

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

ROBERT W. ALVORD\*  
CHARLES T. KAPPLER  
JOHN H. DOYLE\*  
JAMES C. MARTIN, JR.\*

\*ALSO ADMITTED IN NEW YORK  
\*ALSO ADMITTED IN MARYLAND

LAW OFFICES  
**ALVORD AND ALVORD**

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2978

(202) 393-2266

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RECORDED AND INDEXED FILED 1992

OF COUNSEL  
URBAN A. LESTER

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JUN 30 1992 7 26 PM

INTERSTATE COMMERCE COMMISSION

June 30, 1992

2-182A028

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Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

17842  
RECORDED AND INDEXED FILED 1992

JUN 30 1992 - 12 10 PM

INTERSTATE COMMERCE COMMISSION

New Number

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) fully executed copies each of 1) a Railroad Equipment Lease Agreement No. 3932 dated as of June 10, 1992 together with a Lease Schedule dated June 30, 1992 ("Lease") and 2) an Assignment dated June 30, 1992 ("Assignment"), a primary document and a secondary document, respectively.

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

LEASE

Lessor: John Hancock Leasing Corporation  
John Hancock Place  
197 Clarendon Street C-6  
Boston, Massachusetts 02117

Lessee: Conoco Inc.  
600 North Dairy Ashford Road  
Houston, Texas 77079

ASSIGNMENT

Assignor: John Hancock Leasing Corporation  
John Hancock Place  
197 Clarendon Street C-6  
Boston, Massachusetts 02117

Assignee: John Hancock Mutual Life Insurance Company  
John Hancock Place  
197 Clarendon Street C-6  
Boston, Massachusetts 02117

JUN 30 12 07 PM '92  
OFFICE OF THE CLERK  
INTERSTATE COMMERCE COMMISSION

*[Handwritten signatures]*

Mr. Sidney L. Strickland, Jr.  
June 30, 1992  
Page Two

A description of the railroad equipment covered by the enclosed document is set forth in Exhibit A attached hereto and made a part hereof.

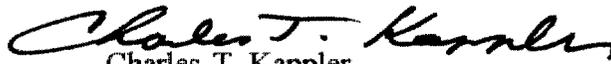
Also enclosed is a check in the amount of \$32.00 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return stamped copies of the enclosed documents not needed for your files to the undersigned.

A short summary of the enclosed primary and secondary documents to appear in the Commission's Index is:

Railroad Equipment Lease Agreement No. 3932 dated as of June 10, 1992 between John Hancock Leasing Corporation, Lessor, and Conoco Inc., Lessee and Assignment dated June 30, 1992 between John Hancock Leasing Corporation, Assignor, and John Hancock Mutual Life Insurance Company, covering 110 tank cars bearing CONX marks and numbers.

Very truly yours,

  
Charles T. Kappler

CTK/bg  
Enclosures

## EXHIBIT A

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
Trinity Industries	30	Model No. 10-301 30,143 Gallon 100 Ton Non-Coiled, Non-Insulated Cars		\$5,557,679.99
		Tank Car	492239	
		Tank Car	492240	
		Tank Car	492241	
		Tank Car	492242	
		Tank Car	492243	
		Tank Car	492244	
		Tank Car	492245	
		Tank Car	492246	
		Tank Car	492247	
		Tank Car	492248	
		Tank Car	492249	
		Tank Car	492250	
		Tank Car	492251	
		Tank Car	492252	
		Tank Car	492253	
		Tank Car	492254	
		Tank Car	492255	
		Tank Car	492256	
		Tank Car	492257	
		Tank Car	492258	
		Tank Car	492259	
		Tank Car	492260	
		Tank Car	492261	
		Tank Car	492262	
		Tank Car	492263	
		Tank Car	492264	
		Tank Car	492265	
		Tank Car	492266	
		Tank Car	492267	
		Tank Car	492268	
	50	Model No. 30-236 23,589 Gallon 100 Ton Coiled & Insulated Cars		
		Tank Car	492128	
		Tank Car	492129	
		Tank Car	492130	
		Tank Car	492131	
		Tank Car	492132	
		Tank Car	492133	
		Tank Car	492134	
		Tank Car	492135	

VENDOR

QUANTITY

DESCRIPTION

S/N

COST

Tank Car 492136  
Tank Car 492137  
Tank Car 492138  
Tank Car 492139  
Tank Car 492140  
Tank Car 492141  
Tank Car 492142  
Tank Car 492143  
Tank Car 492144  
Tank Car 492145  
Tank Car 492146  
Tank Car 492147  
Tank Car 492148  
Tank Car 492149  
Tank Car 492150  
Tank Car 492151  
Tank Car 492152  
Tank Car 492153  
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Tank Car 492156  
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Tank Car 492162  
Tank Car 492163  
Tank Car 492164  
Tank Car 492165  
Tank Car 492166  
Tank Car 492167  
Tank Car 492168  
Tank Car 492169  
Tank Car 492170  
Tank Car 492171  
Tank Car 492172  
Tank Car 492173  
Tank Car 492174  
Tank Car 492175  
Tank Car 492176  
Tank Car 492177

30

Model No. 30-255-5  
25,498 Gallon 100 Ton  
Coiled & Insulated Cars

Tank Car 492178  
Tank Car 492179  
Tank Car 492180  
Tank Car 492181  
Tank Car 492182  
Tank Car 492183  
Tank Car 492184  
Tank Car 492185

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
		Tank Car	492186	
		Tank Car	492187	
		Tank Car	492188	
		Tank Car	492189	
		Tank Car	492190	
		Tank Car	492191	
		Tank Car	492192	
		Tank Car	492193	
		Tank Car	492194	
		Tank Car	492195	
		Tank Car	492196	
		Tank Car	492197	
		Tank Car	492198	
		Tank Car	492199	
		Tank Car	492200	
		Tank Car	492201	
		Tank Car	492202	
		Tank Car	492203	
		Tank Car	492204	
		Tank Car	492205	
		Tank Car	492206	
		Tank Car	492207	

*RB*

Including all accessions, additions, attachments, replacements, repair, improvements, substitutions, and accessories thereto.

TOTAL COST: \$5,557,679.99

*EW*  
LESSEE: CONOCO, INC.

LESSOR: JOHN HANCOCK LEASING CORPORATION

BY: Bob Walker

BY: \_\_\_\_\_

TITLE: VICE PRESIDENT

TITLE \_\_\_\_\_

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RAILROAD EQUIPMENT LEASE AGREEMENT

17849  
JUN 30 1992 - 12 10 PM  
INTERSTATE COMMERCE COMMISSION

THIS RAILROAD EQUIPMENT LEASE AGREEMENT NO. 3932 ("Lease") is dated as of the 10th day of June, 1992 between JOHN HANCOCK LEASING CORPORATION ("Lessor"), a Delaware corporation with offices located at John Hancock Place, 197 Clarendon Street C-6, P.O. Box 111, Boston Massachusetts 02117, Attention: Vice President/Operations and CONOCO INC. ("Lessee"), a Delaware corporation, with offices located at 600 North Dairy Ashford, Houston, Texas 77079, Attention: Transportation Department, Rail Operations, Director of Rail Operations.

1. **LEASE AGREEMENT.** Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the railcars (individually "Railcar", collectively "Railcars") generally described in Exhibit A hereto, and more specifically described in the lease schedule(s), which are or may from time to time be executed by Lessor and Lessee pursuant to the terms of this Lease shall be deemed to be attached or incorporated herein by reference ("Lease Schedule"), and shall, upon the terms and conditions set forth in this Lease, as supplemented by the terms and conditions set forth in the appropriate Lease Schedule identifying the Railcars. Each Lease Schedule shall set forth the particulars regarding each Railcar including the price of the Railcar (including disclosure of all rebates, discounts and other incentives received or receivable with respect thereto), plus all taxes and other applicable costs, the aggregate of the foregoing being hereafter defined as "Total Cost" as well as the Periodic Rent and Stipulated Loss Values (as hereinafter defined for the Railcars identified in the applicable Lease Schedule, as well as such other information as Lessor may require. Whenever reference is made herein to the Lease it shall be deemed to include this agreement and each of the various Lease Schedules identifying the Railcars, all of which constitute one undivided lease of the Railcars, and the terms and conditions of which are incorporated herein by reference.

2. **PURCHASE ORDERS; ACCEPTANCE.** (a) **Specifications.** Lessee will assign to Lessor by documents satisfactory to Lessor purchase orders or agreements issued or entered into by Lessee for the Railcars, or Lessor shall issue Lessor's purchase orders to the suppliers of the Railcars, as Lessor at the time shall deem appropriate; all in form and substance satisfactory to Lessor. Lessee shall furnish Lessor detailed specifications ("Specifications") for the Railcars, including descriptions, prices, delivery terms and instructions and all other applicable specifications. Lessee assumes full responsibility with respect to the selection of Railcars supplied for lease and the Specifications thereof. Lessor shall have no liability or responsibility with respect thereto regardless of whether the specifications prove inadequate for the intended purpose or use.

(b) **Inspection; Acceptance.** It is Lessee's responsibility to receive and promptly inspect and test each Railcar tendered for delivery by a supplier. Lessor shall have no duty or obligation to inspect the Railcars.

(c) **Equipment Purchase Agency.** Lessor hereby appoints Lessee as its agent and attorney-in-fact for the sole purpose of purchasing from manufacturers and suppliers of Lessee's choice, any or all of the personal property which is intended to constitute Railcars for purposes of this Lease (for the purposes of this Section only all such items of personal property shall be herein called "Agency Property"). If Lessee elects with the prior approval of Lessor to purchase any Agency Property, Lessee shall write all purchase orders therefor so as to indicate that Lessee is ordering the Agency Property specified therein as agent and attorney-in-fact for Lessor. Upon Lessee's written request, Lessor shall provide Lessee with a letter, substantially in the form of the letter annexed hereto as Exhibit B, specifically disclosing and evidencing the agency relationship created herein. In consideration of Lessor's creation of the agency provisions of this Section, Lessee hereby specifically agrees to assume liability for, and indemnify and hold Lessor harmless on an after tax basis against, all claims, costs, expenses, losses, damages and liabilities arising from, pertaining to, or resulting from, directly or indirectly, (1) any act or failure to act on the part of Lessee hereunder including but not limited to claims for payment or otherwise by any manufacturer, or supplier of any, or (2) the manufacture, assembly, installation, ownership, use, possession, operation or Loss of any

Agency Property. Lessee agrees to follow Lessor's reasonable written instructions as may be delivered to Lessee, from time to time, with regard to the gathering and forwarding to Lessor of all documents in furtherance hereof.

Lessee represents, warrants and covenants, as follows:

(i) each bid acceptance letter ("Purchase Order") will be written by Lessee in accordance with this Section and only for personal property of the type which is intended to be leased by Lessor to Lessee pursuant to this Lease and as more specifically set forth on Exhibit A;

(ii) the aggregate cost of each item of Agency Property ordered on Purchase Orders issued pursuant to this Section shall not exceed the amounts set forth on Exhibit A, plus or minus ten (10%) percent;

(iii) each Purchase Order will be substantially in the form of the purchase order annexed hereto as Exhibit C and made a part hereof;

(iv) upon the execution by Lessee of any Purchase Order, Lessee will forward a duplicate copy thereof to Lessor at its office at the address set forth in Section 26 of this Lease;

(v) each vendor or supplier of Agency Property will invoice Lessor as the purchaser and the owner thereof, and each such invoice shall be sent to Lessor in care of Lessee;

(vi) each invoice received with respect to any Agency Property will contain a complete and accurate description of the Agency Property described therein to include all appropriate model and serial numbers thereof;

(vii) upon receipt of an invoice with respect to any Agency Property, Lessee will, on Lessor's behalf, promptly, according to the terms of such invoice, make payment to the vendor or supplier named thereon by means specified on said invoice, or by means of wire transfer (with evidence of payment that is satisfactory to Lessor) or Lessee's check (which check shall contain the legend: "Payment made for the account of John Hancock Leasing Corporation") and shall promptly forward to Lessor such evidence of payment;

(viii) upon delivery to Lessee of any item of Agency Property, Lessee will promptly forward to Lessor all invoices and photocopies of checks with respect thereto;

(ix) from the date of delivery of any item of Agency Property to Lessee, Lessee will cause insurance to be maintained with respect to such Agency Property as if the term of Lease hereunder had commenced as of such date, and as if it were already Railcars under this Lease; and

(x) from the date of delivery of any item of Agency Property, Lessee shall operate the Railcars in strict compliance with the terms of the Lease, as if the term of the Lease had commenced for the delivered Agency Property as of such date, as if it were already Railcars under this Lease.

It is understood and agreed that upon Lessor's audit and subsequent acceptance of a Lease Schedule covering the Agency Property and all documents related thereto as shall be deemed necessary by Lessor, Lessor shall reimburse Lessee for Lessee's expenditure on behalf of Lessor in accordance with the terms of such invoice. If Lessee fails to execute a Lease Schedule with respect to any item of Agency Property, or if Lessor does not accept any item of Agency Property as Railcars for purposes of this Lease, then Lessor shall have no obligation to reimburse Lessee for Lessee's payment therefor, and shall take such steps as may be reasonably necessary to convey legal title thereto to Lessee. Without Lessor's prior written consent to the contrary, Lessee's appointment as agent and attorney-in-fact pursuant to this Section shall terminate on July 1, 1992, or at such time as Lessee shall

have accepted the last item of Agency Property pursuant to the last Purchase Order executed hereunder, whichever is earlier. It is specifically agreed that Lessee shall not have the right to terminate this Agency Agreement. Such termination shall be automatic and require no further notice of any kind from Lessor.

(d) **Conditions.** Lessee shall deliver to Lessor such further instruments, documents and certifications as Lessor reasonably may request, including without limitation, documents in sufficient form for recording with the Interstate Commerce Commission ("ICC"), Uniform Commercial Code ("UCC") financing statements, evidences of authority relating to the execution of this Lease and any guaranty (e.g., corporate authorizations and opinions of counsel), evidence of insurance, purchase orders and acceptances thereof, purchase and sale agreements and financial information, guarantees of Lessee's obligations under this Lease and instruments and documents to implement, perfect or continue the perfection of Lessor rights and remedies as owner and Lessor of the Railcars including opinion(s) of ICC special counsel concerning recording of and/or perfection of title to the Railcars and recording of this Lease which fees exclusive of costs shall not exceed fifteen hundred (\$1,500.00) dollars. Notwithstanding the execution, delivery or filing of any instruments or documents, it is agreed that this transaction is a lease and is not intended as security. Lessee's delivery of the foregoing and of the Specifications shall be accomplished at no cost to Lessor and, are conditions precedent to any obligation of Lessor to purchase or make any commitments to purchase or pay for any Railcar.

3. **LESSEE'S WARRANTIES.** (a) Lessee represents and warrants to Lessor that:

(i) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and that it is qualified to do business in every jurisdiction where the failure to qualify would have a materially adverse effect on Lessor's rights hereunder and that it shall maintain its corporate existence and remain in good standing under the laws of the jurisdiction of its organization and will remain qualified to do business in every jurisdiction where the failure to qualify would have a materially adverse effect on Lessor's rights hereunder;

(ii) it has taken all corporate action which may be required to authorize the execution, delivery and performance of this Lease, and such execution, delivery and performance will not conflict with or violate any provision of its Charter or Articles or Certificate of Incorporation, By-laws or any provisions thereof, or result in a default or acceleration of any obligation under any agreement, order, decree or judgment to which it is a party or by which it is bound, nor is it now in default under any of the same;

(iii) there is no litigation or proceeding pending or threatened against it which may have a materially adverse effect on it or which would prevent or hinder the performance by it of its obligations hereunder;

(iv) this Lease and the attendant documents constitute valid, binding obligations of the Lessee, and enforceable against it in accordance with their respective terms;

(v) no action by or with any commission or administrative agency is required in connection herewith and in the event that any such action be required shall obtain said action;

(vi) it has the power to own its assets and to transact business in which it is engaged;

(vii) it will give to Lessor prompt notice of any change in its name, identity or structure; and

(viii) E.I. du Pont de Nemours and Company ("Guarantor") is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and Guarantor has taken all corporate action which may be required to authorize the execution, delivery and performance of its Guaranty, and such execution, delivery and performance will not conflict with or violate any provision Articles or

Certificate of Incorporation, By-Laws or any provisions thereof and the Guaranty is a valid binding obligation of Guarantor enforceable against it in accordance with its respective terms.

(b) Lessee's execution of any Lease Schedule for any Railcar shall constitute a **REPRESENTATION AND WARRANTY** by Lessee to Lessor that:

(i) during the term of the Lease the Railcars and each Railcar will not be "used predominantly outside the United States" within the meaning of Section 168(g)(1) of the Internal Revenue Code of 1986 as promulgated as of the date this Lease is executed (the "Code") and all amounts includable in gross income or deductible therefrom or reportable as a loss with respect thereto by Owner will qualify as derived from sources within the United States pursuant to Section 861(e) of the Code;

(ii) during the term of the Lease the Railcars will not be "tax-exempt use property" within the meaning of Section 168(h) of the code;

(iii) Lessee will not take any positions which are inconsistent with the Tax Benefits (as defined in Section 17(d)(ii) hereof), and the distribution thereof herein contemplated;

(iv) each Railcar is in good order and condition;

(v) the Railcars do not constitute "imported property covered by an Executive order" as defined in Code Section 168(g)(6);

(vi) each Railcar has a recovery period of seven (7) years within the meaning of Section 168(c) of the Code; and

(vii) each Railcar will be deemed to be placed "in service" as of the date of each Lease Schedule.

**4. TERM OF LEASE.** (a) **Primary Term.** The primary term ("Primary Term") of the Lease shall begin ("Commencement Date") upon reimbursement by Lessor to Lessee of the Total Cost of the Railcars, and shall continue for one hundred eighty (180) months from such Commencement Date. "Term" or "Lease Term" hereunder shall mean the Primary Term, and if renewed, each Renewal Term (as defined below).

(b) **Renewal Option.** So long as no Event of Default shall have occurred and be continuing, Lessee may, by written notice delivered to Lessor not more than two hundred seventy (270), but not less than one hundred eighty (180) days prior to the expiration of the Primary Term, extend the lease term of all but not less than all of each size class of Railcar as set forth on Exhibit A for a mutually acceptable term ("Renewal Term").

All provisions of this Lease including the Purchase Option set forth in Section 7, shall be applicable during the Renewal Term for each such size class of Railcar as set forth on Exhibit A, except that during such Renewal Term Lessee shall pay rent in an amount equal to the Fair Market Rental Value of the Railcars as of the commencement of such Renewal Term which Lessor and Lessee shall calculate and agree to. For the purposes of determining the Stipulated Loss Value of the Railcars after the determination of the Fair Market Rental Value, Lessor and Lessee shall substitute a new Stipulated Loss Values for the Railcars, determined during the Renewal Term attached to the applicable Lease Schedule. "Fair Market Rental Value" shall, at any time with respect to any Railcar, be equal to the annual rental value of such Railcar for the appropriate Renewal Term which would be obtained in an arm's-length transaction between an informed and willing lessor under no compulsion to lease and an informed and willing lessee-user (other than a lessee currently in possession). Fair Market Rental Value shall be mutually agreed upon by Lessor and Lessee, which determination shall be made on the assumption that such Railcar is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to the terms of this Lease. In the event that the Renewal Term and Fair Market Rental Value have not been agreed upon by Lessee and Lessor prior to the expiration of the Primary Term, then this Renewal Option shall terminate.

5. PERIODIC RENTAL. (a) Lessee shall pay to Lessor rent ("Periodic Rental") as specified in the applicable Lease Schedule in an amount calculated by multiplying the Total Cost of the Railcars by the applicable "Base Rental Rate" set forth in Schedule A hereto. The Base Rental Rate shall be adjusted upward or downward by the "Adjustment Factors" outlined in Schedule A hereto. Lessee shall pay installments of Periodic Rental to Lessor in accordance with the payment schedule set forth in the Lease Schedule.

(b) The rental factors assume that the provisions of the Code govern this transaction. In the event an adverse change in the Code occurs prior to the Commencement Date, then the rental factor shall be adjusted upward or downward to preserve Lessor's after-tax economics. Any rental adjustment will apply only to Railcars made subject to the Lease by Lessor after the enactment of such change in the Code which are affected by said change in the Code.

6. NON-UTILIZATION FEE. Lessee hereby agrees to pay Lessor on the earlier of July 31, 1992 or the Commencement Date of the final Railcar, a NON-UTILIZATION FEE in an amount equal to one-half (.05%) percent of any amount by which the difference obtained by subtracting the Total Cost of Railcars from \$5,489,840.00 exceeds ten (10%) percent of the Total Cost of Railcars ("Estimated Equipment Cost").

7. PURCHASE OPTION. (a) So long as no Event of Default shall have occurred and be continuing, Lessee may, by written notice given to Lessor not more than two hundred seventy (270) but not less than one hundred eighty (180) days prior to the expiration date of the Primary Term or the Renewal Term of the Railcars (which notice shall be irrevocable), elect to purchase all but not less than all of each size class of Railcar as set forth on Exhibit A, in existence on such expiration date for a cash purchase price equal to the Fair Market Sale Value of such Railcars determined as of such expiration date by an independent appraiser mutually agreed upon by Lessor and Lessee, plus an amount equal to all taxes (other than any taxes measured solely by the gain on such sale), costs and expenses (including out-of-pocket legal fees and expenses) reasonably incurred or paid by Lessor in connection with such sale. Upon payment by Lessee of such purchase price, and of all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Railcars in an "AS IS", "WHERE IS" basis without recourse and without representation or warranty of any kind, express or implied, as to the Railcars. For purposes hereof, "Fair Market Sale Value" shall, at any time with respect to any Railcar, be equal to the sale value of such Railcar which would be obtained in an arms-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user (other than a lessee currently in possession or a scrap dealer).

8. LATE PAYMENT. Lessee will pay to Lessor, on demand, interest, at a rate of two (2%) percent over the publicly announced Manufacturers Hanover Trust Company, Reference Rate or such rate announced by its successor, or such lesser amount as may be legally enforceable on any amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Interest shall be computed on the basis of a 360-day year and actual days elapsed.

9. INSURANCE. (a) Lessee shall procure and maintain, at its sole cost and expense, comprehensive general liability insurance including contractual coverage for the liabilities assumed herein, with reputable and financially responsible insurance underwriters properly insuring Lessee and Lessor, without exclusion for punitive damages, episodic injuries, hazardous materials transportation or otherwise, against liability and claims for (i) injuries to persons (including injuries resulting in death), environmental restoration and property damage in a combined single limit per occurrence which is acceptable to Lessor, (ii) loss of or damage to the Railcars in amounts not less than the amounts set forth in Section 15 hereof, and (iii) any additional insurance as may be required by applicable laws, rules and regulation.

Lessee shall furnish to Lessor written certificates, and upon request, copies of insurance policies, (i) showing that such insurance has been procured and is being

properly maintained, (ii) specifying the name of the insurance carrier, the policy number or numbers, and the expiration date or dates, and (iii) naming Lessor as Loss Payee and Insured. Insurance shall be suitably endorsed, naming Lessor and Lessor's assignee, if any, with not less than ten (10) days prior written notice of any cancellation, termination or non renewal of such coverages, or any part thereof. Such insurance shall further provide that the proceeds of any policy shall be payable to Lessor or Lessor's assignee, if any, notwithstanding any breach of warranty by Lessee. In the event any of the Railcars shall not be adequately covered by such insurance at any time during the term of the Agreement, or should Lessor be given notice of any cancellation, termination or non renewal of such insurance, Lessor shall have the right, at its option (1) to cover the Railcars with the above-described types of insurance and to recover from the Lessee at the time the next Rental is due, the premiums expended by Lessor for such insurance, or (2) Lessor may declare this Lease in default and proceed as provided in Section 11 hereof. Lessee shall fully cooperate with Lessor to (i) prepare and file proofs of loss, and (ii) endorse any check, draft or other order for the payment of money issued by an insurance company with respect to any of the coverages described in this Section. All contracts and policies shall provide that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks. Lessee shall promptly notify any appropriate insurer and Lessor of each and every occurrence which may become the basis of a claim or cause of action against the insureds and provide Lessor with all data pertinent to such occurrences. Lessee shall furnish Lessor with certificates of such insurance or copies of policies and renewal certificates at least ten (10) days before the renewal date. Proceeds of all insurance shall be payable first to Lessor to the extent of its liability or interest as the case may be.

(b) Notwithstanding anything to the contrary contained in this Section 9, Lessee may maintain a self-insurance program with respect to the insurance coverage set forth in Section 9(a). Additionally, Lessee may self-insure with respect to liability insurance to a maximum of \$50,000,000.00; provided, however, that Lessor may require Lessee and Lessee agrees to provide any of the above mentioned insurance coverages in the event that Lessee is in default of the Lease or Lessor reasonably believes that Lessee's self-insurance program is inadequate.

10. **TAXES.** Lessee shall render and pay all taxes, assessments, and other governmental charges of whatsoever kind or character (except taxes imposed by any federal, state, or local or foreign taxing authority based on or measured by Lessor's net income) on or relating to any Railcar or the ownership, use, or operation thereof, which may accrue or be levied, assessed or imposed during the Term or which remain unpaid as of the date of surrender of such Railcar to Lessor. Lessee shall reimburse Lessor any legally due payments made by Lessor which are the obligation of Lessee under the Lease, but, Lessee shall not be obligated to pay any amount under this Section so long as it shall in good faith and by appropriate proceedings contest the validity or the amount thereof, unless such contest would adversely affect the title of Lessor to any Railcar or would subject any Railcar to forfeiture or sale. Lessee shall indemnify Lessor on an after tax basis against any loss, claim, demand and expense, including legal expense, resulting from such nonpayment or contest.

11. **MAINTENANCE, ETC.** (a) Lessee agrees to comply with all applicable Department of Transportation ("DOT"), Interstate Commerce Commission ("ICC"), Federal Railway Administration ("FRA") and all other governmental laws, regulations, requirements and rules, now in effect or as subsequently enacted or modified and with the applicable rules of the Association of American Railroads ("AAR"), with respect to the use and maintenance of the Railcars subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Railcar in order to comply with such laws, regulations, requirements and rules (including, without limitation, the Interchange Rules), Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title hereto shall be immediately vested in Lessor. "Interchange Rules" shall have the meanings given it in Section 20 hereof. Provided however, in the event that any mandated modification, alteration, addition or replacement

required as set forth in this subparagraph (a) shall become effective on or after the twelfth anniversary of the commencement of the Primary Term of this Lease, and provided (i) that Lessee is not then in default under the terms of this Lease, and (ii) that the cost of any such mandated modification, alteration, addition or replacement exceeds ten (10%) percent of the original purchase price for each affected Railcar as set forth on Exhibit A, then, Lessee shall have the option, in lieu of complying with any such law, regulation, requirement or rule, to purchase all but not less than all of the affected Railcars for each size class as set forth on Exhibit A on the twelfth (12th) anniversary of the commencement of the Lease and annually thereafter on each succeeding anniversary until the expiration of the Primary Term of the Lease on the following terms and conditions: Lessee shall have (w) provided to Lessor not less than sixty days advance notice of its intention to exercise its option pursuant to this subparagraph, (x) provided to Lessor such proof as Lessor reasonably deems in the exercise of its sole discretion to be appropriate to describe the nature and scope and cost of the mandated work, (y) paid to Lessor all sums due under the Lease through the date on which Lessee seeks to exercise the option contained in this Section 11 (a), and (z) have paid to the Lessor the greater of the Fair Market Sale Value of each of the Railcars which Lessee seeks to purchase, or the Stipulated Loss Value of each of the Railcars determined as of the month coinciding with the anniversary date on which the Lessee seeks to terminate this Lease. For the purposes of this subsection only, the term Fair Market Sale Value shall have the same meaning ascribed to in Section 7, except that the value shall be determined for each Railcar in its current condition and not be determined assuming that the modifications, additions, alterations or replacements have been made. This option shall be effective only during the Primary Term of the Lease and not during the Renewal Term.

(b) Lessee shall use the Railcars only in the manner for which they are designed and built and intended and so as to subject them only to ordinary wear and tear for the purpose of carrying products, commodities and materials compatible with the current DOT and AAR design requirements for the Railcars; provided that in no event shall the Lessee allow the Railcars to carry any substances other than as set forth in this Section 11(b) without the consent of Lessor, or knowingly permit such Railcar to be exposed to or be used to carry, whether as consignments for common carrier shipment or otherwise, any other type of hazardous materials, hazardous waste, toxic, corrosive, explosive or radioactive materials as the same may be defined in any applicable law, regulation or ordinance. Lessee shall, at its own cost and expense, maintain and keep the Railcars in good order, condition and repair, ordinary wear and tear excepted, but in all cases usable in the manner for which they were designed and intended and in a manner which will not void or impair any manufacturer's warranties and in compliance with the Interchange Rules for railcars operating on the railroads, and in any event at the same level of maintenance at which Lessee keeps railcars which it owns or leases similar in nature to the Railcars. Except as required by the provisions of subsection (a) hereof, Lessee shall not modify any Railcar without the prior written authority and approval of Lessor, except for such modifications that do not decrease the value, utility or economic life of the Railcars. Any parts installed or replacements made by Lessee upon any Railcar pursuant to subsection (a) hereof or pursuant to its condition and repair under this Section 11 shall be considered accessions to such Railcar and title thereto shall be immediately vested in Lessor without cost or expense to Lessor. Lessee shall make no other additions or improvements to any Railcar unless the same are readily removable without causing damage to such Railcar. Title to any such readily removable additions or improvements shall remain with Lessee and shall not be included in the calculation of Fair Market Sale Value, as set forth in Section 7. If Lessee shall at its cost cause such readily removable additions or improvements to be made to any Railcar, Lessee agrees that, if requested by Lessor, it will, prior to the return of such Railcar to Lessor hereunder, remove the same at its own expense without causing damage to such Railcar and repair all damages, if any, resulting from such removal.

(c) Lessee will cause each Railcar to be kept numbered with the identifying number and markings set forth in the applicable Lease Schedule. Lessee will not change the identifying number of any Railcar without the prior written consent of Lessor and unless a statement of new numbers shall be delivered to Lessor and filed, recorded and deposited by

Lessee in all public offices where this Lease shall have been filed, recorded and deposited all at Lessee's sole cost and expense. The Railcar may be lettered with the names or initials or other insignia customarily used by Lessee, but Lessee will not allow the name of any other person, association or corporation to be placed on any Railcar as a designation that might reasonably be interpreted as a claim of legal ownership.

(d) Lessor hereby transfers and assigns to Lessee, for so long during the Term as Lessee is not in default, Lessor's right, title and interest in, under and to any assignable factory and dealer warranty, whether express or implied, with respect to the Railcars. All claims and actions upon any warranty shall be made and prosecuted by Lessee at its sole cost and expense. Lessor shall have no obligation to make or prosecute any claim upon or under a warranty. So long as Lessee shall not be in default, Lessor shall cooperate with Lessee with respect to a claim on a non-assignable warranty claim or recovery paid to Lessor, and Lessor shall make such proceeds available for any repair, restoration or replacement to correct such warranted condition.

12. **USE.** So long as Lessee shall not be in default, Lessee shall be entitled to the possession, use and quiet enjoyment of the Railcars during the Term in accordance with the terms of the Lease. Lessee will deliver and surrender the Railcars to Lessor at the end of the Term. Lessee warrants that the Railcars will at all times be used and operated solely in the conduct of Lessee's business and under and in compliance with applicable laws and all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner that will not adversely affect the title of Lessor to any Railcar or subject the same forfeiture or sale.

13. **NET LEASE.** This is a net Lease, and Lessee's obligation to pay all rent and all other amounts payable hereunder is **ABSOLUTE AND UNCONDITIONAL** under any and all circumstances and shall not be affected by any circumstances of any character whatsoever, including, without limitation, (i) any set-off, counterclaim, recoupment, defense, abatement or reduction or any right which Lessee may have against Lessor, the manufacturer or supplier of any of the Railcars or anyone else for any reason whatsoever; (ii) any defect in the title, condition, design, or operation of, or lack of fitness for use of, or any damage to, or loss of, all or any part of the Railcar from any cause whatsoever; (iii) the existence of any liens with respect to the Railcars; (iv) the invalidity, unenforceability or disaffirmance of this Lease or any other document related hereto; or (v) the prohibition of or interference with the use or possession by Lessee of all or any part of the Railcars, for any reason whatsoever, including, without limitation, by reason of (1) claims for patent, trademark or copyright infringement, or (2) the insolvency, bankruptcy, or reorganization or any person.

14. **LOSS AND DAMAGE.** Lessee assumes all risk of and shall indemnify Lessor against all damage to and loss of the Railcars from any cause whatsoever, whether or not such loss or damage is or could have been covered by insurance. Lessee shall give Lessor written notice of any incident which has caused or may cause any material loss or damage, within seventy-two (72) hours from the date Lessee receives notice of the same. At the option of Lessor, Lessee shall:

(i) repair or restore the damaged or lost Railcars to good condition and working order; or

(ii) in the case of Railcars subject to damage or loss which occurs after the Term of this Lease commences, pay Lessor in cash, within the earlier of (a) one hundred (100) days after such damage or loss, or (b) ten (10) days after the receipt of insurance proceeds for such damage or loss, the Stipulated Loss Value of the damaged or lost Railcars along with rents unpaid to date of loss. Upon Lessee's complying with the foregoing, Lessor shall pay or cause to be paid over to Lessee the net proceeds of insurance, if any, with respect to such damage or loss. "Damage" and "Loss" shall include

damages and losses of any kind whatsoever including, without limitation, physical damage and partial or complete destruction, including intentionally caused damage and destruction, theft, confiscation or through government action.

15. **STIPULATED LOSS VALUE.** The Stipulated Loss Value of a Railcar shall be the amount set forth in each applicable Lease Schedule applicable to the time of damage or loss.

16. **OWNERSHIP.** Lessee acknowledges that the Railcars are and shall at all times remain the sole and exclusive personal property of Lessor. No right, title or interest in any Railcar shall pass to Lessee, other than the right to possess and use each Railcar for the Term pertaining to such Railcar so long as no Event of Default shall have occurred and be continuing. Lessee (i) will at all times protect and defend, at its own cost, the title of Lessor from and against, and will keep the Railcars free of all claims, liens, charges or encumbrances (other than those arising solely through Lessor not relating to its ownership of the Railcars or those created by Lessor upon the Railcars in connection with the financing of the Railcars by Lessor) (together, "Lessor Liens") and (ii) shall not, except to the extent specifically permitted in Section 27, attempt or purport to sell, assign, pledge, hypothecate, mortgage, transfer, sublet or otherwise encumber (either voluntarily or by operation of law) Lessee's interest in this Lease, the Railcars or any interest therein. Lessee shall promptly notify Lessor of any alleged encumbrances on the Railcars.

17. **LESSEE'S INDEMNITIES.** (a) **General Indemnities.** Lessee will defend (with counsel acceptable to Lessor), indemnify and hold harmless Lessor from and against any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) which may be asserted against or incurred in any manner by or for the account of Lessor or Lessee:

(i) relating to the Railcars or any part thereof, including, without limitation those matters identified in Section 2 of this Lease and the manufacture, construction, purchase, delivery, acceptance or rejection, installation, ownership, sale, leasing, removal or return of the Railcars, or as a result of the use, maintenance, repair, replacements, operation or the condition thereof (whether defects are latent or discoverable);

(ii) by reason or as a result of any act or omission of Lessee for itself or as agent or attorney-in-fact for Lessor hereunder;

(iii) as a result of claims for patent, trademark or copyright infringement; or

(iv) as a result of product liability claims or claims for strict liability or for any environmental impairment liability caused by the presence, release or discharge of oil or any other hazardous substances within the meaning of any applicable federal, state or local law, ordinance or regulation.

(b) **Federal Tax Indemnities.** Lessee shall indemnify Lessor against the loss of the right to claim, the disallowance or recapture of all or a portion of the accelerated cost recovery deductions pursuant to Code Section 168 with respect to the Total Cost for property with MACRS Property periods referred to in the Lease Schedule, or the Lessor shall suffer a loss in deferral of its ability to credit foreign income taxes against its Federal income tax liability, plus any interest, penalties and additions to tax arising from:

(i) the incorrectness of any representation or warranty made by Lessee;

(ii) the sale or other disposition of any Railcar after the occurrence of Event of Default under the Lease;

(iii) Lessee making any non-severable improvement within the meaning of Revenue Procedure 79-48 to any Railcar not permitted by Revenue Procedure 79-48;

(iv) any act proscribed of Lessee in this Lease, or any omission of any act required of Lessee in this Lease, or any such act by Lessee's agent or attorney-in-fact; or

(v) any Event of Default.

The amount of lost deductions and credits to be paid by Lessee pursuant to this Section 17 may be verified by an independent firm of certified public accountants or tax counsel mutually acceptable to Lessor and Lessee, at Lessee's expense to verify Lessor's after-tax rate of return on investment and after-tax cash flows in respect of the Lease to equal that which would have been realized by Lessor if such event had not occurred. Such review shall be completed within thirty (30) days after Lessor's demand for indemnification.

(c) Lessee shall indemnify Lessor against taxes, assessments and other charges imposed upon Lessor under the Code as a result of any payment made by Lessor pursuant to this Section 17.

(d) (i) Except for rental adjustments as provided in Section 5(b) of this Lease, in no event will Lessee be obligated to indemnify Lessor for any loss, disallowance, unavailability, or recapture of Tax Benefits as a result of a subsequent change in tax law (federal or state) that results in any loss, disallowance, unavailability, or recapture.

(ii) For purposes of this Section 17, Tax Benefits are Defined as all tax benefits available under the Code which are derived from ownership of the Railcars.

(e) Payment of any amounts hereunder shall be due and payable on demand, or if Lessee, in good faith is attempting to verify Lessor's indemnified amount, as set forth in paragraph (b) hereof, within ten (10) days of such completion of review.

**18. LESSOR MAY PERFORM.** If Lessee at any time shall fail to pay to any person any sum which Lessee is required by the Lease to pay or shall fail to do or perform any other thing Lessee is required by the Lease to do or perform, Lessor at its option may pay such sum or do or perform such thing, and Lessee shall reimburse Lessor on demand for the amount of such payment and for the cost and expense which may be incurred by Lessor for such acts or performance, together with interest thereon at the Late Charge Rate from the date of demand until paid. Provided, however, that nothing in this Section shall require or obligate Lessor to pay such sum or to do or perform any such action.

**19. DEFAULT.** (a) **Events of Default.** Each of the following shall constitute an "Event of Default":

(i) failure to pay any Periodic Rental, late payment interest, Stipulated Loss Value or any other sum due and payable hereunder on the date when due;

(ii) failure to perform and comply with provisions and conditions of Section 9 hereof;

(iii) failure to perform and comply with any other provision or condition of the Lease within thirty (30) days after Lessor shall have given Lessee written notice of default with respect thereto, or failure to make good, within thirty (30) days after written notice by Lessor or Lessee, any representation or warranty, whether made in the Lease or in any certificate, agreement, instrument or statement, including income and financial statement, which shall prove to have been incorrect in any material respect when made;

(iv) if any Event of Default occurs with respect to any obligations of Lessee to Lessor on or with respect to any transactions, debts, undertakings or agreements other than the Lease;

(v) a petition for reorganization under Title 11 of the United States code, as now constituted or as hereafter amended, shall be filed by or against the Lessee; provided, however, if such petition was not filed by the Lessee, as the case may be, it shall not become an event of default until sixty (60) days after such petition has been filed;

(vi) the failure of E.I. du Pont de Nemours and Company ("Guarantor") generally to pay debts as they become due in the ordinary course of business, or the filing of any application or the appointment of a receiver for a major part of Guarantor's assets or the filing of any petition or application by or against Guarantor under any present or future laws for the relief of debtors or for the subjection of the property of a debtor to the control of any court, tribunal or agency for the benefit of creditors, including proceedings under the Bankruptcy Code, if the proceeding commenced by such filing shall not be dismissed within sixty (60) days from the date of filing;

(vii) the execution by Guarantor of a general assignment for the benefit of creditors;

(viii) any of the Lessee's or the Guarantor's representations or warranties pursuant hereto or in connection herewith shall be breached or found to be false or misleading in any material respect;

(ix) the merger, consolidation, reorganization, conversion to a Subchapter "S" status or dissolution of Lessee, which has a materially adverse effect upon Lessor's position under the Lease; and

(x) if at any time during the Term of this Lease, the majority of Lessee's corporate stock is not owned by Guarantor.

(b) Remedies. (i) Upon the occurrence of an Event of Default as provided above, Lessor may at its option: (1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or (2) by notice in writing to the Lessee, terminate Lessee's right of possession of the Railcars, whereupon all rights of the Lessee to use the Railcars shall absolutely cease and terminate, but Lessee shall remain liable as herein provided; or (3) exercise any and all rights accruing to a Lessor under applicable law upon a default by a Lessee. Upon such termination, Lessee at its expense shall redeliver the Railcars to Lessor in the condition and location set forth in Section 20 of this Lease. If Lessee shall fail to do so, Lessor may retake possession of the Railcars by entering upon any premises at any reasonable time and thereafter Lessor may hold, keep idle, possess, sell (at public or private sale), upgrade, lease to others or enjoy the same, free from any right of Lessee, its successors or assigns. If Lessor is required to retake possession, Lessee upon demand shall reimburse Lessor for all costs and expenses relating thereto. Notwithstanding such redelivery or retaking Lessor shall have a right to recover from Lessee any and all amounts which under the terms of the Lease may be then due or which may have accrued to the date of such termination, and also to recover forthwith from the Lessee its damages for loss of a bargain and not a penalty, an amount equal to the higher of fair market value or the Stipulated Loss Value of the Railcars as of the rents payment date on or next preceding the date of default, less: (1) the amount Lessor in fact receives from the sale of the Railcars, after deduction of all expenses of such sale (including storage and transportation fees) or, (2) at Lessor's election, the present value of the non-cancelable regularly scheduled rentals receivable from a subsequent lease of all or part of Railcars entered into by Lessor (discounted at the Discount Rate as hereinafter defined), and taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the Lease Term. In addition, Lessee shall be liable to Lessor for all costs and expenses incurred by Lessor

by reason of Lessee's breach or default. In addition to the foregoing, the Lessee shall be liable for interest on any of the above referenced amounts from and after the due date at the Discount Rate as hereinafter defined, or the legal limit, whichever is smaller.

(ii) Lessor's costs and expenses incurred by reason of Lessee's breach or default shall include, without limitation, costs and expenses of receiving or retaking possession of the Railcars, storing, holding, transporting, insuring, caring for, servicing, maintaining, restoring the Railcars to the condition required under Section 20, including costs for cleaning the interior and exterior of the Railcars and costs associated with the proper disposal of any materials in said Railcars, and renting the Railcars and collecting rents and professional fees and expenses with respect to or incurred by reason of the breach or default, including legal fees and expenses for advice and legal services in any actions or proceedings which Lessor may commence or in which Lessor may appear or participate to exercise or enforce any rights or remedies or to protect or preserve any rights or interest, and in all reviews of and appeals from any such actions or proceedings.

(iii) The "Discount Rate" of interest shall be a rate per annum computed monthly equal to six percent (6%) per annum but not greater than the maximum rate, if any, limited by applicable law.

(iv) The remedies set forth above are cumulative, and Lessor's non-exercise of any such remedy will not waive its rights to other remedies available under this Section 19. Lessee hereby waives any and all claims against Lessor and its agents for damages of whatever nature in connection with any retaking of any Railcar if accomplished in any reasonable manner.

**20. RETURN AND STORAGE.** Lessee shall, upon the expiration of the Lease Term or the earlier termination of the Lease Term, pursuant to Section 19 hereof, of each Railcar, return such Railcar to Lessor to one of three (3) locations within the continental United States of America west of the Mississippi River, including the State of Illinois, as Lessor may designate. Lessee hereby further agrees that, if requested by Lessor, it shall store such Railcar for a period of up to ninety (90) days at no more than three (3) locations within the Continental United States, reasonably acceptable to Lessor and Lessee, after the expiration or termination of the Lease Term. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any Railcar, to inspect the same; provided, however, that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents for any injury to, or the death of any person exercising either on behalf of Lessor or any prospective purchaser or lessee, the rights of inspection granted under this sentence. During any such storage period Lessee shall maintain the insurance required by Section 9 hereof and maintain each Railcar in such manner as Lessee normally maintains similar equipment owned or leased by it in similar storage circumstances. Each Railcar when delivered to Lessor shall have installed all components, accessories, and parts installed thereon at the time of delivery thereof hereunder, or replacements therefor and alterations thereon made in accordance with the provisions of this Lease, none of which shall be broken or missing, shall be in as good condition and state of repair as at the time of delivery thereof hereunder, ordinary wear and tear and changes and alterations properly made by Lessee as permitted under this Lease excepted, in a clean condition, free of all transported products and residues thereof, suitable for the transport of items normally transported by railcars of similar type and age, conforming to all applicable FRA (or successor agency) safety rules and regulations, and meeting the Interchange Rules, and if no such Interchange Rules are then in effect, meeting the Interchange Rules as then last previously in effect; and shall be otherwise in good operating condition and in the condition as required by Section 11 hereof, and in any event suitable for service with Class 1 (as such classification is employed by the ICC) rail carriers; and Lessee shall pay for or perform any repairs necessary to restore the Railcars to such condition. For purposes hereof, the "Interchange Rules" shall mean the rules of the DOT, the ICC and the current Interchange Rules or supplements thereto of the Mechanical Division of the AAR as the same may be in

effect from time to time, or rules then in effect in substitution therefor, with respect to the use and maintenance of each Railcar subject to this Lease. The assembling, delivery, storage and transporting of the Railcars as provided herein are of the essence of this Lease, and upon application to any court of competent jurisdiction Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee to so assemble, deliver, store and transport the Railcars. Until such Railcars are returned to Lessor pursuant to the provisions of this Section, all of the provisions of this Lease with respect thereto shall continue in full force and effect. Lessee shall pay all the costs and expenses in connection with or incidental to the return of the Railcars, including, without limitation, the cost of assembling, insuring, delivery, transporting and storing the Railcars. At the same time of such return the Railcar shall be free and clear of all liens. Notwithstanding anything to the contrary, if Lessor fails to designate the location to which the Railcars will be delivered within such ninety (90) day period, Lessor agrees to reimburse Lessee for any storage costs incurred by Lessee and shall relieve Lessee from any liability for loss or damage to the Railcars after the expiration of such ninety (90) day period until the redelivery location has been designated by Lessor.

21. **HOLDOVER.** If Lessee shall not immediately redeliver and surrender any Railcar to Lessor when required by the terms hereof, Lessee shall pay Lessor, at such time or times as Lessor may demand, a sum equal to a one-month installment of Periodic Rental for each calendar month or fraction of a month during which such failure to redeliver and surrender continues and in addition, all amounts earned with respect to each Railcar after the date of termination of this Lease shall belong to Lessor. Any such sums received by Lessee shall, upon receipt, be immediately turned over to Lessor. Any sums not paid to Lessor shall bear interest at the amount set forth in Section 8.

22. **INSPECTIONS; REPORTS.** Lessor, its agents and employees, shall have the right to enter upon any premises where the Railcars are then located to inspect and examine the same during normal business hours, and if Lessor reasonably believes any Railcars or Lessor's rights are in jeopardy of damage or loss at any time. So long as Lessee is not in default, Lessor shall give Lessee not less than twenty-four (24) hours notice of such inspection. Lessee shall within seventy-two (72) hours after its receipt of any notice give Lessor written notice of any material damage to or loss of or accident involving any of the Railcars from any cause, including, without limitation, the release or spill of any material carried in any Railcar, damage or loss caused by accident, the elements, intentional acts and theft. Such notice shall set forth in as much detail as is known to Lessee at the time notice is required to be given, an itemization of the affected Railcars and a detailed account of the event, including names of injured persons or property and a description of such injuries, and damages to property arising from any such event or from any use or operation of the Railcars, and of any attempt to take, distrain, levy upon, seize or attach the Railcars or any Railcar, Lessee shall have an ongoing obligation to supplement in a timely manner any notice provided by Lessee to Lessor when further information as required by this Section is obtained by Lessee. Lessee shall deliver to Lessor any papers or notices delivered to Lessee or Lessee's agents in connection with any claim commenced or threatened against Lessee or Lessor arising out of the operation of the Railcars. Lessee further agrees upon request by Lessor to make its records pertaining to the Railcars or this Lease available to Lessor, or Lessor's representatives for inspection and copying by Lessor at any reasonable time. All rights granted to Lessor herein are for the benefit of Lessor and shall not be construed to impose any obligation on Lessor, whether or not Lessor makes any inspections or receives any reports.

23. **FINANCIAL AND OTHER DATA.** During the Lease Term, Lessee covenants that it shall furnish Lessor with true and complete copies of quarterly statements for the first three (3) fiscal quarters within sixty (60) days of each quarter and the audited annual financial statement of within one hundred twenty (120) days of the end of each fiscal year of E.I. du Pont de Nemours and Company. Lessee shall also deliver to Lessor, at Lessor's request, such other information, financial or otherwise, relating to the Guarantor or, to the extent Lessee in or becomes a separate company, relating to Lessee as Lessor deems reasonably necessary or desirable in connection with this Lease.

24. NO AFFILIATION WITH SUPPLIERS. Lessee warrants that neither it nor any of its officers or directors has any financial interest in the manufacturer or supplier of any Railcar, except as previously disclosed in writing to Lessor.

25. NON-WAIVER. Neither the acceptance by Lessor of any payment or any other performance, nor any act or failure of Lessor to act or to exercise any right, remedies or options in any one or more instances shall constitute a waiver of any such rights, remedy or option or of any breach or default then existing or thereafter occurring. No purported waiver by Lessor of any right, remedy, option, breach or default shall be binding unless in writing and signed by an officer of Lessor. A written waiver by Lessor of any right, remedy, option, breach or default shall not constitute a waiver of any other then existing or thereafter accruing right, remedy or option or of any other then existing or thereafter occurring breach or default.

26. NOTICES; PAYMENTS. (a) A written notice may be given by delivering the same to a corporate officer of the party to whom it is directed (the "Addressee") or by mailing the notice to the Addressee by U.S. Mail first class, registered or certified, with postage prepaid, or by a nationally recognized overnight delivery service, addressed to the Addressee at the address at the addresses set forth below, or to such other address as Addressee may specify by notice in writing given in accordance with this Section. A notice so mailed shall be deemed given on the third business day following the date of mailing unless sent by a nationally recognized overnight delivery service, such notice shall be deemed given on the next business day after the notice was placed in the hands of such delivery service. Notice so given shall be sent to:

(i) If to Lessor: **JOHN HANCOCK LEASING CORPORATION**  
John Hancock Place  
197 Clarendon Street C-6  
P.O. Box 111  
Boston, Massachusetts 02117  
Attention: Vice President/Operations

(ii) If to Lessee: **CONOCO, INC.**  
600 North Dairy Ashford  
Houston, Texas 77079  
Attention: Transportation Department  
Director/Rail Operations

A "business day" shall be any day that is not a Saturday or Sunday or a legal holiday.

(b) Lessee shall make all payments to Lessor by wire transfer of immediately available funds as follows: Manufacturers Hanover Trust Co. ABA No. 021000301, 4 New York Plaza New York, New York 10005, Account of John Hancock Leasing Corporation, Account No. 144-000632. A payment shall not be considered to be made until it is actually received by Lessor.

27. ASSIGNMENT. (a) **WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, LESSEE SHALL NOT (WHETHER BY OPERATION OF LAW OR OTHERWISE) (i) SELL, ASSIGN, TRANSFER, PLEDGE, OR GRANT A SECURITY INTEREST IN THIS LEASE, THE EQUIPMENT OR ANY PART THEREOF OR ANY INTEREST THEREIN OR (ii) SUBLET, LEND OR PERMIT THE EQUIPMENT OR ANY PART THEREOF TO BE USED BY ANYONE OTHER THAN LESSEE.** Any attempted assignment shall be of no effect, unless Lessor first shall have consented thereto in writing. Lessor's consent to an assignment in any one or more instances shall not impose any obligation upon Lessor to consent to any other or future assignments. Lessor's consent to an assignment shall not release Lessee from any obligations with respect to the Lessee unless expressly so stated in the written consent. Notwithstanding anything contained to the contrary in this Section 27, Lessee may assign its rights under the Lease and/or to the Railcars to Guarantor, and with Lessor's prior written approval, to an affiliate of either Lessee or Guarantor. Lessee shall give Lessor notice of such permitted assignment. Lessee shall, at all times, remain primarily liable for all obligations under the Lease.

Provided that no Event of Default exists under the Lease or that no event which, but for the lapse of time or the giving of notice or both, would be an event of default, shall have occurred and be continuing, and notwithstanding anything to the contrary contained in this Section 27, Lessee may subject to the terms and conditions set forth below, (i) without the prior written permission of Lessor, sublease all or any number of the Railcars to the Guarantor or an affiliate of either Lessee or Guarantor, or to any other entity and which has the similar operational experience and reputation as Lessee for dealing with railcars and the transportation of the substances defined in Section 11(b) of this Lease, or (ii) subject to the written permission of Lessor (y) sublease to any company or entity which does not meet the operational or relationship tests set forth in clause (i) of this subparagraph, or (z) enter into any sublease which does not meet the terms set forth below. In connection with any sublease permitted pursuant to clauses (i) or (ii) of this Section 27, Lessee shall observe the following conditions precedent to any such sublease: (1) the sublessee shall comply with all Lessee's obligations under this Lease, including, without limitation, the maintenance and use of the Railcars, except those obligations which are retained by Lessee, (2) such sublease shall not extend beyond the Primary Term or Renewal Term pursuant to the provisions of Section 4(b) hereof, (3) such sublease shall be expressly subject and subordinate to the terms and provisions of this Lease, (4) such sublease shall not result in an adverse consequence to Lessor, (5) such sublease shall in no way relieve Lessee from any obligations under this Lease, and Lessee hereby waives any rights it may now have or hereafter acquire to avoid any such obligation by reason of such sublease or any circumstances arising from such sublease, and (6) such sublease or subleasing activity shall not void the obligations of Guarantor under the Guaranty. Lessee agrees to indemnify and hold harmless Lessor against any and all out-of-pocket expenses, claims, demands and liabilities, of whatsoever nature, relating to or in any way arising out of such sublease and all out-of-pocket costs, damages, charges, reasonable attorney' fees and expenses arising out of or necessitated by assertion of any such claim or demand with regard to such sublease.

(b) Lessor may at any time, without notice to or the consent of Lessee, assign for security or otherwise, any or all of its rights, title and interest in, to and under this Lease, the Rent and other sums at any time due or to become due and payable by Lessee hereunder and in and to the Equipment covered hereby. Any assignee of Lessor shall have the rights and benefits, but none of the obligations (unless the assignee specifically agrees to assume same) of Lessor under this Lease and Lessee agrees that it will pay Rent free of, and not assert against any such assignee, any claims by way of abatement, defense, setoff, counterclaim, recoupment or otherwise which Lessee may have under this Lease or any other agreement against Lessor. Lessee acknowledges that any such assignment or transfer by Lessor shall not materially increase the burdens or risks imposed on Lessee. After written notice of such assignment has been given by Lessor to Lessee, Rent shall be paid by Lessee as directed by such assignee, to the extent so assigned. If requested by any such assignee, Lessee will execute a written acknowledgment of such assignment, certifying therein to the amount and due dates of the Periodic Rent then remaining, Lessee's continuing agreement to make payments of Periodic Rent hereunder, the then current location and condition of the Equipment covered by such assignment, and such other matters as such assignee may reasonably request. Subject to the foregoing provisions, whenever the term "Lessor" is used herein, said term shall after such assignment or any further assignment mean and include any assignee or subsequent assignee then holding any rights of Lessor hereunder.

**28. TIME OF THE ESSENCE. TIME AND EXACTITUDE ARE OF THE ESSENCE OF THIS LEASE IN EACH AND ALL OF ITS PROVISIONS.**

**29. SURVIVAL.** The representations, warranties, tax and other indemnities and agreement of Lessee, and Lessee's obligations under any and all provisions of the Lease, shall survive the expiration or other termination of the Lease, shall be binding upon its successors and assigns and are expressly made for the benefit of and shall be enforceable by Lessor and its successors and assigns.

30. **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 or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

31. **MISCELLANEOUS.** (a) The term "Lessor" shall mean the Lessor named herein and its successors and assigns.

(b) Whenever the context so requires, any pronoun gender includes all other genders, and the singular includes the plural. If more than one person constitute Lessee, whether as a partnership or otherwise, all such persons are and shall be jointly and severally liable for all agreements, undertakings and obligations of Lessee.

(c) All captions and sections, paragraphs and other divisions and subdivisions are for convenience of reference only and shall not affect the construction, interpretation or meaning of the agreement of Lessee or of any of the provisions thereof.

(d) **THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. LESSEE HEREBY IRREVOCABLY CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS AND ANY COURT OF THE COMMONWEALTH OF MASSACHUSETTS WHICH SITS IN THE CITY OF BOSTON OVER ANY ACTION, SUIT OR PROCEEDING ARISING HEREUNDER. LESSEE WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY ACTION BETWEEN THE PARTIES.**

(e) This Lease shall be binding upon and, except as limited in Section 27 hereof, shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. This Lease shall not be binding on Lessor until accepted by Lessor at its offices in Boston, Massachusetts.

(f) Wherever Lessor's consent is required hereunder, such consent will not be unreasonably withheld.

(g) Lessee's obligation to pay or reimburse Lessor for expenses as provided hereunder shall be limited to reasonable and necessary expenses, except in the case of an Event of Default, for which Lessee will pay or reimburse Lessor for actual expenses incurred. Lessee agrees to provide to Lessor, upon the request of Lessee, reasonable documentation which supports such expenses.

32. **LESSOR'S DISCLAIMER.** Lessee acknowledges and agrees that it has selected the Railcars of the type and quantity which are the subject of the Lease and the supplier from whom Lessor purchased the Railcars. **LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONDITION, QUALITY, WORKMANSHIP, OR THE SUITABILITY, ADEQUACY, OPERATION, USE OR PERFORMANCE OF THE RAILCAR OR AS TO ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. ANY DELAY IN DELIVERY SHALL NOT AFFECT THE VALIDITY OF THIS LEASE.** The Lessee understands and agrees that neither the supplier nor any salesman or agent of supplier is authorized to waive or alter any term or condition of this Lease, and no representation as to the Railcars or any other matters by the supplier shall in any way affect Lessee's duty to pay the rent and perform its obligations as set forth in the Lease. Lessor shall not be liable to Lessee for any incidental, consequential, or indirect damages or for any act, neglect, omission, breach or default by any third party. Lessee confirms that it has selected each Railcar on the basis of its own judgment and expressly disclaims reliance upon any statement, representations or warranties made by Lessor or its representatives. Lessee further confirms that (i) Lessor has not manufactured or supplied the Equipment; (ii) it has acquired the Railcars solely in connection with this Lease; (iii) it has received a copy of each purchase order or contract covering the Railcars purchased from the supplier thereof; and (iv) that each Railcar is leased solely for commercial or business use. Lessee agrees that Lessor shall not be liable to Lessee for any matter relating to the ordering, manufacture, purchase, delivery, assembly, installation, testing, operation or

servicing of any Railcar or for any claim, loss, damage or expense of any kind caused by any Railcar. If any Railcar is not properly installed, does not operate as represented or warranted by the manufacturer or supplier, or is unsatisfactory for any other reason, Lessee acknowledges that it may have rights under the applicable purchase order or contract with respect to the Railcars and shall make any claim therefor solely against the manufacturer or supplier. The existence of any such claim shall not affect Lessee's obligation to pay Rent or to perform any of the covenants set forth in this Lease.

33. **GENERAL DISCLAIMER.** LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE OR AS TO ANY TAX CONSEQUENCES AND/OR TAX TREATMENT THEREOF.

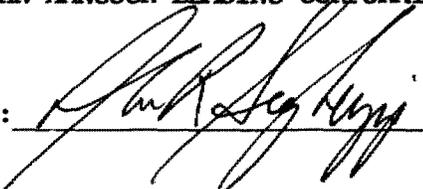
34. **ENTIRE AGREEMENT.** This Lease and any Lease Schedules attached hereto shall constitute the entire agreement between the parties and shall not be altered or amended except by an agreement in writing signed by the parties or their successors or assigns.

Counterpart No. 2 of four (4) serially numbered manually executed Counterparts. To the extent if any that this document constitutes Chattel Paper under the Uniform Commercial Code, no security interest in this document may be created through the transfer or possession of any Counterpart hereof other than Counterpart No.1.

IN WITNESS WHEREOF Lessor and Lessee have signed this Lease as of the day and year first hereinabove written.

LESSOR:

JOHN HANCOCK LEASING CORPORATION

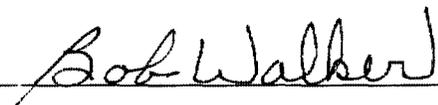
By: 

Name: ALAN R. SEGHEZZI  
PRESIDENT

Title: \_\_\_\_\_

LESSEE:

CONOCO INC.

By: 

Name: Bob Walker

Title: Vice President - Supply & Transportation

*EWB*  
*WJ*  
*RAK*

STATE OF MASSACHUSETTS )  
COUNTY OF Suffolk ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared A/44  
A. J. Wallace, to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that A/44 B. Wallace  
executed the same as his free act and deed.

John T. Wallace  
Notary Public  
JOHN T. WALLACE, Notary Public  
My Commission Expires  
April 23, 1993

STATE OF TEXAS )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_  
to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that \_\_\_\_\_  
executed the same as \_\_\_\_\_ free act and deed.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_

STATE OF MASSACHUSETTS )  
 ) SS.  
COUNTY OF )  
 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_

STATE OF TEXAS )  
 ) SS.  
COUNTY OF )  
Harris )

On this 5th day of June, 1992, before me personally appeared Bob Walker, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that Bob Walker executed the same as his free act and deed.

Mary E. Searman  
Notary Public  
10-4-94

EXHIBIT A

EQUIPMENT DESCRIPTION

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>
Trinity	50	Model No. 30-236 23,589 gallon 100 ton coiled and insulated cars @\$49,801.00
Trinity	30	Model No. 30-255-5 25,498 gallon 100 ton coiled and insulated cars @\$50,862.00
Trinity	30	Model No. 10-301 30,143 gallon 100 ton non-coiled, non-insulated cars @\$49,131.00

PRICING

The Rental Rate and, therefore, the Base Rents shall change upward or downward based upon adjustments to the Rental Rate. The Rental Rate is based upon the current actively-traded ten (10) year U.S. Treasury Note, a 7.50% series maturing November, 2001 currently yielding 6.74% and will be adjusted with changes to the then actively-traded U.S. Treasury Note five (5) business days prior to the Funding Date.

Adjustment: Eighty four (84) bases points of Rental Rate per one hundred (100) basis points change in the treasury yield on a pro rata basis.

**EXHIBIT B**

**FORM OF LESSOR'S LETTER OF VENDOR**

To: Vendor

Gentlemen:

Please be advised that bid acceptance letter dated \_\_\_\_\_, 19\_\_\_\_, has been placed with you by Conoco Inc., the undersigned's authorized purchasing agent pursuant to the terms of an agreement by and between Conoco Inc. and the undersigned, dated \_\_\_\_\_, 19\_\_\_\_.

It is understood that each invoice and bill of sale generated by you with respect to the items of personal property described therein will name the undersigned as the owner and purchaser of such items of personal property.

Very truly yours,

**JOHN HANCOCK LEASING CORPORATION**

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

Title: \_\_\_\_\_

TRINITY INDUSTRIES, INC.



December 20, 1991

Mr. F.D. Armstrong  
 Director Rail Operations  
 Traffic & Rail Operations  
 Transportation Department  
 Conoco, Inc.  
 PO Box 2147  
 Houston, TX 77252

RECEIVED  
 DEC 26 1991  
 RECEIVED RAIL OPERATIONS  
 DEC 1991  
 RAIL OPERATIONS

Subject: Order for 110 Non Pressure Tank Cars

Dear Dean:

Thank you for your quick response to my December 17, 1991 letter regarding the price changes for alternates that you requested. Based on our telephone conversation on Wednesday, December 18, below are the revised file prices including your selected alternates.

1. File 9171 - 50 - 23,589 gallon tank cars

Base car price -	\$49,197	<i>TYPO</i>
Midland A209W vacuum relief valve -	\$ 107	<i>SB-309917</i>
Double placard holders -	\$ 25	<i>Base</i>
Remove 2" top unloading and apply blind flange	\$ -(325)	<i>see 11/18/91</i>
Add 3" pipe guide bracket	\$ 23	<i>Trinity called</i>
Apply Conoco supplied safety decals	\$ 54	

Selling Price \$49,081 *249861*

2. File 9172 - 30 - 25,498 gallon tank cars

Base car price -	\$50,978
Midland A209W vacuum relief valve -	\$ 107
Double placard holders -	\$ 25
Remove 2" top unloading and apply blind flange	\$ -(325)
Add 3" pipe guide bracket	\$ 23
Apply Conoco supplied safety decals	\$ 54

Selling Price \$50,862 *ca*

EXHIBIT C(CONT.)

TRINITY INDUSTRIES, INC.

Conoco, Inc.  
December 20, 1991  
Page 2

3. File 9173 - 30 - 30,143 gallon tank cars

Base car price -	\$46,622
Midland A209 vacuum relief valve -	\$ 107
48" long Midland B612-Y gauging device - add	\$ 1,220
14" multi housing	\$ 360
Pads for future head shield application	\$ 498
Apply Conoco supplied safety decals	\$ 54

+ 275.00 per car  
Low Multi  
Housing Cover  
Extension

Selling Price

\$48,861

\$49,131.00

Other items that you requested which have no affect on the pricing are: reflective paint for reporting marks, Chemtrec decal application and ABDX-R air brakes.

The gaskets on all cars will be compressed asbestos for all flange attachments and Buna N at the manway.

Hopefully, this covers all the unresolved issues that were open. We are going forward with purchasing and engineering on the items mentioned above so that the promised delivery schedule can be obtained.

If you have any questions or need additional information, please let me know.

Sincerely,

*Kerry Stokes*

Kerry Stokes  
Regional Sales Manager

KS/pg  
L114 *KS*

TRINITY INDUSTRIES, INC.



December 17, 1991

RECEIVED

DEC 20 1991

RAIL OPERATIONS

Mr. F. D. Armstrong  
Director, Rail Operations  
Traffic & Rail Operations  
Transportation Department  
Conoco, Inc.  
P. O. Box 2147  
Houston, Texas 77252

Subject: Order for 110 New Non-Pressure Tank Cars

Dear Dean:

This is in response to your request for pricing alternatives to the following Trinity tank car files:

1. File 9171 - (50) 23,589 Gallon Tank Cars
2. File 9172 - (30) 25,498 Gallon Tank Cars
3. File 9173 - (30) 30,143 Gallon Tank Cars

The requested changes and their effects on each file are as follows:

1. For all three files - 9171, 9172 and 9173.
  - A. Apply a Midland A209W vacuum relief valve - Add \$107 per car.
  - B. Apply Double Placard holders - Add \$25 per car.
  - C. Apply Conoco supplied safety decals - Add \$54 per car.
2. For files 9171 and 9172 only.
  - A. Apply a 3/16" upper & 8 1/2" thick lower head shield - Add \$1720 per car.
  - B. Apply a full 1/2" thick head shield - Add \$2190 per car.
  - C. Remove 2" eduction line and apply blind flange - Deduct (\$325) per car.
  - D. Add 3" pipe guide bracket after removing 2" eduction line - Add \$23 per car.
  - E. Change 2" eduction line to 3" eduction line - Add \$630 per car.

EXHIBIT C(CONT.)

Mr. F. D. Armstrong  
December 17, 1991  
Page Two

3. For file 9173 only.
  - A. Apply pads for future head shield application - Add \$498 per car.
  - B. Change multi-housing from 12" flued to 14" bolted, insert type - Add \$360 per car.
  - C. Apply a 48" long Midland B612Y magnetic gauging device - Add \$1220 per car.
  - D. Apply a 48" long MGM magnetic gauging device - Add \$1158 per car.

In order to complete drawings, apply for AAR approval and purchase parts to comply with any of the above alternatives, we need your response as soon as possible.

If you need additional information, or if you have any questions on this proposal, please let me know.

Sincerely,



Kerry Stokes  
Regional Sales Manager

KS/pc  
L113



F. D. Armstrong  
Director, Rail Operations  
Transportation Department

Conoco Inc.  
P.O. Box 2197  
Houston, TX 77252  
(713) 293-2171

November 12, 1991

Mr. Kerry Stokes  
Trinity Industries, Inc.  
Southwest Sales Office  
3910 Washington Avenue  
Houston, Texas 77007

Dear Mr. Stokes:

This letter is in reference to yours dated November 1, 1991, concerning our verbal order for 110 general purpose tank cars.

In addition to the prices and quantities listed in your letter, we would like to confirm additional issues as follows:

1. Only new parts and components will be used on the cars.
2. All of the 110 cars will be built at your Longview, Texas plant. If Trinity chooses to use other plants to build the cars, new car freight will be equalized by Trinity with Longview, Texas to Conoco's first point of loading.
3. All cars will be completed and delivered by May 31, 1991, and all prices included in your November 1 letter are firm until all cars are delivered. Prices quoted are for cars delivered FOB your plant(s).
4. The cars will be constructed to specifications used to build similar cars for Trinity Leasing's house account with the exception that all cars will be equipped with top and bottom valves and fittings with no increase in cost to Conoco.
5. We will meet in your Dallas, Texas office on December 5, 1991, to review the specifications on all 110 cars in detail, and this will serve as the pre-production planning meeting.

EXHIBIT C(CONT.)

Mr. Kerry Stokes  
Page Two  
November 12, 1991

This letter is to be considered as our firm order for the cars subject to the foregoing conditions.

We appreciate yours and Tim's efforts toward developing this win/win agreement and extending the period of your offer which allowed Conoco time to properly evaluate alternatives.

Thanks again.

Sincerely,

A handwritten signature in black ink, appearing to read "F. D. Armstrong", written in a cursive style.

F. D. Armstrong  
Director, Rail Operations  
Transportation Department

FDA/mnb

TRINITY INDUSTRIES, INC.



November 1, 1991

Mr. F.D. Armstrong  
Director, Rail Operations  
Traffic & Rail Operations  
Transportation Dept.  
Conoco, Inc.  
PO Box 2197  
Houston, TX 77252

Subject: Order for 110 New Tank Cars

Dear Dean:

This is to acknowledge and thank you very much for your verbal order to purchase 110 new non-pressure tank cars from Trinity Industries. The specifications and Terms and Conditions are the same as those submitted in my September 27, 1991 letter to you, except that all cars will be equipped for top unloading capabilities.

Following is a listing of the cars involved, along with the quantity and sales price for each car type.

	<u>Sale Price</u>
1. 50 - 23,589 gallon coiled and insulated cars	\$49,917.00 per car
2. 30 - 25,498 gallon coiled and insulated cars	\$50,978.00 per car
3. 30 - 30,143 gallon non-coiled, non-insulated cars	\$46,622.00 per car

Delivery is FOB Trinity plant and will begin in early 1992, subject to a mutually agreed to schedule between Trinity and Conoco.

To confirm your order, please sign in the space provided below and return a copy so that we can initiate the start up of this order.

EXHIBIT C(CONT.)

TRINITY INDUSTRIES, INC.

Conoco, Inc.  
November 1, 1991  
Page 2

Thank you again for this very nice order, Dean. We look forward to this opportunity to manufacture these quality tank cars to be used in Conoco's rail service.

Sincerely,



Kerry Stokes  
Regional Sales Manager

KS/pm  
L103

Accepted: \_\_\_\_\_  
Conoco, Inc.

Title: MANAGER, TRAFFIC & RAIL OPERATIONS

Date: \_\_\_\_\_

## SCHEDULE A

### PAYMENT SCHEDULE

<u>PAYMENT NUMBER</u>	<u>RENTAL RATE</u>
1-11	0.000000%
12	9.260445%
13-23	0.000000%
24	9.260445%
25-35	0.000000%
36	9.260445%
37-47	0.000000%
48	9.260445%
49-55	0.000000%
56	9.260445%
57-67	0.000000%
68	9.260445%
69-79	0.000000%
80	9.260445%
81-91	0.000000%
92	10.289383%
93-103	0.000000%
104	11.318321%
105-115	0.000000%
116	11.318321%
117-127	0.000000%
128	11.318321%
129-139	0.000000%
140	11.318321%
141-151	0.000000%
152	11.318321%
153-163	0.000000%
164	11.318321%
165-175	0.000000%
176	11.318321%
177-180	0.000000%

**ADJUSTMENTS TO BASE RENT:** The Rental Rate and, therefore, the Base Rent shall change upward or downward based upon adjustments to the Rental Rate. The Rental Rate is based upon the current actively-traded ten(10) year U.S. Treasury Note, a 7.50% series maturing November, 2001 currently yielding 6.74% and will be adjusted with changes to the then actively-traded U.S. Treasury Note five(5) days prior to the Funding Date.

**ADJUSTMENT:** Eighty four (84) basis points of Rental Rate per one hundred (100) basis points change in the treasury yield on a pro rata basis.

Date: June 30, 1992

John Hancock Place  
197 Clarendon Street  
Post Office Box 111  
Boston, MA 02117

**LEASE SCHEDULE**

Lease Schedule No. 0001 to Railroad Equipment Lease Agreement No. 3932 dated June 10, 1992.

THE LEASE SCHEDULE is executed and delivered by JOHN HANCOCK LEASING CORPORATION ("Lessor") and CONOCO, INC. ("Lessee") pursuant to and in accordance with Railroad Equipment Lease Agreement dated June 10, 1992 ("Lease") between Lessor and Lessee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease.

1. **DEFINITIONS.** The following terms shall have the following meanings for all purposes of this Lease Schedule and Lease:

**Acceptance Date:** The date the Railcars are accepted by Lessee pursuant to the Lease, such date being designated as the Acceptance Date therein.

**Commencement Date:** June 30, 1992

**Total Cost:** The total purchase price paid by Lessor with respect to each Railcar whether such payment is made by Lessor directly to the applicable vendor or other supplier, or to Lessee in reimbursement of amounts previously paid by Lessee to such vendor or other supplier, all as specifically set forth on the Exhibit A to the Lease.

**Periodic Rental:** Periodic Rental and Supplemental Rent.

**Supplemental Rent:** All amounts other than Periodic Rental payable under this Lease including without limitation Stipulated Loss Value.

2. **EQUIPMENT.** The Railcars covered by this Lease Schedule consists of the items described on Exhibit A hereto executed and delivered by Lessee, and accepted by Lessor, pursuant to the terms hereof.

3. **PURCHASE CONTRACTS.** The Railcars are the subject of one or more Purchase Contracts from one or more suppliers as set forth on Exhibit C to the Lease. Lessee has received, approved and initialed copies of the original Purchase Contracts with respect to the Railcars prior to Lessee's execution of the Lease covering such Railcars and has provided Lessor with evidence of acceptance of the Railcars.

4. **LESSEE REPRESENTATIONS.** By the execution of this Lease Schedule by Lessee, Lessee confirms that, as of the date hereof, all of the Lessee's Warranties set forth in Paragraph 3 of the Lease are true and correct, and each Railcar described in Exhibit A hereto has been delivered to it, duly assembled and with all additions installed, in good working order and condition,

irrevocably accepts, as of the date hereof, the Railcars "AS IS", "WHERE IS" for all purposes of this Lease Schedule and Lease.

5. RENT. Lessee shall pay to Lessor, in accordance with the provisions of this Lease, Periodic Rental during the Primary Term in the amounts and on the dates as specified below:

Periodic Rental: Lessee shall pay to Lessor for each Railcar Periodic Rental in 180 consecutive monthly installments, each in an amount equal to the product of the Rental Rate set forth on Schedule A hereto corresponding to such payment number times the Total Cost for such Railcar. Each installment of the Periodic Rental shall be due and payable on the 30th day of each month commencing on July, 1992, and continuing for the Primary Term.

6. STIPULATED LOSS VALUE. Schedule B attached hereto sets forth the Stipulated Loss Value of the Equipment.

7. INCORPORATION OF LEASE. All of the provisions of the Lease are hereby incorporated by reference in this Lease Schedule to the same extent as if fully set forth herein.

Counterpart No. 2 of four (4) serially numbered manually executed Counterparts. To the extent if any that this document constitutes Chattel Paper under the Uniform Commercial Code, no security interest in this document may be created through the transfer or possession of any Counterpart hereof other than Counterpart No. 1.

This Lease Schedule has been executed and agreed upon as of the date first set forth above by the undersigned parties under seal pursuant to due authorization.

WITNESS OR ATTEST: \_\_\_\_\_

NAME AND TITLE: \_\_\_\_\_  
\_\_\_\_\_

LESSEE: CONOCO, INC.

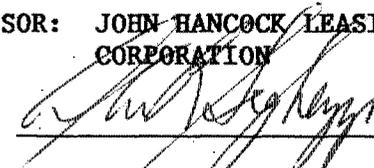
BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_  
(Corporate Officer, General Partner,  
Owner)

Accepted at Boston, Massachusetts:

LESSOR: JOHN HANCOCK LEASING  
CORPORATION

BY:  \_\_\_\_\_

NAME: **ALAN R. SEGHEZZI**

TITLE: **PRESIDENT**

STATE OF MASSACHUSETTS)

COUNTY OF Suffolk ) SS.  
 )  
 )

On this 21 day of June, 1992 before me personally appeared Alia  
By: J. J. (L. 25), to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that 17/49/18. Sep 22/1  
executed the same as his free act and deed.

John T. Wallace  
Notary Public

~~JOHN T. WALLACE, Notary Public~~  
My Commission Expires  
April 23, 1993

STATE OF TEXAS )

COUNTY OF ) SS.  
 )  
 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_  
\_\_\_\_\_, to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that \_\_\_\_\_  
executed the same as \_\_\_\_\_ free act and deed.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_

SCHEDULE A

PAYMENT SCHEDULE

<u>PAYMENT NUMBER</u>	<u>RENTAL RATE</u>
1 - 11	0.000000%
12	9.534193%
13 - 23	0.000000%
24	9.534193%
25 - 35	0.000000%
36	9.534193%
37 - 47	0.000000%
48	9.534193%
49 - 55	0.000000%
56	9.534193%
57 - 67	0.000000%
68	9.534193%
68 - 79	0.000000%
80	9.534193%
81 - 91	0.000000%
92	10.593548%
93 - 103	0.000000%
104	11.652903%
105 - 115	0.000000%
116	11.652903%
117 - 127	0.000000%
128	11.652903%
129 - 139	0.000000%
140	11.652903%
141 - 151	0.000000%
152	11.652903%
153 - 163	0.000000%
164	11.652903%
165 - 175	0.000000%
176	11.652903%
177 - 180	0.000000%

## EXHIBIT A

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
Trinity Industries	30	Model No. 10-301 30,143 Gallon 100 Ton Non-Coiled, Non-Insulated Cars		5,557,679.99
		Tank Car	492239	
		Tank Car	492240	
		Tank Car	492241	
		Tank Car	492242	
		Tank Car	492243	
		Tank Car	492244	
		Tank Car	492245	
		Tank Car	492246	
		Tank Car	492247	
		Tank Car	492248	
		Tank Car	492249	
		Tank Car	492250	
		Tank Car	492251	
		Tank Car	492252	
		Tank Car	492253	
		Tank Car	492254	
		Tank Car	492255	
		Tank Car	492256	
		Tank Car	492257	
		Tank Car	492258	
		Tank Car	492259	
		Tank Car	492260	
		Tank Car	492261	
		Tank Car	492262	
		Tank Car	492263	
		Tank Car	492264	
		Tank Car	492265	
		Tank Car	492266	
		Tank Car	492267	
		Tank Car	492268	
	50	Model No. 30-236 23,589 Gallon 100 Ton Coiled & Insulated Cars		
		Tank Car	492128	
		Tank Car	492129	
		Tank Car	492130	
		Tank Car	492131	
		Tank Car	492132	
		Tank Car	492133	
		Tank Car	492134	
		Tank Car	492135	

VENDOR

QUANTITY

DESCRIPTION

S/N

COST

Tank Car 492136  
Tank Car 492137  
Tank Car 492138  
Tank Car 492139  
Tank Car 492140  
Tank Car 492141  
Tank Car 492142  
Tank Car 492143  
Tank Car 492144  
Tank Car 492145  
Tank Car 492146  
Tank Car 492147  
Tank Car 492148  
Tank Car 492149  
Tank Car 492150  
Tank Car 492151  
Tank Car 492152  
Tank Car 492153  
Tank Car 492154  
Tank Car 492155  
Tank Car 492156  
Tank Car 492157  
Tank Car 492158  
Tank Car 492159  
Tank Car 492160  
Tank Car 492161  
Tank Car 492162  
Tank Car 492163  
Tank Car 492164  
Tank Car 492165  
Tank Car 492166  
Tank Car 492167  
Tank Car 492168  
Tank Car 492169  
Tank Car 492170  
Tank Car 492171  
Tank Car 492172  
Tank Car 492173  
Tank Car 492174  
Tank Car 492175  
Tank Car 492176  
Tank Car 492177

30

Model No. 30-255-5  
25,498 Gallon 100 Ton  
Coiled & Insulated Cars

Tank Car 492178  
Tank Car 492179  
Tank Car 492180  
Tank Car 492181  
Tank Car 492182  
Tank Car 492183  
Tank Car 492184  
Tank Car 492185

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
		Tank Car	492186	
		Tank Car	492187	
		Tank Car	492188	
		Tank Car	492189	
		Tank Car	492190	
		Tank Car	492191	
		Tank Car	492192	
		Tank Car	492193	
		Tank Car	492194	
		Tank Car	492195	
		Tank Car	492196	
		Tank Car	492197	
		Tank Car	492198	
		Tank Car	492199	
		Tank Car	492200	
		Tank Car	492201	
		Tank Car	492202	
		Tank Car	492203	
		Tank Car	492204	
		Tank Car	492205	
		Tank Car	492206	
		Tank Car	492207	

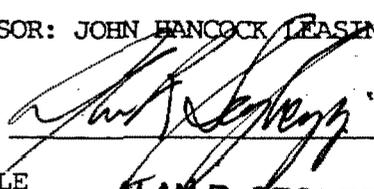
Including all accessions, additions, attachments, replacements, repair, improvements, substitutions, and accessories thereto.

TOTAL COST: 5,557,679.99

LESSEE: CONOCO, INC.

LESSOR: JOHN HANCOCK LEASING CORPORATION

BY: \_\_\_\_\_

BY:  \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: **ALAN R. SEGHEZZI** \_\_\_\_\_

PRESIDENT

SEO3A.4  
062292

Date: June 30, 1992

John Hancock Place  
197 Clarendon Street  
Post Office Box 111  
Boston, MA 02117

**LEASE SCHEDULE**

Lease Schedule No. 0001 to Railroad Equipment Lease Agreement No. 3932 dated June 10, 1992.

THE LEASE SCHEDULE is executed and delivered by JOHN HANCOCK LEASING CORPORATION ("Lessor") and CONOCO INC. ("Lessee") pursuant to and in accordance with Railroad Equipment Lease Agreement dated June 10, 1992 ("Lease") between Lessor and Lessee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease.

1. **DEFINITIONS.** The following terms shall have the following meanings for all purposes of this Lease Schedule and Lease:

**Acceptance Date:** The date the Railcars are accepted by Lessee pursuant to the Lease, such date being designated as the Acceptance Date therein.

**Commencement Date:** June 30, 1992

**Total Cost:** The total purchase price paid by Lessor with respect to each Railcar whether such payment is made by Lessor directly to the applicable vendor or other supplier, or to Lessee in reimbursement of amounts previously paid by Lessee to such vendor or other supplier, all as specifically set forth on the Exhibit A to the Lease.

**Periodic Rental:** Periodic Rental and Supplemental Rent.

**Supplemental Rent:** All amounts other than Periodic Rental payable under this Lease including without limitation Stipulated Loss Value.

2. **EQUIPMENT.** The Railcars covered by this Lease Schedule consists of the items described on Exhibit A hereto executed and delivered by Lessee, and accepted by Lessor, pursuant to the terms hereof.

3. **PURCHASE CONTRACTS.** The Railcars are the subject of one or more Purchase Contracts from one or more suppliers as set forth on Exhibit C to the Lease. Lessee has received, approved and initialed copies of the original Purchase Contracts with respect to the Railcars prior to Lessee's execution of the Lease covering such Railcars and has provided Lessor with evidence of acceptance of the Railcars.

4. **LESSEE REPRESENTATIONS.** By the execution of this Lease Schedule by Lessee, Lessee confirms that, as of the date hereof, all of the Lessee's Warranties set forth in Paragraph 3 of the Lease are true and correct, and each Railcar described in Exhibit A hereto has been delivered to it, duly assembled and with all additions installed, in good working order and condition,

irrevocably accepts, as of the date hereof, the Railcars "AS IS", "WHERE IS" for all purposes of this Lease Schedule and Lease.

5. RENT. Lessee shall pay to Lessor, in accordance with the provisions of this Lease, Periodic Rental during the Primary Term in the amounts and on the dates as specified below:

Periodic Rental: Lessee shall pay to Lessor for each Railcar Periodic Rental in 180 consecutive monthly installments; each in an amount equal to the product of the Rental Rate set forth on Schedule A hereto corresponding to such payment number times the Total Cost for such Railcar. Each installment of the Periodic Rental shall be due and payable on the 30th day of each month commencing on July, 1992, and continuing for the Primary Term.

6. STIPULATED LOSS VALUE. Schedule B attached hereto sets forth the Stipulated Loss Value of the Equipment.

7. INCORPORATION OF LEASE. All of the provisions of the Lease are hereby incorporated by reference in this Lease Schedule to the same extent as if fully set forth herein.

Counterpart No. 2 of four (4) serially numbered manually executed Counterparts. To the extent if any that this document constitutes Chattel Paper under the Uniform Commercial Code, no security interest in this document may be created through the transfer or possession of any Counterpart hereof other than Counterpart No. 1.

This Lease Schedule has been executed and agreed upon as of the date first set forth above by the undersigned parties under seal pursuant to due authorization.

WITNESS OR ATTEST: Bob Heinrich

NAME AND TITLE: BOB HEINRICH  
SR. TREASURY ANALYST

LESSEE: CONOCO, INC.

BY: Bob Walker

NAME: BOB WALKER

TITLE: VICE PRESIDENT - SUPPLY AND TRANSPORTATION  
(Corporate Officer, General Partner, Owner)

Accepted at Boston, Massachusetts:

LESSOR: JOHN HANCOCK LEASING CORPORATION

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

*EWD*  
*CHH*

## EXHIBIT A

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
Trinity Industries	30	Model No. 10-301 30,143 Gallon 100 Ton Non-Coiled, Non-Insulated Cars		\$5,557,679.99
		Tank Car	492239	
		Tank Car	492240	
		Tank Car	492241	
		Tank Car	492242	
		Tank Car	492243	
		Tank Car	492244	
		Tank Car	492245	
		Tank Car	492246	
		Tank Car	492247	
		Tank Car	492248	
		Tank Car	492249	
		Tank Car	492250	
		Tank Car	492251	
		Tank Car	492252	
		Tank Car	492253	
		Tank Car	492254	
		Tank Car	492255	
		Tank Car	492256	
		Tank Car	492257	
		Tank Car	492258	
		Tank Car	492259	
		Tank Car	492260	
		Tank Car	492261	
		Tank Car	492262	
		Tank Car	492263	
		Tank Car	492264	
		Tank Car	492265	
		Tank Car	492266	
		Tank Car	492267	
		Tank Car	492268	
	50	Model No. 30-236 23,589 Gallon 100 Ton Coiled & Insulated Cars		
		Tank Car	492128	
		Tank Car	492129	
		Tank Car	492130	
		Tank Car	492131	
		Tank Car	492132	
		Tank Car	492133	
		Tank Car	492134	
		Tank Car	492135	

VENDOR

QUANTITY

DESCRIPTION

S/N

COST

Tank Car 492136  
Tank Car 492137  
Tank Car 492138  
Tank Car 492139  
Tank Car 492140  
Tank Car 492141  
Tank Car 492142  
Tank Car 492143  
Tank Car 492144  
Tank Car 492145  
Tank Car 492146  
Tank Car 492147  
Tank Car 492148  
Tank Car 492149  
Tank Car 492150  
Tank Car 492151  
Tank Car 492152  
Tank Car 492153  
Tank Car 492154  
Tank Car 492155  
Tank Car 492156  
Tank Car 492157  
Tank Car 492158  
Tank Car 492159  
Tank Car 492160  
Tank Car 492161  
Tank Car 492162  
Tank Car 492163  
Tank Car 492164  
Tank Car 492165  
Tank Car 492166  
Tank Car 492167  
Tank Car 492168  
Tank Car 492169  
Tank Car 492170  
Tank Car 492171  
Tank Car 492172  
Tank Car 492173  
Tank Car 492174  
Tank Car 492175  
Tank Car 492176  
Tank Car 492177

30

Model No. 30-255-5  
25,498 Gallon 100 Ton  
Coiled & Insulated Cars

Tank Car 492178  
Tank Car 492179  
Tank Car 492180  
Tank Car 492181  
Tank Car 492182  
Tank Car 492183  
Tank Car 492184  
Tank Car 492185

<u>VENDOR</u>	<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>S/N</u>	<u>COST</u>
		Tank Car	492186	
		Tank Car	492187	
		Tank Car	492188	
		Tank Car	492189	
		Tank Car	492190	
		Tank Car	492191	
		Tank Car	492192	
		Tank Car	492193	
		Tank Car	492194	
		Tank Car	492195	
		Tank Car	492196	
		Tank Car	492197	
		Tank Car	492198	
		Tank Car	492199	
		Tank Car	492200	
		Tank Car	492201	
		Tank Car	492202	
		Tank Car	492203	
		Tank Car	492204	
		Tank Car	492205	
		Tank Car	492206	
		Tank Car	492207	

Including all accessions, additions, attachments, replacements, repair, improvements, substitutions, and accessories thereto.

TOTAL COST: \$5,557,679.99

*EW*  
LESSEE: CONOCO, INC.

LESSOR: JOHN HANCOCK LEASING CORPORATION

*EW* BY: Bob Walker

BY: \_\_\_\_\_

TITLE: VICE PRESIDENT - SUPPLY AND TRANSPORTATION

TITLE: \_\_\_\_\_

SEO3A.4  
062292

SCHEDULE A

PAYMENT SCHEDULE

<u>PAYMENT NUMBER</u>	<u>RENTAL RATE</u>
1 - 11	0.000000%
12	9.534193%
13 - 23	0.000000%
24	9.534193%
25 - 35	0.000000%
36	9.534193%
37 - 47	0.000000%
48	9.534193%
49 - 55	0.000000%
56	9.534193%
57 - 67	0.000000%
68	9.534193%
68 - 79	0.000000%
80	9.534193%
81 - 91	0.000000%
92	10.593548%
93 - 103	0.000000%
104	11.652903%
105 - 115	0.000000%
116	11.652903%
117 - 127	0.000000%
128	11.652903%
129 - 139	0.000000%
140	11.652903%
141 - 151	0.000000%
152	11.652903%
153 - 163	0.000000%
164	11.652903%
165 - 175	0.000000%
176	11.652903%
177 - 180	0.000000%

*[Handwritten signature]*

John Hancock Leasing Corporation

John Hancock Place  
P.O. Box 111  
Boston, MA 02117

LEASE SCHEDULE NO. 0001 DATED JUNE 30, 1992 TO

RAILROAD EQUIPMENT LEASE AGREEMENT NO. 3932 DATED JUNE 10, 1992

JOHN HANCOCK LEASING CORPORATION

SCHEDULE B

This Schedule B is attached to and becomes a part of the above-referenced Railroad Lease/Lease Schedule between the undersigned, as Lessee, and John Hancock Leasing Corporation, as Lessor.

STIPULATED LOSS VALUE SCHEDULE

<u>Lease Period Prior to Rental Payment No.</u>	<u>Stipulated Loss Value*</u>	<u>Lease Period Prior to Rental Payment No.</u>	<u>Stipulated Loss Value*</u>
1	105.85927	31	110.93416
2	106.72311	32	111.67057
3	107.59157	33	112.41090
4	108.45174	34	113.15272
5	109.31649	35	113.89629
6	110.18586	36	114.64383
7	111.04695	37	105.77976
8	111.91262	38	106.45345
9	112.78292	39	107.13074
10	113.65355	40	107.80943
11	114.51859	41	108.49175
12	115.38824	42	109.17770
13	106.63892	43	109.86511
14	107.42797	44	110.55618
15	108.22123	45	111.25094
16	109.00849	46	111.94843
17	109.79995	47	112.64982
18	110.59563	48	113.35495
19	111.38533	49	104.45063
20	112.17923	50	105.08387
21	112.97737	51	105.72048
22	113.77522	52	106.36067
23	114.57177	53	107.00428
24	115.37258	54	107.65132
25	106.55871	55	108.30200
26	107.28288	56	108.95614
27	108.01092	57	100.00039
28	108.73728	58	100.58199
29	109.46752	59	101.16688
30	110.20166	60	101.75489

\*Percentage of Cost

This Schedule B is hereby verified by the undersigned who acknowledges receipt of a copy.

LESSEE: CONOCO INC.

By: Bob Walker

*EWB  
GWA*

Title: VICE PRESIDENT - SUPPLY AND TRANSPORTATION

SCHEDULE B

This Schedule B is attached to and becomes a part of the above-referenced Railroad Lease/Lease Schedule between the undersigned, as Lessee, and John Hancock Leasing Corporation, as Lessor.

STIPULATED LOSS VALUE SCHEDULE

Lease Period Prior to Rental Payment No.	Stipulated Loss Value*	Lease Period Prior to Rental Payment No.	Stipulated Loss Value*
61	102.34622	101	94.04990
62	102.94070	102	94.54789
63	103.53836	103	95.05541
64	104.13938	104	95.56563
65	104.74361	105	84.32887
66	105.35107	106	84.75028
67	105.96194	107	85.18152
68	106.57608	108	85.61506
69	97.58010	109	86.05848
70	98.12126	110	86.50427
71	98.66550	111	86.95243
72	99.21264	112	87.41056
73	99.76288	113	87.87113
74	100.31606	114	88.33416
75	100.87218	115	88.80723
76	101.43146	116	89.28282
77	101.99372	117	78.01125
78	102.55897	118	78.39798
79	103.12743	119	78.79435
80	103.69891	120	79.19284
81	94.66006	121	79.60102
82	95.15812	122	80.01138
83	95.66201	123	80.42393
84	96.16859	124	80.84625
85	96.68104	125	81.27082
86	97.19622	126	81.69766
87	97.71415	127	82.13435
88	98.23801	128	82.57336
89	98.76466	129	71.26502
90	99.29412	130	71.61479
91	99.82958	131	71.97400
92	100.36789	132	72.33512
93	90.22753	133	72.70574
94	90.68455	134	73.07833
95	91.15086	135	73.45292
96	91.61966	136	73.83707
97	92.09783	137	74.22328
98	92.57855	138	74.61154
99	93.06183	139	75.00945
100	93.55455	140	75.40948

\*Percentage of Cost

This Schedule B is hereby verified by the undersigned who acknowledges receipt of a copy.

LESSEE: CONOCO INC.

By: Bob Walker *EWB*

Title: VICE PRESIDENT - SUPPLY AND TRANSPORTATION

John Hancock Leasing Corporation

John Hancock Place

P.O. Box 111

Boston, MA 02117

LEASE SCHEDULE NO. 0001 DATED JUNE 30, 1992 TO

RAILROAD EQUIPMENT LEASE AGREEMENT NO. 3932 DATED JUNE 10, 1992

JOHN HANCOCK LEASING CORPORATION

SCHEDULE B

This Schedule B is attached to and becomes a part of the above-referenced Railroad Lease/Lease Schedule between the undersigned, as Lessee, and John Hancock Leasing Corporation, as Lessor.

STIPULATED LOSS VALUE SCHEDULE

<u>Lease Period Prior to Rental Payment No.</u>	<u>Stipulated Loss Value*</u>	<u>Lease Period Prior to Rental Payment No.</u>	<u>Stipulated Loss Value*</u>
141	64.06194	161	58.66663
142	64.37231	162	58.96995
143	64.69190	163	59.28247
144	65.01319	164	59.59665
145	65.34378	165	48.16280
146	65.67612	166	48.38639
147	66.01024	167	48.61875
148	66.35371	168	48.85235
149	66.69902	169	49.09477
150	67.04617	170	49.33848
151	67.40274	171	49.58349
152	67.76121	172	49.83738
153	56.37190	173	50.09263
154	56.64026	174	50.34924
155	56.91763	175	50.61478
156	57.19648	176	50.88175
157	57.48438	177	39.40044
158	57.77382	178	39.57631
159	58.06481	179	39.78759
160	58.36492	180	40.00000
		thereafter	40.00000

\*Percentage of Cost

This Schedule B is hereby verified by the undersigned who acknowledges receipt of a copy.

LESSEE: CONOCO INC.

By: Bob Walker

Title: VICE PRESIDENT

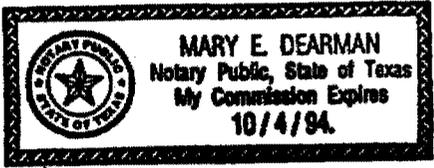
*EW*  
*EW*

SEO3A.6  
062492

STATE OF MASSACHUSETTS )  
 ) SS.  
COUNTY OF Harris )

On this 26th day of June, 1992, before me personally appeared Bob Walker, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that Bob Walker executed the same as his free act and deed.

Mary E. Dearman  
Notary Public  
10-4-94



STATE OF TEXAS )  
 ) SS.  
COUNTY OF )  
\_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_