

RECORDATION NO. 21623 FILED

SEP 4 '98

10-45 AM

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

OF COUNSEL
URBAN A. LESTER

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 21623 FILED

21623 A.B.C.

SEP 4 '98

10-45 AM

SEP 4 10 42 AM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

September 4, 1998

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 Memorandum of Railcar Lease Agreement, dated as of September 4, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents and the following secondary documents related thereto: a Security Agreement, dated as of September 4, 1998, an Assignment of Lease and Rents and of Guaranty, dated as of September 4, 1998 and a Bill of Sale, dated as of September 4, 1998.

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

Memorandum of Railcar Lease

Lessor: First National Bank of Maryland
25 South Charles Street
Baltimore, Maryland 21202

Lessee: Anglo American Clays Corporation
100 Monsell Court East, Suite 300
Roswell, Georgia 30076

Country Club

Mr. Vernon A. Williams
September 4, 1998
Page 2

A →

Security Agreement

Debtor: The First National Bank of Maryland
25 South Charles Street
Baltimore, Maryland 21202

Secured Party: Aid Association of Lutherans
4321 North Ballard Road
Appleton, Wisconsin 54919

Assignment of Lease and Rents

Assignor: The First National Bank of Maryland
25 South Charles Street
Baltimore, Maryland 21202

Assignor: Aid Association of Lutherans
4321 North Ballard Road
Appleton, Wisconsin 54919

Bill of Sale

Seller: Anglo American Clay Corporation
100 Monsell Court East, Suite 300
Roswell, Georgia 30076

Buyer: The First National Bank of Maryland
25 South Charles Street
Baltimore, Maryland 21202

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

300 tank railcars - UTLX 301000 through 301299

Mr. Vernon A. Williams
September 4, 1998
Page 3

Also enclosed is a check in the amount of \$104.00 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,

A handwritten signature in cursive script, appearing to read "R. Alvord", written in black ink.

Robert W. Alvord

RWA/bg
Enclosures

SEP 4 '98 10-45 AM

SECURITY AGREEMENT

AGREEMENT, dated as of September 4, 1998, from THE FIRST NATIONAL BANK OF MARYLAND, a national banking association ("Debtor"), having its principal place of business and mailing address at 25 S. Charles Street, 15th Floor, Baltimore, Maryland 21201 in favor of AID ASSOCIATION FOR LUTHERANS, its successors and assigns (the "Secured Party") having its principal place of business at 4321 North Ballard Road, Appleton, Wisconsin 54919.

WHEREAS, Debtor has agreed to deliver this Security Agreement to Secured Party pursuant to that certain Secured Note Purchase Agreement between Debtor and Secured Party, dated as of September 4, 1998 (the "Note Purchase Agreement"), and the Secured Non-Recourse Note(s) issued pursuant thereto (the "Note(s)") as a condition precedent to Secured Party's extending credit to Debtor pursuant to that Note Purchase Agreement;

NOW, THEREFORE, to induce the Secured Party to extend credit to Debtor, Debtor agrees as follows:

Article I
Creation of Security Interest

1. Debtor hereby grants to Secured Party a security interest in the railroad cars described in Exhibit A hereto attached and any and all substitutions, replacements, modifications, additions and accessions thereto or therefor to which Debtor acquires title and the proceeds thereof, including without limitation, insurance proceeds (the "Cars").

2. In addition, Debtor hereby grants to Secured Party an assignment of and security interest in all of Debtor's rights in and to the Railcar Lease Agreement (the "Lease") dated September 4, 1998 and Schedule No. 1 to Railcar Lease Agreement dated September 4, 1998 including all Riders and Schedules thereto (collectively, the "Lease") between the Debtor, as Lessor, and Anglo American Clays Corporation, a Delaware corporation, as lessee (the "Lessee"), a Memorandum of which has been recorded with the Surface Transportation Board on _____, 1998 and assigned Recordation No. _____ and deposited with the Registrar General of Canada on September 4, 1998 and is attached hereto as Exhibit B, any and all subleases of the Cars, and the Railcar Lease Guaranty (the "Guaranty") dated September 4, 1998 executed by English China Clays plc (the "Guarantor"), as Guarantor, a copy of which is attached hereto as Exhibit C, including without limitation any and all rents, reserved rents, proceeds of sale from sale of the Cars, amounts payable by the Lessee in lieu of rent during periods of rental abatement, and any and all other amounts due under the Lease and/or the Guaranty, but excluding in all cases the Excluded Rights and Excluded Payments, as hereinafter defined (hereinafter together with the Cars called the "Collateral"). All sums received shall be held by Secured Party under that certain Assignment of Lease and Rents and of Guaranty made as of September 4, 1998 executed by the Debtor in favor of the Secured Party (the

“Assignment”), and so long as no Event of Default (as defined in the Note Purchase Agreement) has occurred and is continuing, or, which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, all such rents and other sums shall be paid and applied as provided in the Note(s) and the Note Purchase Agreement.

3. The Collateral is given to secure all of the Debtor’s obligations under the Note(s) and the Note Purchase Agreement, all of Debtor’s obligations and liabilities arising out of Debtor’s covenants, warranties and representations contained herein or in any of the other Loan Documents (as defined herein) (the “Obligations”).

4. Notwithstanding the foregoing, so long as no Event of Default (as defined in the Lease) shall have occurred and be continuing, the interests of Secured Party in the Cars shall be subject and subordinate to the Lessee’s interest in the Cars under the Lease, and the Secured Party shall not disturb the Lessee’s quiet use and possession of the Cars.

5. For the purposes of this Security Agreement, the Note(s), the Note Purchase Agreement, the Assignment and all of the other documents, agreements and instruments entered into in connection herewith and therewith (collectively, together with any amendment or modifications thereto, the “Loan Documents”), the term “Excluded Rights and Excluded Payments” shall mean any and all of the following:

(a) all payments of any indemnity under the Lease, including, without limitation, Rider No. 3 to the Lease, or any of the other documents, instruments or agreements entered into in connection therewith (collectively, the “Operative Agreements”), and all interest in respect thereof, which by the terms thereof are payable to the Debtor (but not those payable to the Secured Party as an additional indemnitee);

(b) any insurance proceeds payable under public liability policies maintained by the Lessee pursuant to the Lease which by the terms of such policies or by the terms of the Lease are payable directly to the Debtor (but not those payable to the Secured Party as an additional indemnitee), and any proceeds of insurance maintained with respect to the Cars by the Debtor in excess of the Stipulated Loss Value of such Cars;

(c) all rights of the Debtor under Rider No. 3 to the Lease and under any Operative Agreement to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor all on account of any such indemnities or payments referred to in paragraph (a) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (b) above, provided that the rights referred to in this paragraph (c) shall not be deemed to include the exercise of any remedies provided for in the Lease other than the right to proceed by appropriate court action, either at law or in equity, to enforce performance by the Lessee of such indemnities or insurance covenants or to recover damages for the breach thereof;

(d) the right of the Debtor, but not to the exclusion of the Secured Party, as provided in any Operative Agreement (i) to receive from the Lessee notices, certificates and

other documents and information which the Lessee is required or permitted to give or furnish to the Debtor pursuant thereto, (ii) to inspect the Cars and all records relating thereto, (iii) to exercise its rights, after written notice to the Secured Party, to perform for the Lessee under Section 20, to the Lease, relating to maintenance and repair, (iv) to cause the Lessee, after written notice to the Secured Party, to perform such acts relating to the marking of equipment as may be requested by the Debtor pursuant to Section 7 of the Lease, and (v) to grant such consents, approvals and waivers as may be required or permitted to be made or given by the Debtor under the Operative Agreements;

(e) whether or not an Event of Default has occurred and is continuing, all rights of the Debtor, to the exclusion of the Secured Party, to compromise or waive any right, remedy or benefit reserved to the Debtor and in which the Secured Party has no interest, as provided in subparagraphs (a) and (b) hereof, or to modify, amend or waive any provision pertaining thereto;

(f) as long as no Event of Default has occurred and is continuing, all rights of the Debtor to assign any or all of its rights, obligations, title or interest under the Lease in accordance with the Lease; provided, however, that (i) the assignee agrees to be bound by all of the terms of the Lease, this Agreement, the Note Purchase Agreement, the Note(s) and the Assignment, (ii) such assignee executes prior to any such assignment such agreements as Secured Party may reasonably require to evidence such assumption and continue the perfection of Secured Party's liens and security interest in Collateral, and (iii) such assignee has a net worth of at least \$50,000,000;

(g) so long as no Event of Default under the Lease or Event of Default under the Note Purchase Agreement shall have occurred and be continuing, all rights of the Debtor, to the exclusion of the Secured Party, as lessor under the Lease, to adjust rent and Stipulated Loss Values in accordance with Section C.1. of Rider No. 2 to the Lease, subject, in each case, to the requirement that the rent and the Stipulated Loss Values will at all times be sufficient to satisfy the scheduled payments of interest on, and the principal of, the Notes and all other amounts due thereunder and/or under the Note Purchase Agreement (including the amounts due under Section 5.3 thereof, if any) and all rights of the Debtor relating to the appraisal procedure and determination of fair market rental value set forth in Rider No. 5 to the Lease; and

(h) so long as no Event of Default under the Lease or Event of Default under the Note Purchase Agreement shall have occurred and be continuing, and/or no event or condition exists, which with the passage of time or notice (or both) would become such an Event of Default, all rights of the Debtor, together with the Secured Party, as lessor under the Lease, to enter into, execute and deliver any amendments, modifications, waivers or consents in respect of the Lease which would (i) reduce the amount or delay the time of the payment of any rent, Stipulated Loss Value or damages, (ii) modify, waive or change any of the provisions of Sections 7, 9, 10, 13, 14, 15, 16, Rider No. 1 or Rider No. 5 of the Lease in a manner which would decrease the obligations of Lessee thereunder or (iii) increase the obligations of the Lessor.

Article II
Debtor's Covenants, Representations and Warranties

The Debtor covenants, represents and warrants that:

1. The Cars are leased to Lessee pursuant to the Lease. Except for (i) the security interests granted hereby, and (ii) Lessee's rights under the Lease, Debtor is the sole owner of the Collateral, which is free and will remain free of any lien, security interest or encumbrance created by or through the Debtor, and Debtor will defend the Collateral against all such claims and demands, which Secured Party deems to be adverse to its interests, of any person at any time claiming the same or any interest therein.

2. The Cars constitute goods which are mobile and which are of a type normally used in more than one jurisdiction and the Debtor has its chief executive office in Maryland. The Debtor shall not change the location of its chief executive office without notifying the Secured Party in advance. The Debtor will take no action to permit the Cars to be maintained other than in accordance with the terms of the Lease, and the Debtor will not take any action to permit the Cars to be wasted, misused, abused or to deteriorate, or be used in violation of any law, ordinance or regulation of any governmental authority insofar as it adversely affects the value of the Cars or the security interests granted hereunder.

3. All taxes and assessments upon the Collateral or its operation or use shall be paid by Lessee or out of the Collateral.

4. At its option, and without any obligation to do so, Secured Party may discharge or pay any taxes, liens, security interests, or other encumbrances at any time levied or placed on or against the Collateral or Debtor in breach of this Agreement, and may pay for insurance on the Collateral and may pay for its maintenance and preservation. Debtor agrees to reimburse Secured Party on demand for any such payment made, or expense incurred, pursuant to the foregoing authorization.

5. The Collateral will not (except as provided in the Note Purchase Agreement or in this Security Agreement) be sold, transferred, substantially modified (except to the extent permitted in or required by the Lease), pledged, assigned, hypothecated, further encumbered or disposed of by the Debtor, without the prior written consent of the Secured Party.

6. Debtor shall execute from time to time, alone or with Secured Party, any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents and do such other acts considered by Secured Party to be reasonably necessary or desirable to perfect or protect the security interests hereby created. All cost and expenses (including without limitation reasonable fees and expenses of counsel and filing fees) related to the preparation and filing of any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents related to the perfection or protection of the security interests hereby created

shall be paid if not by the Lessee under the Lease then out of the Collateral. If Debtor shall fail to execute such documents following a request to do so, Debtor hereby authorizes Secured Party as Debtor's agent and attorney in fact to execute and file in any appropriate office Security Agreements, UCC Financing Statements, UCC Continuation Statements and similar instruments signed by Secured Party alone. A carbon, photographic or other reproduction of a financing statement or this or any other security agreement shall be sufficient as a financing statement.

7. The Debtor has delivered to Secured Party the original Lease and original Guaranty assigned hereunder. All other copies of the Lease and the Guaranty in existence are marked on their faces and signature pages to indicate their status as non-original copies only.

Article III Events of Default

Debtor shall be in default under this Security Agreement upon the happening of any default or Event of Default as set forth in the Note Purchase Agreement.

Article IV Secured Party's Remedies

Subject to the limitation provided in Article V hereof, the following shall apply:

Upon an Event of Default hereunder and so long as it is continuing, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Wisconsin and all other applicable laws. Without limiting the generality of the foregoing, Secured Party may, upon an Event of Default hereunder, exercise the following rights and remedies:

1. Secured Party may, subject to Lessee's right of quiet enjoyment, provided no Lease event of default has occurred and is continuing, peaceably by its own means or with judicial assistance enter the premises where any Collateral is located and take possession of the Collateral, or render it unusable, or dispose of the Collateral on such premises, and Debtor will not resist or interfere with such action.

2. Secured Party may, subject to Lessee's right of quiet enjoyment, provided no Lease event of default has occurred and is continuing, require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at any place within the continental limits of the United States designated in a notice sent to Debtor and consistent with the return provisions of the Lease.

3. Debtor hereby agrees that a notice sent to it at least ten (10) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition.

4. If any Event of Default (as defined in the Lease) has occurred and is continuing, subject to Debtor's right to cure Lessee's defaults as set forth in the Note Purchase Agreement, as assignee of Debtor's interest in the Lease, exercise any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease (excepting only Excluded Rights and Excluded Payments).

5. Secured Party may incur reasonable attorneys' fees and expenses in exercising any of its rights and remedies upon default, which fees and expenses shall become part of Secured Party's expenses of retaking, holding, preparing for sale and the like. Debtor will reimburse Secured Party on demand for all such expenses.

6. Debtor agrees that if any warranty or representation contained herein should prove to be untrue or incorrect in any material respect when made, notwithstanding any other provisions contained herein or in any other agreement between the Debtor and Secured Party, the Secured Party may at its option terminate this Agreement and accelerate the loan made in connection with this Agreement, and Debtor shall pay to Secured Party the principal amount due on the Note(s) together with accrued interest, plus costs and expenses incurred by the Secured Party arising out of enforcement of this provision.

Article V Standstill

Notwithstanding any provision hereof to the contrary, the Secured Party agrees that:

1. If it shall proceed to exercise any of the remedies set forth herein, it shall, to the extent that it is entitled to do so hereunder and under the Lease (pursuant to the collateral assignment by Debtor under the Assignment), prior thereto or concurrently proceed to exercise any and all of the similar remedies set forth in the Lease; provided, that the requirement to exercise such Lease remedies shall not apply in circumstances where such exercise has been involuntarily stayed or prohibited by applicable law or court order for a continuous period in excess of ninety (90) days (the "Standstill Period").

2. Any Event of Default arising pursuant to Section 11(a)(iv) or (v) of the Lease (a "Bankruptcy Default") shall not result in an Event of Default hereunder so long as (i) from and after the 91st day after the imposition of any stay, or similar prohibition of actions pursuant to such Bankruptcy Default (a "Stay") all existing Events of Default are cured and no other Events of Default shall occur and remain uncured, in each such case, by either Debtor or Lessee, or (ii) the Secured Party otherwise agrees to an extension of the Standstill Period.

3. Nothing contained in Section 2 of this Article V shall be deemed to expand or increase the cure rights otherwise available to Debtor under the Note Purchase Agreement.

Article VI Miscellaneous

1. The rights and remedies contained herein are in addition to those granted by Debtor to Secured Party in the various Loan Documents as to the Collateral which is the subject of this Agreement. No delay or omission of the Secured Party to exercise any remedy shall exhaust or impair any remedy of the Secured Party, nor shall any waiver by the Secured Party extend to or be taken to affect any subsequent default. No remedy hereunder is intended to be exclusive of any other remedy, but shall be cumulative to any and every other remedy to which the Secured Party is entitled. The Secured Party shall not be required first to look to, enforce or exhaust any other security, collateral or guarantees.

2. This Security Agreement shall be deemed delivered in the State of Wisconsin and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Wisconsin.

3. Any notice or notification required to be given or which may be given, shall be given as provided in the Note Purchase Agreement.

4. All the terms, conditions and covenants of this Security Agreement shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

5. This Security Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

6. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

7. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Loan Documents and the Lease.

Article VII Non-Recourse

Notwithstanding any provision of the Loan Documents to the contrary, the Obligations shall be satisfied solely out of the Collateral (as defined in the Loan Documents). Without limiting the generality of the foregoing, the Debtor shall have no liability to make any payments under this Agreement, the Note(s), or any of the other Loan Documents whatsoever except from the Collateral. In addition, the Debtor:

(a) makes no representation or warranty as to, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease, the Guaranty or the other Operative Agreements by or against any party thereto (other than the Debtor), or of any of the parties' (other than the Debtor's) respective obligations thereunder, and

EXHIBIT A

DESCRIPTION OF RAILCARS

Three hundred (300) tank cars built in 1998 bearing the following reporting marks and numbers:

UTLX 301000 through 301299, inclusive

THE FIRST NATIONAL BANK OF MARYLAND

MEMORANDUM OF RAILCAR LEASE AGREEMENT

dated as of September 4, 1998

between

THE FIRST NATIONAL BANK OF MARYLAND,

as Lessor

and

ANGLO AMERICAN CLAYS CORPORATION,

as Lessee

MEMORANDUM OF RAILCAR LEASE AGREEMENT

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is entered into as of this 4th day of September, 1998, by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association ("Lessor"), and ANGLO AMERICAN CLAYS CORPORATION, a Delaware corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor the railcars described on Exhibit A attached hereto, all as more particularly described in that certain Railcar Lease Agreement dated as of September 4, 1998 and Schedule No. 1 executed pursuant thereto (the "Lease"), between Lessor and Lessee.
2. The Lease shall be effective as of the execution date thereof and shall be subject to the Term of the Lease, as defined therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

THE FIRST NATIONAL BANK OF MARYLAND

Lessor

By: Richard M. Folio

ANGLO AMERICAN CLAYS CORPORATION

Lessee

By: J. A. Mauldin

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

On this 3rd day of Sept., 1998 before me personally appeared, RICHARD M. FOLIO, to me personally known, who being by me duly sworn, says that he is a Vice President of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on Sept. 3, 1998 on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Michelle E. Sperato
Notary Public

[Notarial Seal]

My commission expires: January 28, 2001

STATE OF Georgia, COUNTY OF DeKalb, TO WIT:

On this 31st day of August, 1998 before me personally appeared Jean A. Muello to me personally known, who being by me duly sworn, says that he is the Exec. VP & CFO of ANGLO AMERICAN CLAYS CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on August 31, 1998 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gayle Donald
Notary Public

[Notarial Seal]

My commission expires: Notary Public, DeKalb County, Georgia
My Commission Expires May 1, 2001

J:Bond/Michele/ECCInternational(1837)/FN183711.MEM/mes

DESCRIPTION OF RAILCARS

Three hundred (300) tank cars built in 1998 bearing the following reporting marks and numbers:

UTLX 301000 through 301299, inclusive

THE FIRST NATIONAL BANK OF MARYLAND

RAILCAR LEASE GUARANTY

This RAILCAR LEASE GUARANTY (this "Guaranty") is executed and delivered as a Deed in favor of THE FIRST NATIONAL BANK OF MARYLAND, its successors and assigns ("Lessor"), in connection with that certain Railcar Lease Agreement dated as of September 4, 1998 together with all Schedules executed or to be executed pursuant thereto (the "Lease"), by and between Lessor and ANGLO AMERICAN CLAYS CORPORATION, its successors and assigns ("Lessee").

In order to induce Lessor to enter into the Lease (execution and delivery hereof being a condition precedent to Lessor's obligations under the Lease), with the Lessee, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned ("Guarantor") hereby UNCONDITIONALLY GUARANTEES (a) to pay Lessor in lawful money of the United States of America all rents and other sums reserved in the Lease, or any substitutions therefor, in the amounts, at the times and in the manner required to be paid by Lessee under the Lease, as amended from time to time; and (b) to perform, at the time and in the manner set forth in the Lease, as amended from time to time, all of the terms, covenants and conditions therein required to be kept, observed or performed by Lessee (collectively, the "Obligations"); provided, however, Guarantor's liability and responsibility under this Guaranty with respect to the payment of rent, Stipulated Loss Value Payments and Make-Whole Premium shall not exceed, in the aggregate, U.S. \$32,600,000. The foregoing limitation of liability and responsibility shall not apply to any other Obligations.

1. This Guaranty is a continuing one and shall terminate only upon full payment of all rents and all other sums (including, without limitation, all Stipulated Loss Value payments and the Make-Whole Premium, if any) due under the Lease and the performance of all of the terms, covenants and conditions therein required to be kept, observed or performed by Lessee, including such payment and performance under all schedules made a part of the Lease, whether to be performed before or after the last rent payment has been made under the Lease. Lessor may make claims and demands of the Guarantor without limit in number. Guarantor's liability and responsibility in this Guaranty shall be no greater than that of Lessee.

2. Guarantor authorizes Lessor, with Lessee's consent where required, without notice or demand, and without affecting its liability hereunder, from time to time to: (a) change the amount, time or manner of payment of rent or other sums reserved in the Lease; (b) change any of the terms, covenants, conditions or provisions of the Lease; (c) amend, modify, change or supplement the Lease; (d) consent to Lessee's assignment of the Lease or to the sublease of all, or any portion, of the equipment covered by the Lease; (e) receive and hold security for the payment of this Guaranty or the performance of the Lease, and exchange, enforce, waive and release any such security; and (f) apply such security and direct the order or manner of sale thereof as Lessor in its discretion may determine.

3. Guarantor waives any right to require Lessor to: (a) proceed against Lessee; (b) proceed against or exhaust any security held from Lessee; (c) pursue any other remedy in Lessor's power whatsoever; or (d) except as otherwise expressly provided in this Section 3, notify Guarantor of any default by Lessee in the payment of any rent or other sums reserved in the Lease or in the performance of any term, covenant or condition therein required to be kept, observed or performed by Lessee. Guarantor further waives any defense arising by reason of any disability or other defense of Lessee, any lack of authority of Lessee with respect to the Lease, the invalidity, illegality or lack of enforceability of the Lease from any cause whatsoever, the failure of Lessor to acquire title to the equipment subject to the Lease or to perfect or maintain perfection of any interest therein or the cessation from any cause whatsoever of the liability of Lessee; provided, however, that Guarantor does not waive any defense arising from the due performance by Lessee of the terms and conditions of the Lease. Guarantor's liability to Lessor shall not be discharged, impaired or affected by reason of: (a) any time or indulgence which Lessor may grant to Lessee or any other person; (b) any legal limitation, disability or incapacity or other circumstances relating to Lessee or Guarantor or any amendment to or variation of any of the terms of any of the Obligations; (c) any invalidity or unenforceability of the Obligations; (d) the liquidation or dissolution of Lessee or the appointment of a receiver, administrative receiver or administrator of any assets of the Lessee or any change or control of Lessee or the occurrence of any circumstance affecting the liability of Lessee to discharge any of the Obligations; (e) the taking, holding, failure to take or hold, variation, realization, non-

enforcement, non-protection or release by Lessee or any other person of any other guarantee or indemnity or any security for any of the Obligation; or (f) any other matter or circumstance whereby but for this provision Guarantor would or might be discharged from liability under this Guaranty. Upon demand, Guarantor agrees to pay and perform the Obligations regardless of any existing or future offset or claim which may be asserted by Guarantor. This Guaranty and Guarantor's payment obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment of any of the Obligations is rescinded or must otherwise be restored or returned by Lessor, all as though such payment had not been made. Lessor's good faith determination as to whether a payment must be restored or returned shall be binding on Guarantor. Payment of all amounts now or hereafter owed to the Guarantor by Lessee or any other obligor for any of the Obligations is hereby subordinated in right of payment to the indefeasible payment in full to Lessor of all Obligations and is hereby assigned to Lessor as security therefor. Unless and until the payment and performance of all Obligations shall have occurred, Guarantor irrevocably and unconditionally waives and relinquishes all statutory, contractual, common law, equitable and all other claims against Lessee or any other obligor for any of the Obligations, any collateral therefor, or any other assets of Lessee or any other obligor for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse in respect of sums paid or payable to Lessor by Guarantor hereunder, and Guarantor hereby further irrevocably and unconditionally waives and relinquishes any and all other benefits which it might otherwise directly or indirectly receive or be entitled to by reason of any amounts paid by, or collected or due from, Guarantor, Lessee or any other obligor for any of the Obligations, or realized from any of their respective assets. Guarantor waives all presentments, demands for performance, protests, notices of dishonor, and notices of acceptance of this Guaranty.

4. Guarantor represents and warrants to Lessor that: (a)(1) Guarantor is a corporation duly incorporated and validly existing in good standing under the laws of England. (2) The execution, delivery and performance hereof: (x) have been duly authorized by all necessary corporate action on the part of Guarantor; (y) do not require the approval of any shareholders, trustee or holder of any obligations of Guarantor except such as have been duly obtained; and (z) do not and will not contravene any law, governmental rule, regulation or order now binding on Guarantor, or the memorandum or articles of association of Guarantor, or contravene the provisions of, or constitute a default under, or result in the creation of any lien or encumbrance upon the property of Guarantor under, any indenture, mortgage, contract or other agreement to which Guarantor is a party or by which it or its property is bound. (3) The financial statements of Guarantor (copies of which have been furnished to Lessor) have been prepared in accordance with United Kingdom generally accepted accounting principles consistently applied ("GAAP"), and fairly present Guarantor's financial condition and the results of its operations as of the date of and for the period covered by such statements, and since the date of such statements there has been no material adverse change in such conditions or operations. (b) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with the terms hereof, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and by applicable laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein. (c) There are no pending actions or proceedings to which Guarantor is a party, and there are no other pending or threatened actions or proceedings of which Guarantor has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would materially adversely affect the financial condition of Guarantor, or the ability of Guarantor to perform its obligations hereunder. (d) Guarantor is not in default under any material obligation for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent under any lease agreement which, either individually or in the aggregate, would have the same such effect.

5. Guarantor covenants and agrees that: (a) it will provide to Lessor: (i) within one hundred twenty (120) days after the end of each fiscal year of Guarantor, the balance sheet and related statement of income and statement of cash flows of Guarantor, prepared in accordance with GAAP, all in reasonable detail and certified by independent certified public accountants of recognized standing selected by Guarantor; (2) within ninety (90) days after the end of Guarantor's first fiscal half year, the balance sheet and related statement of income and statement of cash flows of Guarantor for such half year, prepared in accordance with GAAP; and (3) within thirty (30) days after the date on which they are filed, all regular periodic reports, forms and other filings required to be made by Guarantor to the London Stock Exchange, if any; and (b) it will promptly execute and deliver to Lessor such further documents, instruments and assurances and take such further action as Lessor from time to time may reasonably request in order to carry out the intent and purpose of this Guaranty and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

6. All payments made by Guarantor hereunder will be made in United States Dollars, without setoff or counterclaim and free and clear of, and without deduction or withholding for, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or

by any political subdivision or taxing authority thereof or therein (but excluding, except as provided below, any tax imposed or measured by net income of Lessor) and all interests, penalties or similar liabilities with respect thereto. The Guarantor shall also indemnify and reimburse Lessor, upon the written request of Lessor, for (i) taxes imposed on or measured by the net income of Lessor as Lessor shall determine are payable by Lessor in respect of amounts paid to or on behalf of Lessor pursuant to the preceding sentence and (ii) any franchise taxes imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding any franchise taxes imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding any franchise tax imposed by the State of Maryland) by reason of the activities of Lessor in negotiating, entering into, carrying out and enforcing its rights and remedies hereunder (all taxes described in this Section 6 collectively, "Taxes"). If any Taxes are so levied or imposed, Guarantor agrees to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due hereunder, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein. Guarantor will promptly furnish to Lessor tax receipts or other evidence of the payment by Guarantor of any such Taxes that are due under applicable law and if Lessor pays any such Taxes, Lessor shall furnish copies of tax receipts evidencing such payment to Guarantor. Guarantor will indemnify and hold harmless Lessor and reimburse Lessor upon its written request, for the amount of any Taxes so levied or imposed and paid by Lessor and not by Guarantor.

7. Guarantor shall be deemed to be in default hereunder ("Default") if: (a) Guarantor shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure shall continue unremedied for a period of ten (10) days after the earlier of the actual knowledge of Guarantor or written notice thereof to Guarantor by Lessor; or (b) Guarantor shall (1) be generally not paying its debts as they become due, (2) take action for the purpose of invoking the protection of any bankruptcy or insolvency law, or any such law is invoked against or with respect to Guarantor or its property, and such petition filed against Guarantor is not dismissed within sixty (60) days; or (c) there is an anticipatory repudiation of Guarantor's obligations pursuant to this Guaranty; or (d) any certificate, statement, representation, warranty or audit contained herein or heretofore or hereafter furnished with respect to this Guaranty by or on behalf of Guarantor proving to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or having omitted any substantial contingent or unliquidated liability or claim against Guarantor; or (e) Guarantor shall be in default under any obligation for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent, and the applicable grace period with respect thereto shall have expired, unless Guarantor shall be diligently contesting such obligation in good faith by proper proceedings; or (f) the corporate existence of Guarantor is terminated and its obligations in connection with this Guaranty are not assumed by a successor in interest reasonably satisfactory to Lessor; or (g) (in the event the voting capital stock of Guarantor is then privately owned) effective control of Guarantor's voting shares, issued from time to time, is not retained by the shareholders at the time of the Guarantor becoming private (unless Guarantor shall have provided sixty (60) days' prior written notice to Lessor of the proposed disposition of shares and Lessor shall have consented thereto in writing); or (h) (in the event the voting shares of Guarantor are then publicly held) any person, or group of persons acting in concert (as defined in the City Code on Takeovers and Mergers), acquires control (as defined in Section 416 of the Income and Corporation Taxes Act 1988) of Guarantor and after such acquisition, the senior, unsecured debt obligations of Guarantor are rated less than A- by Standard & Poor's Ratings Group or less than A3 by Moody's Investor's Service, Inc.

Upon a Default hereunder, Lessor may, at its option, declare this Guaranty to be in default by written notice to Guarantor (without election of remedies), and at any time thereafter, may do any one or more of the following, all of which are hereby authorized by Guarantor:

- A. declare the Lease to be in default and thereafter sue for and recover all liquidated damages, accelerated rentals and/or other sums otherwise recoverable from Lessee thereunder; and/or
- B. sue for and recover all damages then or thereafter incurred by Lessor as a result of such Default; and/or
- C. seek specific performance of Guarantor's obligations hereunder.

In addition, Guarantor shall be liable for all reasonable attorneys' fees and other costs and expenses incurred by reason of any Default or the exercise of Lessor's remedies hereunder and/or under the Lease. No right or remedy referred to in this Section is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time.

The failure of Lessor to exercise the rights granted hereunder upon any Default by Guarantor shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such Default.

The obligations of the undersigned hereunder are independent of the obligations of Lessee. A separate action or actions may be brought and prosecuted against Guarantor whether an action is brought against Lessee or whether Lessee be joined in any such action or actions.

8. GUARANTOR AGREES THAT THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF LESSOR AND GUARANTOR HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF MARYLAND (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE). Guarantor agrees that any action or proceeding arising out of or relating to this Guaranty may be commenced in any state or Federal court in the State of Maryland, and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address hereinbelow set forth, or as it may provide in writing from time to time, or as otherwise provided under the laws of the State of Maryland.

9. In view of the commercial nature of the transactions contemplated hereby, Guarantor agrees that to the extent that Guarantor has or hereafter may acquire any right or immunity from suit or from execution on a judgment, it hereby irrevocably waives such right of immunity in respect of its obligations under this Guaranty and in respect of any actions or proceedings, wherever brought, to execute or otherwise enforce any judgment obtained against Guarantor for breach of such obligations and further irrevocably agrees that it and its property are and shall be subject to suit and execution on a judgment on account of the obligations incurred by it under this Guaranty. Guarantor further agrees that any legal action or proceeding with respect to this Guaranty or any action or proceeding to execute or otherwise enforce any judgment for the breach hereof obtained against Guarantor or against any of its property may be brought in the courts of the State of Maryland or of the United States Courts for the District of Maryland, or in any other court having jurisdiction over the subject matter, all at the sole election of Lessor, and by execution and delivery of this Guaranty, Guarantor irrevocably submits, generally and individually, to each such jurisdiction. Guarantor irrevocably designates, appoints and empowers the Treasurer of Lessee (who on the date hereof is Jeffrey C. Hicks) with offices on the date of this Guaranty at Anglo American Clays Corporation, 100 Mansell Court, East, Suite 300, Roswell, Georgia 30076 to receive for and on its behalf service of process in any legal action or proceeding with respect to this Guaranty. This appointment shall be deemed to be an agency coupled with an interest and shall be irrevocable until the obligations of Guarantor under this Guaranty are fully satisfied. Guarantor agrees not to assert as a defense to any amount owing to Lessor under this Guaranty the interference of any administrative or governmental authority of England.

10. If for the purpose of obtaining judgment in any court in any country it becomes necessary to convert into any other currency (the "Judgment Currency") an amount due in United States currency under this Guaranty, then the conversion shall be made at the rate of exchange prevailing in the New York foreign exchange market on the day before the day on which the judgment is given (the "Conversion Date"). If there is a change in the rate of exchange prevailing between the Conversion Date and the date of actual payment of the amount due, Guarantor will pay such additional amounts (if any) as may be necessary to insure that the amount paid in the Judgment Currency when converted at the rate of exchange prevailing on the date of payment will produce the amount when due under this Guaranty in United States currency. Any additional amount due from Guarantor under this Section will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Guaranty. The term "rate of exchange" as used herein means the spot rate at which Lessor in accordance with its normal practice is able on the relevant date to purchase United States currency with the Judgment Currency and includes any premium and costs of exchange payable in connection with such purchase.

11. GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH GUARANTOR AND LESSOR MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS GUARANTY OR THE LEASE. IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS GUARANTY. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY GUARANTOR AND GUARANTOR HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY

OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. GUARANTOR FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

12. Any notice to be given under this Guaranty shall be in writing and shall be deemed to have been given or made when delivered by hand on a business day, or two days after the date sent by first class pre-paid recorded delivery post, or when sent by overnight courier, on the business day next following the day on which the notice is delivered to such overnight courier, addressed as follows:

Guarantor: English China Clays plc
1015 Arlington Business Park
Theale, Reading, Berks RG7 4SA
Attention: Company Secretary

Lessor: The First National Bank of Maryland
Transportation and Leasing Division
25 South Charles Street
Mail Code: 101-460
Baltimore, Maryland 21201

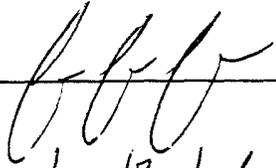
13. This Guaranty shall inure to the benefit of Lessor, its successors and assigns, including, without limitation, Lender (as defined in the Lease), and shall be binding upon the successors and assigns of Guarantor. Guarantor hereby acknowledges the collateral assignment of this Guaranty by Lessor to Lender.

14. Guarantor acknowledges that is has reviewed the Lease, a copy of which is attached hereto as Exhibit A.

[SIGNATURE APPEARS ON NEXT PAGE]

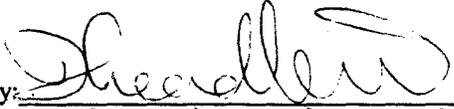
IN WITNESS WHEREOF, Guarantor has caused this instrument to be duly executed, as a Deed, as of the
4th day of September, 1998.

ATTEST/WITNESS:



James John Joseph
Solicitor.

ENGLISH CHINA CLAYS PLC

By: 

Name: DAVID LEADBEATER
Title: HEAD OF TAX & TREASURY

By: _____
Name:
Title:

Signatures to be authenticated by an apostille at the United States Consulate

J:Bond/Michele/ECCInternatinal(1837)/FN183710.GUA/mes

COPY OF LEASE AND SCHEDULE NO. 1

[INTENTIONALLY LEFT BLANK]