

FILE FIFTH

17224

RECORDATION NO. FILED IN

ITEL

February 11, 1991

FEB 11 1991 - 9 55 AM

IteI Rail Corporation
550 California Street
San Francisco, CA 94104
(415) 984-4200

INTERSTATE COMMERCE COMMISSION

1-042A008

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

\$45.00 filing fees

NEW NUMBER

Re: Lease Assignment Dated As of February 11, 1991 Between IteI Rail Corporation, as Debtor/Assignor, and NMB Lease NV, as Secured Party/Assignee (the "Lease Assignment")

Dear Mr. Strickland:

On behalf of IteI Rail Corporation, the above instrument, a primary document not previously filed, in five (5) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15.00 recordation fee and a \$30.00 cross-indexing fee.

Please cross-index this Lease Assignment under the name of Quantum Chemical Corporation. Please also cross-index this Lease Assignment under the Chattel Mortgage and Security Agreement dated as of January 30, 1991, between IteI Rail Corporation and NMB Lease NV, which was filed simultaneously with the ICC on February 11, 1991, under Recordation No. 17219.

The parties to the aforementioned instrument are listed below:

IteI Rail Corporation (Debtor/Assignor)
550 California Street
San Francisco, CA 94104

NMB Lease NV (Secured Party/Assignee)
Gebouw Nieuw Amsterdam
Hoekenrode 8
1102 Amsterdam Zuidoost
The Netherlands

FEB 11 9 47 AM '91
MOTOR OPERATING UNIT

The Lease Assignment assigns the Debtors right's, including rights to payments, under a Lease of Railroad Equipment, dated as of November 4, 1988, between IteI Rail Corporation, as successor by name change to Pullman Leasing Company and Quantum Chemical Corporation, as and to the extent such lease relates to the railcars listed on Exhibit B to the Lease Assignment, as collateral security for the obligations of the Debtor under the Chattel Mortgage and Security Agreement referred to above. Please return to the undersigned, the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Howard L. Chabner

Howard L. Chabner
Assistant General Counsel

Howard L. Chabner

17224

RECORDATION NO. _____ FILED 1425

FEB 11 1991 -9 55 AM

INTERSTATE COMMERCE COMMISSION

LEASE ASSIGNMENT

THIS ASSIGNMENT OF LEASE, dated as of February 11, 1991 (this "Assignment"), by and between ITEL RAIL CORPORATION, a Delaware corporation (the "Debtor"), and NMB LEASE NV, a company organized under the laws of The Netherlands, as agent for the Note Purchasers (as defined in the Security Agreement (as defined below)) (in such capacity, the "Secured Party").

WITNESSETH:

WHEREAS, the Secured Party has entered into a Note Purchase Agreement, dated as of January 30, 1991 (the "Note Purchase Agreement"), with the Debtor pursuant to which the Debtor will sell to the Secured Party secured notes in an amount not to exceed Thirty Million Dollars (\$30,000,000) (the "Secured Notes") to finance the acquisition and purchase of certain units of rolling stock (the "Equipment"); and

WHEREAS, the Secured Party and the Debtor have entered into a Chattel Mortgage and Security Agreement, dated as of January 30, 1991 (the "Security Agreement"), pursuant to which the Debtor has granted the Secured Party a security interest in the Equipment; and

WHEREAS, the Debtor has entered into that certain lease attached as Exhibit A hereto (the Lease) with the respective lessee named therein (the "Lessee"), providing for the leasing by the Debtor to the Lessee of the Equipment listed on Exhibit B hereto; and

WHEREAS, the Lease may also cover the leasing to the Lessee of rolling stock with respect to which the Debtor has not granted a security interest to the Secured Party.

NOW, THEREFORE, in consideration of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto hereby agree as follows:

1. The Debtor hereby assigns, transfers and sets over to and unto the Secured Party, to secure the payment

of the Secured Notes and all other amounts at any time payable by the Debtor under the terms of the Secured Notes, the Note Purchase Agreement and the Security Agreement and the performance and observance of the Debtor's covenants contained in the Secured Notes, in the Note Purchase Agreement and in the Security Agreement, all of the Debtor's right, title and interest, in and to the Lease to the extent that the Lease relates to the Equipment, including, but not limited to:

(i) all payments due and to become due under the Lease whether as contractual obligations, damages or otherwise (to the extent the foregoing relates to the Equipment);

(ii) all of the Debtor's claims, rights, powers, or privileges and remedies under the Lease only to the extent permitted by the Lessee (to the extent the foregoing relates to the Equipment); and

(iii) all of the Debtor's rights under the Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to the Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property the subject of the Lease, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Secured Party) may be necessary or advisable in connection with any of the foregoing insofar, but only insofar, as such rights relate to the Equipment which is subject to the Lease, together with all extensions, renewals and replacements of the Lease (which do not constitute Nonassigned Leases (as defined in the Security Agreement)), whether now owned or hereafter acquired, and all income, profits and avails therefrom, all rights thereunder and all proceeds thereof (to the extent the foregoing relates to the Equipment).

provided, however, that this Assignment shall not subject the Secured Party to, or transfer, or pass, or in any way affect or modify, the obligations of the Debtor under the Lease or relieve the Lessee from its obligations to the Debtor therein, it being understood and agreed that, notwithstanding this Assignment, all obligations of the Debtor to the Lessee with respect to the Equipment shall be and remain enforceable by the Lessee, its successors and assigns, against and only against the Debtor.

2. Upon the full and final discharge and satisfaction of all of the Debtor's obligations under the Security Agreement and this Assignment, all rights herein assigned, transferred and set over to and unto the Secured Party shall terminate, and all estate, right, title, and interest of the Secured Party in and to the Lease shall revert to the Debtor.

3. The Debtor will, from time to time, perform any other act and will execute, acknowledge, and deliver and file, register, deposit, and record (and will refile, reregister, rerecord, or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Secured Party in order to confirm or further assure the interests of the Secured Party hereunder.

4. This Assignment is supplemental to and shall be construed in connection with and as part of the Security Agreement, and all terms, conditions and covenants contained in the Security Agreement are hereby incorporated herein by reference.

5. This Assignment shall be governed by the internal laws and decisions (as opposed to conflicts of law provisions) of the State of California; provided, however, that the parties shall be entitled to all the rights conferred by 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by officers thereunto duly authorized, all as of the date first written above.

ITEL RAIL CORPORATION

By Robert Kiehnle

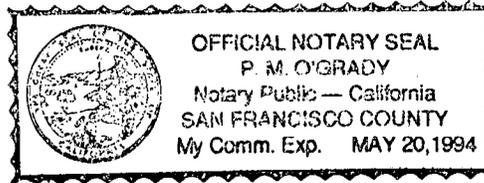
Name: Robert C. Kiehnle
Title: Vice President-Finance

C:0068U

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO)

On this 6th day of FEBRUARY, 1991, before me personally appeared Robert C. Kiehnle to me personally known, who, being by me duly sworn, says that he is Vice President-Finance of Itel Rail Corporation, that said instrument was signed and sealed on FEBRUARY 6, 1991, 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.

P. M. O'Grady
Notary Public



FULLMAN LEASING COMPANY
a division of
SIGNAL CAPITAL CORPORATION

EXHIBIT A 10
Lease Assignment

LEASE OF RAILROAD EQUIPMENT

Effective this 4th day of November, 1988, FULLMAN LEASING COMPANY, a division of SIGNAL CAPITAL CORPORATION, a Delaware corporation, (hereinafter referred to as "Lessor ") and QUANTUM CHEMICAL CORPORATION, a Virginia corporation, (hereinafter referred to as "Lessee") in consideration of the promises hereinafter exchanged do enter into the following Lease.

- ARTICLE 1 LEASE OF CARS SHOWN ON RIDERS. Lessor agrees to furnish to Lessee and Lessee agrees to accept and use upon the terms and conditions herein set forth the railroad cars (hereinafter collectively referred to as the "cars" and separately as a "car") shown on Riders that may be added to this Lease from time to time by mutual agreement of Lessor and Lessee.
- ARTICLE 2 TERM OF LEASE. The term of this Lease with respect to each of the cars shall be the term specified on the Rider to this Lease that is applicable to such car, unless sooner terminated in accordance with Article 24 hereof, subject to any extension thereof as may be agreed upon in writing by Lessor and Lessee.
- ARTICLE 3A DELIVERY OF CARS. Each of the cars shall be considered as delivered to Lessee hereunder upon the date of the arrival of each of the cars at the delivery point designated by Lessee and approved by Lessor (hereinafter referred to as the "Effective Date"). Furnishing of the cars by Lessor shall be subject to all causes beyond the control of Lessor.
- B INSPECTION AND ACCEPTANCE. Each of the cars shall be subject to Lessee's inspection before loading. The loading of each such car by or on behalf of Lessee shall constitute acceptance thereof by Lessee hereunder and shall be conclusive evidence of the fit and suitable condition of each such car for the purpose of transporting the commodities then and thereafter loaded therein. Nothing contained in this Article 3B shall relieve Lessor of its obligation to maintain the car in accordance with Article 10 hereof.
- ARTICLE 4A MARKING OF CARS. At the time of delivery of the cars by Lessor to Lessee, each car will be plainly marked on each side with Lessor's identification mark. If during the continuance of this Lease such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced at Lessor's expense.
- B LETTERING BY LESSEE. Lessee shall neither place nor permit any lettering or marking of any kind to be placed upon the cars without Lessor's prior written consent, except that, for the purpose of evidencing the operation of the cars in Lessee's service hereunder, Lessee shall be permitted to board, placard or stencil the cars with letters not to exceed two inches (2") in height.

ARTICLE 5 RENTAL: WHEN DUE. The rental with respect to each of the cars shall be the rental specified on the Rider to this Lease that is applicable to such car; such rental shall become effective with respect to each of the cars covered by such Rider upon the Effective Date and shall continue in effect with respect to each such car throughout the term of this Lease with respect to such car unless such car is redelivered to Lessor at an earlier date, as provided in Article 25 hereof. Payment of said rental shall be made in advance. The first rental payment for each car shall be made at the pro rata daily rate for the number of days from the Effective Date to the end of the month in which the Effective Date falls. All subsequent payments of rental shall be made on or before the first day of each succeeding month of the term of this Lease. The last payment of rental shall cover the number of days from the first day of the final month to the termination date of this Lease at the pro rata rate per day.

ARTICLE 6 ANNUAL EXCESS MILEAGE CALCULATION. After the end of each year of this Lease, Lessor shall determine the total number of miles that each car traveled during such year, loaded and empty. If it is determined that any car traveled more than _____ miles during such year, Lessee agrees to pay Lessor as additional rent for such car for such year the sum of _____ multiplied by the number of miles in excess of _____ that such car traveled during such year. The determination of the total number of miles traveled by each car during any year shall be made by multiplying the total number of miles that such car traveled while loaded by two (2), unless Lessor has in its possession information sufficient to ascertain the exact mileage traveled by such car during such year. If the term of this Lease with respect to any cars includes a period which is less than a full lease year, the calculations set forth in this Article 6 shall be prorated to determine whether Lessee owes any additional rent for such fractional part of a lease year.

ARTICLE 7A MILEAGE ALLOWANCE ADMINISTRATION. Lessee agrees to report promptly to Lessor each movement of the cars. Such report shall contain the date, car number, destination and routing of such movement and any other information which Lessee receives from railroad or other sources concerning such movement. Lessor agrees to use such reports and any other information which is received by Lessor to maintain records regarding the collection of any mileage allowances, rentals and/or other compensation payable by railroads by reason of the use of the cars (hereinafter referred to as "allowances").

B REMITTANCE OR FORFEITURE OF MILEAGE ALLOWANCES. Insofar as applicable laws and regulations permit, and unless an event of default specified in Article 24 hereof shall have occurred and be continuing, Lessee shall be entitled to all allowances collected by Lessor from railroads as a credit against rents, and any other amounts that Lessee may be required to pay Lessor, but in no event shall such credit exceed the sum of such obligations. For the purpose of this Article 7B, all cars leased by Lessee from Lessor on the date that such computation is made may be combined into a single account.

ARTICLE 8 MILEAGE EQUALIZATION. Lessee agrees, insofar as possible, to so use the cars that their total mileage under load will equal or exceed their mileage empty on each railroad over which the cars move. In the event that the empty mileage of the cars should exceed their loaded mileage and Lessor is notified to equalize such mileage with loaded mileage or to pay for such excess empty mileage, Lessee, after notice from Lessor, shall equalize such excess empty mileage within the time limit allowed or pay Lessor for such excess empty mileage based on the rate established by the governing tariff, rule or regulation.

ARTICLE 9 PRESERVATION OF CARS. Lessee will preserve the cars in good condition and will not alter the physical structure of any of the cars without the approval in writing of Lessor. The provisions of this Article 9 shall not relieve Lessor of its obligation to maintain the cars in accordance with Article 10 hereof.

ARTICLE 10A MAINTENANCE OF CARS: LESSOR'S DUTY: LESSEE'S DUTY. Except where responsibility is placed upon others as provided in Article 12A hereof, Lessor, at its expense, subject to delays beyond its control, agrees to maintain the cars, exclusive of interior lading protection devices, special interior linings and removable parts, if any, in good condition and repair according to the rules adopted by the Association of American Railroads governing the condition of and repairs to railroad freight cars for interchange of freight traffic in effect from time to time (hereinafter referred to as the "A.A.R. Interchange Rules") after Lessor has been notified by Lessee or has actual knowledge that any of the cars are in need of repair.

B Lessee, at its expense, agrees to maintain all interior lading protection devices, special interior linings and removable parts, if any, in good condition and repair, including renewal necessitated by repair to other portions of the cars. No repairs other than ordinary running repairs and repairs to interior lading protection devices, special interior linings and removable parts, if any, shall be made without Lessor's prior written consent. If Lessee shall choose to apply or have applied any interior and/or exterior protective coating to the cars, the application, maintenance, renewal and removal is to be performed by, and at the expense of, Lessee. Lessee, at its expense, shall remove or cause to be removed from the cars, any special paint, lettering or other markings applied by or at the request of Lessee.

C If any car parts, specialty items or appurtenances (including, but not limited to, loading or unloading appurtenances, lading oriented fittings, closing or locking devices, or otherwise removable car parts or attachments) is removed, broken off or altered to facilitate loading/unloading, or for any other reason, and is found to be missing, damaged, altered or replaced with a non-standard car part, specialty item or appurtenance, Lessee shall be obligated to repair or replace the same at the request of Lessor unless (i) removal or modification has been with the written consent and approval of Lessor, or (ii) full responsibility has been assumed in writing by a railroad or third party, or (iii) such loss or damage occurs while the car is located at a repair facility of Lessor and is the result of the negligence or misconduct of Lessor or its agents.

ARTICLE 11A RENTAL ABATEMENT. If any car becomes unfit for any reason unrelated to interior lading protection devices, special interior linings and/or removable parts referred to in Article 10 hereof, and if such condition is not due to damage to such car for which Lessee is responsible under this Lease, the following provisions of this Article 11 shall govern the abatement of rental for such car.

- B ABATEMENT FOR CAR REPAIR. If such car is damaged but not damaged beyond repair, and at Lessor's request, it is moved to a non-railroad shop for repair, rental shall abate as of the date on which such car is switched into the property of such repair shop and shall be reinstated effective as of the fourth (4th) calendar date following the date on which Lessee is notified that such car has been repaired and is ready for redelivery to Lessee. If such car is delivered to a railroad shop for repairs and is not released for shipment to Lessee within five (5) calendar days after such delivery, rental shall abate as of the sixth (6th) calendar day after the date on which such car is switched into the property of such railroad shop and shall be reinstated as of the date on which such car is released from such shop.
- C ABATEMENT DUE TO DERAILMENT. If a car is derailed and is not rerailed within five (5) calendar days following such derailment, rental shall abate as of the date of such derailment and shall be reinstated as of the date of rerailment, unless such car requires repairs, in which case the applicable preceding paragraph of this Article 11 shall determine the date on which such reinstatement shall occur.
- D ABATEMENT DUE TO DESTRUCTION OF CARS. If any car is damaged beyond repair or is destroyed, rental for such car shall abate as of the date of such damage or destruction. If such car is replaced by another car in accordance with Article 12C hereof, rental for such replacement car shall commence on delivery of such replacement car to Lessee.

ARTICLE 12A RESPONSIBILITY FOR LOSS OR DESTRUCTION OF OR DAMAGE TO CARS. Responsibility for loss or destruction of or damage to cars or parts thereof or appurtenances thereto furnished under this Lease shall be as fixed by the then prevailing A.A.R. Interchange Rules or, if applicable, by Regulations of the Canadian Transport Commission. Said Code of Rules and Regulations shall establish the rights, obligations and liabilities of Lessor, Lessee and any railroad subscribing to such Code of Rules and Regulations and moving the cars over its lines in respect to matters to which said Code of Rules or Regulations relate. In the event that any car is lost, damaged or destroyed on any tracks of Lessee or on any private track, or in the event that any car is damaged by any commodity which may be transported or stored in or on such car, such repairs, renewals or replacements as may be necessary to replace the car or to place it in good order and repair and any cleaning of such car which may be required prior to any such repairs or renewals shall be at the sole cost and expense of Lessee. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested but without affecting their respective obligations under this Article to establish proper claims against parties responsible for loss or destruction of or damage to the cars.

ARTICLE 12B USE OF CERTAIN COMMODITIES. Lessor makes no representation concerning the suitability of the cars, their linings, paint, coatings, sealants, etc., for use in the loading or shipping of commodities which contain active or passive chemical or physical properties which may result in damage or deterioration to the cars, their linings, paint, coatings, sealants, etc. Prior to the commencement of the term of lease of any car, Lessor will, if requested by Lessee, arrange a joint inspection of the car at a repair shop designated by Lessor. Unless prior to the first loading of the car by Lessee a joint inspection report setting forth the nature and amount of any then existing damage is signed by both parties, it shall be conclusively presumed that the car was free of corrosion or other commodity-related damage at the time of commencement of the term of lease of such car. If any car suffers corrosion or similar deterioration or damage due to any commodity placed or allowed to accumulate in or on the car, or to which the car is exposed, Lessee shall be liable for the cost of correcting such deterioration or damage at the time the car is returned to Lessor, regardless of whether or not due to Lessee's negligence. Such damage shall not be considered "ordinary wear and tear". Lessee hereby agrees to indemnify and hold harmless the Lessor from any liability, losses, damages, injuries, claims and demands and any expenses in connection therewith, including counsel fees, arising out of, or as a result of, the loading and/or shipping in the cars of commodities which contain active or passive chemical or physical properties which may result in damage or deterioration to the cars, their lining, paint, coatings, sealants, etc.

C SUBSTITUTION OF CARS DAMAGED OR DESTROYED. Lessor, at its election, may substitute another car of approximately the same age, type and capacity for any car which is damaged or destroyed during the term this Lease. The rental for such replacement car shall be the same as the rental for the damaged or destroyed car, and it shall commence on the date of arrival of the replacement car to the delivery point designated by Lessee and approved by Lessor.

ARTICLE 13 LIABILITY ARISING OUT OF USE OR OPERATION OF CARS. Except where responsibility is placed on others, as provided in Article 12A hereof, Lessee agrees to indemnify and save harmless Lessor from and against any and all losses, damages, injuries, liabilities, claims and demands, regardless of the cause thereof, and any expenses in connection therewith, including counsel fees, arising out of, or as a result of, the use and/or operation of the cars during the term of this Lease other than losses, damages, injuries, claims, demands and expenses caused by Lessor's negligence or attributable to defects in workmanship and/or materials incorporated into the cars by Lessor or the manufacturer of the cars, or by their agents or representatives.

ARTICLE 14 LIABILITY FOR LOSS OF OR DAMAGE TO COMMODITIES. Lessor shall not be held liable for any loss of, or damage to, commodities or any part thereof, loaded or shipped in the cars, regardless of how such loss or damage shall be caused, or shall result. The Lessee agrees to assume responsibility for, to indemnify Lessor against and to save Lessor harmless from any such loss or damage or claim therefor.

ARTICLE 15 LIABILITY FOR LOSS OF USE OF CARS. Lessor shall not be held liable to Lessee for loss of use of any car or cars, in whole or in part, regardless of the cause thereof.

ARTICLE 16 TAXES, DUTIES, CUSTOMS, SWITCHING AND DEMURRAGE. Lessor agrees to assume responsibility for and to pay all property taxes levied upon or measured by the cars and to file all property tax returns and reports relating thereto. Lessee agrees to assume responsibility for and to pay or to reimburse Lessor for all other taxes including but not limited to any sales and/or use taxes or similar taxes, tariff, duty, customs, switching charges, freight charges, including freight charges to a repair facility, demurrage or other charges made by any governmental, railroad or other agency, on account of the cars or in connection with the use or operation of any of the cars.

ARTICLE 17 ASSIGNMENT OR SUBORDINATION ETC. OF LESSOR'S INTEREST. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the cars with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition in connection with the financing or refinancing of the purchase of the cars or any of them and in the event of the occurrence of an event of default by Lessor under such mortgage or agreement, this Lease and all of Lessee's rights under this Lease and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessee are hereby made subject and subordinate to the rights of any chattel, mortgagee, assignee, trustee or holder of legal title to the cars under any chattel mortgages, conditional sale agreements, agreements and assignments and/or equipment trust agreements covering the cars or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to the cars. Any sublease of the cars or any of them permitted by Article 18 hereof that is entered into by Lessee, its successors or assigns shall contain language which expressly makes such sublease subject to the subordination contained in this Article 17. At the request of the Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the cars, the cars may be lettered or marked to identify the legal owner of the cars at no expense to Lessee. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced at Lessor's expense.

ARTICLE 18 BOUNDARIES FOR CAR USE, ASSIGNMENT AND SUBLEASE. Lessee agrees to use the cars exclusively within the boundaries of the United States (exclusive of Alaska and Hawaii) or in international service between the United States (exclusive of Alaska and Hawaii) and Canada and to make no transfer or assignment of this Lease, or of the cars, by operation of law or otherwise, without Lessor's prior written consent. However, Lessee may sublease any of the cars for use within the permitted boundaries without securing the prior written consent of Lessor. Such subleasing shall in no way relieve Lessee from any of its obligations to Lessor under this Lease.

ARTICLE 19 INDEMNIFICATION FOR CERTAIN TAX BENEFITS. If, by reason of any act of commission or omission by Lessee or any person in possession of any of the cars, including but not limited to any sublessee, or a breach by Lessee of this Lease, Lessor loses, does not have, loses the right to claim, is not entitled to, loses its entitlement to, is disallowed, or is required to recapture, all or any portion of any federal, state or local income tax depreciation, investment tax credit or other deductions (computed on the basis of any permissible class life, salvage value, or accelerated method of depreciation provided for in the Internal Revenue Code) with respect to Lessor's cost or financing of any of the cars for any of the cars, then Lessee shall pay to Lessor on demand as additional rental an amount which is equal to the highest amount that is sufficient to provide Lessor the same after-tax yield, after-tax cash flow, and after-tax internal rate of return as Lessor would have had in the absence of such loss of entitlement, disallowance or recapture.

ARTICLE 20 TITLE TO THE CARS. Lessee acknowledges and agrees that by the execution hereof it does not obtain and by its payments and performance hereunder it does not and will not have or obtain any title to the cars or any of them at any time subject to this Lease nor any property right or interest legal or equitable therein, except solely as Lessee hereunder and subject to all of the terms hereof. Lessee shall keep the cars free from any encumbrances or liens which may be a cloud upon or otherwise affect Lessor's title.

ARTICLE 21 COMPLIANCE WITH LAW: COST OF CAR ALTERATIONS. At the time of delivery of the cars by Lessor to Lessee, the cars will conform to the applicable specifications and to all of the governmental laws, regulations, requirements and rules, and to all of the standards recommended by the Association of American Railroads and, as applicable, of the Canadian Transport Commission interpreted as being applicable to railroad equipment of the character of the cars as of the date of delivery to Lessee. Lessee agrees to comply with all governmental laws, regulations, requirements and rules, and with Code of Rules of the Association of American Railroads and, as applicable, the Regulations of the Canadian Transport Commission with respect to the use and operation of each of the cars during the term of this Lease. In case any equipment or appliance on any of the cars shall be required to be changed or replaced or in case any additional or other equipment or appliance is required to be installed on any of the cars during the term of this Lease in order to comply with such laws, regulations, requirements, rule and/or Code of Rules and Regulations as a result of any changes or revisions made herein during the term of this Lease, Lessor may elect to either (i) terminate this Lease, effective as of the date on which such change, replacement and/or installation is required to be made or (ii) make such change, replacement and/or installation, pay the cost thereof, and increase the monthly rental rate to reflect such change. The amount of such monthly rental increase, which will be added to the monthly rental rate, shall be 1.68% of the cost of such change, replacement and/or installation if such change, replacement and/or installation has a useful life equal to the remaining useful life of such car. If such change, replacement and/or installation shall have a useful life that is shorter than that of such car, the amount of such monthly rental increase shall be an amount that will recover the cost of such change, replacement and/or installation over such useful life, including the implicit cost of money at 16% per year. Any part or parts

changed, replaced and/or added to any of the cars shall be considered to be accession to such cars and title thereto shall be immediately vested in Lessor.

- ARTICLE 22 LESSEE DATA FOR LEASE ADMINISTRATION. Lessee agrees to furnish Lessor promptly, at Lessor's request, with complete and accurate information reasonably required for the efficient administration of this Lease.
- ARTICLE 23 LESSOR INSPECTION OF CARS. Lessor or its assignee shall have the right by its authorized representatives to inspect the cars at the sole cost and expense of Lessor at such reasonable times as Lessor shall deem necessary.
- ARTICLE 24 DEFAULT OF LESSEE. If (a) Lessee shall fail to carry out and perform any of its obligations under this Lease within twenty (20) days after Lessor shall have demanded in writing performance thereof, or (b) if a petition in bankruptcy or for reorganization or for a trustee or receiver is filed by or against Lessee and all of the obligations of Lessee under this Lease shall not have been duly assumed by the trustee or receiver appointed, if any, in such proceeding or otherwise given the same status as obligations assumed by the trustee or receiver within thirty (30) days after the appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier, Lessor may take possession of the cars and any accessions thereto wherever they may be found and at the election of Lessor, or its assignee as the case may be, either (i) declare the Lease terminated in which event all rights and obligations of the parties hereunder shall cease except only the obligations of Lessee to pay accrued rentals to the date of retaking, or (ii) attempt to relet the cars as agent of Lessee, apply the proceeds of such reletting first to the expenses that may be incurred in the retaking and delivery of the cars to the new Lessee, then the payment of amounts due Lessor under this Lease, and Lessee shall remain liable for any sums remaining due after so applying the proceeds so realized. Lessee shall pay said deficit monthly as the same may accrue.
- ARTICLE 25A RETURN OF CARS. At the termination of this Lease or applicable Rider, Lessee, at its sole cost and expense, shall return each of the cars and each part thereof to Lessor at such repair shop, storage yard, terminal facility or other point as may be designated by Lessor, on the date on which the term of this Lease or applicable Rider expires, empty, free from residue, and in the same good order and condition as it was delivered by Lessor to Lessee, ordinary wear and tear and repairs that Lessor is required to make pursuant to Article 10 hereof excepted.
- B Lessee, on demand, shall reimburse Lessor for the cost of cleaning any car that contains residue.
- C Lessee at its option, may redeliver any or all of the cars to Lessor during the thirty (30) calendar day period immediately preceding the date on which the term of this Lease or applicable Rider expires. If Lessee shall elect to so redeliver any or all of the cars, the rental on such cars shall cease on the date on which such cars are so redelivered to Lessor.

- D In the event that any or all of the cars are not redelivered to Lessor on or before the date on which the term of this Lease or applicable rider with respect to such cars expires, all of the obligations of the Lessee under this Lease with respect to such cars shall remain in full force and effect until such cars are redelivered to Lessor, provided, however, that the daily rental for each of such cars during such period shall be one and one-half times the pro rata daily rate of the rental specified in the Rider applicable to such cars for a maximum period of one (1) year after such termination date. If Lessee shall for any reason fail to redeliver any of such cars during such one (1) year period, Lessee shall pay to Lessor on that date that such one (1) year period expires a sum equal to the then depreciated value of such car or cars using the AAR schedule of depreciation.

ARTICLE 26 WARRANTIES. Lessor's obligations with respect to the cars are expressly limited to those set forth in this Agreement, and LESSOR MAKES NO WARRANTIES OF ANY KIND EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, NOR SHALL LESSOR HAVE ANY LIABILITY FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY CAR LEASED HEREUNDER. Lessee shall be solely responsible for determining that the specifications, design and paint of any car are appropriate for the commodities loaded therein.

ARTICLE 27 GOVERNING LAW. This Agreement and performance of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

ARTICLE 28 MISCELLANEOUS.

- A SEVERABILITY. If any provision of this Agreement shall be held to be invalid or unenforceable by the final judgement of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision but this Agreement shall continue in full force and effect as if such provision had not been a part hereof.
- B HEADINGS. The Article headings used herein are for convenience of reference only and shall not be used in interpreting this Agreement.
- C WAIVER. This Agreement may not be amended or modified except by written agreement signed by the parties. No waiver of any provision of this Agreement shall be effective unless in writing signed by the party against whom enforcement of such waiver is sought and unless otherwise expressly so provided such waiver shall be limited only to the specific situation for which it was given.
- D BENEFIT. This Agreement shall be binding upon and inure to the benefit of Lessor and its successors and assigns, and Lessee and (to the extent permitted by Article 18) its successors and assigns.
- E ENTIRE AGREEMENT. This Agreement, including all riders and other documents attached hereto or incorporated by reference herein, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other understandings, oral or written, with respect to the same.

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

WITNESS:

FULLMAN LEASING COMPANY
a division of
SIGNAL CAPITAL CORPORATION

By Terence A. Kidding

By Edward J. Loken
President

WITNESS:

QUANTUM CHEMICAL CORPORATION

By _____

By H. James 1-20-89
Title Director, Marketing Services & Distribution

Exhibit B to
Lease Assignment

<u>Quant.</u>	<u>Car Size & Type</u>	<u>Builder</u>	<u>Car Marks</u>	<u>Lessee</u>
91	5,851 CUBIC FOOT 100 TON COVERED HOPPERS	TRINITY	PLCX 44745-47748, 47753, 47761, 47768, 47772, 47779-47780, 47788, 47792, 47797, 47800, 47802, 47806, 47809-47814, 47819-47821, 47823, 47827-47828, 47830, 47834-47836, 47840-47865, 47867-47899	Quantum Chemical Corporation

↑ Type