

\$15.00

MORGAN, LEWIS & BOCKIUS

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16735

RECORDATION NO _____ FILED 1425

WASHINGTON
NEW YORK
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LONDON

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INTERSTATE COMMERCE COMMISSION

LEONARD A POTTER
DIAL DIRECT (212) 309-6123

January 18, 1990

Ms. Noreta R. McGee
Secretary, Interstate Commerce
Commission
Washington, D.C.

0-013A066

Dear Ms. McGee:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is Equipment Lease Agreement [No. 1989] together with the Lease Schedule thereto (the "Lease"). The Lease is a primary document and is dated as of December 21, 1989.

The names and addresses of the parties to the Lease are as follows:

Lessor:

Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, New Jersey 07090-1099

Lessee:

Olin Corporation
120 Long Ridge Road
Stamford, Connecticut 06904

A description of the equipment covered by the Lease follows: seventy-one 14,000 gallon phosphoric acid tank cars built by Trinity Industries, Serial Nos. WACX 151001 thru 151041, 151045, 151047, 151049, 151050, 151053, 151058, 151064, 151069, 151070, 151071, 151073, 151078, 151079, 151080, 151084 thru 151091, 151099, 151100, 151106, 151108, 151109, 151110, 151112, 151118.

Handwritten signature/initials

Vertical stamp or marking on the right margin.

MORGAN, LEWIS & BOCKIUS

Ms. Noreta R. McGee

-2-

January 18, 1990

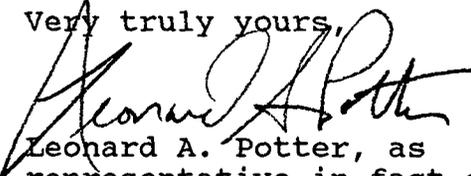
A filing fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Leonard A. Potter, Esq.
Morgan, Lewis & Bockius
101 Park Avenue
New York, NY 10178

A short summary of the document to appear in the index follows:

Lease between Connell Finance Company,
as Lessor, and Olin Corporation, as Lessee,
dated as of December 21, 1989.

Very truly yours,



Leonard A. Potter, as
representative in fact of
Connell Finance Company, Inc.

Interstate Commerce Commission
Washington, D.C. 20423

1/19/90

OFFICE OF THE SECRETARY

Leonard A. Potter
Morgan Lewis & Bockius
101 Park Avenue
New York, N.Y. 10178

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/19/90 at 2:05pm and assigned recordation number(s). 16735

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

REGISTRATION NO. **16735** FILED 1425

Duplicate

JAN 19 1990 -2 05 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of December 21, 1989

Between

CONNELL FINANCE COMPANY, INC.
(Lessor)

and

OLIN CORPORATION
(Lessee)

To the extent this Lease constitutes chattel paper within the meaning of any applicable Uniform Commercial Code provision, only the counterpart hereof marked "original" shall be deemed chattel paper and all other counterparts shall be deemed and marked "duplicates".

EQUIPMENT LEASE AGREEMENT

Lease Agreement made as of this 21st day of December, 1989, between CONNELL FINANCE COMPANY, INC. ("*CONNELL*") ("Lessor"), a New Jersey corporation, having its principal place of business located at 45 Cardinal Drive, Westfield, New Jersey 07092, and OLIN CORPORATION ("Lessee"), a Virginia corporation, having its principal place of business located at 120 Long Ridge Road, Stamford, Connecticut 06904.

1. **LEASE AGREEMENT:** Subject to the conditions in Section 2, Lessor hereby agrees to purchase from Albright & Wilson Company and lease to Lessee and Lessee hereby rents from Lessor all the machinery, equipment and other personal property ("*Equipment*") described in the Equipment lease schedule which will be executed by Lessor and Lessee in the form attached hereto and incorporated herein (the "*Schedule*") upon the terms and conditions set forth herein, provided that the Lessor shall have no obligation to enter into any Schedule after December 31, 1989. Whenever reference is made herein to "this Lease" it shall be deemed to include the Schedule(s) identifying all items of Equipment, all of which constitute one undivided lease of the Equipment, and the terms and conditions of which are incorporated herein by reference.

2. **CONDITIONS PRECEDENT:** The obligation of Lessor to purchase and lease any of the Equipment to Lessee hereunder shall be subject, on or as of the acceptance date for such Equipment, to (i) Lessee's acceptance of such Equipment, as evidenced by Lessor's receipt of an acceptance certificate in form and substance acceptable to Lessor with respect thereto; (ii)

Lessee's execution and delivery, at Lessee's expense, of such documents as Lessor may reasonably deem to be necessary or desirable (each in form and substance satisfactory to Lessor), including, without limitation, an opinion of Lessee's counsel, a certificate(s) of officers of Lessee, Uniform Commercial Code financing statements and other filings and publications as may be appropriate with respect to Lessor's interest in the Equipment including filings with the United States Interstate Commerce Commission; (iii) there not having occurred, since the date of the most recent financial statements of Lessee delivered to Lessor pursuant to Section 5 hereof, any material adverse change in the financial condition of Lessee or in Lessee's ability to perform its obligations hereunder; (iv) there having occurred no change in applicable law that would have a material adverse impact on the transactions contemplated by this Lease (unless Lessor and Lessee shall have agreed upon appropriate adjustments and indemnities to compensate for such change); (v) Lessee's representations and warranties contained in this Lease being true and accurate as if made on and as of such date, and Lessee's having performed and complied with all of its covenants and obligations hereunder and under any purchase agreement; (vi) no Event of Default or event which with the passage of time, giving of notice, or both, would become a default having occurred hereunder; (vii) evidence of compliance with the insurance provisions of this Lease have been delivered to Lessor; and (viii) receipt of a bill of sale from Albright & Wilson Company in form satisfactory to Lessor.

3. REPRESENTATIONS AND WARRANTIES: Lessee represents and warrants that:

(a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia; has all requisite corporate power and authority and all necessary licenses and permits to own and operate its respective properties and to carry on its business as now conducted; and is duly licensed or qualified and is good standing as a foreign

(f) The execution and delivery by Lessee of each of the Operative Agreements and compliance by Lessee with all of the provisions of said instruments (i) are within the corporate powers of Lessee and (ii) will not violate any provisions of any law, rule or regulation or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-Laws of Lessee or any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which Lessee is a party or by which it may be bound or result in the imposition of any liens or encumbrances on any property of Lessee.

(g) No Event of Default as defined in this Lease has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default as herein defined. Lessee is not in default in the payment of principal of or interest on any indebtedness for borrowed money and no material default by Lessee or any of its subsidiaries (which default cannot be cured within any applicable grace period) has occurred under any instrument or agreement pursuant to which any indebtedness for borrowed money in excess of \$1,000,000 has been issued.

(h) No consent, approval or authorization of any governmental authority is required on the part of Lessee in connection with the execution and delivery and performance of any of the Operative Agreements and Lessee has complied with all applicable provisions of law requiring the designation, declaration, filing, registration and/or qualification with any governmental authority in connection with the execution and delivery and performance of said instruments.

(i) All Federal, State and Foreign income tax returns required to be filed by Lessee have, in fact, been filed, and all taxes which are shown to be due and payable in such returns have been paid. No material controversy in respect of additional income taxes due is pending or, to the knowledge of Lessee, threatened, which controversy if determined adversely would materially and adversely affect Lessee's ability to perform its obligations under any of the

Operative Agreements. The provision for taxes on the books of Lessee is adequate for all open years, and for its current fiscal period.

4. **TERM:** The obligations under this Lease shall commence upon the written acceptance thereof by Lessor and shall end upon full performance and observance of each and every term, condition and covenant set forth in this Lease, each Schedule thereto and any extensions thereof. The Lease Term of the Equipment listed in each Schedule shall commence on the date of the Schedule and shall terminate on the last day of the term stated in such Schedule unless such Schedule has been extended or otherwise modified in writing and signed by Lessor and Lessee. Lessor, at its option, may terminate its obligation to purchase and lease any unit of Equipment that has not been delivered to Lessee prior to December 31, 1989.

5. **FINANCIAL STATEMENTS:** Lessee agrees that it will furnish directly to Lessor and any Collateral Assignee (as defined in Section 21 hereof) the following:

(a) As soon as available and in any event within 60 days after the end of each quarterly period, except the last, of each fiscal year, a consolidated balance sheet of Lessee as at the end of such period and a consolidated statement of income and retained earnings of Lessee for the period beginning on the first day of such fiscal year and ending on the date of such balance sheet, the consolidated income statement setting forth increases and decreases from the corresponding figures for the corresponding period of the preceding fiscal year, each prepared in accordance with generally accepted accounting principles and certified by the principal financial officer of Lessee;

(b) As soon as available and in any event within 120 days after the last day of each fiscal year, a copy of Lessee's consolidated balance sheet, consolidated income statement and consolidated statement of retained earnings setting forth increases and decreases from the

corporation in each jurisdiction in which such qualification is necessary to carry on its business as now conducted.

(b) This Lease and each other agreement related to the lease of Equipment contemplated hereby to which Lessee is a party (the "Operative Agreements") have been duly authorized, executed and delivered by Lessee and constitute the legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with their respective terms.

(c)(i) The consolidated balance sheet of Lessee and its subsidiaries as of December 31, 1988 and the consolidated statement of income and retained earnings for the fiscal year ended on said date and (ii) the consolidated balance sheet and statement of income of Lessee and the subsidiaries as of the end of and for each subsequent quarterly period have been delivered to Lessor and have been prepared in accordance with generally accepted accounting principles consistently applied, are correct in all material respects and present fairly the financial position of Lessee and its subsidiaries on a consolidated basis as of such date and the results of operations of Lessee and its subsidiaries on a consolidated basis for such period.

(d) There is no fact which Lessee has not disclosed to Lessor in writing which materially affects adversely nor, so far as Lessee can now foresee, will materially affect adversely the properties, business, prospects, profits or condition (financial or otherwise) of Lessee and its subsidiaries.

(e) There are no proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee or any of its subsidiaries in any court or before any governmental authority or arbitration board or tribunal which concerns the Equipment, this Lease, any of the Operative Agreements or the lease of Equipment contemplated hereby or which, if adversely determined, would materially and adversely affect Lessee's ability to perform its obligations under any of the Operative Agreements. Lessee is not in default with respect to any material order of any court or governmental authority or arbitration board or tribunal.

for any delivery or failure by the supplier to fill the purchase order or meet the conditions thereof. Lessee at its expense, will pay all transportation, packing, taxes, duties, insurance, installation, testing and other charges in connection with the delivery, installation and use of the Equipment.

8. WARRANTIES: LESSOR, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP IN THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages. Lessor shall have no obligation to install, erect, test, adjust, service, or maintain the Equipment. Lessee shall look to the manufacturer and/or seller for any claims related to the Equipment.

NOTWITHSTANDING THE FOREGOING, LESSEE'S OBLIGATIONS TO PAY THE RENTALS OR OTHERWISE UNDER THIS LEASE SHALL BE AND ARE ABSOLUTE AND UNCONDITIONAL.

To the extent held by Lessee, Lessee hereby assigns all manufacturer's and/or seller's warranties with respect to the Equipment to Lessor. During the term that this Lease is in effect and provided

corresponding figures for the corresponding period of the preceding fiscal year, which statement will have been prepared in accordance with generally accepted accounting principles and certified by a firm of independent public accountants of recognized national standing selected by Lessee;

(c) Within the period provided in subparagraph (b) above, a certificate, signed by the principal financial officer of Lessee, to the effect that the signer thereof is familiar with the terms and provisions of the Lease and that at the date of said certificate is not aware of any default in compliance by Lessee with any of the covenants, terms and provisions of the Lease or the other Operative Agreements, or if the signer is aware of any such default, he shall disclose in such certificate the nature thereof and the nature of the action Lessee is taking or proposes to take with respect thereto;

(d) As soon as available, if and for so long as Lessee shall be required to file the same with the Securities and Exchange Commission, its Form 10-Q and Form 10-K or such similar forms as Lessee may from time to time be required to file in lieu thereof with such Commission.

6. **RENTAL PAYMENTS:** The rent for the Equipment described in each Schedule shall be due and payable on the dates set forth therein, or if not a business day, on the next preceding business day, and for the periods there indicated. Such rent shall be payable in immediately available funds by wire transfer to MORGAN GUARANTY TRUST CO. OF NEW YORK, 60 Wall Street, New York, NY, ATTENTION: THOMAS SREDNICKI (Connell Finance Account No. 013-12-227) or to such place as Lessor may otherwise designate.

7. **DELIVERY AND INSTALLATION:** Lessee will select the type, quantity and supplier of each item of Equipment designated in the appropriate Schedule and in reliance thereon Lessor will accept an assignment of any existing purchase order therefor. Lessor shall have no liability

Lessee is not in default hereunder, Lessor shall make available to Lessee all manufacturer's and/or seller's warranties with respect to Equipment.

9. **TITLE TO AND LOCATION OF EQUIPMENT:** Title to each item of Equipment leased hereunder shall remain with Lessor at all times and Lessee shall have no right, title or interest therein except as expressly set forth in this Lease. Lessee, at its expense, will protect and defend Lessor's title to the Equipment and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes except for (i) those created by, through or under Lessor which are unrelated to the transactions contemplated hereby, (ii) liens granted by the Lessor for the benefit of any Collateral Assignee, and (iii) taxes not yet due and payable or diligently contested by an appropriate challenge or appeal instituted by Lessee (unless such contest could result in a material danger of the sale, forfeiture or loss of the Equipment). Lessor assumes no liability and makes no representation as to the treatment by Lessee of this Lease, the Equipment or the Rental Payments for financial statement or tax purposes.

All items of Equipment shall at all times be and remain personal property. The Equipment shall be delivered to the location specified in the Schedule with respect thereto. Lessee shall at all times display notice of Lessor's ownership of the Equipment by affixing to each item of Equipment an identifying stencil or plate stating "CONNELL FINANCE COMPANY AS OWNER AND LESSOR" and Lessee will not alter, deface, cover or remove such ownership identification. Lessee will add to such stencil or plate the interest of any Collateral Assignee if so requested.

10. **USE OF EQUIPMENT, INSPECTION AND REPORTS:** Lessee may possess and use the Equipment in accordance with this Lease, provided that any such use is in conformity with all applicable laws, insurance policies, and warranties of the remanufacturer with respect to the

Equipment. Lessee shall restrict use of the Equipment to the Continental United States and Canada. Lessor shall have the right, upon reasonable prior notice to Lessee and during Lessee's regular business hours, to inspect the Equipment at the premises of Lessee or to the extent reasonable wherever the Equipment may be located. Lessee shall promptly notify Lessor of all details arising out of any alleged encumbrances on the Equipment or any accident which may result in a claim against Lessor allegedly resulting from the use or operation thereof.

Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Equipment was designed and intended to be used for the transport of liquid phosphoric acid and manufactured to all AAR and DOT requirements for such service. Lessee shall not use the Equipment for the transport of other material without the prior written consent of the Lessor which will not be unreasonably withheld. Lessee shall not modify or alter or make any additions or improvements to any Equipment in any manner which will decrease the value, utility or useful life of such Equipment. Any parts installed or replacements made by Lessee upon any item of Equipment shall be considered accessions to such Equipment and title shall be immediately vested in Lessor at no cost or expense to Lessor, except, in the case of parts installed upon any Equipment which are not replacements, title shall remain with Lessee if (i) such parts are readily removable without damage to the Equipment, (ii) such parts are removed by Lessee at its sole cost and expense prior to the return of the Equipment to Lessor and (iii) such parts are not required by law to be attached.

11. **OPERATING RULES AND REGULATIONS:** Lessee agrees to comply with all local, state and Federal governmental laws, regulations and requirements relating to the operation and/or use of the Equipment, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Interstate Commerce

Commission. In case any equipment or appliance on any Equipment shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor.

12. **FURTHER ASSURANCES:** Lessee shall execute and deliver to Lessor upon Lessor's request such instruments and assurances and take such other actions as Lessor in the reasonable exercise of its discretion deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder or for the effectuation of the intent hereof. In furtherance thereof, Lessor may file or record this Lease or a financing statement with respect thereto so as to give notice to any interested parties. Lessor is authorized to file a financing statement concerning the Equipment signed only by Lessor in accordance with the Uniform Commercial Code or one signed by Lessor as Lessee's attorney in fact. Any such filing or recording shall not be deemed evidence of any intent to create a security interest under the Uniform Commercial Code. Lessee, at its own expense, will cause this Lease to be filed in accordance with 49 U.S.C. Section 11303(a) with the Interstate Commerce Commission and with the appropriate authorities in Canada.

13. **EVENT OF LOSS:** All risk of loss, damage, theft or destruction to each item of Equipment shall be borne by Lessee. No such loss, damage, requisition, condemnation, theft or destruction of the Equipment, in whole or in part, shall impair the obligations of Lessee under this Lease all of which shall continue in full force and effect and Lessee, at Lessor's option, shall either (i) place the affected Equipment in good repair, condition and working order within 90 days of such loss or (ii) if the affected Equipment is a total loss, pay Lessor within 60 days of such loss

the sum of the greater of any settlement amount received pursuant to Interchange Rule 107 of the Association of American Railroads ("AAR") or Stipulated Loss Value with respect to such affected Equipment (which Stipulated Loss Value shall be the amount listed on the applicable Schedule) as at the rent payment date immediately preceding the date of loss plus all rent due or accrued, on a per diem basis, prior to the date such Stipulated Loss Value is paid less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss, damage, theft or destruction. After compliance with the foregoing to Lessor's satisfaction and provided Lessee is not in default under this Lease, Lessee shall be subrogated to Lessor's right with respect to any insurance policies (other than under policies paid for by Lessor) or claims for reimbursement by others with respect to such loss, damage, theft or destruction.

14. **INSURANCE:**

a. Public Liability and Property Damage Insurance. Lessee represents and warrants that it will maintain in effect, at its own expense (i) public liability insurance with combined single limit coverage in an amount not less than the greater of (a) \$10,000,000 or (b) such other amounts as is customary in the chemical industry for equipment used in a similar manner as the Equipment and (ii) such other property damage insurance (exclusive of manufacturer's product liability insurance) with respect to the Equipment in an amount not less than \$5,000,000. All insurance provided for in this section shall be effected with insurance companies which have at least a Best rating of "B" and is consistent with prudent industry practice.

b. Insurance Against Loss or Damage to Equipment. Lessee represents and warrants that it will maintain in effect all-risk insurance covering the Equipment including fire and explosion, and lightning and electrical damage, provided that such insurance shall at all times while the Equipment is subject to this Lease be for an amount which, when paid, will be not less

than the Stipulated Loss Value for the Equipment from time to time as set forth in Exhibit B to the Schedule.

c. Lessor as Additional Insured; Notice Any policies of insurance carried in accordance with this Section and any policies taken out in substitution or replacement for any such policies (i) shall be amended to name Lessor, as owner of the Equipment and the Collateral Assignee, if any, as additional named insureds thereunder, (ii) with respect to insurance carried in accordance with paragraph (b) covering the Equipment shall be made payable to the Collateral Assignee or, if none, to Lessor, as loss payee. Lessee shall furnish certificates to Lessor as proof of such insurance and shall provide for at least thirty (30) days written notice of cancellation or material change in coverage to Lessor.

d. Primary Insurance; Breach of Warranty Coverage. The policies of insurance under paragraph (a) shall provide (i) that such insurance shall be primary insurance and that the insurers thereunder shall be liable thereunder without right of contribution from any other insurance coverage effected by or on behalf of Lessor or the Collateral Assignee, if any, and (ii) that in respect of the interest of Lessor, and the Collateral Assignee, if any, such policies shall not be invalidated by, shall insure Lessor and the Collateral Assignee, if any, regardless of and any claims for losses shall be payable notwithstanding any action or inaction of Lessee or any breach of any condition or warranty in any policy by Lessee.

15. **EXPENSES, FEES AND TAXES:** In addition to the Rental Payments, Lessee shall pay promptly when due, all costs, expenses, fees, charges, levies, withholdings, and taxes (including sales, use, excise, personal property, ad valorem, value added, leasing, stamp and documentary) and any penalties, fines or interest required to be paid in connection therewith incurred in connection with the titling, licensing, registration, use, rental, shipment, transportation, delivery, purchase, ownership or operation of the Equipment, and on or relating to this Lease and any

Schedule. In case any report or return is required to be filed with respect to any taxes, Lessee will, to the extent legally permissible, file such report or return or notify Lessor in writing to the extent Lessor must file such report or return in sufficient time for Lessor to make such filing of the required report or return. All reports and returns filed by Lessee will be in Lessee's name and account number. To the extent reasonably requested by Lessor, Lessee will promptly supply Lessor a copy of such reports or returns. Lessee shall promptly reimburse Lessor on an after-tax basis for any taxes charged to or assessed against Lessor except for state or federal net income taxes or franchise taxes other than franchise taxes on gross revenues or franchise taxes in the nature of sales, use or property taxes.

If Lessee should fail to pay any of the costs, expenses, fees, charges and taxes for which Lessee is liable hereunder, Lessor may, but shall not be required to pay the same for the account of Lessee. Lessee shall reimburse Lessor, on the next subsequent rental date, as additional rental hereunder, for the full amount of any costs, expenses, taxes or other charges paid by Lessor which constitute an obligation of Lessee hereunder.

16. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS: If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Equipment, Lessor may (at its option) perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Equipment and Lessor's title thereto, including payments for satisfaction of liens, repairs, taxes, levies and insurance and all sums so paid or incurred by Lessor, together with interest as provided below, and any reasonable legal fees incurred by Lessor in connection therewith shall be paid as additional rent under this Lease and payable by Lessee to Lessor on the next subsequent rental date or, if none, on demand. The

performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of Lessee.

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

18. INDEMNIFICATION: Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its agents, employees, officers, directors, successors and assigns (including any Collateral Assignee) on an after tax basis from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, cost and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of any item of Equipment, regardless of where, how and by whom operated, or any failure on the part of Lessee to perform or comply with any conditions of the Lease or other Operative Agreements. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Such indemnity shall not extend to any such liabilities, losses or expenses to the extent resulting from the negligence or willful misconduct of the Lessor or to the extent resulting from acts arising solely after the expiration of the original term of the Lease or any renewal period and any applicable storage period, or to the extent arising from the breach of the Lessor's warranty of quiet enjoyment or resulting from a transfer of any interest of the Lessor in the Equipment or the

Lease, unless such transfer arises as a result of an event of default under the Lease or by reason of a casualty occurrence. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any item of Equipment so as to incur or impose any liability or obligation for or on behalf of Lessor.

19. **NO OFFSET:** This lease is a net lease and all Rental Payments shall be paid when due by Lessee irrespective of any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the supplier of the Equipment, or any other party. This section shall not be construed so as to prohibit any separate action by Lessee against Lessor with respect to any right or action arising out of or related to this Lease or the transactions contemplated hereby. Any mileage credits earned by the Equipment during the term of the Lease shall be for the Lessee's account.

20. **ASSIGNMENT BY LESSEE:** Without Lessor's prior written consent, which shall not be unreasonably withheld, Lessee may not, by operation of law or otherwise, (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein or (b) sublet or lend the Equipment or permit same to be used by anyone other than Lessee or an affiliate or subsidiary of Lessee. Except as permitted by the foregoing sentence or with the written consent of Lessor, Lessee agrees that it shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment. Irrespective of any permitted sublease, Lessee agrees to remain primarily liable to Lessor under all terms and conditions of this Lease.

21. **ASSIGNMENT BY LESSOR:** For the purpose of providing funds for financing the purchase of the Equipment or for any other purpose, Lessee agrees (a) that Lessor may assign,

- a. All damaged or broken parts will be repaired to meet to AAR Specifications,
- b. Exterior and interior surfaces will be free of rust and corrosion, except minor surface rust, and painted with Lessee's standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification, and Lessor's stencil;
- c. Equipment will conform to United States Department of Transportation regulations or those of any other government agency having jurisdiction over the use and operation of the Equipment;
- d. Equipment will be returned with undercarriage systems, including any related trucks and rollers of a type, size and quality standard according to AAR specifications, and will be in good repair and operating condition;
- e. Subject to the requirements of this Section 22, including paragraphs (a), (b), (c), and (d) hereof, Lessee shall not be liable for reasonable wear and tear of the Equipment.

Upon payment in full of all Rental Payments and all other sums due under this Lease for the Equipment described in any Schedule, Lessee will, at its expense, insure and deliver such items of Equipment to Lessor within 1000 miles of Joliet, Illinois or to any connecting carrier designated by Lessor in writing. In the Event of Default by Lessee under this Lease, Lessee will return all Equipment to Lessor in the same manner as above. All Equipment so delivered by Lessee to Lessor shall be returned to the designated location in the condition described above.

Should Lessor elect to take possession of the Equipment, Lessee shall deliver possession of such Equipment to Lessor and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Equipment so to return such Equipment. For the purpose of delivering possession of any Equipment to Lessor as required

sell or encumber all or any other part of this lease, the Equipment and the Rental Payments hereunder (any such assignee taking such assignment as collateral being referred to as a "Collateral Assignee") and (b) in the event of any such assignment of Rental Payments hereunder and written notice thereof to Lessee, to unconditionally pay directly to any such assignee all rentals and other sums due or to become due under this Lease to the extent assigned and (c) that the Equipment leased hereunder may be mortgaged by Lessor under a chattel mortgage. In any such event, the right, title and interest of the mortgagee under any such chattel mortgage shall by express terms of such chattel mortgage be subject to the leasehold interest of Lessee in and to the Equipment hereunder. THE RIGHTS OF ANY SUCH ASSIGNEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH LESSEE MAY HAVE AGAINST LESSOR, MANUFACTURER OR ANY OTHER PERSON. Notwithstanding the foregoing, any such assignment (a) shall be subject to Lessee's right to possess and use the Equipment so long as Lessee is not in default under this Lease and (b) shall not release any of Lessor's obligations hereunder or any claim which Lessee has against Lessor. Lessor agrees that no such assignment, conveyance or transfer shall knowingly be made to any competitor of Lessee without Lessee's consent. Lessee agrees to execute for the benefit of any Collateral Assignee such consents and acknowledgments as are customary in such transactions.

22. MAINTENANCE, REPAIRS AND RETURN OF EQUIPMENT: Lessee shall, at no expense to Lessor, maintain the Equipment in good repair and operating condition so that the Equipment complies with the applicable interchange standards set for such Equipment by the Association of American Railroads ("AAR"), the Equipment is in good operating order by industry standards and fit for the purposes for which they were designed, and satisfy the tests described below;

the continuance of such default for thirty (30) consecutive days after written notice thereof by Lessor to Lessee; or

d. any material warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished; or

e. the attempted sale or encumbrance by Lessee of any of the Equipment, or the making of any levy, seizure or attachment thereof or thereon; or

f. dissolution, termination of existence, discontinuance of its business, insolvency, business failure or appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by Lessee or the commencement of any proceedings under any voluntary bankruptcy, reorganization or arrangement laws by or against Lessee; or

g. in the event of an involuntary bankruptcy or the appointment of a receiver without Lessee's consent, such bankruptcy or appointment continues and is ongoing for a period of sixty (60) consecutive days.

24. **REMEDIES OF LESSOR:** Upon the occurrence of any Event of Default and at any time thereafter (subject to any applicable grace provisions) Lessor may without any further notice exercise one or more of the following remedies as Lessor in its sole discretion shall elect: (a) declare all unpaid rentals due and to become due under this Lease to be immediately due and payable; (b) terminate this Lease as to any or all items of Equipment; (c) take possession of the Equipment wherever found without any liability or suit action or other proceeding by Lessor and remove the same; (d) cause Lessee at its expense to promptly return the Equipment to Lessor pursuant to and in the condition set forth in Section 22; (e) use, hold, sell, lease or otherwise dispose of the Equipment or any item thereof without affecting the obligations of Lessee as provided in this Lease; (f) sell or lease the Equipment or any part thereof, at public auction or by

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

CONNELL FINANCE COMPANY, INC.

OLIN CORPORATION

By: _____

By: Larry W. Carriker *pss*

Printed Name: _____

Printed Name: Larry W. Carriker

Title: _____

Title: Manager, Distribution Planning

Date: _____

Date: 12/22/89

STATE OF _____)
COUNTY OF _____) ss.:

STATE OF Connecticut)
COUNTY OF Fairfield) ss.:

On this _____ day of _____, 1989 before me personally known, who being by me duly sworn, says that he is the _____ of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

On this 22nd day of December, 1989 before me personally known, who being by me duly sworn, says that he is the Manager, Distribution Planning, Analysis of Olin Corporation that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Signature of Notary Public
My Commission expires _____

Susan H. Sheard
Signature of Notary Public
My Commission expires 3/31/94

RTS:pss
89-2392w

above, Lessee will, at its own expense and risk, at Lessor's request: (i) forthwith and in the usual manner cause such Equipment to be transported to the storage tracks of Lessee as Lessee may select, and there assembled in groups of no less than 30 units; (ii) furnish storage of or arrange for Lessor to store such equipment on Lessee's storage tracks until such Equipment has been sold, leased or otherwise disposed of by Lessor, such period not to exceed ninety (90) days, except in the case of a default when such storage period shall be unlimited; and (iii) cause such Equipment to be transported to such interchange point or points as shall be designated by Lessor upon any sale, lease or other disposition of all or any of such Equipment. All movement to and storage of each piece of Equipment at Lessee's storage track is to be at the risk and expense of Lessee.

Upon delivery by Lessee of the Equipment pursuant to the foregoing and upon acceptance thereof by Lessor, the Lessee shall have no further responsibility with respect to said equipment; provided however that such limitation of responsibility shall in no way limit the obligations of the Lessee pursuant to Section 18 or any other Section hereof.

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

- a. Default by Lessee in payment of any installment of rent to Lessor under this Lease or otherwise and the continuance of such default for ten (10) consecutive days; or
- b. Default by Lessee in any payment, except rent due to Lessor under this Lease and the continuance of such default for ten (10) consecutive days after written notice by Lessor of such payment being due; or
- c. Default by Lessee in payment or performance of any non-payment, obligation, covenant or liability contained in this Lease or any other agreement or document with Lessor and

private sale or lease at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by law, any notice in writing of any such sale or lease by Lessor to Lessee not less than ten (10) days prior to the date thereof shall constitute reasonable notice thereof to Lessee; (g) proceed by appropriate action either by law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; (h) exercise any and all rights accruing to a lessor under any applicable law upon a default by a lessee. In addition, Lessor shall be entitled to recover immediately as liquidated damages for loss of a bargain and not as a penalty an amount equal to the Stipulated Loss Value for all or any portion of Equipment (determined in accordance with the applicable Schedule) as at the rent payment date immediately preceding the date of payment thereof plus all rent due or accrued, on a per diem basis, through the date of such payment, and if not paid when due, together with interest as provided in Section 17. After default, at the request of Lessor and to the extent requested by Lessor, Lessee shall comply with the provisions of Section 22 of this Agreement. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of sale, lease or other disposition, if any, shall be applied (a) to all Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment; then (b) to the extent not previously paid by Lessee, to pay Lessor the liquidated damages described above and all other sums, including any unpaid rent and any indemnification then remaining unpaid thereon; then (c) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages; and then (d) any surplus shall be retained by Lessor; Lessee shall pay any deficiency in (a) and (b) forthwith. Should Lessor, however, estimate its actual damages

in lieu of or in addition thereto, Lessor shall not be obligated to sell, lease or otherwise dispose of any item of repossessed Equipment hereunder if it would impair the sale, lease or other disposition of similar equipment in the ordinary course of Lessor's business. None of the remedies under this Lease are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to Lessor in law or in equity. Any repossession or subsequent sale or lease by Lessor of any item of Equipment shall not bar an action for a deficiency as herein provided, and the bringing of an action or the entry of judgment against Lessee shall not bar Lessor's right to repossess any or all items of Equipment. In no event shall Lessor be entitled to recover from Lessee more than the sum of (i) the liquidated damages, as defined above (ii) all of Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment, and (iii) any indemnities owed hereunder.

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

26. **NOTICES:** Any notice or other communication given under this Lease shall be sent to the following address:

(a) If to Lessor at:

Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, New Jersey 07092;
ATTENTION: President

(b) If to Lessee at:

Olin Corporation
120 Long Ridge Road
Stamford, Connecticut 06904
ATTENTION: Manager Transportation Services

Any such notice or other communication shall, if not actually delivered prior thereto, be deemed to have been delivered five (5) business days after the date when it shall have been mailed by registered or certified mail, all charges prepaid. Notice or other communications transmitted in any other fashion shall not be deemed delivered until actually delivered at the address or party to which notices may be sent. Each party shall notify the other of a change of address for notices to the other party as herein provided.

27. **AMENDMENTS AND WAIVERS:** This instrument and the Schedule executed by Lessor and Lessee constitute the entire agreement between Lessor and Lessee with respect to the Equipment and the subject matter of this Lease. No term or provision of this Lease may be changed, waived, amended or terminated except by a written agreement signed by both Lessor and Lessee. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default whether similar in kind or otherwise.

28. **CONSTRUCTION:** This Lease shall in all respects be governed by and construed in accordance with the laws of the State of New Jersey. The titles of the sections of this Lease are for convenience only and shall not define or limit any of the terms or provisions hereof. Time is of the essence of this Lease in each of its provisions.

29. **PARTIES:** The provisions of this Lease shall be binding upon, and inure to the benefit of, the assigns, representatives and successors of Lessor and Lessee. If there is more than one Lessee named in this Lease, the liability of each shall be joint and several.

30. **LESSEE'S QUIET ENJOYMENT:** So long as Lessee shall pay and perform all of its obligations and covenants hereunder, its quiet enjoyment of the Equipment shall not be disturbed by any party lawfully claiming by, through or under Lessor. By acceptance of any assignment of this Lease, any assignee hereof agrees, with and for the benefit of Lessee, that as long as Lessee shall perform all of its obligations and covenants hereunder, and notwithstanding any default of Lessor, Lessee's quiet enjoyment shall not be disturbed by such assignee or any party lawfully claiming by, through or under such assignee.

31. **TAX INDEMNITY:** Lessee acknowledges that the rent payments provided for in Section 6 and Stipulated Loss Values from the Schedule are computed on the assumption that the Lessor will be entitled to such deductions and other attributes of ownership as are provided to an owner of property (the "Tax Benefits") under the Internal Revenue Code and all state, city and local income and franchise tax laws of the jurisdiction in which Lessor's principal place of business is located, such jurisdiction being the city of Westfield, county of Union, State of New Jersey (its "Home State") (the Code and such Home State tax laws being herein referred to as the "Income Tax Laws"), including without limitations, the following (the assumptions used by the Lessor in pricing this transaction, including the following assumptions, being referred to hereinafter as the "Lessor Assumptions"): (i) the Lessor will be treated as the owner of each item of Equipment from and after the applicable Delivery Date, (ii) the Lease will be treated as a true lease, (iii) for purposes of all Income Tax Laws with respect to each item of Equipment the Lessor will be entitled to deductions for depreciation and/or cost recovery (w) based on a basis at least equal to

the portion of Total Equipment cost paid therefore (x) utilizing (A) for federal income tax purposes a recovery period of seven years, the depreciation method in Code Section 168 (b) (1) (A) and (B), a zero salvage value and the half year convention, and (B) for purposes of the Home State tax laws an ADR period of 12 years, the 200% declining balance method of depreciation (switching to SYD method at the time that will permit the most rapid recovery of basis), a zero salvage value and the half-year convention and, (y) commencing on the applicable Delivery Date and utilizing a 12-month taxable year for the year of delivery, (iv) the only amounts of gross income which the Lessor will realize under the Income Tax Laws in respect of the transactions will be the amounts realized in respect of, and at the times of payment of, Basic Rent and renewal rent pursuant to the Lease, payment of income tax indemnities and payments of Casualty Value, (v) the Lessor will be entitled to utilize the deductions contemplated by the Tax Benefits based on a 34% Federal Income tax rate and the highest marginal applicable Home State tax rate as of the Delivery Date, and none of the Tax Benefits will give rise to any tax preference items, and (vi) the Lessor will be entitled to amortize the transaction expenses over the Lease Term at a rate no less rapid than straight line.

Lessee represents and warrants to Lessor that (a) Lessee has not taken or omitted to take, and will not, at any time during the term of the Agreement, take or omit to take any action (whether or not the same is permitted or required hereunder) which will result in the loss, delay, or recapture by Lessor of all or any part of the Tax Benefits and (b) the fair market value of each item of Equipment at the time of the applicable delivery date is the portion of Equipment cost paid therefor and the Lessor's basis therefor will at least equal such amount paid and (c) no severable or non-severable improvement will be required by the Lessee in order to complete any item of equipment for its intended use, and (d) from and after the delivery date of each item of Equipment, the Lessee will have no investment or obligation to pay any portion of the costs in

connection with the acquisition and financing of each such item, and (e) no item of equipment will constitute tax-exempt use property or will be used predominantly outside the United States.

Notwithstanding a loss of Tax Benefits attributable to matters described above, the Lessee shall not be required to make any indemnity payment if the Lessor suffers a loss resulting from (i) its failure to claim the proper deductions or credit unless such failure to claim is supported by an opinion of counsel that there does not exist substantial authority for claiming such benefits; (ii) its being unable to claim deductions or credits because of its status as an entity for tax purposes; (iii) its sale, transfer or disposition of the Equipment or the proposed lease while the Lessee is not in default thereunder and (iv) a change in any tax laws subsequent to Lease Commencement.

If as a result of any act, omission or misrepresentation of Lessee or any sublessees or other users of the Equipment possessing or using the Equipment during the term of the Lease, Tax Benefits are lost, disallowed, eliminated, reduced, recaptured, compromised, delayed or otherwise made unavailable to Lessor (any of the foregoing being hereinafter called a "Loss"), Lessee shall pay Lessor, in a lump sum, an amount that, when reduced by all taxes required to be paid by Lessor with respect to the receipt thereof to any local, state, federal or foreign taxing authority (as determined by reference to the maximum tax rates generally applicable, at the time of such payment, under the laws of such taxing authorities, to corporations known as "C corporations" under the Code), will equal the amount necessary to insure that, after taking into account:

- (i) the loss of such Tax Benefits,
- (ii) any additional loss of Tax Benefits that Lessor determines will result from the circumstances giving rise to the loss of the first-mentioned Tax Benefits, and

- (iii) any additional tax benefits that replace the aforementioned Tax Benefits and that were not included in the Lessor Assumptions,

Lessor will receive at least the same after-tax economic yield and aggregate after-tax cash flow with respect to this Lease as Lessor would have received had the Tax Benefits referred to herein been or remained available for, and been fully utilized by, Lessor and had the other Lessor Assumptions remained accurate ("Lessor's Net Return"). Lessee shall pay any amount payable pursuant to the preceding sentence within twenty (20) days after receiving written notice from Lessor that Lessor has paid an amount confirming any loss, absence or loss of right to claim, disallowance, or recapture of any of the deductions referred to herein.

By written notice to the Lessor, the Lessee may demand and thereby cause the detailed calculation for the said payment to be submitted to a nationally recognized independent public accounting firm acceptable to Lessee and Lessor for verification at the cost of the Lessee unless the accounting firm determines an error of more than 5% in the calculation in Lessor's favor in which case the cost of such verification will be borne by the Lessor. Such verification shall be completed in no more than 45 days after such notice.

The repair, replacement or destruction of any item of Equipment, not resulting for any reason in payment of any Stipulated Loss Value therefor, shall constitute the act of Lessee for purposes of this Section 31. For purposes of this Section 31, the term "Lessor" shall include the affiliated taxpayer group within the meaning of Section 1504 of the Code of which Lessor is a member. The provisions of this Section 31 shall expire upon conclusion of all statutes of limitations relevant to the provisions of this Section 31.

32. CONTEST: Lessor will, upon the request of the Lessee, and at Lessee's expense, contest any loss of Tax Benefits to the appellate level of the Internal Revenue Service before any final agreement is made by Lessor and any amounts paid, provided that Lessor has received an opinion from Lessor's counsel that Lessor would more likely than not prevail in such contest.

Lessor shall give Lessee not less than twenty (20) days' prior written notice of Lessor's intent to take action with respect to contesting or settling any matter concerning the Tax Benefits. Upon demand, Lessee shall pay Lessor an amount equal to all costs and expenses incurred by Lessor, including reasonable attorneys' and accountants' fees and court costs, with respect to any action taken with respect to contesting or settling any matter concerning the Tax Benefits; provided, however, that Lessee may relieve itself of liability for the payment of such costs and expenses by paying to Lessor prior to the start of any such activity the total amount that Lessee would be liable for under Section 31 herein if the then-current position of the taxing authority were correct, in which event the Lessee shall not be entitled to any refund or credit for the amount of such payment, regardless of the outcome of the dispute with the taxing authority.

33. LEASE RATE ADJUSTMENTS: The Rental Payments provided for in Section 6 have been computed based on various assumptions supplied by the Lessee. In the event that there are changes in the original lease assumptions, Lessor may increase or decrease the Rental Payments and Stipulated Loss Values to preserve the Lessor's Net Return. Such Rental Payment adjustments may be caused by any one or more of the following:

1. A funding date later than December 31, 1989.
2. A change in the Internal Revenue Code ("Code") or a change in the applicable Home State laws which has been proposed by any member of the legislative or executive branch

or which is enacted or becomes effective on or before the Funding Date or a change in the income tax regulations, published administrative interpretations or judicial decisions thereunder which is proposed, enacted or effective on or before the Funding Date.

34. **PURCHASE OPTION:** If no Event of Default or event which with the passage of time, giving of notice, or both, would become an Event of Default exists, Lessee shall have the option to purchase all but not less than all of the Equipment on the Schedule on the last day of the original term of this Lease, upon Lessee's written notice to Lessor, at Lessor's address stated in the Lease, not earlier than 360 days nor later than 210 days prior to the end of the original lease term of this Lease. The purchase price shall be payable at the expiration of the original term. The purchase option price shall be the Fair Market Value ("FMV") for the Equipment (assuming that the Equipment has been maintained in accordance with this Lease). Notwithstanding the preceding sentence, Lessor shall not be required by this Lease to sell the equipment at a purchase price which is less than 20% of Equipment Cost (set forth on this Schedule). FMV shall be determined on the basis of, and shall be equal in amount to, the value which one would obtain in an arms-length transaction between an informed and willing buyer (other than a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal of Equipment from their location of current use shall not be a deduction from such value. In the event Lessee purchases Equipment, Lessee shall be responsible for all applicable sales tax. If during the period of thirty (30) days from Lessor's receipt of the aforesaid written notice from Lessee of Lessee's intention to exercise said purchase option, Lessor and Lessee determine that they cannot agree upon such Fair Market Value, then the Lessee shall have the right either (x) to revoke the purchase notice upon written notice to the Lessor, or (y) in no event later than 90 days prior to the end of the Lease term, to have such value determined, by the average of the two appraisals which are closest to the average of the

independent appraisals of three parties, one of whom shall be selected by Lessee, one of whom shall be selected by Lessor and a third who shall be mutually selected by Lessee and Lessor. Both Lessor and Lessee shall be bound by such appraisal. All appraisal costs, fees and expenses shall be shared equally by the Lessee and Lessor.

LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXECUTED AND TRUE COPY OF THIS LEASE AND THAT IT IS NON-CANCELLABLE FOR THE ORIGINAL RENTAL TERM.

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

CONNELL FINANCE COMPANY, INC.

OLIN CORPORATION

By: [Signature]

By: _____

Printed Name: G. Connell

Printed Name: _____

Title: President

Title: _____

Date: Dec. 27, 1989

Date: _____

STATE OF New Jersey
COUNTY OF UNION) ss.:

STATE OF _____)
COUNTY OF _____) ss.:

On this 27 day of December, 1989 before me personally known, who being by me duly sworn, says that he is the President of Connell Finance Company, Inc., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

On this ____ day of _____, 1989 before me personally known, who being by me duly sworn, says that he is the _____ of Olin Corporation that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Karla J. Blood
Signature of Notary Public
My Commission expires
KARLA J. BLOOD
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 16, 1992
RTS:pss
89-2392w

Signature of Notary Public
My Commission expires

LEASE SCHEDULE

Master Equipment
Lease Agreement No. 1989

Master Equipment
Lease Agreement Date: December 21, 1989

Lease Schedule No.: 1

Lease Schedule Date: December 21, 1989

Between CONNELL FINANCE COMPANY, INC. (Lessor) and OLIN CORPORATION (Lessee).

1. Equipment Description:

<u>Quantity</u>	<u>Item</u>	Manufacturer and Serial Number
71	14,000 gal. phosphoric acid tank cars	TRINITY INDUSTRIES WACX 151001 thru 151041 151045, 151047, 151049, 151050 151053, 151058, 151064, 151069, 151070, 151071, 151073, 151078, 151079, 151080, 151084 thru 151091, 151099, 151100, 151106, 151108, 151109, 151110, 151112, 151118

2. Base Lease Term:
The date hereof through December 31, 2007.

3. Rental for Base Lease Term:
Payable per the attached Rental Schedule (Exhibit A.)

4. Equipment Cost:

\$4,983,294.04

5. Stipulated Loss Values:
As of any date set forth on Exhibit B hereto, the percentage of Equipment Cost listed opposite such date plus all rent due or accrued through such date.

6. THIS SCHEDULE AND ITS TERMS AND CONDITIONS ARE HEREBY INCORPORATED BY REFERENCE IN THE ABOVE MASTER EQUIPMENT LEASE AGREEMENT. LESSEE PERMITS LESSOR TO INSERT MODEL AND SERIAL NUMBERS OF EQUIPMENT WHEN DETERMINED BY LESSOR.

EXHIBIT A

Date	Kent (Dollar)	Kent (Percent)
7/01/90	0.00	0.00000
1/01/91	196180.69	3.93677
7/01/91	279397.69	5.60669
1/01/92	191915.82	3.85118
7/01/92	283662.57	5.69227
1/01/93	187213.80	3.75683
7/01/93	288364.59	5.78663
1/01/94	182029.82	3.65280
7/01/94	293548.56	5.89065
1/01/95	176314.48	3.53811
7/01/95	299263.90	6.00534
1/01/96	170013.33	3.41167
7/01/96	305565.06	6.13179
1/01/97	163066.30	3.27226
7/01/97	312512.08	6.27119
1/01/98	155407.20	3.11856
7/01/98	320171.18	6.42489
1/01/99	581262.47	11.66422
7/01/99	124705.20	2.50247
1/01/00	456557.27	9.16176
7/01/00	116151.70	2.33082
1/01/01	465110.77	9.33340
7/01/01	105187.92	2.11081
1/01/02	476074.55	9.55341
7/01/02	93717.86	1.88064
1/01/03	487544.61	9.78358
7/01/03	80874.94	1.62292
1/01/04	500387.53	10.04130
7/01/04	68040.92	1.36538
1/01/05	513221.55	10.29884
7/01/05	54442.74	1.09251
1/01/06	526819.73	10.57172
7/01/06	37025.85	0.74300
1/01/07	544236.62	10.92122
7/01/07	290631.23	5.83211

EXHIBIT B

7/01/90	107.34166
1/01/91	109.38724
7/01/91	109.37798
1/01/92	110.75857
7/01/92	110.08686
1/01/93	111.06874
7/01/93	109.87586
1/01/94	110.58794
7/01/94	108.95694
1/01/95	109.43851
7/01/95	107.34033
1/01/96	107.57775
7/01/96	104.99449
1/01/97	105.07974
7/01/97	102.14709
1/01/98	102.46727
7/01/98	99.64869
1/01/99	103.08150
7/01/99	94.37867
1/01/00	94.95459
7/01/00	88.59073
1/01/01	89.15869
7/01/01	82.40733
1/01/02	82.98386
7/01/02	75.78239
1/01/03	76.36536
7/01/03	68.68957
1/01/04	69.29229
7/01/04	61.09747
1/01/05	61.70220
7/01/05	52.97054
1/01/06	53.57475
7/01/06	44.27126
1/01/07	44.93493
7/01/07	34.97535
1/01/08	30.00000