



**Farmland Industries, Inc.**  
 Post Office Box 7305  
 Kansas City, Missouri 64116-0005  
 Telephone: 816 459-6398  
 Facsimile: 816 459-5902

17798  
 RECORDATION NO. \_\_\_\_\_ FILED 1425  
 MAY 14 1992 -3 55 PM

2-120A003

Dennis M. Alt  
 Attorney

Interstate Commerce Commission  
 Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

April 16, 1992

17798/A  
 RECORDATION NO. \_\_\_\_\_ FILED 1425

**RE: Lease Financing of Railcars**

Gentlemen:

Enclosed for recordation under the provisions of 49 USC 11303(a) are the original three counterparts of a Master Lease of Personal Property, Lease Schedule No. 001 thereto and Commitment Letter, each dated as of March 3, 1992, (collectively the "Lease"). Said Lease is a primary document.

A general description of the railroad equipment covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

**Lessee under Lease:** Farmland Industries, Inc.  
 3315 North Oak Street Trafficway  
 Kansas City, Missouri 64116

**Lessor under Lease:** Security Pacific Equipment Leasing, Inc.  
 Four Embarcadero Center  
 12th Floor  
 San Francisco, California 94111  
 Attention: Operations Department

MOTOR OPERATING UNIT  
 MAY 14 3:55 PM '92

Please return the original and two copies of each enclosed document to:

Security Pacific Equipment Leasing, Inc.  
 Four Embarcadero Center, 12th Floor  
 San Francisco, California 94111  
 Attention: Joan Selby

Also enclosed is a check in the amount of \$16.00 covering the required recording fee.

A short summary of each of the enclosed primary documents to appear in the Index follows:

Farmland Industries, Inc.

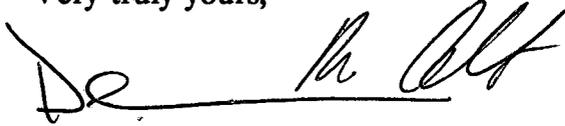
Interstate Commerce Commission

April 16, 1992

Page 2

Lease between Security Pacific Equipment Leasing, Inc., as Lessor, Four Embarcadero Center, 12th Floor, San Francisco, California 94111 and Farmland Industries, Inc., as Lessee, 3315 North Oak Trafficway, Kansas City, Missouri 64116 covering fifty (50) railcars.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis M. Alt", is written over a horizontal line.

Dennis M. Alt  
Attorney

DMA:llm

cc: Joan E. Selby  
Contract Administrator, Executive Offices  
Four Embarcadero Center, Suite 1200  
San Francisco, California 94111

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Identifying Marks and Numbers*</u>	<u>Number of Cars</u>	<u>Description</u>
FLIX 8000, f/k/a GAPX 8000 through FLIX 8049, f/k/a GAPX 8049	50	Tank Cars

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\* All numbers inclusive

SCHEDULE A



Farmland Industries, Inc.  
Post Office Box 7305, Dept. 160  
Kansas City, Missouri 64116-0005  
Telephone: 816-459-6544  
Facsimile: 816-459-5961

Interstate Commerce Commission  
Attention: Mildred Lee  
12th & Constitution Avenue, NW  
Room 2303  
Washington, DC 20423

May 13, 1992

Dear Ms. Lee,

As per our conversation on Monday, May 11, I am enclosing our original documents of the Master Lease, Lease Schedule No. 001, and the Commitment Letter, all dated March 3, 1992. Our originals are not notarized as there is no place designated for them to be notarized. If this creates any problem please give me a call.

Please return all original documents to my attention at the above address as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Marva Weir".

Marva Weir  
Lease Coordinator



Farmland Industries, Inc.  
Post Office Box 7305, Dept. 160  
Kansas City, Missouri 64116-0005  
Telephone: 816-459-6544  
Facsimile: 816-459-5961

Interstate Commerce Commission  
12th & Constitution Avenue, NW  
Room 2303  
Attention: Mildred Lee  
Washington, DC 20423

May 4, 1992

Dear Ms. Lee,

As per our conversation on April 30, 1992 please find attached an additional check for \$16.00 as a recording fee for our second document. Also you will find attached the original memo sent to you by Dennis Alt and the required attachments.

If you need any additional information give me a call and I will assist you any way that I can.

Sincerely,

A handwritten signature in cursive script that reads "Marva Weir".

Marva Weir  
Lease Coordinator

Interstate Commerce Commission  
Washington, D.C. 20423

5/15/92

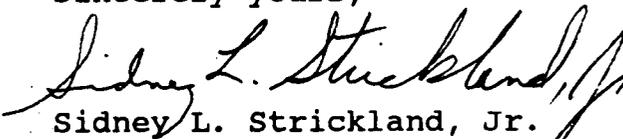
OFFICE OF THE SECRETARY

Dennis M. Alt  
Farmland Industries, Inc  
P.O.Box 7305  
Kansas City, Missouri 64116-0005

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 5/14/92 at 3:55pm, and assigned recordation number(s). 17798 & 17798-A

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

# MASTER LEASE OF PERSONAL PROPERTY

REGISTRATION NO 17798  
MAY 14 1992 3:55 PM  
INTERSTATE  
COMMIS

Master Lease of Personal Property by and between SECURITY PACIFIC EQUIPMENT LEASING, INC., a Delaware corporation, its successors, assigns and/or nominees (hereinafter called the "Lessor"), and the undersigned lessee (hereinafter called the "Lessee").

1. **DEFINITIONS.** For all purposes herein, and for the purposes of the documents executed pursuant hereto, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and the plural forms thereof or to any gender thereof), unless the context indicates otherwise.

(a) **Commitment Letter(s).** "Commitment Letter(s)" shall mean letter agreement(s) between Lessor and Lessee describing the terms and conditions upon which Lessor will enter into the leasing transaction(s) described therein, this Master Lease and the applicable Lease Schedule(s), and the terms contained in said Commitment Letter(s) shall be deemed incorporated herein and a part of this Master Lease and the applicable Lease Schedule(s). To the extent of any inconsistencies between the terms and provisions of a particular Commitment Letter and the general terms and provisions of this Master Lease, those contained in the Commitment Letter(s) shall be deemed controlling.

(b) **Equipment.** "Equipment" shall mean all those items of equipment leased to Lessee pursuant to this Master Lease, as more fully described in the Lease Schedule(s) annexed or to be annexed hereto, which must be and remain tangible personal property, and/or any unit, part or component thereof, together with all accessories, substitutions and spare parts thereto, rights as to warranty or indemnity from any sellers, suppliers, manufacturers, transporters or installers thereof, any and all schematics, operating and service manuals, maintenance logs, service records and other like materials relating to its operation or history, and, except as provided under Section 12 hereinbelow, all alterations, modifications, and additions or attachments thereto.

(c) **Equipment Cost.** "Equipment Cost" shall mean the aggregate cost to Lessor of all Equipment leased to Lessee pursuant to the terms of this Master Lease, or the determinable cost of any unit or part thereof as indicated on any Lease Schedule(s) annexed or to be annexed hereto. Nothing herein shall prevent Lessor from increasing or decreasing said Equipment Cost on any Lease Schedule(s) in accordance with the provisions of Section 4 hereinbelow to provide for any element of said Equipment Cost not reflected therein or to provide for purchase returns, allowances or adjustments thereon.

(d) **Lease Schedule.** "Lease Schedule" shall mean a schedule of Equipment listing, describing and pricing at Equipment Cost, the Equipment leased, or to be leased upon Lessor's acceptance of Lessee's request therefor.

(e) **Master Lease.** The terms "Master Lease of Personal Property," "Master Lease" and/or "Lease" and all references thereto, as used throughout this instrument, all Lease Schedules and all documents issued and executed pursuant hereto or thereto, shall mean this instrument as originally executed or if later extended, renewed, amended or supplemented, then as so extended, renewed, amended or supplemented.

(f) **Net Proceeds.** In any sale of Equipment or any unit or part thereof, "Net Proceeds" shall mean the amount received in cash upon the sale thereof, less all expenses incurred by or for Lessor in connection with such sale, including reconditioning and removal expenses, repair costs and commissions, reasonable attorneys' fees and less all sums accrued and unpaid to Lessor pursuant to this Master Lease to and including the date of such sale.

(g) **Unrecovered Investment.** "Unrecovered Investment" shall mean those values which shall be assigned to an item or items of Equipment upon the disposition, loss, theft or destruction thereof, and shall be that value which, with respect to Lessor's financial accounts as of the date of calculation, will result (after provisions for recapture and payment of all applicable taxes) in no loss to Lessor.

2. **LEASE.** Lessee may, concurrently herewith and/or from time to time hereafter, request the lease of Equipment pursuant hereto. Upon the favorable review and acceptance of any such request by Lessor under the terms of a Commitment Letter, or otherwise, in whole or in part, and upon Lessor's receipt of good, marketable and unclouded title in and to the Equipment, said Equipment shall be leased pursuant to the terms of this Master Lease. All items of Equipment leased by Lessor to Lessee hereunder shall be identified on and leased pursuant to its appropriate Lease Schedule, but this Master Lease and all Lease Schedule(s) together constitute the single and undivided lease obligation of Lessee. Lease Schedules shall be separate and individually numbered and shall be for amounts satisfactory to Lessor. It is understood and agreed that units of Equipment may be maintained or located at different business locations, may be scheduled at different times or for different periods, may require different rental rates or may require different taxation and accounting treatment from certain other units of Equipment, and on account of any such differences, such units shall, at the discretion of Lessor, be leased pursuant to a separate Lease Schedule hereto, notwithstanding that said units are combined in one request for lease or may coexist at one single location.

3. **RENT.** The rent for the Equipment leased pursuant to this Master Lease shall be the aggregate rent of and as set forth on each and every Lease Schedule executed pursuant hereto. Lessee promises to pay Lessor, or order, the rental payments in accordance with the provisions of the Lease Schedule(s), and the payments shall be made at Lessor's address indicated thereon or as changed in accordance with Section 32 hereinbelow.

4. **LEASE SCHEDULE ADJUSTMENTS.** Lessor may make adjustments for cost overruns, or otherwise for the benefit of Lessee, to the Equipment Cost and total rental listed on any Lease Schedule pursuant to the provisions of Section 1(c) hereinabove and/or Section 13 hereinbelow. Periodic rental payments shall also be proportionately adjusted, so that the adjusted total rental will be paid in full by the end of the Lease Schedule term. Lessor will give Lessee notice of any such adjustment within ten (10) days thereof.

5. **TERM AND HOLDOVER.** The term of each Lease Schedule shall be as indicated thereon, and shall continue for the time provided therein, or any renewals or extensions thereof. Any Lease Schedule or part thereof may be earlier terminated pursuant to the provisions of Section 13 hereinbelow, and this Master Lease or any or all Lease Schedules may be earlier terminated by Lessor pursuant to Sections 22 and 23 hereinbelow. Unless terminated pursuant to Section 13 hereinbelow, should Lessee fail to surrender and return the Equipment to Lessor at the end of the Lease Schedule term, all obligations of Lessee in favor of Lessor, including but not limited to the payment of rent in an amount equal to the greater of (i) the Lease Schedule rent then in effect or (ii) the fair market rental, shall continue pursuant to this Lease until Lessor has been able to effectuate the return of such Equipment.

6. **EQUIPMENT SELECTION AND ORDERING.** Lessee has selected or shall select the type, quantity and suppliers of the Equipment requested to be leased hereunder, and Lessor, upon acceptance of said request(s), in accordance with the terms of a Commitment Letter, or otherwise, in whole or in part, agrees to order said Equipment upon Lessor's purchase order, which shall be submitted to and approved in writing by Lessee. Lessee shall ensure that all Equipment is properly invoiced to and/or sold to Lessor prior to acceptance of the Equipment to be leased hereunder. LESSOR SHALL NOT BE RESPONSIBLE FOR, NOR SHALL THE VALIDITY OF THIS MASTER LEASE OR ANY LEASE SCHEDULE BE AFFECTED BY, ANY DELAY IN OR FAILURE OF DELIVERY OF SAID ORDERED EQUIPMENT. Lessor hereby appoints and empowers Lessee to accept the Equipment on behalf of Lessor. Upon delivery, Lessee shall promptly inspect said Equipment to determine any defects therein, and if acceptable, accept the Equipment on behalf of Lessor and provide evidence thereof to Lessor on a Certificate of Acceptance. Lessor shall insert the serial number, descriptive material, Equipment Cost and other relevant matters on an appropriate Lease Schedule. Lessor shall have no duty to inspect the Equipment. If the Equipment is not properly installed, does not operate as represented or warranted by any supplier or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against said supplier. LESSEE HEREBY ASSUMES THE RISKS, BURDENS AND OBLIGATIONS TO ANY SUPPLIER ON ACCOUNT OF NONACCEPTANCE OF THE EQUIPMENT AND/OR THE TERMINATION OF LESSOR'S OBLIGATIONS TO LEASE THE EQUIPMENT, AND UPON THE OCCURRENCE OF ANY SUCH EVENT, LESSOR WILL ASSIGN, WITHOUT RECOURSE OR WARRANTY, ITS RIGHTS AND TITLE TO SAID PURCHASE ORDER(S) AND ANY INVOICES TO LESSEE.

7. **USE AND MAINTENANCE.** Lessee agrees to use the Equipment in a careful and proper manner, and to comply with and conform to all federal, state, municipal, and other laws, ordinances and regulations applicable in any way (including but not limited to job safety, health, fire, environmental, zoning, law enforcement, nuisance and other public considerations) to the inspection, possession, use or maintenance of the Equipment. Lessee agrees to comply with and observe all conditions of coverage of any policy of insurance maintained hereunder by or for Lessor, and all operations and maintenance instructions, manuals and customary trade practices applicable to the Equipment. The Equipment shall only be used by qualified (and if required by any law or regulation, duly licensed) employees of Lessee. Lessee agrees (1) to maintain the equipment in top condition, (ordinary wear and tear resulting from the proper use thereof alone excepted), (2) to timely repair and/or replace any failed or damaged part thereof (and, if applicable, with parts meeting the manufacturer's standards) so that the Equipment remains at all times in full repair, excellent operating order, and safe working condition, (3) not to permit abuse, weathering, wreckage, dilapidation or waste thereof, and (4) to the extent necessary, assume the costs and expenses of repair or reconditioning at or prior to surrender of the Equipment to Lessor. The Equipment shall not be used in excess of any legal or manufacturer's tolerances or for any purpose or function for which it was not specifically designed. Subject to the foregoing, Lessee shall be entitled to unlimited use of the Equipment and to operate the Equipment at any time and for any period of time at the convenience of Lessee.

8. **CLAIMS AGAINST SUPPLIERS.** During the term of this Lease, and so long as Lessee is not in default hereunder, Lessor authorizes and appoints Lessee to enforce, in its own name, any claim, warranty, agreement or representation which may be made against any supplier of said Equipment, BUT LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EXTENT OF OR ENFORCEABILITY OF ANY SUCH CLAIM, WARRANTY, AGREEMENT OR

EXECUTED COUNTERPART

REPRESENTATION. NO DEFECT OR UNFITNESS OF THE EQUIPMENT NOR INABILITY OF THE LESSEE TO USE THE EQUIPMENT FOR ANY REASON, INCLUDING BUT NOT LIMITED TO INJUNCTION OR GOVERNMENTAL ACTION, SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR OF ANY OTHER OBLIGATION UNDER THIS MASTER LEASE.

**9. DISCLAIMER OF WARRANTY.** LESSOR, NOT BEING THE MANUFACTURER OR SUPPLIER OF ANY OF THE EQUIPMENT, NOR A DEALER IN SIMILAR EQUIPMENT, HAS NOT MADE AND DOES NOT MAKE, TO LESSEE OR OTHERS GENERALLY, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT, OR THE DELIVERY, INSTALLATION OR TIMELINESS THEREOF, NOR WITH RESPECT TO THE EQUIPMENT'S MANUFACTURE, DESIGN, CONDITION, DURABILITY, SUITABILITY, FITNESS FOR USE, OR MERCHANTABILITY, AND AS BETWEEN LESSOR AND LESSEE, LESSEE ACKNOWLEDGES THAT LESSOR SHALL BE UNDER NO DUTY TO LESSEE WITH RESPECT TO THE SAME (WHETHER ALLEGED IN TORT OR PURSUANT TO THIS LEASE), AND ALL EQUIPMENT SHALL BE ACCEPTED AND LEASED BY LESSEE "WHERE IS," "AS IS" AND "WITH ALL FAULTS," AND LESSOR SHALL NOT BE RESPONSIBLE FOR ANY PATENT OR LATENT DEFECTS THEREIN, OR ANY DAMAGES WHETHER ACTUAL, SPECIAL, CONSEQUENTIAL OR INCIDENTAL ARISING THEREFROM. LESSEE AGREES ALL SUCH CLAIMS SHALL BE ASSERTED AND/OR SETTLED DIRECTLY WITH THE SUPPLIER(S) AND NO SUCH CLAIMS SHALL BE ASSERTED AGAINST LESSOR.

**10. OWNERSHIP AND FURTHER ASSURANCES.** This Lease is a bailment for rental and for temporary possession and use only, and no title, equity or right in or to said Equipment shall pass to Lessee except in accordance with the terms hereof, nor shall Lessee have any lien or charge thereon. Lessor and Lessee intend this transaction to be a leasing transaction only, but to the extent, at any time or from time to time, this lease is construed or asserted to be a transaction intended as security, Lessor retains and/or Lessee hereby grants to Lessor a security interest in and to all the Equipment, the proceeds of any sale thereof, assignment, lease or sublease thereof, any insurance proceeds, and any other rights of Lessee in and to the Equipment, the Lease and/or their proceeds. At the expense of Lessee, Lessor and Lessee agree to cooperate, and to execute, deliver and file such further documents, instruments and certificates as may be deemed reasonably necessary or convenient to protect the title and interests of Lessor hereunder, including, but not limited to financing statements pursuant to the Uniform Commercial Code. If Lessor supplies Lessee with labels, plates or markings stating that the Equipment is owned and/or financed by Lessor, Lessee shall affix and keep the same prominently affixed to each separately placed or housed component thereof.

**11. NO ASSIGNMENT OR SUBLEASE; NO EQUITY IN LEASE.** The facts, terms and provisions of this Lease are not intended nor shall they be deemed to create in Lessee any asset, property interest, estate or bonus. All proceeds of the Equipment and this Lease shall at all times belong exclusively to Lessor. Lessee shall not sell, transfer, assign, sublease, convey, encumber or pledge its interest in and to this Master Lease, any Lease Schedule or the Equipment, and any such sale, transfer, assignment, sublease, conveyance, encumbrance or pledge, whether by operation of law or otherwise, without the prior written consent of Lessor, shall be void. So long as Lessee is not in default hereunder, and the Lease Schedule term has not expired, Lessor will not interfere with Lessee's quiet enjoyment of the Equipment. Lessor, its successors and assigns, may sell or assign this Master Lease or any Lease Schedule and or grant security interests therein or in the Equipment, in whole or in part, without notice to Lessee. The provisions of this Lease shall be binding upon any successors (including any trustee or debtor-in-possession in bankruptcy) and any permitted assigns of Lessor and Lessee.

**12. ALTERATIONS.** Lessee shall notify Lessor and shall, at its sole cost and expense, make or provide all improvements, alterations, modifications, additions or attachments (hereinafter collectively called "change(s)") deemed necessary or desirable by any federal, state or local governmental body or agency. So long as Lessee is not in default hereunder, Lessee may, at its sole cost and expense, make nonseverable nongovernmentally required change(s) upon notification to Lessor provided that (1) the value of the Equipment is not reduced thereby, (2) such change(s) will not cause the Equipment to become limited use property, or materially alter or reduce its general usefulness, (3) such change(s) will not increase the productivity or capacity of the Equipment in excess of 25%, and (4) the cumulative deflated cost (as provided in Rev. Proc. 79-48) of such nonseverable nongovernmentally required change(s) does not exceed 10% of the Cost of the Equipment. All governmentally required and nonseverable change(s) shall immediately be and become the property of Lessor and subject to the terms of this Lease. So long as Lessee is not in default hereunder, Lessee may, at its sole cost and expense, upon notice to Lessor, make readily removable change(s) to the Equipment provided that such change(s) do not cause material damage to the Equipment, or reduce its value or general usefulness. Any such removable change(s) shall remain the property of Lessee and be removed by Lessee prior to surrender of the Equipment pursuant to Section 21 hereinbelow, and if not removed by Lessee prior to surrender, may be removed by Lessor without liability to Lessee therefor. Any and all costs of removal and repair shall be for Lessee's account. Lessor is hereby granted, and Lessee will cooperate in perfecting, a first priority security interest in and to any such removable change(s) as collateral for Lessee's obligations under this Lease. Unless otherwise provided for by Rev. Proc. 79-48, Lessor will include the fair market value of any change(s) made under this Section 12 as taxable income, and Lessee shall, upon 10 days notice, indemnify Lessor, on a net after-tax basis, against any such increase in Lessor's income taxes incurred as a result of such Lessee change(s). Nothing herein shall be deemed to preclude Lessor and Lessee from negotiating the lease financing hereunder for any proposed change(s). Lessee shall not alter, remove, deface, destroy or permanently cover any manufacturer's distinguishing number or mark on the Equipment.

**13. LOSS AND DAMAGE.** Lessee shall assume and bear risk of loss (including any governmental requisition, condemnation or confiscation) and damage to the Equipment and all component parts thereof from any and every cause whatsoever, whether or not covered by insurance. No loss or damage to the Equipment or any component part thereof shall impair any obligation of Lessee under this Master Lease, which shall continue in full force and effect except as hereinafter expressly provided. Lessee shall repair or cause to be repaired all damage to the Equipment. In the event that all or part of the Equipment shall, as a result of any cause whatsoever, become lost, stolen, destroyed, or rendered irreparably unusable or damaged, as determined by Lessee, then Lessee shall, within ten (10) days after it shall have made such determination, fully inform Lessor in regard thereto and shall pay, on or before the next succeeding rental payment date, the greater of (1) Lessor's then applicable Unrecovered Investment in or (2) the fair market value of said Equipment immediately prior to the event of loss; and (3) Lessee shall pay all rentals and other sums past due or becoming due to and including such next succeeding rental payment date in respect of such Equipment. Upon payment of said amounts, the Lease Schedule shall terminate only as to said Equipment.

**14. INSURANCE.** Commencing at such time as any risks pass to Lessor from any supplier of the Equipment and continuing thereafter, until Lessee has delivered possession of the Equipment to Lessor or as otherwise herein provided, whether or not this Master Lease has terminated as to the Equipment, Lessee, at its expense, agrees to and shall keep the Equipment adequately insured with responsible insurers satisfactory to Lessor, and said insurance shall protect all interests of Lessor without regard to any breach of warranty by Lessee and be for such risks, including the actual or imputed liability of Lessor for public liability, property damage and physical damage and be in such amounts as Lessor may require. Said insurance shall not be excess over other coverage but shall be primary insurance up to and including the stated policy limits without right of contribution from any contingent insurance which may be effected by Lessor. Said insurance shall cover the interests of both the Lessor and Lessee in the Equipment, or as the case may be, shall protect both the Lessor and Lessee in respect to all risks arising out of the condition, delivery, installation, maintenance, use or operation of the Equipment. All such insurance shall provide for thirty (30) days prior written notice to Lessor of cancellation, restriction or reduction of coverage. ~~Lessee hereby irrevocably appoints Lessor as Lessee's attorney in fact to make claim for, receive payments or return premium, and execute and endorse all documents, checks or drafts under any insurance policy issued pursuant hereto.~~ Certificates, endorsements and copies of all policies of insurance shall be promptly delivered to Lessor, but Lessor shall be under no duty to ascertain the existence of nor to examine such insurance policy, nor to advise Lessee in the event such insurance coverage does not comply with the requirements hereof. In no event shall loss of damage insurance on the Equipment be in an amount less than the greater of (1) Lessor's corresponding Unrecovered Investment or (2) the fair market value of the Equipment at the time the insurance (or each renewal thereof) is procured. The proceeds of said loss or damage insurance shall be payable to Lessor, but Lessor shall remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor satisfactory proof that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) has paid to Lessor the amounts otherwise due to Lessor on loss of such Equipment. It is understood and agreed that any payments made by Lessee or its insurance carrier for loss or damage of any kind whatsoever to the Equipment are not made as accelerated rental payments or adjustments or rental, but are made solely as indemnity to Lessor for loss or damage to its Equipment.

**15. TAXES.** Lessee shall be responsible for the timely payment and discharge of all license or registration fees, assessments, sales and use taxes, rental taxes, gross receipts taxes, personal property taxes and other taxes ~~now~~ or hereafter imposed by any federal, state or local government upon the Equipment or upon the ownership, leasing, renting, purchase, possession or use thereof (whether the same be assessed to Lessor or Lessee). Except as otherwise required by law or except as otherwise directed from time to time by Lessor, Lessee shall pay and discharge at least ten (10) days before delinquency any and all such fees, assessments and taxes directly to the proper levying authority and upon request, to furnish Lessor with copies of returns and/or other proof of such payment. Nothing herein shall be deemed to prevent Lessor from itself paying and discharging any such taxes, fees or assessments and Lessee shall pay to Lessor the amount of any taxes, fees or assessments remitted by Lessor within ten (10) days of notice thereof. Lessee, upon notice to Lessor, may, in Lessee's own name, contest or protest any such taxes, and Lessor shall honor any such notice except when in Lessor's sole opinion such contest is futile or will cause a levy or lien to arise on the Equipment or cloud Lessor's title thereto. Lessee shall, in addition, be responsible to Lessor for the payment and discharge of any penalties or interest. Except as provided in Section 12 hereinabove, nothing herein shall be construed to require Lessee to be responsible for any federal or state taxes or payments in lieu thereof, imposed upon or measured by the net income of Lessor, or state franchise taxes of Lessor, or except as provided hereinabove, any penalties or interest resulting from Lessor's failure to timely remit such tax payments.

EXECUTED COUNTERPART

**16. LIENS AND ENCUMBRANCES.** Lessee will at all times protect and defend, at its own cost and expense, the title of Lessor and keep the Equipment (and additions or attachments of Lessee thereto, if any) free and clear from all claims, liens and processes and other encumbrances except (i) the rights of Lessee hereunder, (ii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of the Equipment, (iii) inchoate materialmen's, mechanic's, workmen's, repairmen's, employee's or other like liens arising in the ordinary course of business and not delinquent, and (iv) liens and encumbrances arising from the acts or omissions of Lessor which are not otherwise the responsibility of Lessee hereunder.

**17. INDEMNITY.** Lessee assumes liability for and hereby agrees (whether or not the indemnitee is otherwise insured therefor) to defend, indemnify, protect, save, keep and hold harmless (on a net after tax basis) Lessor and each of its affiliates, and each of their respective agents, employees, officers and directors from and against any and all costs, expenses (including legal expenses, hearing costs, experts' fees and reasonable attorneys' fees), liabilities, obligations, losses, damages, penalties, claims, tax claims, actions, suits and proceedings of whatsoever kind and nature, (including those asserted under theories of negligence, warranty, product liability, absolute liability and strict liability in tort by virtue of ownership) imposed on, incurred by or asserted against Lessor and/or any of them arising from, because of, or because of any failure or defect in (including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee), the manufacture, design, purchase, transportation, acceptance or rejection of the Equipment, and the delivery, ownership, lease, inspection, appraisal, possession, use, storage, operation, condition, valuation or return of the Equipment, and any claim for patent, trademark or copyright infringement. \* (except where such claims arise out of Lessor's gross negligence or willful misconduct)

**18. LESSOR'S PERFORMANCE OPTION.** Should Lessee fail to make any payment or to do any act as provided by this Master Lease, then Lessor shall have the right (but not the obligation), without notice to Lessee of its intention to do so and without releasing Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Equipment or Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of Lessor appears to affect the Equipment, and in exercising any such rights, Lessor may incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Lessor shall be due and payable by Lessee with ten (10) days of Notice thereof.

**19. LOCATION.** The location of the Equipment shall be indicated on its appropriate Lease Schedule, and, except upon surrender of Equipment in accordance with Section 21 hereinbelow, Lessee shall not remove said Equipment therefrom without the prior consent of Lessor.

**20. INSPECTION.** Lessee shall provide Lessor, its agents or employees, at any and all reasonable times during business hours, the right to enter into and upon the premises where any Equipment may be located for the purpose of observing the same. In connection with any default, surrender of the Equipment, disposition of Lessor's title thereto, or Lessor's obtaining financing thereon, Lessor (including representatives of any purchaser or financing party) may examine the Equipment in detail as to condition, compliance with this Lease or compliance with law.

**21. SURRENDER OF EQUIPMENT.** In accordance with Lessor's request, upon expiration or the earlier termination of this Master Lease or any Lease Schedule, or any renewal or extension thereof, Lessee shall, at its expense: (1) ensure that the Equipment meets the requirements of Section 7 hereof and meets all legal and regulatory requirements necessary for any sale and continued commercial use and operation thereof; and without injury to the Equipment, (2) remove any and all Lessee markings, decals and advertising, and (3) de-install, assemble and return the Equipment to Lessor, either: (a) by delivery of the same to such place as Lessor shall specify within the state where Equipment is located (or to be assembled), or (b) by loading on board such carrier as Lessor shall specify (at Lessee's cost and expense, including fully prepaid insurance) and shipping the same to the destination designated by Lessor, provided Lessor will reimburse Lessee for any incremental costs of shipment to a destination beyond the state where the Equipment was to be surrendered. Lessee shall be responsible, at its expense, for the proper and adequate packing and crating of the Equipment, which shall include, if necessary to preserve any warranties or agreements with respect to the Equipment, the supervision and/or handling of said packing and crating by manufacturer's representatives.

**22. EVENTS OF DEFAULT.** The occurrence of any of the following events shall, at the option of Lessor, constitute an event of default under this Master Lease and/or any Lease Schedule:

(a) The nonpayment by Lessee of any rental payment when due; or the nonpayment by Lessee of any other sum required hereunder to be paid by Lessee, which nonpayment continues for a period of ten (10) days following written notice thereof from Lessor.

(b) The failure of Lessee to perform or observe any other term, covenant or condition of this Master Lease, any Commitment Letter, any Lease Schedule or any other document, agreement or instrument executed pursuant hereto or in connection herewith which is not cured within ten (10) days after written notice thereof from Lessor.

(c) Lessee ceases doing business as a going concern or commences or has commenced against it any dissolution or liquidation proceeding, attempts or suffers a major rearrangement of its debt, is insolvent, has a trustee, receiver or custodian appointed for it or for a substantial part of its assets, makes an assignment for the benefit of creditors, is generally not paying its debts as they become due, commences or has commenced against it, or suffers, approves, acquiesces in or consents to a bankruptcy proceeding or any proceeding seeking relief by way of reorganization, arrangement or composition under any present or future statute, law or regulation.

(d) Any of Lessee's representations or warranties made herein or on any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be false or misleading in any material respect.

(e) Lessee defaults or otherwise has accelerated against it any material obligation under any credit agreement, loan agreement, conditional sales contract, lease, indenture, debenture or other instrument; or Lessee defaults under any other agreement or instrument now existing or hereafter made with Lessor or with any of Lessor's commonly owned affiliates.

(f) The breach or repudiation by any party thereto of any guaranty, subordination agreement or other agreement or instrument running in favor of Lessor obtained in connection with this Master Lease, or such party's dissolution, death, insolvency, or bankruptcy.

**23. REMEDIES.** Should any event of default occur and be continuing, Lessor may, in order to protect the interests and reasonably expected profits and bargain of Lessor, and with or without notice or demand upon Lessee, pursue and enforce, successively and/or concurrently, any one or more of the following remedies:

(a) Pursue its remedies provided for under Section 18 hereinabove;

(b) Without retaking the Equipment;

(1) recover from Lessee all accrued and unpaid rents and other amounts then due and owing under the terms hereof,

(2) recover from Lessee from time to time all rents and other amounts as and when becoming due hereunder,

(3) accelerate and cause to become immediately due and payable all rents and other amounts due and/or which may become due hereunder and recover from Lessee the then worth to Lessor of such amounts,

(4) cause to become immediately due and payable and recover from Lessee (i) the then applicable Unrecovered Investment in the Equipment, plus (ii) the then worth to Lessor of its anticipated remaining loss of bargain;

(c) **RETAKE POSSESSION OF THE EQUIPMENT** (by Lessor, independent contractor, or by requiring Lessee to assemble and surrender the Equipment in accordance with the provisions of Section 21 hereinabove) with or without judicial process and without liability to Lessee therefor which is hereby expressly waived, and

(1) terminate the lease term as to the Equipment,

(2) recover from Lessee all accrued and unpaid rents and other amounts owing under the terms hereof,

(3) sell the Equipment at public or private sale, and recover from Lessee the difference, if any, by which the Net Proceeds of sale shall be less than (i) the Lessor's then applicable Unrecovered Investment in the Equipment, plus (ii) the then worth to Lessor of its anticipated remaining loss of bargain,

(4) re-lease the Equipment to a third party for the account of Lessee and recover from Lessee when becoming due any deficiency between the rents provided herein and those received from such third party,

(5) re-lease the Equipment to a third party for the account of Lessee and recover from Lessee the then worth to Lessor of any deficiency between the rents provided herein and those receivable from such third party over the re-leased term,

(6) recover from Lessee the then worth to Lessor of the excess of the rents reserved herein for the balance of the whole term (or any remaining term not covered by any re-lease pursuant to Section 23 (c) 5 hereinabove) over the then reasonable rental value of the Equipment and,

(d) Pursue any other remedy Lessor may otherwise have hereunder, at law, in equity (including specific performance) or under any statute and recover such other actual damages as may be incurred by Lessor.

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Lessor's pursuit and enforcement of any one or more remedy shall not be deemed an election of, or waiver by Lessor of any other or further remedy, provided, however, Lessor shall not be entitled to duplicate relief or recovery with respect to any specific element of Lessor's damages. In addition, Lessor shall attempt in good faith to mitigate its damages, but Lessor shall not be obligated to sell or re-lease the Equipment. Any sale or re-lease may be held at such place or places as are selected by Lessor, with or without having the Equipment present. Lessee agrees, at Lessor's option, to permit Lessor to leave the equipment in place without charge or liability to Lessor, and to permit Lessor to conduct a sale or re-lease therefrom, and in furtherance thereof, to permit appraisers, offerees and auctioneers reasonable and timely access to view, inspect, sell, purchase and remove the Equipment. Any such sale or re-lease may be at wholesale or retail, in bulk or in parcels. Lessee further agrees, that so long as the Equipment remains in the use or quiet possession of Lessee, or any receiver, trustee or debtor-in-possession, valuation of the Equipment shall be deemed to fully include its in-place or going concern value, and in furtherance thereof, upon the sale or re-lease of the Equipment occasioned by Lessee's default hereunder, Lessee also agrees to pay any and all disassembly, transportation and re-installation costs and expenses associated with preserving such value to Lessor. For purposes of determining the worth to Lessor of any amounts, said amounts shall be discounted at a rate of six percent (6%) per annum. Time and exactitude of each of the terms and conditions of the Master Lease are hereby declared to be of the essence. Lessor may accept past due payments without modifying the terms of this Master Lease and without waiving any further rights of Lessor hereunder.

**24. COSTS AND ATTORNEY'S FEES.** In the event of any action at law or suit in equity by reason of Lessee's breach of this Master Lease, any Commitment Letter, any Lease Schedule, or any other document, agreement or instrument executed pursuant hereto or in connection herewith, or any other action or suit to construe or enforce the provisions thereof, or in the event of any administrative or civil proceeding or governmental examination or investigation of Lessee, which requires Lessor's participation and which participation would not be required but for this Master Lease, or pursuant to Lessor exercising any of its rights herein conferred or retained, Lessee, in addition to all other sums which Lessee may be called upon to pay under the provisions of this Master Lease, will pay and/or reimburse Lessor for costs of collection, other identifiable or out-of-pocket costs and expenses and any attorneys' fees on account thereof reasonably incurred by Lessor, its affiliates and/or their respective agents, employees, officers and directors.

**25. INTEREST/SERVICE CHARGE.** Any amounts required to be paid by Lessee pursuant to this Master Lease, and not paid when due (except as extended pursuant to Section 22(a) hereinabove) shall bear interest each day at such rate(s) as are deemed appropriate and assessed by Lessor (based upon a year having 365 or 366 days as the case may be, actual day months and compounded not more frequently than monthly) of (1) Lessor's then highest cost of funds, (2) the floating prime rate plus two percent (2%) in effect at Security Pacific National Bank from time to time, or (3) 18% per annum. ~~Upon assessment by Lessor, Lessee shall also pay, as indemnity, but not as interest, an additional service and overhead charge equal to the greater of \$50.00 or an amount to 5% of any such unpaid amounts.~~ Nothing herein shall be deemed to require the assessment or payment of any amounts not otherwise legally recoverable by Lessor.

**26. NO OFFSETS OR CANCELLATIONS BY LESSEE/DAMAGES/ACTIONS AGAINST LESSOR.** The rentals and all other sums payable, if any, and the performance of all other obligations hereunder by Lessee, shall be paid and performed without notice (except as otherwise provided herein), demand, counterclaim, cross-complaint, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Lessee under this Master Lease shall not be affected for any reason. THIS MASTER LEASE AND THE LEASE SCHEDULES SHALL NOT BE TERMINABLE OR CANCELLABLE BY LESSEE IN WHOLE OR IN PART EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 13 HEREINABOVE, and Lessee hereby waives all additional rights now or hereafter conferred by statute or otherwise to quit, terminate or cancel this Master Lease or surrender the Equipment as well as all rights to any abatement, suspension, deferment, diminution or reduction of the rentals and all other sums payable hereunder. Except as expressly provided in this Lease, neither Lessor nor Lessee shall be liable to the other for any special, consequential or incidental damages. Nothing herein shall be deemed to preclude Lessee from asserting in an independent proceeding any claim it may have against Lessor, independently of its obligations to pay rent and other sums hereunder.

**27. HEADINGS.** Section headings herein are used for convenience only and shall not otherwise affect the provisions of this Master Lease.

**28. EFFECT OF WAIVER.** No failure or delay on the part of Lessor in the exercise of any power, right or privilege hereunder or to make objection to the mode of any offered performance by Lessee shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof of any other right, power or privilege. All rights and remedies existing under this Master Lease are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**29. SURVIVAL OF WARRANTIES.** All agreements, indemnities, representations and warranties of Lessee made herein and remedies of Lessor shall survive the termination of this Master Lease and/or any Lease Schedule.

**30. APPLICABLE LAW.** This Master Lease, the Lease Schedule(s), all documents issued or executed pursuant hereto and the rights and obligations of the parties hereunder and thereunder shall be governed by the laws of the State of California. If any provision of this Master Lease or any remedy provided herein be invalid under any applicable law, such provisions shall be inapplicable and deemed omitted, but the remaining provisions of this Master Lease shall be and remain effective in accordance with their terms. Lessee hereby expressly and irrevocably agrees that Lessor may bring any action or claim to enforce the provisions of this Master Lease of Personal Property in the State of California, and Lessee hereby irrevocably consents to personal jurisdiction in the appropriate State of California or Federal Court therein. Lessee hereby further irrevocably consents to service of process in accordance with the provisions of the laws of the State of California. Nothing herein shall be deemed to preclude or prevent Lessor from bringing any action or claim to enforce the provisions of the Master Lease in any other appropriate place or forum.

**31. COUNTERPARTS.** This Master Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument, except to the extent, if any, that this Master Lease or any Lease Schedule constitute chattel paper, no security interest therein may be created except through the transfer or possession of the original counterpart, which may be so identified by Lessor.

**32. NOTICES.** All correspondence and/or notices required or permitted to be given shall be in writing, and may be personally served or sent by United States mail and shall be deemed to have been given when deposited in the United States mail with postage prepaid and properly addressed. For the purposes hereof the addresses of the parties hereto (until notice of a change thereof is served as provided in the preceding sentence) shall be as follows:

LESSOR: SECURITY PACIFIC EQUIPMENT LEASING, INC.  
Four Embarcadero Center,  
Suite 1200  
P.O. Box 7722  
San Francisco, CA 94120

LESSEE: FARMLAND INDUSTRIES, INC.  
3315 North Oak Trafficway  
Kansas City, Missouri 64116

**33. ENTIRE AGREEMENT; NO ORAL MODIFICATION.** The Commitment Letter(s), this Lease and the instruments and documents issued pursuant thereto constitute the entire lease agreement. THIS LEASE MAY ONLY BE AMENDED OR MODIFIED BY AN INSTRUMENT IN WRITING SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF LESSOR. LESSEE UNDERSTANDS AND AGREES THAT NEITHER THE SUPPLIER NOR ANY SALESPERSON OR MARKETING OFFICER IS AN AGENT OF LESSOR AND NO SUCH SUPPLIER, SALESPERSON OR MARKETING OFFICER IS AUTHORIZED TO ALTER, AMEND OR ADD TO ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT, THE TERMS OF THIS LEASE OR ANY OTHER MATTER BY ANY SUPPLIER, SALESPERSON OR MARKETING OFFICER SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY RENT AND PERFORM ITS OTHER OBLIGATIONS AS SET FORTH HEREIN.

Dated as of March 3, 1992  
SECURITY PACIFIC EQUIPMENT LEASING, INC.  
"LESSOR"

FARMLAND INDUSTRIES, INC.  
"LESSEE"

By [Signature]  
Title Contract Administrator

By [Signature]  
Title TREASURER

Master Lease No. 21041

By [Signature]  
Title Manager

**EXECUTED COUNTERPART**

'APR 1 1992

AMENDMENT TO MASTER LEASE OF PERSONAL PROPERTY  
SALE AND LEASEBACK

Reference is made to that certain Master Lease dated as of March 3, 1992 by and between SECURITY PACIFIC EQUIPMENT LEASING, INC. ("Lessor") and FARMLAND INDUSTRIES, INC. ("Lessee").

1. Section 1(b), Definitions: Equipment is hereby amended to specifically include in the definition of equipment items of personal property sold by "Lessee" to "Lessor" and leased back to "Lessee" by "Lessor".
2. Section 6: Equipment Selection and Ordering is hereby amended to provide, in addition to the provisions existing therein, that "Lessee" is familiar with the condition and usefulness of any Equipment sold by "Lessee" to "Lessor" and that "Lessee's" execution of a Bill of Sale, satisfactory to "Lessor", and Lease Schedule shall, for purposes hereof, be "Lessee's" acceptance and certification as to said Equipment.
3. "Lessee" hereby represents and warrants good and marketable title (free from any liens or encumbrances) to Equipment to be sold by "Lessee" to "Lessor" and "Lessee's" rights to transfer said Equipment. "Lessee" further warrants due compliance with respects to any fraudulent conveyance law within the State(s) of Missouri.
4. Except as herein amended, all terms and conditions and provisions of said Master Lease remain in full force and effect.

Dated as of March 3, 1992

SECURITY PACIFIC EQUIPMENT  
LEASING, INC.  
"Lessor"

By Joan E. Selby  
Joan E. Selby  
Title Contract Administrator

FARMLAND INDUSTRIES, INC.  
"Lessee"

By Jan B...  
Title TREASURER

By J. Roberts  
Title MANAGER

**EXECUTED COUNTERPART**



SECURITY  
PACIFIC  
EQUIPMENT  
LEASING, INC.

Lease Term:

Twelve (12) years

The term of the Lease for each item of Equipment will commence on and as of the date of acceptance of said Equipment by Lessee and shall continue from said date for the twelve (12) year term.

Rentals:

Lessee will be required to make sixty (60) equal consecutive monthly rental payments, each in arrears, at \$9.589 per \$1,000 of Equipment Cost followed by sixty (60) equal consecutive monthly rentals payments, each in arrears, at \$11.72 per \$1,000 of Equipment Cost.

Treatment of Lease:

Lessor and Lessee intend the Lease hereunder to constitute a true lease of Equipment for all purposes, qualifying as such under applicable criteria of the Internal Revenue Service under Revenue Ruling 55-540 and Rev. Proc. 75-21.

Consent to Sublease:



~~Notwithstanding the wording in paragraph 11 of the Master Lease, Lessor hereby consents to Lessee's subleasing some or all of the Equipment; so long as the sublease is expressly subject and subordinate to the terms and conditions of the Master Lease, the term of the sublease does not extend beyond the term of the appropriate Lease Schedule(s) and the Master Lease and the sublessee agrees, if requested by Lessor, to execute such security instruments as may be required to protect the title of Lessor to the Equipment.~~

~~In addition, Lessee agrees to execute a UCC Inventory and Accounts Receivable filing and Lessor reserves the right to take an assignment of the rentals.~~

Property Taxes:

Lessee shall be responsible for the negotiating and filing of property taxes on Equipment and shall indemnify Lessor to the extent of any such unpaid property taxes (including penalties and interest) and costs of Lessor associated therewith.

Purchase Option:

So long as no event of default by Lessee has occurred and is continuing, Lessee shall have the right, upon compliance with the terms hereof, to purchase all, but not less than all, of the Equipment leased pursuant to this Commitment Letter upon expiration of the Lease Term (or any renewal thereof) for a price equal to its then fair market value. Lessee must give



Purchase Option:  
(continued)

Lessor written notice, not more than 180 days and not less than 90 days prior to expiration of said term, of Lessee's desire to acquire said Equipment.

Should Lessor and Lessee fail to agree as to said fair market value on or prior to 60 days prior to the expiration of said term, said option shall terminate and be null and void, unless within 5 days thereafter Lessee shall, in writing, require Lessor, at the expense of Lessee, to appoint an independent appraiser, who shall be reasonably acceptable to Lessee, whose determination of fair market value shall be made at least 45 days prior to the expiration of said lease term and shall be binding. If Lessee has not notified Lessor, in writing, on or before 30 days prior to the expiration of said term, of its election and commitment to purchase the Equipment at the agreed or appraised price, as applicable, plus all sales and transfer taxes, said option shall terminate and be null and void, and upon expiration of said term the Equipment shall be surrendered to Lessor in conformity with the provisions of the Master Lease.

Renewal Option:

So long as no event of default by Lessee has occurred and is continuing, Lessee shall have the right to renew the term of the Lease for all, but not less than all, of the Equipment leased pursuant to any Lease Schedule for a period of two (2) years at a rental rate equal to \$78.991 per \$1,000 of Equipment Cost, payable annually in advance. Lessee must give Lessor written notice not more than 180 days and not less than 90 days prior to expiration of said term, of Lessee's desire to renew the Lease of said Equipment.

Insurance:

To be provided Lessor in accordance with the enclosed Lease Insurance Authorization Letter, prior to funding.

Limited Right to Self-Insure:

Lessee may self-insure the Equipment for physical damage coverage only to the extent that the amount of Lessor's Unrecovered Investment exceeds normal Industry standards of insurance coverage for the leased Equipment.

Financing Statements:

Appropriate Financing Statement(s) will be required.



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Searches:



~~Prior to funding, Lessor will require appropriate UCC searches and releases of any apparent conflicting security interests in and to the Equipment to be leased hereunder. The costs of such searches shall be for the account of Lessee.~~

Lease Schedules:

A \$10,000 minimum Equipment Cost requirement will apply on all lease scheduling under this commitment. Should Lessee request scheduling for amounts between \$5,000 and \$10,000, a \$150.00 scheduling fee will be due and payable upon execution of the Lease Schedule.

Financial Statements:

Unaudited quarterly financial statements from Lessee are to be provided to Lessor within 60 days from the end of each quarter, and audited annual financial statements from Lessee are to be provided to Lessor within 120 days from fiscal year end. In addition, Lessee will promptly provide such other financial information and information on Lessee relating to the Equipment and this leasing transaction as the Lessor may from time to time reasonably request, and Lessor (and its affiliates and their representative agents, employees, officers and directors) are hereby irrevocably authorized to interchange and utilize all credit information files and facilities in possession of Security Pacific Corporation, Security Pacific National Bank and their respective subsidiaries and affiliates and others as may be necessary or desirable for the analysis, processing, review and collection of any transactions with Lessee.

Maintenance:

The Lessee will, at its own cost and expense, maintain and keep the Equipment (including any parts installed on or replacements made to the Equipment and considered an accession thereto as hereinbelow provided) which is subject to this Master Lease in good operating order and repair, ordinary wear and tear excepted, in a manner consistent with maintenance practices used by the Lessee in respect of Equipment owned or leased by the Lessee similar in nature to the Equipment but in all events in compliance with the provisions of the Compliance section herein as well as the provisions of paragraph 7 of the Master Lease.



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Compliance:

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, possession or use of the Equipment or are necessary to comply with health, safety or environmental standards, and in the event that such laws or rules require any alteration, replacement or addition of or to any part of the Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner if in the reasonable opinion of the Lessor, such contest will not adversely affect the property or rights of the Lessor under this Lease.

Lessee Representation:

Lessee hereby warrants that this transaction does not violate any terms or conditions of any material credit agreement or any other agreements or instrument to which Lessee is a party.

Tax Rates:

~~The rentals are based upon Federal and State income tax rates provided by laws in effect as of the date hereof. In the event such rates are changed during the term of the lease, the rentals shall be increased or decreased in such amounts as will maintain each of Lessor's originally anticipated net after tax yield and aggregate net after tax cash flow.~~

Sales/Use Tax:

Lessor will remit sales/use tax for the sale and leaseback of the Equipment by and between Lessee and Lessor directly to the Missouri State Taxing Authority.



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LEASING, INC.

Documentation:

The following LEASE DOCUMENTS are necessary to this transaction:

- a) Master Lease of Personal Property  
(original and one copy)
- b) Amendment to Master Lease  
(original and one copy)
- c) Leasing Resolution  
(original and one copy)
- d) Information Form
- e) UCC Financing Statements (2)
- f) Lease Insurance Authorization  
Letter (two copies)

Please execute items a through f above and return them to Lessor as soon as possible. Upon Lessor's acceptance, copies will be returned for Lessee's files.

The form, substance and enforceability of all instruments required by Lessor in completing the transaction proposed in this Commitment Letter must be satisfactory to Lessor's legal counsel. Lessee agrees to give Lessor such evidence of compliance with the conditions of the Commitment Letter as such legal counsel may require. Expenses incurred for or attributable to any significant amount of lease negotiation, tailoring, or redrafting shall be for the account of the Lessee.

Expiration Date of  
This Commitment:

Lessor's obligation to acquire and fund Equipment hereunder, terminates and expires on March 31, 1992.

If the Equipment has not been delivered at the above described Location and accepted by Lessee on Lessor's forms prior to the above Expiration Date, or there is, prior to said Expiration Date, in Lessor's opinion, an adverse change in Lessee's financial condition since the date shown on the latest financial statement(s) which Lessee has furnished Lessor, then, at Lessor's option, Lessor may terminate its obligations under this Commitment Letter as to any Equipment which has not theretofore been accepted by Lessee on Lessor's forms.

This will be a non-cancelable net lease transaction whereby maintenance, insurance, full indemnification, property taxes, documentation costs and all items of a similar nature will be for Lessee's account.

It is understood that Lessor's obligations are contained only in this Commitment Letter and any amendment to it in writing, signed by Lessor's authorized officer. The provisions hereof (including any changes hereto and to the other documents referred to herein negotiated by Lessee) supersede all prior and contemporaneous discussions, lease applications and proposals with respect to the transaction described herein.



If Lessee agrees to enter into the leasing transaction and obtain Lessor's firm commitment, on the terms set forth in this Letter, in the Master Lease, the Lease Documents, and the other documents and agreements referred to above, Lessee must indicate Lessee's acceptance by executing and delivering to Lessor, at Lessor's office in San Francisco, California, the enclosed copy of this Letter within fifteen (15) days from the date of this Letter.

Please be assured of our desire to give you the best and most efficient leasing service.

Very truly yours,

SECURITY PACIFIC EQUIPMENT LEASING, INC.

By Eileen S. Uyematsu  
Eileen S. Uyematsu  
Title Contract Administrator

ACCEPTANCE:

Lessee hereby agrees to the terms of this Commitment Letter and to enter into the leasing transaction described herein on the terms and conditions and with the agreements and covenants as set forth herein and agrees that this Commitment Letter shall constitute part of the Master Lease.

FARMLAND INDUSTRIES, INC.

Date 3/30/92  
By [Signature] [Signature]  
Title Treasurer  
By [Signature]  
Title Manager

Ops/dc

cc: Richard Myers/SPLC

Enclosures