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**SECOND AMENDMENT TO LEASE AGREEMENT**

This SECOND AMENDMENT TO LEASE AGREEMENT (this "Agreement"), dated as of February 29, 1996, is between PCS PHOSPHATE COMPANY, INC., a Delaware corporation (formerly Texasgulf Inc.) (the "Lessee"), and FLEET NATIONAL BANK OF CONNECTICUT (formerly known as Shawmut Bank Connecticut, N.A. (formerly The Connecticut National Bank)) (in its individual capacity, "Fleet" and, in its capacity as owner trustee, the "Owner Trustee"), as successor Owner Trustee under a Trust Agreement dated as of February 1, 1985 for the benefit of Nichimen America Capital Corporation as successor in interest to Nichimen America Inc., a New York corporation ("Nichimen America") (the "Owner Participant").

**RECITALS**

A. Lessee entered into a Participation Agreement dated as of February 1, 1985 with Fleet, Owner Trustee, Nichimen America, Morgan Guaranty Trust Company of New York (the "Loan Participant") and Wachovia Bank of North Carolina, N.A. (formerly, Wachovia Bank and Trust Company, N.A.), as indenture trustee (the "Indenture Trustee") (as amended, supplemented and otherwise modified from time to time, the "Participation Agreement") and the Participation Agreement is in full force and effect.

B. The Participation Agreement provided for, among other things, the sale by Lessee to Owner Trustee of the Rail Cars and the leasing of such Rail Cars by Owner Trustee to Lessee pursuant to a Lease Agreement dated as of February 1, 1985 between Owner Trustee and Lessee (as amended, supplemented and otherwise modified from time to time, the "Lease") and the Lease is in full force and effect.

C. A subsidiary of Potash Corporation of Saskatchewan Inc., a Saskatchewan corporation ("Potash"), acquired all of the outstanding capital stock of Lessee pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of March 5, 1995, among Elf Aquitaine, Inc., a Delaware corporation, Williams Acquisition Holding Company, Inc., a New Jersey corporation, Potash, Reserveco, a Delaware corporation, and Lessee.

D. The Lease was amended on April 8, 1985 in order to replace the Appendix C thereto (the Basic Rent Schedule);

E. Lessee has agreed to further amend the Lease in accordance with the terms and conditions of this Agreement and Potash has agreed to give a guaranty dated as of April 10, 1995 among Potash, Owner Trustee and Fleet (the "Potash Guaranty").

F. Contemporaneously with the execution of this Agreement, the parties to the Participation Agreement are entering into a First Amendment to Participation Agreement among the parties named therein dated as of the date hereof (the "Participation Agreement Amendment").

G. Contemporaneously with the execution of this Agreement, Owner Trustee and Indenture Trustee are entering into a Second Amendment of Indenture and Security Agreement between Owner Trustee and Indenture Trustee dated as of the date hereof (the "Indenture Amendment").

NOW THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Each capitalized term used but not otherwise defined herein has the meaning given such term or defined by reference in the Lease.

2. Amendments. Effective as of and after the Effective Date, the Lease is hereby amended as follows:

(a) Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Lease shall from and after the date hereof refer to the Lease as amended hereby.

(b) The definitions contained in Section 1 of the Lease are amended by the inclusion of the following:

"Derivatives Obligations" of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions, or any combination of the foregoing transactions).

"Material Debt" means Debt of the Lessee and/or one or more of its subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal or face amount exceeding U.S. \$20,000,000.

"Material Financial Obligations" means a principal or face amount of Debt and/or payment obligations in respect of Derivatives Obligations of the Lessee and/or one or more of its subsidiaries, arising in one or more related or unrelated transactions, exceeding in the aggregate U.S. \$20,000,000.

(c) Section 14 of the Lease is amended by deletion of the word "or" at the end of clause (10) thereof, replacement of the period at the end of clause (11) thereof with a semi-colon, and the inclusion of the following:

(12) the Lessee or the Guarantor shall fail to make any payment in respect of any Material Financial Obligations when due or within any applicable grace period;

(13) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt or enables the holder of such Debt or any Person acting on such holder's behalf to accelerate the maturity thereof; or

(14) the Guarantor shall default in the observance or performance of its covenants contained in Sections 4(a), (d), (e), (f) and (g) of the Guaranty, or default in the observance or performance of any other covenant or agreement contained in the Guaranty and such default shall continue unremedied for a period of 10 Business Days after notice thereof shall have been given by Lessor to Lessee and the Guarantor.

(d) The 16th line of page 41 of the Lease is deleted in its entirety and replaced with the following:

then, in any such case, the Lessor, at its option, may declare the Lease to be in default (except that no such declaration shall be required in the case of an Event of Default pursuant to paragraphs (9) and (10) of this Section ) and:

(e) All references to "Lessee" in Sections 14.1 (3), (7), (8), (9), (10) and (11) shall be deemed to be references to "Lessee or Guarantor."

(f) Section 14.4 of the Lease shall be deleted in its entirety and replaced with the following:

Lessee agrees to furnish Lessor, the Owner Participant, the Indenture Trustee and any holder of a Loan Certificate promptly upon any Responsible Officer becoming aware of any condition which constituted or constitutes a Default or Event of Default, written notice specifying such condition and the nature and status thereof.

3. Effective Date. This Agreement shall become effective on the date (the "Effective Date") on which all of the following conditions shall have been satisfied:

(a) The Owner Trustee, the Owner Participant and the Loan Participant shall have received on or before the Effective Date the following, each dated such date, in form and substance satisfactory to the Owner Trustee and the Loan Participant:

(i) copies of the resolutions of the Board of Directors of Lessee authorizing the execution, delivery and performance of this Agreement and any other documents which may be delivered in connection herewith certified by the Secretary or an Assistant Secretary of Lessee (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(ii) a certificate of the Secretary or an Assistant Secretary of Lessee certifying the names and true signatures of the officers of Lessee authorized to sign this Agreement;

(iii) copies of the Certificate of Incorporation and By-Laws of Lessee, certified by the Secretary or Assistant Secretary of Lessee;

(iv) a Certificate of Status issued by the Secretary of State of Delaware as to the legal existence and good standing of Lessee;

(v) copies of the resolutions of the Board of Directors of Potash authorizing the execution, delivery and performance of the Potash Guaranty and any other documents which may be delivered in connection therewith certified by the Secretary or an Assistant Secretary of Potash (which certificate shall state that such resolutions are in full force and effect on the Effective Date);

(vi) copies of the Articles of Incorporation and By-Laws of Potash, certified by the Secretary or Assistant Secretary of Potash;

(vii) a Certificate of Status issued by the Province of Saskatchewan Ministry of Justice (Corporations Branch) as to the legal existence and good standing of Potash;

(viii) a certificate of the Secretary or an Assistant Secretary of Potash certifying the names and true signatures of the officers of Potash authorized to sign the Potash Guaranty;

(ix) favorable opinions of Arent Fox Kintner Plotkin & Kahn, special counsel to Lessee and Potash, T. Carlton Younger, Jr., General Counsel of Lessee and of John L.M. Hampton, General Counsel of Potash in a form and as to such matters as the Owner Trustee, the Owner Participant and the Loan Participant may reasonably request;

(x) an executed counterpart of this Agreement, the Participation Amendment Agreement, the Indenture Amendment (collectively, the "Amendments") and the Potash Guaranty shall have been duly authorized, executed and delivered;

(xi) an Officer's Certificate of Potash, dated the Effective Date, stating that the representations and warranties of Potash contained in the Potash Guaranty are true and accurate on and as of the Effective Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date); and

(xii) such other documents, instruments, approvals and opinions as the Owner Trustee, the Owner Participant and the Loan Participant may reasonably request.

(b) No action or proceeding shall have been instituted or threatened for the purpose or with the probable or reasonably likely effect of enjoining or preventing the execution, delivery and performance of this Agreement, the Indenture Amendment or the Potash Guaranty or the consummation of the transactions contemplated hereby and thereby.

(c) Any required consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign or of any other person, individual person, corporation, partnership, trust, joint venture or other entity necessary by or with respect to Lessee or Potash in connection with the execution and delivery or performance of this Agreement by Lessee or the Potash Guaranty by Potash shall have been obtained.

4. Miscellaneous.

(a) Costs, Expenses and Taxes. Lessee agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution and delivery of the Amendments, the Potash Guaranty and any other documents which may be delivered in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Loan Participant, the Owner Participant and the Owner Trustee with respect thereto. In addition, Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of the Amendments or the Potash Guaranty and agrees to save Loan Participant, the Owner Participant and Owner Trustee harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(c) Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which, subject to the following sentence, when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. To the extent, if any, that this Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Agreement may be created through the transfer or possession of any counterpart hereof other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page hereof. The provisions of Section 19 of the Lease shall be deemed to apply to this Amendment and are incorporated in full reference herein.

(d) Amendments. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought.

(e) Effect of Agreement. Except as otherwise expressly provided in Section 2 of this Agreement, which shall be read as one with the Lease as if fully set forth therein, the Lease shall remain unchanged and in full force and effect and is hereby confirmed in all respects. In the event of any conflict between the provisions of Section 2 of this Agreement and the Lease, the provisions of Section 2 hereof shall govern.

(f) Headings; References. The headings of the various sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. All references in this Agreement to Sections, Exhibits and Appendices refer, unless otherwise specified, to Sections, Exhibits and Appendices of the Lease.

(g) Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Agreement has been delivered in the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

**LESSEE:**

PCS PHOSPHATE COMPANY, INC.

By: 

Name:

**Barry E. Humphreys**

Title:

**Treasurer**

**OWNER TRUSTEE:**

FLEET NATIONAL BANK OF CONNECTICUT  
individually and as Owner Trustee

By: \_\_\_\_\_

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

**LESSEE:**

PCS PHOSPHATE COMPANY, INC.

By: \_\_\_\_\_

Name:

Title:

**OWNER TRUSTEE:**

FLEET NATIONAL BANK OF CONNECTICUT  
individually and as Owner Trustee

By:  \_\_\_\_\_

Name:

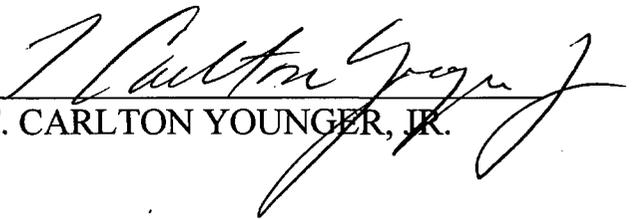
Kathy A. Larimore

Title:

Assistant Vice President

State of North Carolina )  
 ) :ss  
County of Wake )

I, T. Carlton Younger, Jr., being duly sworn do hereby certify that the attached "Second Amendment to Lease Agreement" dated as of February 29, 1996 between PCS Phosphate Company, Inc. and Fleet National Bank of Connecticut, consisting of eight pages, is a true and complete copy of the original hereof.

  
T. CARLTON YOUNGER, JR.

Subscribed and Sworn to before me this 28<sup>th</sup> day of February, 1997.



  
NOTARY PUBLIC

My Commission expires: August 12, 2000