggregate and taking into account applicable insurance coverage, is likely to materially impair the consolidated financial condition of the Lessee or materially impair the ability of the Lessee to perform its obligations under any of the Operative Documents to which it is or will be a party or the enforceability of any Operative Document to which the Lessee is or will be a party or any action taken or to be taken pursuant thereto.

(g) No Default or Event of Default. No Default to the knowledge of a Responsible Officer of the Lessee or Event of Default has occurred and is continuing.

(h) Owner Trustee's Title. In reliance upon the opinions dated the Acceptance Date of Alvord & Alvord and McCarthy Tetrault and without independent investigation of the matters addressed therein, no action except as set forth in Section 2.d of Exhibit D-1, including the filing or recording of any document, is necessary in the United States of America or any of the states thereof or the District of Columbia or Canada or any province thereof in order to establish and perfect the Lessor's title to the Equipment as against any party.

(i) Filings. In reliance upon the opinions dated the Acceptance Date of Alvord & Alvord and McCarthy Tetrault and without independent investigation of the matters addressed therein, the Lease, Lease Schedule and the Lease Acceptance Certificate (or a memorandum describing the same,if applicable) has been or on or before the Acceptance Date for the relevant Equipment will be duly filed with the Surface Transportation Board pursuant to 49 U.S.C. § 11301 and deposited with the Registrar

General of Canada pursuant to Section 90 of the Railway Act of Canada, precautionary Uniform Commercial Code financing statements naming the Lessee as the debtor and the Lessor as the secured party, have been or on or before the Acceptance Date for the relevant Equipment will be filed in such public offices as are reasonably requested by the Lessor, and such filing with the Surface Transportation Board pursuant to 49 U.S.C. 11301 and such filing of financing statements will perfect the Lessor's rights in such agreements and in the Equipment delivered on the Acceptance Date, and such deposit with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada will protect the Lessor's rights in such agreements and in the Equipment delivered on the Acceptance Date, and no other filing, recording or deposit with, or giving of notice to, any other federal, state, provincial or local government or agency thereof is necessary in order to perfect the rights of the Lessor in such agreements or in such Equipment in the United States, any state thereof, the District of Columbia or to protect the rights of the Lessor in such agreements or in such Equipment in Canada or any province thereof.

(j) ERISA. The Lessee is not, directly or indirectly, entering into this Lease or any transaction contemplated hereby or by any other Operative Document to which it is, or is to become, a party, with the assets of any Employee Benefit Plan which is subject to ERISA or Section 4975 of the Code or any similar provisions of federal, state or local law or any regulations promulgated thereunder.

(k) Financial Condition. The unaudited management statements for the fiscal year ended December 31, 1997 fairly present the consolidated financial position of the Lessee as of such date and the results of their operations for the period then ended. Since December 31, 1997, there has been no change in such financial condition or operations that would have a material adverse effect on Lessee's ability to perform its obligations under this Lease.

(l) Chief Executive Office. The chief executive office of the Lessee is located at Three Little Falls Centre, 2801 Centerville Road, Wilmington, Delaware 19808.

(m) Number of Offerees. Neither the Lessee nor any person acting on its behalf has, directly or indirectly, offered or sold any interest in the Equipment to, or solicited offers to buy any interest in the Equipment from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser other than the Lessor and no more than 25 other institutional investors.

(n) Compliance of Railcars. To the best of Lessee's knowledge, on the Acceptance Date, the Equipment being purchased by the Lessor and leased by the Lessor to the Lessee meets and is in compliance in all material respects with the delivery requirements of the Purchase Agreements.

(o) Taxes. The Lessee has timely filed all material tax returns which, in its opinion, are required to be filed by it and has paid all taxes shown to be due on such

returns or pursuant to any assessment made against the Lessee or any of its assets (other than assessments, the payment of which is being contested in good faith by the Lessee), and no tax liens have been filed and no claims are being asserted with respect to any such taxes, fees or other charges which could reasonably be expected to have a material and adverse effect on its ability to perform its obligations under the Operative Documents to which it is a party.

(p) Investment Company. The Lessee is not an "investment company" or an "affiliated person" of an "investment company" within the meaning of the Investment Company Act of 1940.

(q) Insurance. The insurance which is required by Section 13 of the Lease is in force, and all premiums presently due and owing with respect to such insurance have been paid in full.

(r) Railcars. The Equipment delivered on the Acceptance Date shall be, as of the Acceptance Date, fully equipped to operate in commercial service upon delivery on the Acceptance Date and shall comply with all laws and regulations applicable to such Equipment.

(s) Purchase Agreement and Purchase Agreement Assignment. The Lessee is not in default in the performance of any term or condition of the Purchase Agreements or the Assignments.

COVENANTS

2. The Lessee covenants and agrees with the Lessor as follows:

(a) Financial Reports; No Defaults; Etc. The Lessee agrees that it will furnish to the Lessor the following:

(1) As soon as available and in any event within 120 days after the last day of each fiscal year, a copy of the consolidated balance sheets, and related consolidated statements of income and retained earnings and consolidated statement of cash flows, of the Lessee and its consolidated subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, which statements shall have been certified by the chief financial officer of the Lessee to be complete and accurate to the best of his knowledge and, provided further, that if Lessee shall from time to time cause such statements to be prepared in audited form, that the preceding statements shall have been certified by a firm of independent public accountants of recognized national standing selected by the Lessee;

(2) As soon as available and in any event within 90 days after the last day of each fiscal quarter, a copy of the consolidated balance sheets, and related consolidated statements of income and retained earnings and consolidated

statement of cash flows, of the Lessee and its consolidated subsidiaries for such fiscal quarter, setting forth in each case in comparative form the figures for the same quarter of the previous fiscal year, all in reasonable detail;

(3) Upon written request from Lessor, as soon as available and in any event within 120 days after the last day of each fiscal year, an officer's certificate of the Lessee stating that such person has reviewed the activities of the Lessee during such year and that to his or her knowledge the Lessee during such year has kept, observed, performed and fulfilled each and every covenant, obligation and condition with respect to the Lessee and contained herein or in the Lease, or if a Default or Event of Default shall have occurred and be continuing or shall exist, specifying such Default or Event of Default and the nature and status thereof of which he or she may have knowledge;

(4) Written notice specifying any Default of which a Responsible Officer of Lessee has actual knowledge or Event of Default; and

(5) From time to time, such other information regarding the Equipment or Lease as the Lessor shall reasonably request.

(b) No Impairment of Warranties. The Lessee shall not take any action which would abrogate or invalidate or otherwise adversely affect the validity of any warranties which would otherwise be available with respect to the Equipment, nor shall the Lessee fail to act if such failure to act would abrogate or invalidate or otherwise adversely affect the validity of any warranties which would otherwise be available with respect to the Equipment.

(c) Lessee shall not consolidate with or merge into or transfer all or substantially all of its assets to any entity or enter into any commitment to do any of the foregoing unless (i) Lessee shall be the surviving corporation or, if it is not the surviving corporation, the surviving corporation shall expressly assume the obligations of Lessee under the Lease and other Operative Documents and, in all events, the surviving corporation shall have a tangible net worth after the transaction equal to or greater than the tangible net worth of the Lessee immediately prior thereto, (ii) no Event of Default shall have occurred and be continuing at the time of such transaction or exist after giving effect to the transaction, (iii) without limitation of the preceding clause (ii), such transaction shall not give rise to an event that Lessee is obligated to indemnify pursuant to Section 32 hereto, (iv) the Guaranty shall continue in full force and effect as if such transaction shall not have occurred, (v) Lessor shall have received such documents, assumption agreements, instruments financial statements and opinions of counsel, all in form and substance satisfactory to Lessor in connection with such transaction as Lessor may reasonably request and (vi) Lessee shall pay Lessor's reasonable expenses in connection with such transaction, including, but not limited to, attorneys' fees and expenses.

(d) Lessee shall continue to carry out its "Core Business", which shall mean the manufacture and sale of polyolefinic materials.

EXHIBIT E-2

LESSOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS

1. FSB represents and warrants to the Lessee and Beneficiary as of the Effective Date hereof and each Acceptance Date as follows:

(a) Organization. FSB is a national banking association duly organized, validly existing and in good standing under the laws of the United States, is duly licensed or qualified and in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its ability to enter into and perform its obligations under the Operative Documents to which it is a party, and has the power and authority to carry out its business as proposed to be conducted in connection with the Equipment, to execute and deliver this Lease and the other Operative Documents to which it is or will be a party and to perform its obligations hereunder and thereunder.

(b) Authorization and Execution. The execution, delivery and performance by FSB of this Lease and the other Operative Documents to which FSB or the Lessor, as the case may be, is or will be a party have been duly authorized by all necessary action on the part of FSB. This Lease and Assignment have been, and on the Acceptance Date the Lease Schedule and Lease Acceptance Certificate to be delivered on such Acceptance Date will have been, duly and validly executed and delivered by FSB or the Lessor, as the case may be.

(c) Approvals. Neither the execution and delivery by FSB or the Lessor, as the case may be, of, the performance by the Lessor of its obligations under, nor the consummation by such Person of the transactions contemplated by, this Lease and the other Operative Documents to which such Person is or will be a party requires any (i) approval of shareholders of FSB, (ii) approval or consent of any trustee or holder of any indebtedness or obligations of FSB or (iii) authorization or approval from, consent of, notice to or filing, registration or qualification with or taking of any other action with respect to, any government or agency, authority or instrumentality of the United States of America or of any of the states thereof or the District of Columbia or Canada or any province thereof, except as set forth in Section 2.d of Exhibit D-1.

(d) Compliance with Law and No Conflicts. Neither the execution and delivery by FSB or the Lessor, as the case may be, of this Lease and the other Operative Documents to which it is or will be a party, the consummation of the transactions contemplated hereby and thereby, nor the compliance by such Person with the terms hereof and thereof will (i) violate any of the terms, conditions or provisions of the articles of association or bylaws of FSB, (ii) violate any provision of any law or regulation applicable to FSB or (iii) conflict with, result in a breach of or constitute a default or result in the creation of any Lien on any property of FSB under any indenture, mortgage, security agreement, deed of trust, conditional sales contract or

bank loan or credit agreement, or any other agreement or instrument to which FSB is a party or by which FSB or its properties may be bound or affected.

(e) Enforceability. Assuming the due authorization, execution and delivery hereof and thereof by each other party hereto or thereto, this Lease and each Assignment constitutes and the Schedule and each Lease Acceptance Certificate when executed and delivered will constitute, legal, valid and binding obligations of FSB or the Lessor, as the case may be, enforceable against such Person in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance, moratorium or similar laws relating to or affecting the rights and remedies of creditors generally, and subject to equitable principles (regardless of whether such enforceability is considered and applied in a proceeding at law or in equity).

(f) Litigation. There are no pending or, to the knowledge of FSB, threatened actions, suits, proceedings or investigations before any government or agency, authority, court or other instrumentality thereof against or affecting FSB, the outcome of which, individually or in the aggregate and taking into account applicable insurance coverage, is likely to materially impair the consolidated financial condition of FSB or materially impair the ability of FSB or the Lessor to perform its obligations under any of the Operative Documents to which it is or will be a party or the enforceability of any Operative Document to which FSB or the Lessor is or will be a party or any action taken or to be taken pursuant thereto.

(g) ERISA. FSB is not, directly or indirectly, entering into this Lease or any transaction contemplated hereby or by any other Operative Document to which it is, or is to become, a party, with the assets of any Employee Benefit Plan which is subject to ERISA or Section 4975 of the Code or any similar provisions of federal, state or local law or any regulations promulgated thereunder.

(h) Number of Offerees. Neither FSB nor any person acting on its behalf has, directly or indirectly, offered or sold any interest in the Trust Estate to, or solicited offers to buy any interest in the Equipment from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser.

(i) Investment Company. FSB is not an "investment company" or an "affiliated person" of an "investment company" within the meaning of the Investment Company Act of 1940.

2. FSB Liens. FSB agrees that during the term of this Lease with respect to any items of Equipment, FSB will not allow any Lessor's Lien attributable to it to exist, and agrees to lift any such Lien promptly and to indemnify the Lessee and Beneficiary for any loss, cost or expense resulting therefrom.

3. Trustee Liens. The Lessor agrees that during the term of this Lease with respect to any items of Equipment, the Lessor will not allow any Lessor's Lien

attributable to it to exist, and agrees to lift (by bonding or otherwise) any such Lien promptly and to indemnify the Lessee for any loss, cost or expense resulting therefrom.

EXHIBIT F

LOSS, REQUISITION OR SEIZURE

(a) Payment by Lessee upon Event of Loss. Subject to the provisions of Section (d) hereof, in the event of the occurrence of an Event of Loss of an item of Equipment, the Lessee shall, on a date (the "Determination Date") which shall be the next Payment Date following such Event of Loss, pay to the Lessor the Stipulated Loss Value for each item of Equipment which has suffered an Event of Loss and for which the Stipulated Loss Value has not theretofore been paid, computed as of the Determination Date plus any unpaid rent due and payable prior to the Determination Date plus any other payments due and payable with respect to such item of Equipment. After the payment in full of such Stipulated Loss Value, the Lessee's obligation to pay further rent with respect to such item of Equipment shall terminate and such Equipment shall no longer be leased under this Lease.

(b) Handling of Payments Received. All payments received by the Lessor or the Lessee from any insurance maintained by the Lessee hereunder or government or agency or other instrumentality thereof or otherwise (except for proceeds of any insurance maintained by the Lessor) as compensation for an Event of Loss with respect to any item of Equipment shall be applied to pay the Stipulated Loss Value of such item of Equipment, if not already paid by the Lessee or, if already paid by the Lessee, shall be applied to reimburse the Lessee for its payment of such Stipulated Loss Value, and the balance, if any, of such payments after all other amounts constituting unpaid payments owing under this Lease in connection with such Event of Loss have been paid shall be retained by or paid to Lessee in the case of insurance payments only (otherwise such amounts shall be retained by or paid to Lessor).

(c) Disposition of Affected Railcars. In the event that the Lessee shall make payment as provided in Sections (a) and (b) hereof, including payment by application of compensation or insurance proceeds, and shall pay all other rent and other payments then both due and owing under this Lease with respect to an item of Equipment subject to an Event of Loss, this Lease shall terminate with respect to such item of Equipment and (i) the Lessee or its designee shall be subrogated to all rights that the Lessor shall have with respect to property damage to such item of Equipment other than proceeds of insurance maintained by the Lessor, (ii) the Lessor shall convey to the Lessee or its designee all right, title and interest of the Lessor in and to such item of Equipment (including the rights referred to in clause (i) above) "as is," "where is" and without recourse or warranty, except that the Lessor shall warrant that such item of Equipment is free and clear of any Liens arising through or under the Lessor, its successors or assigns (iii) the Lessor shall, at the Lessee's sole cost and expense, execute and deliver to the Lessee or its designee such bills of sale and other documents as the Lessee may reasonably request to evidence such conveyance, and (iv) the Lessee shall have the right

to abandon such item of Equipment to the applicable insurance underwriters on behalf of the Lessor as well as itself.

(d) Replacement. Provided no Event of Default shall have occurred and be continuing, in the event of the occurrence of an Event of Loss with respect to one or more items of Equipment other than an Event of Loss described in clause (viii) of the definition thereof, the Lessee may, at its option and in lieu of payment of the Stipulated Loss Value for such item of Equipment as provided in Sections (a) and (b) hereof, on or prior to the date on which such Stipulated Loss Value would otherwise have been due, convey or cause to be conveyed to the Lessor, as a replacement for any such item of Equipment with respect to which an Event of Loss occurred, title to a replacement item of Equipment free and clear of all Liens and having a value, utility and useful life at least equal to, and being in as good operating condition as, such item of Equipment with respect to which an Event of Loss occurred, assuming that such replaced item of Equipment was in the condition required by the terms hereof (a "Replacement Item of Equipment"). At the time of or prior to any replacement of any item of Equipment, the Lessee, at its own expense, will

(i) furnish to the Lessor a bill of sale and an assignment of warranties with respect to the Replacement Item of Equipment;

(ii) duly execute a Schedule which shall subject such Replacement Item of Equipment to this Lease and, upon such execution, cause such Schedule to be filed for recordation in the same manner as provided for the Lease pursuant to Section 11 hereof;

(iii) cause precautionary Uniform Commercial Code financing statements (or appropriate amendments to already-filed financing statements) naming the Lessee as the debtor and the Lessor as the secured party, to be filed in such public offices as are reasonably deemed necessary or appropriate by the Lessor to perfect the right, title and interest of the Lessor in the Replacement Item of Equipment;

(iv) furnish to the Lessor an officer's certificate certifying that the Replacement Item of Equipment is free and clear of all Liens other than this Lease;

(v) furnish to the Lessor an opinion of the Lessee's counsel (which may be the Lessee's general counsel or assistant general counsel) to the effect that (x) the bill of sale referred to in clause (i) above constitutes an effective instrument for the conveyance to the Lessor of title to the Replacement Item of Equipment and (y) that all filings, recordings and other action necessary or appropriate to perfect the Lessor's right, title and interest in the Replacement Items of Equipment have been accomplished; and

(vi) furnish to the Lessor a certificate of a qualified engineer (who may be an appropriate employee of the Lessee) or of an employee of Lessee who is not an engineer but is otherwise reasonably acceptable to Lessor certifying that the Replacement Item of Equipment has a fair market value, utility and remaining useful life at least equal to the item of Equipment replaced thereby (assuming that such replaced item of Equipment was in the condition required to be maintained by the terms of this Lease) and setting forth a reasonable basis for such conclusion in reasonable detail.

Upon compliance by the Lessee with the provisions of this Section (d), the Lessor shall transfer to the Lessee, "as is," "where is" and without recourse or warranty (except that the Lessor shall warrant that such item of Equipment is free and clear of any Liens arising under or through the Lessor, its successors or assignees) all of the Lessor's right, title and interest in and to the replaced item of Equipment. For all purposes hereof, each such Replacement Item of Equipment shall, after such conveyance, be deemed part of the property leased hereunder and shall be deemed "Equipment" as defined herein. No Event of Loss with respect to an item of Equipment under the circumstances contemplated by the terms of this Section (d) shall result in any reduction in rent payments or other amounts payable under this Lease.

(e) Other Requisitions. Unless such taking constitutes an Event of Loss, a taking of any item of Equipment for use by any governmental entity shall not terminate this Lease with respect to such item of Equipment, and the Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such item of Equipment, including its liability for payment of rent and all other amounts payable hereunder, and all payments received by the Lessor or the Lessee for use of such item of Equipment as a result of such taking during the term of the Lease shall be paid over to, or retained by, the Lessee.

(f) Handling of Moneys Payable to Lessee. Any amount referred to in Exhibit G hereof or this Exhibit which is payable to the Lessee shall not be paid to the Lessee, or, if it has previously been paid directly to the Lessee, shall not be retained by the Lessee, if at the time of such payment a Event of Default or Default under Section 24(a) has occurred and is continuing, but instead such amount shall be paid to and held by the Lessor as security for the obligations of the Lessee under this Lease or applied by Lessor, following the occurrence and continuance of an Event of Default, to amounts not timely paid by Lessee and, unless so applied by Lessee, at such time as there shall not be continuing any such Event of Default or Default, such amount shall be paid over to the Lessee.

EXHIBIT G

INSURANCE

1. The Lessee shall at all times, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each item of Equipment subject to this Lease, which insurance shall be made payable to Lessor (or, at the written request of Lessor, its permitted assignees) as loss payee and (ii) public liability insurance in an amount not less than $10,000,000 combined single limit coverage in the aggregate with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks, with such insurance companies of recognized responsibility and subject to such self-insurance, in each case as is consistent with prudent industry practice for similarly situated companies in the United States, and in any event, in amounts not less than and against such risks so as to be at least equal to the insurance, if any, maintained by the Lessee with respect to types of railcars, similar to the items of Equipment, owned or leased by the Lessee but such deductibles and self insurance shall not exceed, in the aggregate, $1,000,000. The Lessor, the Beneficiary and any of their respective successors and permitted assignees (the "Insured Parties") shall be named additional insureds on each such policy.

2. The proceeds of any insurance for damage to any item of Equipment not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such item of Equipment in accordance with the provisions of Section 23 hereof, if such repair shall not have already been paid for by the Lessee, or, if such repair shall already have been paid for by the Lessee, to reimburse the Lessee for its payment for such repair and any balance remaining after compliance with said provisions of Section 23 hereof shall be paid over to, or retained by, the Lessee.

3. The Lessee agrees that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained pursuant to this Exhibit shall or may be suspended or impaired and will not suffer or permit any item of Equipment to be used in a manner not permitted under the insurance policies maintained.

4. All policies with respect to public liability insurance will provide that, if such insurance is cancelled, substantially changed in respect of coverage affecting the interest of the Insured Parties or allowed to lapse for nonpayment of premiums, such cancellation, change or lapse shall not be effective for 30 days after receipt by the Insured Parties of notice from such insurers of such cancellation, change or lapse or, if such policies do not so provide, that such insurers or an independent broker agrees to provide 30 days' notice of such cancellation, change or lapse. The Lessee agrees to

furnish to the Insured Parties prompt notice of any material adverse change in the public liability insurance coverage provided pursuant to this Exhibit.

5. An Insured Party may, but shall not be required to, at its own expense, provide additional insurance on or with respect to the items of Equipment or the operation thereof unless such insurance would conflict with or otherwise limit any insurance maintained by the Lessee pursuant to this Exhibit and the proceeds of such insurance shall be payable as provided therein.

6. The policies of insurance carried in accordance with this Exhibit shall:

(i) provide that, if such insurance is cancelled for any reason whatsoever, or any substantial change is made in the policy which affects the coverage certified hereunder to the Insured Parties or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Lessor for 30 days (10 days in the case of nonpayment of premium only) after receipt by the Insured Parties of notice from such insurers of such cancellation, change or lapse;

(ii) provide that the Insured Parties shall not have any obligation or liability for premiums, commissions, assessments or calls or advances in connection with such insurance;

(iii) provide that the insurers shall waive any rights of set-off, counterclaim or any other deduction, whether by attachment or otherwise, which they may have against any Insured Party;

(iv) be primary without right of contribution from any other insurance which may be carried by any Insured Party with respect to its interests as such in the Equipment, provided, however, that the umbrella liability insurance policy currently maintained by Lessee, as it may be renewed from time to time with substantially the same coverage, shall not be required to comply with the foregoing clause 6(iii); and

(v) 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.

7. Each year during the term of the Lease, within 30 days after the renewal date of the insurance policies required pursuant to this Exhibit, the Lessee shall deliver to the Insured Parties a letter from an insurance broker of national reputation confirming that the insurance then in effect complies with the terms of this Exhibit and original certificates of insurance signed by the Lessee's insurer or insurers or by an independent insurance broker of national reputation evidencing such coverage.

SCHEDULE I

RESTRICTED ASSIGNEES

Citibank NA
ABN Amro
Chase Manhattan Bank
Societé Generale
Deutsche Bank
NationsBank
First Chicago
First Union
Mellon Bank
Corestates Bank
First National Bank of Maryland
PNC
The Bank of New York
Bank of Boston
1st Security
Key Bank
Fleet
Mitsubishi/Bank of Tokyo
JP Morgan Investment Mgmt
NY Life Insurance
Standish Ayer & Wood
GNA
State Farm Insurance Companies
Amex/IDS
Rellastar
American General
Brinson Partners Inc.
Travelers Insurance
Bradford Marzeck Inc.
Hartford Life Insurance Co.
Metropolitan Life
Northwestern Mutual Life
J.P. Morgan Bank

SCHEDULE II

PURCHASE AGREEMENTS

1. Montell USA Inc. Purchase Order No. 14392 dated January 15, 1998 (Manufacturer: National Steel Car Ltd).

2. Montell USA Inc. Purchase Order No. 14394 dated March 11, 1998 (Manufacturer: Union Tank Car Company).

District of Columbia)
) ss:
City of Washington)

I, KIM L. BARTMAN, Notary for the District of Columbia, hereby certify that the attached "Master Equipment Lease Agreement-[D]", dated as of April 27, 1998 between FIRST SECURITY BANK, N.A., not in its individual capacity except as specifically provided in the Lease, and otherwise solely as Owner Trustee, Lessor, and MONTELL USA INC., as Lessee, is a true and complete copy of the original thereof.

Certified this 18th day of March, 1999.

Kim L. Bartman
NOTARY PUBLIC

My commission expires: 3-31-2000