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ELIAS C. ALVORD (1942)  
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February 25, 2002

RECORDATION NO. 23878 FILED

FEB 25 '02

2-23 PM

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

**SURFACE TRANSPORTATION BOARD**

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are four (4) copies of a Chattel Mortgage and Security Agreement -AI, dated as of February 19, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Debtor: Residual Based Finance  
Corporation  
Three First National Plaza  
Suite 777  
Chicago, IL 60602

Secured Party: Fifth Third Bank  
Sears Tower  
Chicago, IL 60606

A description of the railroad equipment covered by the enclosed document is:

33 gondola railcars WCTX 101 – WCTX 133 (formerly within the series OFOX 4001 – OFOX 4098)

23878 2:23

Mr. Vernon A. Williams  
February 25, 2002  
Page Two

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

Chattel Mortgage and Security Agreement -AI

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr  
Enclosures

FEB 25 '02

2-23 PM

**CHATTEL MORTGAGE AND SECURITY AGREEMENT - AI SURFACE TRANSPORTATION BOARD**

**THIS CHATTEL MORTGAGE AND SECURITY AGREEMENT - AI** (this "Agreement") dated as of February 19, 2002 between Residual Based Finance Corporation, an Illinois corporation with its principal place of business and chief executive office located at Three First National Plaza, Suite 777, Chicago, Illinois 60602 ("Debtor"), and Fifth Third Bank, an Michigan banking corporation, with its principal place of business in Sears Tower, Chicago, Illinois 60606 ("Bank").

**NOW, THEREFORE**, in consideration of any loan heretofore, now or hereafter made by Bank to Debtor, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Debtor, the parties hereto hereby agree as follows:

1. **Definitions.** In addition to terms defined elsewhere herein, when used herein the following terms shall have the following meanings:

"Excluded Assets" shall mean that certain property which hereafter becomes Excluded Property pursuant to the provisions of Subsection 4(a) hereof.

"Event of Default" shall have the meaning assigned to such term in that certain Amended and Restated Loan Agreement between the parties hereto dated as of December 23, 1999, as the same may be amended, modified or supplemented from time to time (the "Credit Agreement"), but shall also be deemed to have occurred if all or any material part of any Collateral (as hereinafter defined) shall be destroyed or materially damaged by fire or other casualty, whether or not there is insurance coverage for the damage or destruction, except to the extent that such Collateral is Railroad Equipment and Bank receives the amounts payable under the respective Lease by the respective Lessee as a result thereof, as required by this Agreement.

"Indebtedness" shall mean all of Debtor's liabilities, obligations, and indebtedness to Bank of any and every kind and nature, whether heretofore, now or hereafter owing, arising, due or payable and howsoever evidenced, created, incurred, acquired, or owing, whether primary, secondary, direct, contingent, fixed or otherwise (including obligations of performance) and whether arising or existing under written agreement, oral agreement or operation of law, including without limitation all of Debtor's indebtedness and obligations to Bank under this Agreement.

"Leases" shall mean each of the leases described on Schedule 2 hereto, together with any future lease of the Railroad Equipment, including without limitation the continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor thereunder.

"Lessees" shall mean each of the lessees under the Leases.

"Permitted Encumbrances" shall have the meaning given the term "Permitted Liens" in the Credit Agreement.

"Railroad Equipment" shall mean the railroad rolling stock described on Schedule 1 hereto (including any railcar or locomotive listed thereon), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said equipment other than any of the foregoing which are owned by any Lessee as to which removal of the same would not materially impair the value or utility of the cars (individually, an "Item of Equipment"), together with all the rents, issues, income, profits and avails therefrom.

2. **Grant of Security.** To secure the payment and performance of the Indebtedness, Debtor hereby mortgages and grants to Bank a continuing security interest in, and hereby transfers and assigns to Bank, for security, all of the following: (i) the Leases and all proceeds thereof, and all books, records and documents at any time evidencing or relating to any of the foregoing; and (ii) the Railroad Equipment, together with all proceeds thereof. All of the foregoing property and interests in property described in clauses (i) and (ii), but excluding the Excluded Assets, is herein referred to,

collectively, as the "Collateral".

This security interest secures all present and future indebtedness and obligations owing by Debtor to Bank, regardless of whether any such indebtedness or obligation is (a) not listed above, (b) not presently intended or contemplated by Debtor or Bank, (c) indirect, contingent or secondary, (d) unrelated to the Collateral or to any financing of the Collateral by Bank, (e) of a kind or class that is different from any indebtedness or obligation now owing by Debtor to Bank, or (f) evidenced by a note or other document that does not refer to this security interest or this Agreement.

3. **Warranties and Representations and Agreements.** Debtor warrants and represents to, and agrees with, Bank as follows:

Debtor is duly organized and validly existing in good standing under the laws of the state of Illinois; Debtor has full power and authority to enter into and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of Debtor's board of directors and will not violate Debtor's articles or certificate of incorporation, bylaws or other governing instrument.

This Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms.

Debtor is the owner of the Collateral, and none of the Collateral is subject to any lien, security interest, encumbrance or claim in favor of any third part, except for Permitted Encumbrances, and no financing statement or mortgage is on file in any public office covering any of the collateral, except for Permitted Encumbrances and except in favor of Bank.

Debtor's address in the preamble to this Agreement is the Debtor's sole place of business and Debtor's chief executive office.

Any part of the Collateral consisting of accounts or chattel paper does and will evidence bona fide sales or leases to the parties named in Debtor's books, and no defense to any account or chattel paper does or will exist.

Except to the extent the Railroad Equipment may from time to time carry or be contaminated by any Regulated Substance (as hereinafter defined), none of the Collateral is, and Debtor will not permit any of the Collateral to be, contaminated or the source of contamination of any other property, by any substance (a "Regulated Substance") that is now or hereafter regulated by or subject to any past, present, or future federal, state, local or foreign law, ordinance, rule, regulation or order that regulates or is intended to protect public health or the environment or that establishes liability for the investigation, removal or clean-up of, or damage caused by, any environmental contamination. Debtor will store, maintain and operate the Collateral in compliance with all such laws and regulations, but as to Railroad Equipment, only when it is not subject to a Lease. Debtor will indemnify Bank with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Bank by reason of any failure of Debtor to comply with Debtor's obligations under this paragraph.

4. **Agreements of Debtor.** Debtor agrees that:

a. Debtor will not cause or permit any lien, security interest or encumbrance to be placed on any Collateral, except in favor of Bank or for Permitted Encumbrances, and will not sell, lease, assign or transfer any Collateral or permit any Collateral to be transferred by operation of law, except that, so long as no Event of Default as defined herein has occurred, Debtor may sell, lease or refinance inventory (including upon the occurrence of casualty or damage to, or destruction of, Railroad Equipment by a Lessee) in the ordinary course of Debtor's business, provided that the net proceeds of such sales, leases or refinances are paid to Bank for application to the Indebtedness to the extent required under the above-referenced Loan Agreement. In connection with any such refinancing Bank shall release its rights in such inventory as is sold or refinanced and the same shall become Excluded Property for the purposes hereof. A sale in the ordinary course of business does not include a transfer in partial or complete satisfaction of a debt.

b. Debtor will maintain all records concerning the Collateral at Debtor's address appearing on the other side of this Agreement and will keep all Collateral (other than any vehicle or Railroad Equipment being owned or operated by or on behalf of Debtor or any Lessee in the ordinary course of business) at the present location or locations of the Collateral.

c. Debtor will furnish Bank with such information regarding the Collateral as Bank shall from time to time reasonably request and will allow Bank at any reasonable time to inspect the Collateral (subject to the rights of Lessees) and Debtor's records regarding the Collateral.

d. Debtor will execute, file, record, or procure from third persons, such financing statements, chattel mortgages, assignments, subordination agreements and other documents, and take all such other action, as Bank may reasonably deem necessary to perfect, to continue perfection of, or to maintain first priority of, Bank's security interest in the Collateral (subject to Permitted Encumbrances), and Debtor will, upon Bank's request, place upon the Collateral (other than the Railroad Equipment) and/or documents evidencing the Collateral such notice of Bank's security interest as Bank may from time to time require.

e. The Debtor will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule 1 hereto. The Debtor will not change, or permit any other party to change, the road number of any Item of Equipment except with the consent of the Bank and in accordance with a statement of any road numbers to be substituted therefor, which consent and statement previously shall have been filed, recorded or deposited in all public offices where this Chattel Mortgage and Security Agreement shall have been filed, recorded or deposited.

f. Bank may file a photocopy of this Agreement as a financing statement evidencing Bank's security interest in the Collateral.

g. Debtor will maintain all Collateral (other than Railroad Equipment while the same is subject to a Lease) in good condition and repair and maintain fire and extended coverage insurance covering all Collateral (other than Railroad Equipment while the same is subject to a Lease) in such amounts and against such risks as Bank shall reasonably require. Each insurance policy will provide that its proceeds will be payable to Bank to the extent of Bank's interest in the Collateral and that the policy will not be cancelled, and the coverage will not be reduced, without at least ten days' prior written notice by the insurer to Bank. Debtor will provide Bank with written evidence of such insurance coverage. Debtor agrees that Bank may act as agent for Debtor in obtaining, adjusting and settling such insurance and endorsing any draft evidencing proceeds thereof.

h. Debtor will pay, before they become delinquent, all taxes and assessments upon the Collateral or for its use or operation, except for Permitted Encumbrances.

i. Debtor will immediately notify Bank in writing (i) of any change in Debtor's name, identity or corporate structure, (ii) if Debtor now has only one place of business, of any change in its location and of the locations of each additional place of business established by Debtor, (iii) if Debtor now or hereafter has more than one place of business, of any change in the location of Debtor's chief executive office, and (iv) if Debtor has neither a place of business nor a chief executive office, of any change in the location of Debtor's residence.

j. Bank may from time to time contact Debtor's account debtors as to the Collateral (other than the Leases but only so long as no Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default shall have occurred and be continuing) for the purpose of verifying the existence, amount and collectibility of, and other information regarding, any part of the Collateral at any time consisting of accounts, chattel paper, instruments or general intangibles.

k. Debtor will indemnify Bank with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Bank by reason of any failure of Debtor to comply with any of Debtor's obligations under this Agreement or by reason of any warranty or representation made by Debtor to Bank in this Agreement being false in any material respect.

5. **Bank's Right to Perform.** If Debtor fails to perform any obligation of Debtor under this Agreement (other than an obligation under paragraph 3, Bank may without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. (This may include, for example, obtaining insurance coverage for Collateral or paying off liens on Collateral.) To the extent necessary, Debtor appoints Bank as Debtor's agent and attorney-in-fact with full power and authority to perform any such obligation after the occurrence of an Event of Default. Debtor will reimburse Bank on demand for any expense that Bank incur in performing any such obligation and will pay to Bank interest thereon, from the date the expense was incurred by Bank, at an annual rate equal to the lesser of (a) five percent (5%) above

the rate of interest announced from time to time by Bank as its 'prime' interest rate, or (b) the highest rate to which Debtor could lawfully agree in writing. Bank is not required to perform an obligation that Debtor has failed to perform. If Bank does so, that will not be a waiver of Bank's right to declare the Indebtedness immediately due and payable by reason of Debtor's failure to perform.

6. Remedies. Bank shall have all the rights and remedies of a secured party under applicable laws. Without limiting those rights and remedies, upon the occurrence of an Event of Default:

a. (i) Without notice or demand to Debtor, Bank shall be entitled to notify account debtors and obligors on the Collateral, including without limitation Lessees, to make all payments directly to Bank, and Bank shall have the right to take all actions that Bank considers necessary or desirable to collect upon the Collateral, including, without limitation, prosecuting actions against, or settling or compromising disputes and claims with, account debtors and obligors on the Collateral, (ii) without notice or demand to Debtor, Bank may receive, open dispose of, and notify the postal authorities to change the address of, mail directed to Debtor, and (iii) upon demand by Bank, Debtor shall forthwith deliver to Bank, at such place as Bank shall designate, all proceeds of the Collateral and all books, records, agreements, Leases, documents and instruments evidencing or relating to the Collateral.

b. Upon demand by Bank, Debtor shall deliver the Collateral and proceeds of Collateral to Bank at such place as Bank shall designate.

(i) For the purpose of delivering possession of any Railroad Equipment to the Bank as above required, the Debtor shall, subject to the rights of the Lessees, at his own cost, expense and risk forthwith place such Railroad Equipment on the lines of any single railroad designated by the Debtor, subject to the approval of the Bank (which approval shall not be unreasonably withheld), in such reasonable storage place as the Bank may designate or, in the absence of such designation of a storage place, as the Debtor may select; provided that, in the event the Bank shall designate storage tracks which are then unavailable or because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Debtor to provide storage therefor or because the storage of the Railroad Equipment on such tracks would materially impair the ability of such railroad to meet its obligations to perform services as a common carrier to the public, then the Debtor agrees, at its own cost, to so store the Railroad Equipment upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by the Bank.

(ii) The assembly, delivery, storage and transporting of the Railroad Equipment as hereinbefore provided are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Bank shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver and store the Railroad Equipment.

(iii) Without in any way limiting the obligation of the Debtor under the foregoing provisions of this Section 6, the Debtor hereby irrevocably appoints the Bank as the agent and attorney of the Debtor, with full power and authority, at any time while the Debtor is obligated to deliver possession of any Railroad Equipment to the Bank, to demand and take possession of such Railroad Equipment in the name and on behalf of the Debtor from whomsoever shall be at the time in possession of such Railroad Equipment.

c. Bank may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Bank to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least five days before the sale or other disposition.

d. Bank shall have the right (but no obligation) to continue or complete the manufacturing or processing of, or other operations in connection with, any part of the Collateral and, for such purpose, to enter and remain upon or in any land or buildings that are possessed by Debtor or that Debtor has the right to possess. Debtor will reimburse Bank on demand for any expense that Bank incurs in connection therewith and will pay to Bank interest thereon, from the date the expense was incurred by Bank, at the rate specified in Section 5 hereof.

f. The proceeds of any collection or disposition of the Collateral shall be applied first to Bank's

attorneys's fees and expenses, as provided in Section 7 hereof, and then to the Indebtedness, in such manner as Bank shall determine, and Debtor shall be liable for any deficiency remaining.

All rights and remedies of Bank shall be cumulative and may be exercised from time to time.

7. **Expenses.** Debtor shall reimburse Bank on demand for all attorneys' fees, legal expenses and other expenses that Bank incurs in protecting and enforcing its rights under this Agreement. This includes fees and expenses incurred in trying to take possession of Collateral from Debtor, a trustee or receiver in bankruptcy or any other person. Bank may apply any proceeds of disposition or collection of Collateral to Bank's reasonable attorneys' fees, legal expenses and other expenses.

8. **Amendments and Waivers.** No provision of this Agreement may be modified or waived except by a written agreement signed by Bank. Bank will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions.

9. **Notices.** Any notice to Debtor or to Bank shall be deemed to be given if and when mailed, with postage prepaid, to the respective address of Debtor or Bank appearing in the preamble hereto, or if and when delivered personally.

10. **Rights of Lessees.** This Agreement shall be subject to the right of each Lessee under its respective Lease to use and possess the Railroad Equipment. subject thereto.

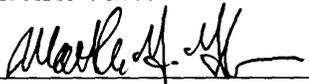
11. **Other.** In this Agreement, "maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, for whatever reason (including, for example, acceleration due to default or bankruptcy). This Agreement shall be binding upon and inure to the benefit of Debtor and Bank and their respective successors and assigns.

This Agreement is in addition to and not in limitation of the rights and security granted to the Bank under that certain Chattel Mortgage and Security Agreement dated November 5, 1990 between the Bank and the Debtor.

This instrument may be executed in any number of counterparts, but all of such counterparts together shall constitute one and the same instrument. Delivery by any party of telecopied copies of executed counterparts hereof shall constitute execution and delivery hereof by such party.

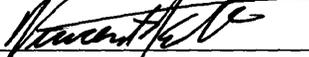
IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first written above.

FIFTH THIRD BANK

By: 

Its: CORPORATE BANKING OFFICER

RESIDUAL BASED  
FINANCE CORPORATION

By: 

Its: Pres.



SCHEDULE 1

**LIST OF RAIL CAR EQUIPMENT**

Thirty-Three (33) 125 ton Gondola Rail Cars bearing the following reporting marks:

Previous Marks

OFOX 4046  
OFOX 4006  
OFOX 4097  
OFOX 4030  
OFOX 4091  
OFOX 4002  
OFOX 4024  
OFOX 4001  
OFOX 4025  
OFOX 4029  
OFOX 4077  
OFOX 4061  
OFOX 4058  
OFOX 4056  
OFOX 4027  
OFOX 4055  
OFOX 4034  
OFOX 4040  
OFOX 4041  
OFOX 4053  
OFOX 4032  
OFOX 4026  
OFOX 4019  
OFOX 4059  
OFOX 4014  
OFOX 4065  
OFOX 4098  
OFOX 4074  
OFOX 4075  
OFOX 4003  
OFOX 4086  
OFOX 4087  
OFOX 4068

New Marks

WCTX 101  
WCTX 102  
WCTX 103  
WCTX 104  
WCTX 105  
WCTX 106  
WCTX 107  
WCTX 108  
WCTX 109  
WCTX 110  
WCTX 111  
WCTX 112  
WCTX 113  
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WCTX 126  
WCTX 127  
WCTX 128  
WCTX 129  
WCTX 130  
WCTX 131  
WCTX 132  
WCTX 133

SCHEDULE 2

LEASE

Car Leasing Agreement and Rider to Car Leasing Agreement dated as of December 31, 1999 between Residual Based Finance Corporation, as lessor, and Waste Conversion Technologies, Inc., a Connecticut corporation, as lessee.

Memorandum of Car Leasing Agreement and Rider to Car Leasing Agreement dated as of December 31, 1999 between Residual Based Finance Corporation, as lessor, and Waste Conversion Technologies, Inc., a Connecticut corporation, as lessee.

(2)

## RESIDUAL BASED FINANCE CORPORATION

### Car Leasing Agreement

This Car Leasing Agreement (this "Lease"), dated as of December 31 1999, by and between RESIDUAL BASED FINANCE CORPORATION, an Illinois corporation (hereinafter called "RESIDCO"), and Waste Conversion Technologies, Inc. a Connecticut corporation (hereinafter called "Lessee").

The parties hereto, in consideration of the mutual agreements set forth herein, hereby agree as follows:

1. RESIDCO shall furnish and lease to Lessee, and Lessee shall lease upon the terms and conditions herein set forth, the railcars (together with any railcars substituted therefor by RESIDCO in accordance with the terms hereof, the "Cars") described in the Rider attached hereto, which shall set forth the number of Cars, the Basic Rental Rate (as hereinafter defined), the term of use, the Car numbers, and other pertinent information that may be desired by both parties, which Rider is incorporated herein by reference. All Cars leased pursuant to such Rider, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Lease.

2. RESIDCO shall deliver the Cars to Lessee at a point or points designated by Lessee. RESIDCO's obligation as to such delivery shall be subject to all delays resulting from causes beyond its control. Lessee agrees that none of the Cars shall be shipped, used or located at any time beyond the boundaries of the United States, Canada or Mexico. Lessee agrees that if any of the Cars are used outside the continental United States, Lessee shall indemnify RESIDCO for any loss of or damage to a Car occurring during such use, and reimburse RESIDCO on an after tax basis for any taxes, custom duties, loss of tax benefits, or other expenses resulting from such use outside of the United States.

3. Lessee shall pay the Basic Rental with respect to each of the accepted Cars from the date of delivery thereof for the entire term of this Lease, as defined in the Rider hereto, with respect thereto and thereafter until such Car is returned to and accepted by RESIDCO, except as otherwise provided herein. Such rental charges shall be paid to RESIDCO via ~~wire transfer~~ <sup>company check</sup> to the account of RESIDCO, c/o Old Kent Bank of Chicago, Illinois ABA No. 0724-0005-2, Account No. 10-55917 or at such other place as may be designated by RESIDCO in arrears not later than the first day of each succeeding month, prorating, however, any period which is less than a full month. All Basic Rental and amounts payable hereunder shall be paid without notice or demand and without abatement, reduction, deduction, counterclaim, recoupment, defense or set off of any amount whatsoever.

4. Each of the Cars shall be subject to Lessee's inspection upon delivery to Lessee or its agent for a period of 10 days after delivery of the Cars. Failure to report any defect in such Car within 10 days after delivery of such Car or the loading of such Car by Lessee or at its direction or permission shall constitute acceptance thereof by Lessee, and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon. After the expiration of such 10 - day period Lessee shall (as to any Cars not properly rejected) execute a certificate in the form of annexed Exhibit A and promptly deliver it to RESIDCO.

5. Lessee agrees to assume responsibility for and to pay all property taxes levied upon the Cars and to file all property tax reports relating thereto. Lessee will be responsible for the filing of all tax returns and will pay all taxes, assessments and other governmental charges levied upon or in respect of the Cars, this Lease or the use of the Cars under this Lease, including, but not limited to, assessments, fines, penalties and interest and any sales, use or similar taxes payable with respect to the Cars, this Lease or the use of the Cars under this Lease and all payments to be made by Lessee hereunder will be free of any expense to RESIDCO as to any of the foregoing. Notwithstanding the foregoing or the provisions of this Section 5, Lessee shall not be responsible for or pay any income taxes, franchise taxes, privilege taxes, value added taxes, gross receipts taxes, property or any similar taxes, in each case which are measured by reference to RESIDCO's income, capital, net worth, retained earnings or investments, in general, or any fines, penalties or interest thereon and shall not be responsible for the filling of any tax returns relative to any such taxes.

6. Lessee agrees to provide Lessor management prepared financial statements annually not more than 30 days from the end of each calendar year beginning for the year 1999 and continuing through the end of the Lease. Lessor agrees to treat the financial statements in a confidential manner releasing them only to those parties with need to know and then only in the event that RESIDCO seeks financing for the cars or seeks to sell the cars pursuant to Section 19 hereof.

7. The Lessee shall use the equipment only in the manner for which it was designed and intended, modified or otherwise agreed by the parties in writing and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense as additional rent, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in unrestricted interchange. The Lessee shall have the right, at its own cost and expense as additional rent, to make changes, modifications, alterations or installations in or on any Item of Equipment which are not prohibited by any governmental law, regulation, requirement or rule and which do not impair the value of such Item or the use of such Item in the service for which the Item was originally designed. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor. Subject to the requirements of this Section 7, the Lessee shall have the right to dispose of any worn out or obsolete parts, accessories, equipment or devices and to replace the same with other parts, accessories, equipment or devices without accounting to the Lessor for any thereof.

This Lease shall be net with respect to the Basic Rental payable as provided in the attached Rider (the "Basic Rental") under the Lease and Lessee's obligation to pay such Basic Rental shall be absolute and unconditional. Lessee shall not be entitled to any abatement of Basic Rental, reduction thereof or set off against Basic Rental, including, but not limited to, abatements, reductions or setoffs due to any existing or future claims of the Lessee against RESIDCO under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this lease terminate, or the respective obligations of RESIDCO or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Cars from whatsoever cause, it being the intention of the parties hereto that the Basic Rental and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

8. In the event any Car is totally damaged or destroyed, the Basic Rental with

respect to such Car shall terminate in accordance with the Casualty provision of the Rider to this Lease pertaining to such Car. RESIDCO shall have the right, but shall not be obligated, to substitute for any such Car another Car of the same type and capacity with similar appurtenances and the Basic Rental in respect to such substituted Car shall commence upon delivery of such substituted Car to Lessee, and acceptance of such substituted Car by Lessee.

9. The Cars shall be used and operated in a manner consistent with applicable laws, and in conformity with the Interchange Rules. The Cars shall be used by Lessee in a prudent manner, in the use, service and manner for which the Cars were designed.

10. In the event that any of the Cars, or the fittings, appliances, or appurtenances thereto, shall be damaged, ordinary wear and tear excepted, or destroyed either as a result of the acts of any of Lessee's employees, agents or customers or anyone else using the Cars during the term of this Lease with respect thereto, or from any commodity or other material loaded therein or thereon, Lessee shall repair the Car in such a manner that its value and suitability for service is equal to or greater than before the damage was inflicted.

11. Lessee, at its own expense, shall replace any appliance or removable part on the Cars, if destroyed, damaged, lost, removed or stolen, unless the railroad transporting the Cars assumes full responsibility for such loss or damages, or unless such loss or damage results from the gross negligence or willful misconduct of RESIDCO, its agents or employees.

12. Except to the extent the same is proximately caused by RESIDCO's gross negligence or willful misconduct, RESIDCO shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the Cars, however such loss or damage shall be caused or shall result. Lessee agrees to assume responsibility for, and to indemnify RESIDCO against, and to save it harmless from, any such loss, damage or any claim resulting therefrom.

13. No lettering or marking of any kind shall be placed upon any of the Cars by Lessee except with the prior written consent of RESIDCO which shall not be unreasonably withheld.

14. Lessee agrees to reimburse RESIDCO upon demand for any payment RESIDCO may be required to make to any railroad, resulting from empty or loaded mileage incurred by the Cars on such railroad. In addition, if RESIDCO is required to make any payments to a railroad resulting from the empty or loaded movement of any of the Cars during the term of the Lease and until redelivered to RESIDCO, Lessee agrees to reimburse RESIDCO for such payments. Lessee shall have the right, in its own name, or on behalf of RESIDCO, to recover all or part of such payments, from such railroads, if Lessee believes they have been improperly assessed or paid. Lessee shall be liable for any demurrage, track storage or detention charge imposed in connection with any of the Cars. For the purpose of this section, railroad mileage and junction reports shall be prima facie evidence of the facts reported therein.

15. Except for those matters proximately caused by RESIDCO's failure to perform its obligations hereunder or RESIDCO's gross negligence or willful misconduct, Lessee agrees that RESIDCO shall not be liable to Lessee for, and Lessee shall indemnify and save RESIDCO harmless from and against, any and all liability, loss, damage, expense, causes of action, suits, claims or judgments (including reasonable attorneys' fees) arising from or caused

directly or indirectly by: (a) Lessee's failure to promptly perform any of its obligations under this Lease; or (b) injury to persons or damage to property resulting from or based upon actual or alleged use, operation, delivery or transportation of any or all of the Cars or their location or condition following Acceptance by Lessee; or (c) inadequacy of the Cars or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business; and shall, at its own cost and expense, defend any and all suits which may be brought against RESIDCO, either alone or in conjunction with others upon any such liability or claim or claims and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against RESIDCO in any such action or actions, provided, however, that RESIDCO shall give Lessee written notice of any such claim or demand. Lessee agrees that its obligations under this Section shall survive the expiration or termination of this Lease.

16. Lessee shall make no transfer or assignment of its interest under this Lease in and to the Cars without RESIDCO's prior written consent which shall not be unreasonably withheld. No right, title or interest in any of the Cars shall vest in Lessee by reason of this Lease or by reason of the delivery to or use by Lessee of the Cars, except the right to use the Cars in accordance with the terms of this Lease.

17. An Event of Default shall occur if: (a) Lessee fails to pay when due any installment of rent and such failure continues for a period of 10 days after receipt of written notice thereof, (b) Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues uncured for 20 days after written notice thereof to Lessee by RESIDCO; (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action leading to its dissolution or liquidation; (d) within 30 days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 30 days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; (e) Lessee attempts to sell, transfer, encumber or sublet the Cars or any thereof, except to the extent expressly permitted hereunder; (f) Lessee defaults in payment or performance of any obligation or indebtedness of any kind or description, whether direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising owing to RESIDCO or any of its agents or affiliates; or (g) any warranty, representation or statement made or furnished to RESIDCO by or on behalf of Lessee in or in connection with this Lease proves to have been false in any material respect when made or furnished. Upon the occurrence of an Event of Default, RESIDCO shall have all the rights and remedies available to it at law or in equity, including without limitation the right to immediately repossess the Cars, to remove the Cars from Lessee's service, to terminate this Lease, and recover any and all damages sustained as a result of any of the foregoing events or such termination of the Lease. If RESIDCO shall terminate this Lease

pursuant to this Section 17, Lessee shall remain liable for all accrued and unpaid Rent and other amounts due hereunder. The rights and remedies herein given to RESIDCO shall in no way limit its other rights and remedies given or provided by law or in equity. RESIDCO and Lessee shall each be entitled to the rights and remedies available under the Uniform Commercial Code. In addition, RESIDCO, at its option, may; (a) declare all sums due and to become due hereunder immediately due and payable, but in no event shall the Lessee, upon demand by RESIDCO for payment of unpaid Rent, upon acceleration of the maturity thereof or otherwise, be obligated to pay any amount in excess of that permitted by law; (b) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by the Lessee of any and all covenants of this Lease and to recover damages for the breach thereof; (c) demand that Lessee deliver the Cars forthwith to RESIDCO at Lessee's expense; and (d) RESIDCO and/or its agents may without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where the Cars may be or by RESIDCO are believed to be, and repossess all or any item thereof, Lessee hereby expressly waiving all further rights to possession of the Cars and all claims or injuries suffered through or loss caused by such repossession; but RESIDCO shall nevertheless be entitled to recover immediately as liquidated damages for loss of the bargain and not as a penalty any unpaid rent that accrued on or before the occurrence of the Event of Default plus an amount equal to the difference between the aggregate rent reserved hereunder for the unexpired term of this Lease and the then aggregate rental value of all Cars for such unexpired term, provided, however, that if any statute governing the proceeding in which such damages are to be proved specifies the amount of such claim, RESIDCO shall be entitled to prove as and for damages for the breach an amount equal to that allowed under such statute. The provision of this paragraph shall be without prejudice to any rights given to RESIDCO by such statute to prove for any amounts allowed thereby. The prevailing party in any proceedings to enforce the terms of this Agreement shall be entitled to recover reasonable attorney's fees. In no event shall Lessee upon demand by RESIDCO for payment hereunder or otherwise be obligated to pay any amount in excess of that permitted by law. The waiver by RESIDCO of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. No remedy of RESIDCO hereunder shall be exclusive of any remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy.

18. Upon the termination of the term of this Lease with respect to any Car, Lessee agrees to return such Car to RESIDCO at a point east of the Mississippi River designated by RESIDCO in the same or as good condition as received, ordinary wear and tear excepted, free from all charges and liens which may result from any act or default of Lessee or any one claiming by, through or under Lessee, and free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any Car is not returned to RESIDCO free from such accumulations or deposits, Lessee shall either promptly provide for the cleaning of the Car and its transportation, if necessary, at its expense, or reimburse RESIDCO for any expense incurred by RESIDCO in cleaning such Car.

19. Lessee acknowledges that RESIDCO may in the future seek financing for, or sell, the Cars and to grant to the Lease Assignee (as hereinafter defined) an assignment of this Lease and a security interest in the Cars. In connection with such financing and provided any such arrangements do not diminish Lessee's rights, or increase or expand Lessee's obligations, hereunder except as expressly contemplated by this Lease, Lessee agrees to use reasonable efforts to cooperate with RESIDCO upon RESIDCO's reasonable request to meet any reasonable requirements of any Lease Assignee. Lessee agrees that the Cars may be stenciled or marked to

set forth the ownership of any such Cars in the name of a mortgagee, trustee, pledgee, assignee or security interest holder and that this Lease and Lessee's rights hereunder are and shall at all times be subject and subordinated to any and all rights of any Lease Assignee. It is understood and agreed that RESIDCO or any Lease Assignee may assign this Lease with respect to some or all of the Cars to any trustee, mortgagee, pledgee, assignee, security trustee, secured party or owner of such Cars (each herein a "Lease Assignee"). Lessee shall consent and acknowledge in writing, upon receipt of notice of assignment, such assignment of this Lease by RESIDCO or any Lease Assignee; provided, that any such consent and/or acknowledgement shall not in any manner increase the obligations or duties, or diminish the rights of Lessee except as expressly contemplated hereby. Lessee agrees that no claim or defense which Lessee may have against RESIDCO shall be asserted or enforced against any Lease Assignee of this Lease, all such claims to be made only against RESIDCO.

Lessee will promptly execute and deliver to RESIDCO or any Lease Assignee such further documents and assurances and take such further action as RESIDCO or a Lease Assignee may from time to time reasonably request in order to protect the rights, interests, and remedies created or intended to be created in favor of RESIDCO or any Lease Assignee hereunder, including, without limitation, the execution, delivery, recordation and filing of documents with the Interstate Commerce Commission, and the execution and filing of Uniform Commercial Code financing statements in the appropriate jurisdiction; provided that Lessee will not be required to take any such action which would diminish Lessee's rights, or increase or expand Lessee's obligations, hereunder except as expressly contemplated by this Lease.

20. This Lease shall be binding upon the parties hereto, their respective successors, assigns and legal representatives, and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement shown on the attached Rider of the last Car or Cars hereunder, and all such Cars are returned to RESIDCO.

21. RESIDCO represents and warrants that its performance hereunder shall at all times be in compliance with all applicable federal, state and local laws, statutes, rules, regulations, orders and guidelines applicable to it.

22. Neither party may disclose the material provisions of this Lease to a third party, excluding any assignee, parent, affiliate, subsidiary company, lessor, financial institution, potential buyers of the Cars or potential buyer of either party engaged in formal due diligence without written consent of the other party, unless otherwise required by law or as provided in any sublease or assignment; provided, however, Lessee agrees that RESIDCO may file a memorandum of this Lease and any assignment hereof with the Surface Transportation Board, and Lessee hereby agrees to cooperate with RESIDCO in connection with the execution and filing of any such document. The existence of this Lease may be disclosed without such consent.

23. This Lease shall be governed and construed in accordance with the laws of the State of Illinois without regard to conflict of laws issues.

24. Except as otherwise expressly provided in this Lease, RESIDCO shall provide its services hereunder as an independent contractor, and individuals employed by RESIDCO shall not be deemed employees of Lessee. Further, RESIDCO agrees that it will not hold itself out as, nor claim to be an officer or employee of Lessee.

25. In the event RESIDCO defaults in the performance of any of its obligations, covenants and warranties hereunder and such default continues for a period of ten (10) days after written notice to RESIDCO from Lessee specifying the nature of such default, Lessee may at its option cure the same on behalf of RESIDCO, whereupon the reasonable cost of such curing shall be immediately due and payable to Lessee from RESIDCO upon demand therefor by Lessee.

26. For the purposes of this Lease, notice shall be deemed delivered when personally delivered or when deposited in the United States certified or registered mail, return receipt requested, postage prepaid or when received from an overnight courier and addressed to RESIDCO or Lessee at the notice address in the introductory paragraph of this Lease or at such other address noted as designated in writing by either of the parties from time to time.

27. Each provision of this Lease is severable and if any provision shall be finally determined to be invalid, illegal or unenforceable ("invalid") in any jurisdiction, the remaining provisions shall not be affected thereby, nor shall said provision be invalid in any other jurisdiction.

28. The rights of the parties hereto may not be waived except in writing signed by the waiving party. A waiver by either party of any of its rights under this Lease or any breach of this Lease shall not be construed as a waiver of any other or future rights or breaches.

29. So long as Lessee is not in default under this Agreement or the applicable Rider, Lessee shall be entitled to the peaceful and quiet enjoyment and use of the Cars.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease in two counterparts, one marked duplicate original and one marked chattel paper original. Only the one marked chattel paper original shall be deemed chattel paper.

Attest:

RESIDUAL BASED FINANCE  
CORPORATION

By:   
Title: pres.

Attest:

  
\_\_\_\_\_

By: Richard C. Wills

Title: President

Waste Conversion Technologies, Inc.

RIDER TO  
CAR LEASING AGREEMENT

This RIDER (this "Rider") dated as of the 31<sup>st</sup> day of December 1999, between Residual Based Finance Corporation ("RESIDCO"), and Waste Conversion Technologies, Inc. is to that certain Car Leasing Agreement dated as of the 31<sup>st</sup> day of December 1999, between Residual Based Finance Corporation ("Lessor"), and Waste Conversion Technologies, Inc ("Lessee") as amended, modified or supplemented from time to time, the "Lease".

NOW, THEREFOR, the parties hereto agree as follows:

1. This Rider is incorporated into the Lease by reference.
2. Capitalized terms used herein and otherwise not defined herein shall have the meanings given them in the Lease to the extent the same are defined therein; provided, that references in this Rider to the Cars shall be deemed to refer to the Cars described in this Rider, and any Cars substituted therefor in accordance with Section 7 of the Lease ("Substituted Cars").
3. RESIDCO leases to Lessee and Lessee hereby leases the Cars set forth herein on the terms and conditions set forth herein and in the Lease.
4. The Cars subject hereto are thirty-three (33) 5000 cubic foot, 125 ton hopper Cars (including any Substituted Cars), provided that, if prior to delivery of the Cars RESIDCO deems any of the Cars to be irreparable or uneconomic to repair, such Car or Cars shall not be included among the Cars to be leased hereunder and the number of Cars subject hereto shall be reduced thereby unless RESIDCO shall elect to substitute another Car therefor.
5. Notwithstanding the provisions of Section 12 of the Lease, Lessee shall replace reporting marks of the Cars at Lessee's expense and the Cars shall bear the following Reporting Marks: WCTX 101 through 133, together with any reporting marks carried by any Substituted Cars.
6. For each Car leased by RESIDCO to Lessee pursuant to this Rider, Lessee shall pay RESIDCO or RESIDCO's Lease Assignee rental in the amount of \$405.19 per month ("Basic Rental"). The Basic Rental shall be prorated for any period of less than a month.
7. The Cars shall be deemed to be delivered to Lessee on the date of arrival at a repair facility designated by Lessee (Delivery Point). The term of use of the Cars shall commence on the delivery of each Car to the Delivery Point and shall continue through the final day of the sixtieth full month following delivery of all the Cars to the Delivery Point (Lease Termination Date), or, if later, until the Cars are redelivered to RESIDCO.
8. The Cars will be used and operated in a manner consistent with applicable laws. Lessee agrees that the Cars shall be used in a careful and proper manner and in service of carrying

construction demolition debris. The Cars shall only be used within the continental United States, Canada, or Mexico. In order to avoid recapture of any tax benefit claimed by RESIDCO with respect to the Cars, including, but not limited to, any deductions allowable under Section 168 and related sections of the Internal Revenue Code of 1986, as amended (the "Code"), Lessee shall use, and shall cause third parties having control over their use, to use the Cars predominantly within the United States, in accordance with the Code. If any of the Cars are used outside the United States Lessee shall indemnify and reimburse RESIDCO, on an after-tax basis, for any customs duties, taxes, loss of tax benefits, or other expenses resulting from such use.

9. Casualty Values for the Cars are set forth on annexed Schedule A ("Casualty Schedule") to this Rider which is incorporated herein by reference.

10. Lessee shall notify RESIDCO within 60 days of its having determined that any Car has become lost, stolen, irreparably damaged, destroyed, or confiscated (each such occurrence being hereinafter referred to as a "Casualty"). On the rental payment date next succeeding the date of such notice, Lessee will pay any rentals or other amounts then remaining unpaid as to such Car plus a sum equal to the Casualty Value for such Car as of such rental payment date, provided, however, if a railroad shall have paid RESIDCO for a Casualty in an amount not less than the Casualty Value therefor, Lessee shall have no obligation to remit to RESIDCO the Casualty Value for the Car which suffered the Casualty, and Lessee's obligation shall cease with respect to such Car as of the rental payment date succeeding RESIDCO's receipt of rent due thereon together with payment of not less than the Casualty Value by such railroad. If Lessee shall have previously paid the Casualty Value of a Car to RESIDCO pursuant hereto, RESIDCO shall appoint Lessee as its agent to dispose of such Car at the best price obtainable on an "as is, where is" basis, and Lessee shall be entitled to the proceeds of such sale to the extent such proceeds do not exceed the Casualty Value of, such Car, and shall pay any excess to RESIDCO.

In order to facilitate the sale or other disposition of any Car which becomes Lessee's property as hereinbefore in this paragraph 10 provided, RESIDCO shall, upon request of Lessee, execute and deliver to Lessee or to Lessee's vendee, assignee or nominee, a bill of sale for such Car, warranting title free and clear of all liens, security interests, and other encumbrances (except such as may have arisen by, through or under Lessee during the term of this Lease) and such other documents as may be required to release such Car from the terms and scope of this Lease and from any other lien or encumbrance of RESIDCO's making, undertaking or sufferance, in such form as may be reasonably required by Lessee.

11. Lessee will, at all times prior to the return of the Cars to RESIDCO, at its expense cause to be carried and maintained with companies of reputable standing public liability insurance with respect to third party personal injury and property damage, against such risks and in such amounts as RESIDCO shall agree as to which RESIDCO and any Lease Assignee will be named additional insured. Lessee shall maintain physical damage insurance covering the Cars in an amount not less than the Casualty Value thereof with companies of reputable standing, and shall cause RESIDCO and any Lease Assignee to be named as loss payee thereon pursuant to an endorsement reasonably acceptable to RESIDCO. If insurance proceeds are paid as a result of a Casualty, the Lessee shall retain any proceeds that are in excess of the applicable Casualty Value. Lessee will provide to RESIDCO and to each Lease Assignee, upon request, a statement of the insurance maintained pursuant to the insurance provision of this Lease.

12. In the event the Lease is not extended or is terminated, Lessee shall return the Cars

in as good condition as received, ordinary wear and tear excepted, free of all commodity accumulations or deposits, and free from all charges and liens which may result from any act or default of Lessee, to a reasonable Point designated by RESIDCO, upon thirty (30) days advance written notice. Prior to redelivery Lessee shall remark the cars at Lessee's expense with identification reporting marks and numbers of RESIDCO's designation. Prior to such redelivery, upon RESIDCO's request, Lessee shall allow RESIDCO's storage and inspection of the Cars at Lessee's expense for a period not to exceed 45 days from the date of lease expiration, or if later, of assembly of the Cars for redelivery to RESIDCO as provided for in Section 18 of the Car Leasing Agreement. RESIDCO's storage of the Cars, and the entry of RESIDCO employees and agents upon the property utilized for storage, shall be at RESIDCO's sole risk of loss, damage or injury. In the event RESIDCO requests Lessee to store the Cars after the expiration of the lease term therefor, rental for the Cars shall cease upon Lessee's assembly of the Cars for redelivery, provided the Cars are in the condition called for under the Lease, and provided that Lessee transports the Cars to the designated return location within 30 days of RESIDCO's provision of notice to Lessee.

13. Lessee shall use its best efforts to avoid loading the Cars with materials that are classified as hazardous by any United States Government agency, state governmental agency or any other regulatory body exercising jurisdiction over the operation of railcars or the disposal of waste of any kind. Lessee shall incur any and all costs associated with the cleaning of any Car utilized to carry any hazardous material and shall indemnify and hold harmless Lessor from any and all costs, including liability and legal costs, associated with the transportation of hazardous materials.

14. Notwithstanding the provisions of Section 12 of this Rider or provisions of the Lease to the contrary, Lessee shall have the option to purchase, upon not less than 90 days' prior irrevocable notice to the Lessor, on the Lease Termination Date, at the sole discretion of the Lessee, all but not less than all of the Cars, at a price equal to \$9,000 per Car. If the Lessee shall have exercised its option to purchase the Units pursuant to this Section, on the date of such purchase (i) the Lessor shall, subject to the payment of all amounts referred to in clauses (y) and (z) below, assign, transfer and convey to the Lessee all right, title and interest of the Lessor in and to each Car being purchased on such date on an "as is, where is" basis, without recourse or warranty except as to title and as to the Cars being free from liens or encumbrances attributable to the Lessor, (y) the Lessee shall pay on such date by wire transfer in immediately available funds, to the Lessor the purchase price with respect to the Cars purchased on such date, and (z) the Lessee shall pay all rent and other amounts due and payable on such date of purchase.

IN WITNESS WHEREOF, the parties hereto have duly executed this Rider as of the day and year first above written.

Attest:

RESIDUAL BASED FINANCE  
CORPORATION

By:  
Title:



Attest:



By: Richard C. Will  
Title: President  
W.C.T.

<sup>two</sup>  
THIS IS COUNTERPART NUMBER OF SERIALY NUMBERED, MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS LEASE CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST, AND NO RIGHT, TITLE OR INTEREST IN TMS LEASE, MAY BE EFFECTED BY THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NUMBER ONE.

SCHEDULE A

to

Rider Number 1 to Lease of Railroad Equipment dated 12-31, 1999

<u>Type</u>	<u>Quantity</u>	<u>Identification Marks (Inclusive)</u>
5000 cuft gondola railcars	33	WCTX 101 through and including 133

CASUALTY PAYMENTS

Pmt #	Pmt Month	Casualty	Pmt #	Pmt Month	Casualty
0	Prior to 2/1/00	24,540			
1	Feb-00	24,340	31	Aug-02	17,475
2	Mar-00	24,137	32	Sep-02	17,216
3	Apr-00	23,933	33	Oct-02	16,954
4	May-00	23,728	34	Nov-02	16,690
5	Jun-00	23,520	35	Dec-02	16,424
6	Jul-00	23,311	36	Jan-03	16,155
7	Aug-00	23,100	37	Feb-03	15,885
8	Sep-00	22,887	38	Mar-03	15,612
9	Oct-00	22,673	39	Apr-03	15,337
10	Nov-00	22,457	40	May-03	15,060
11	Dec-00	22,239	41	Jun-03	14,780
12	Jan-01	22,019	42	Jul-03	14,498
13	Feb-01	21,797	43	Aug-03	14,214
14	Mar-01	21,573	44	Sep-03	13,927
15	Apr-01	21,348	45	Oct-03	13,638
16	May-01	21,121	46	Nov-03	13,346
17	Jun-01	20,892	47	Dec-03	13,052
18	Jul-01	20,661	48	Jan-04	12,756
19	Aug-01	20,427	49	Feb-04	12,457
20	Sep-01	20,193	50	Mar-04	12,155
21	Oct-01	19,956	51	Apr-04	11,852
22	Nov-01	19,717	52	May-04	11,545
23	Dec-01	19,476	53	Jun-04	11,236
24	Jan-02	19,233	54	Jul-04	10,925
25	Feb-02	18,988	55	Aug-04	10,610
26	Mar-02	18,741	56	Sep-04	10,294
27	Apr-02	18,492	57	Oct-04	9,974
28	May-02	18,241	58	Nov-04	9,652
29	Jun-02	17,988	59	Dec-04	9,327
30	Jul-02	17,733	60	Jan-05	9,000

**MEMORANDUM OF CAR LEASING AGREEMENT  
AND  
RIDER TO CAR LEASING AGREEMENT**

THIS MEMORANDUM CAR LEASING AGREEMENT AND RIDER TO CAR LEASING AGREEMENT, hereinafter called ("Agreements") dated as of December 31, 1999 by and between RESIDUAL BASED FINANCE CORPORATION, an Illinois corporation, hereinafter called "Lessor", and WASTE CONVERSION TECHNOLOGIES, INC., a Connecticut corporation, hereinafter called "Lessee".

WITNESSETH:

WHEREAS, Lessor and Lessee have entered into that certain CAR LEASING AGREEMENT and RIDER TO CAR LEASE AGREEMENT, dated as of December 31, 1999.

WHEREAS, the railroad equipment (the "Cars") leased under the Lease is described on Schedule A attached hereto; and

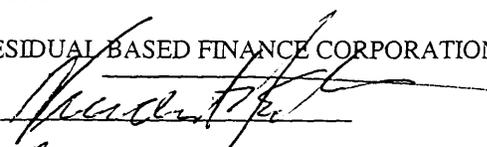
WHEREAS, the parties desire to confirm the lease of the Car Leasing Agreement on the terms set forth in the Lease;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Lessor hereby leases the Cars to the Lessee, and Lessee leases the Cars from Lessor, on the terms set forth in the Lease.
2. The terms of the Lease are incorporated herein by reference.

LESSOR:

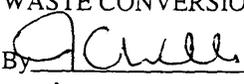
RESIDUAL BASED FINANCE CORPORATION

By 

Its *pres.*

LESSEE:

WASTE CONVERSION TECHNOLOGIES, INC.

By 

Its *pres.*

Filed Date: \_\_\_\_\_  
Recordation No: \_\_\_\_\_

**SCHEDULE A**  
**To**  
**MEMORANDUM OF LEASE CAR AGREEMENT**  
**and**  
**RIDER TO CAR LEASING AGREEMENT**  
**Between**  
**Residual Based Finance Corporation and Waste Conversion Technologies, Inc.**

The Equipment:      Thirty-three (33) 5000 cuft gondola railcars