

citicapital

BLC Corporation
450 Mamaroneck Avenue
4th Floor, Zone 2
Harrison, New York 10528
Tel 914-899-7878
Fax 914-899-7308

October 15, 2004

Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

RECORDATION NO. 25248 FILED

OCT 20 '04 11-28 AM

SURFACE TRANSPORTATION BOARD



Re: Eastman Chemical Company

Dear Sir or Madam:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) certified true copies of the Master Leasing Agreement, dated as of June 1, 2003, by and between BLC Corporation of Harrison, New York, as Lessor and Eastman Chemical Company, as Lessee, a primary document, as defined in the Board's Rules for Recordation Documents.

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

Lessor: BLC Corporation
450 Mamaroneck Avenue
4th Floor, Zone 2
Harrison, NY 10528

Lessee: Eastman Chemical Company
100 N. Eastman Road B.75
Kingsport, TN 37660-5075

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

111A100W1 Interior Coated Non-Insulated Tank Cars, as referenced in Schedule C to said Master Leasing Agreement.

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

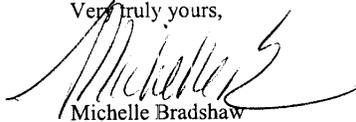
Master Leasing Agreement dated as of June 1, 2003 between BLC Corporation, as Lessor and Eastman Chemical Company, as Lessee covering 111A100W1 Interior Coated Non-Insulated Tank Cars with Serial numbers as referenced in Schedule C to said Master Leasing Agreement.

Also, enclosed please find a check in the sum of \$30.00 payable to the order of the Surface Transportation board to cover the required recordation fee.

A member of citigroup

Please kindly return stamped copies of the enclosed documents to the undersigned at the above-listed address.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Michelle Bradshaw".

Michelle Bradshaw
Paralegal
Legal Department

Enclosures

CERTIFICATE

I, Virginia S. Clark, Vice President of BLC Corporation, hereby certify that the attached is a true and correct copy of the Master Leasing Agreement, dated as of June 1, 2003, as amended by Rider No. 1, between BLC Corporation, as Lessor, and Eastman Chemical Company, as Lessee.

By 
Virginia S. Clark
Vice President

Date: October 15, 2004

Michelle L. Bradshaw
Notary Public
Commission #01BR0115438
Putnam County, New York
My Commission Expires September 7, 2008

Subscribed and sworn to before
me this 15th day of October, 2004.

Notary Public

RECORDATION NO. 25248 FILED

OCT 20 '04 11-28 AM

SURFACE TRANSPORTATION BOARD

RECORDATION NO. 25248 FILED

OCT 20 '04 11-28 AM 6/13/03

~~SURFACE TRANSPORTATION BOARD~~

MASTER LEASING AGREEMENT

Dated as of June 1, 2003

between

BLC Corporation,

as Lessor

and

Eastman Chemical Company,

as Lessee

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-- Signature Lines

Schedule A

MASTER LEASING AGREEMENT

Master Leasing Agreement, dated as of June 1, 2003, by and between BLC Corporation of Harrison, New York (herein called "Lessor") and Eastman Chemical Company (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definitions. As herein used:

(a) "Acquisition Cost" of Equipment is an amount equal to the sum of the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, and other expenses required to effect delivery of the Equipment to Lessee (such incidental expenses shall be referred to as "Add Ons"), less purchase discounts obtained. Notwithstanding the foregoing, in no event may the Acquisition Cost of a desktop computer exceed the lesser of fair market value (including Add Ons) or the applicable amount set forth in Schedule A hereto and in no event may the Acquisition Cost of a laptop computer exceed the lesser of fair market value (including Add Ons) or the applicable amount set forth in Schedule A hereto. Notwithstanding the foregoing, in the case of Sale-Leaseback Equipment, the Acquisition Cost of such Equipment is an amount mutually agreed to by the parties, as reflected in the approved bill of sale for such Equipment, and any applicable sales and use and excise taxes thereon.

(b) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the Equipment has been paid.

(c) The "Base Amount" means, as to any Equipment sold immediately upon the expiration of its Non Cancelable Term, the Acquisition Cost of such Equipment, and as to any Equipment sold after the expiration of its Non Cancelable Term, the Unamortized Value of such Equipment at the termination of its lease term.

(d) "Basic Term" shall mean as to any item of Equipment the amortization period for such Equipment, selected by Lessee and approved by Lessor, as stated in the applicable Individual Leasing Record. Lessee shall select amortization periods based on the table in Schedule A hereto.

All other Equipment not listed in Schedule A shall have a Basic Term as mutually agreed by Lessor and Lessee as evidenced by a fully executed Individual Leasing Record documenting such Basic Term.

In determining the Basic Term of Equipment, the anticipated useful life of such Equipment as it will be used by Lessee shall be considered, and upon request, Lessee will furnish Lessor with information with respect thereto.

(e) "Capital Lease Equipment" shall mean any Equipment clearly designated by Lessee as Capital Lease Equipment on the Individual Leasing Record for such Equipment and as mutually agreed by Lessor and Lessee. The Unguaranteed Residual of Capital Lease Equipment shall equal 0% of the Base Amount.

(f) "Equipment" means the following types of property owned or to be owned by Lessor and leased by Lessor to Lessee or ordered by Lessor for lease to Lessee as provided herein:

- (i) new desktop and laptop personal computers, related equipment; and
- (ii) any other property mutually agreed upon by Lessor and Lessee as evidenced by a fully executed Individual Leasing Record documenting such property as Equipment to be leased hereunder which Equipment will be grouped as mutually agreed by Lessor and Lessee by acquisition date, equipment type or by equipment vendor.

Any Equipment for which Lessor directly pays the Acquisition Cost to the Lessee's vendor may be referred to herein as "New Equipment" and any Equipment as to which Lessee has taken title and Lessor pays the Acquisition Cost to Lessee may be referred to herein as Sale-Leaseback Equipment.

(g) (1) "Excess Use Reimbursement" shall mean the amount by which the proceeds of sale of any unit of Equipment pursuant to Section 10 of this Master Leasing Agreement are less than they would have been because of abuse, damage, extraordinary wear and tear or excessive usage or because the Equipment has not been maintained in accordance with the provisions of Sections 6 and 7 hereof. In the event Lessor and Lessee cannot agree on the amount of Excess Use Reimbursement due, if any, they shall utilize the appraisal procedure provided for in Section 10, with the consequences set forth therein.

(2) If the sale proceeds of any unit of Equipment transmitted to Lessor are less than the Unguaranteed Residual, Lessee shall, in addition, be obligated to pay, and shall pay to Lessor, the amount (if any) of Excess Use Reimbursement with respect to such Equipment as is then determined in accordance with Subsection 1(g)(1), provided, however, that the amount of any Excess Use Reimbursement will not be greater than the amount by which the Unguaranteed Residual exceeds such proceeds of sale.

(h) "Expected Residual" for any Equipment shall be the amount selected by the Lessee and approved by the Lessor in the applicable Individual Leasing Record. The execution of an Individual Leasing Record shall represent the agreement of Lessor and Lessee that the Expected Residual stated therein is not greater than a reasonable estimate of the expected fair

market value for such Equipment at the end of the applicable Basic Term; provided that the Expected Residual for any Equipment shall not exceed the applicable percentage of Acquisition Cost set forth in Schedule A hereto unless otherwise mutually agreed by Lessor and Lessee as evidenced by a fully executed Individual Leasing Record documenting a different Expected Residual.

(i) “Extended Term” shall have the meaning specified in Subsection 17(b) hereof.

(j) “Individual Leasing Record” is a record with respect to Equipment dated the effective date of lease of the Equipment to Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location and such other details as the parties may agree. As between Lessor and Lessee the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual Leasing Record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

“The undersigned Lessor hereby leases to the undersigned Lessee, and Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated June 1, 2003, which covenants, terms and conditions are hereby incorporated by reference.”

(k) “Interim Rent” for any Equipment acquired during any partial first month during the term of the lease of such Equipment shall be determined in the manner that Rent is determined under Subsection 1(o) hereof, but based on the product of:

- (1) the Acquisition Cost of the Equipment, multiplied by
- (2) a fraction having a numerator equal to the number of days remaining in such partial month and a denominator of 360, multiplied by
- (3) the applicable percentage provided in Subsection 1(o)(3).

(l) “Investment Grade” shall mean with respect to any entity’s long term public senior unsecured debt securities (or if the entity does not have a public senior unsecured debt rating, with respect to the Corporate Credit Rating as published by S&P and the Long Term Issuer Rating as published by Moody’s), a rating of at least BBB- by S&P and Baa3 by Moody’s.

(m) “Monthly Amortization Figure” for any Equipment for each full month during the Basic Term for such Equipment shall equal an amount calculated by multiplying the Acquisition Cost of such Equipment by the applicable percentage set forth in Schedule B hereto.

The "Monthly Amortization Figure" for any Equipment for each full month during the Extended Term for such Equipment shall be equal to an amount as agreed upon by Lessor and Lessee at the commencement of the Extended Term selected by Lessee and approved by Lessor .

Monthly amortization shall be taken as of the close of business of the last day of each full month of the lease of the Equipment until the Unamortized Value of the Equipment has reached zero.

(n) "Non Cancelable Term" shall mean as to any item of Equipment the period beginning with the effective date of the lease and ending the applicable number of years after the last day of the month in which the effective date of the lease occurs as set forth in Schedule A.

(o) "Rent" for any Equipment for any full month during the term of the lease of such Equipment will be the sum of the Monthly Amortization Figure for such Equipment, plus Excess Use Reimbursement for such Equipment (if any), plus an amount computed by multiplying the following:

(1) the Unamortized Value of such Equipment on the first day of such month,
by

(2) a fraction having a numerator equal to the number of days in such month and a denominator of 360, by

(3) a percentage (the "Percentage Rental Factor") equal to the sum of 1.35% per annum plus the rate per annum obtained by dividing (i) the rate per annum by reference to the British Bankers' Association Interest Settlement Rates as the London Interbank offered rate for deposits in U.S. dollars for a period equal to one month, as quoted at 11:00 a.m.(London time) two Business Days (as such term is defined in Section 5 hereof) prior to the first day of the current month, by (ii) a percentage equal to 100% minus the Reserve Percentage for such one-month period (the "LIBOR Rate"). Notwithstanding the foregoing, in the event that the rating of Lessee's long term public senior unsecured debt falls below Investment Grade, the Rent formula shall be amended (x) on the first day of the month immediately following the month in which such event occurred if the ratings event occurs prior to the twenty fifth (25th) day of such month or (y) on the first day of the second month following the month in which such event occurred if the ratings event occurs on or after the twenty fifth (25th) day of such month to equal, for all Equipment, the sum of 3.50% per annum plus the LIBOR Rate and such Rent formula shall apply until such rating is raised to Investment Grade. If, at any time, Lessee does not have a public senior unsecured debt rating, the Corporate Credit Rating as published by Standard & Poor's Rating Group ('S&P') and the Long Term Issuer Rating as published by Moody's Investors Service Inc. ('Moody's') shall be used. If there is a difference in the ratings between the two rating agencies, the Rent formula will be determined based on the lower of the two ratings.

(p) "Reserve Percentage" shall mean the reserve percentage applicable during such month under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City that Citibank, N.A. is required to maintain with respect to liabilities or assets consisting of or including Eurocurrency liabilities, having a term equal to one (1) month.

(q) "UCC" shall mean the Uniform Commercial Code including the provisions of the Uniform Personal Property Leasing Act as adopted in the applicable state.

(r) "Unamortized Value" of Equipment is the Acquisition Cost of the Equipment less its Aggregate Amortization.

(s) "Unguaranteed Residual" shall mean the percentage of the Base Amount for any category of Equipment as set forth in Schedule A attached hereto.

2. Agreement for Lease of Equipment; Unconditional Obligation. (a) Subject to the terms and conditions of this Master Leasing Agreement and upon execution and delivery by the Lessor and the Lessee of an Individual Leasing Record evidencing the mutual agreement of the parties hereto with respect to the lease of specific units of Equipment, Lessor shall lease to Lessee such units of Equipment as set forth in such Individual Leasing Record. No Individual Leasing Record shall be effective and Lessor shall have no obligation to lease any particular unit of equipment hereunder unless and until such applicable Individual Leasing Record is executed by Lessor and in no event shall the Lessee execute and deliver to Lessor an Individual Leasing Record which, if executed and funded by Lessor, would result in the aggregate Unamortized Value of Equipment leased by Lessor to Lessee hereunder exceeding an amount to be agreed upon by Lessor and Lessee from time to time. Lessor and Lessee hereby declare that this Master Leasing Agreement is, and is intended to be, an agreement to lease, and that every Individual Leasing Record executed by the parties pursuant to this Master Leasing Agreement is a lease. Lessor has or will have title to and will be the owner of the Equipment to be leased, and Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as Lessee, to use the same under the terms hereof. If this Master Leasing Agreement is deemed at any time to be one intended as security or that secures payment or performance of any obligation, Lessee agrees that the Equipment shall secure all amounts owed by Lessee to Lessor as set forth herein. The parties further agree to treat this Master Leasing Agreement and any Individual Leasing Record executed pursuant to this Master Leasing Agreement as a lease for accounting and commercial law purposes and as a financing arrangement for tax purposes.

(b) LESSEE HEREBY CONFIRMS THAT THIS MASTER LEASING AGREEMENT CANNOT BE CANCELED OR TERMINATED, EXCEPT AS EXPRESSLY PROVIDED HEREIN AND THAT LESSEE'S OBLIGATION TO PAY RENT, INTERIM RENT AND ANY OTHER AMOUNTS DUE HEREUNDER ARE ABSOLUTE AND UNCONDITIONAL UNDER ANY AND ALL CIRCUMSTANCES AND SHALL BE PAID WITHOUT NOTICE OR DEMAND AND WITHOUT ANY ABATEMENT, REDUCTION,

DIMINUTION, SET OFF, DEFENSE, COUNTERCLAIM OR RECOUPMENT DUE OR ALLEGED TO BE DUE TO, OR BY REASON OF, ANY PAST, PRESENT OR FUTURE CLAIMS WHICH LESSEE MAY HAVE AGAINST LESSOR, ANY VENDOR OR MANUFACTURER OF THE EQUIPMENT OR ANY PART THEREOF, OR ANY OTHER PERSON OR FOR ANY OTHER REASON WHATSOEVER.

(c) Lessor hereby covenants that, as long as Lessee is not in default hereunder, Lessee shall be entitled to the uninterrupted use and quiet enjoyment of the Equipment on the terms and conditions herein provided.

3. Delivery. (a) Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Upon delivery of New Equipment to Lessee and receipt by Lessor of vendor's invoice approved by Lessee together with an Individual Leasing Record with respect to the New Equipment, mutually acceptable to Lessee and Lessor, duly executed by Lessee and, if requested by Lessor, appropriate evidence of title for such New Equipment, Lessor shall, subject to the provisions of this Master Leasing Agreement, execute such Individual Leasing Record and remit to the vendor or, at the request of Lessee, shall remit directly to the Lessee a check for the total of the vendor's invoice for such New Equipment, provided that the total amount paid by Lessor shall not exceed the Acquisition Cost of the New Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the New Equipment, to the extent that delivery costs or cost of additions to the New Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee for such payment made by Lessee up to the amount of the Acquisition Cost.

(b) With respect to the Sale-Leaseback Equipment, upon receipt by Lessor of a bill of sale, approved by Lessor together with the Individual Leasing Record for such Sale-Leaseback Equipment duly executed by Lessee, Lessor shall, subject to the provisions of this Master Leasing Agreement, execute such Individual Leasing Record and remit to the Lessee, an amount equal to the total of the approved bill of sale for such Sale-Leaseback Equipment.

(c) All computer Equipment acquired for lease during any calendar month shall be treated as a single group of Equipment and shall be finalized on a single Individual Leasing Record on the first day of the following month.

4. Lease Term. The lease hereunder of Equipment shall be effective from the date of the Individual Leasing Record. The lease term for each unit of Equipment shall be for a period beginning with the effective date thereof and ending upon the expiration of the applicable Non Cancelable Term. At the end of such Non Cancelable Term and thereafter, the lease term may be extended for two (2) six (6) month terms unless terminated, as provided in Sections 10, 11, 14, 15, 16 or 17 hereof. Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by Lessor pursuant to a request from Lessee. Upon the date which is ninety (90) days prior to the expiration of the Basic Term or the Extended Term for each item of Equipment, unless Lessee shall have purchased such Equipment pursuant to Subsection 17(a), extended the lease term of such

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Equipment pursuant to Subsection 17(b) or sold such Equipment to an unrelated third party pursuant to Section 10, it shall be assumed that Lessee elected to purchase such Equipment pursuant to Subsection 17(a) hereof.

5. Rent. Lessee shall pay Rent and Interim Rent monthly in arrears on the last Business Day of the current month. If Lessor shall not receive payment of Rent or Interim Rent when due hereunder, Lessee shall pay a late payment charge to Lessor on such late payment at a rate equal to the Percentage Rental Factor (as provided in Subsection 1(o)(3)) plus 3% per annum (but in no event shall such rate be greater than that rate permitted by applicable law) for the period during which such late payment remains due and unpaid. Invoices from Lessor shall be rendered within a reasonable period of time after the Rent and Interim Rent can be determined but such invoices shall be rendered no later than the 20th day of the month. Such invoices shall cover the computation of Rent and Interim Rent and other payments due hereunder for the month, adjustments to the preceding month's Rent and Interim Rent resulting from commencement or termination of the lease of any Equipment during such month and other appropriate items, if any. All payments of Rent and Interim Rent and all other payments made by Lessee to Lessor pursuant to this Master Leasing Agreement shall be paid to Lessor in lawful money of the United States in immediately available funds by wire transfer to Lessor's Account No. 3846-9701 at Citibank, N.A., 399 Park Avenue, New York, New York 10043. If the date for the determination of Rent and Interim Rent shall not occur on a day when banks in New York, New York or London, England are generally open for business (a "Business Day"), such determination shall be made on the immediately preceding Business Day.

6. Use of Equipment. (a) Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property therein but only the right to use the same as Lessee as herein provided. So long as Lessee is not in default in any obligation to Lessor, Lessee may use the Equipment in the regular course of its business or the business of any subsidiary or affiliate of Lessee and may permit others to use same for any lawful purpose. The use of at least eighty percent (80%) of the Equipment (measured by the Unamortized Value of the Equipment) shall be confined to the United States. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall provide Lessor with all license, registration and vehicle identification numbers relating to automotive equipment leased hereunder. Lessee shall provide Lessor with prior notice in writing of any change in the legal name, place of incorporation or business structure of Lessee and, upon the request of Lessor, Lessee shall provide Lessor with prior notice in writing of any change in the principal location of any unit of Equipment or of any change in the primary business address of Lessee in any particular jurisdiction. Notwithstanding the foregoing, no such changes shall be undertaken unless and until all legal requirements shall have been met or obtained. Upon the Lessor's request, Lessee shall advise Lessor in writing where all Equipment leased hereunder as of such date is principally located. Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose. Lessee shall use every reasonable precaution to prevent loss or damage to Equipment and to prevent injury to third persons or property of third persons. Lessee shall

cooperate fully with Lessor and all insurance companies providing insurance under Section 8 hereof in the investigation and defense of any claims and suits. Lessee shall comply and shall cause all persons operating Equipment to comply with all insurance policy conditions and with all statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring, using, operating, and disposing of Equipment, including all local, state and federal environmental laws and regulations of whatever kind which relate in any way to the use of the Equipment, and the licensing of operators thereof. Lessor or any authorized representative of Lessor may upon reasonable notice (during reasonable business hours but at such times so as to create minimum disruption in Lessee's operations) from time to time inspect Equipment wherever the same be located. Lessee shall register and title all automotive Equipment in the manner requested by Lessor. If requested by Lessor, Lessee shall cause one of its authorized employees to hold in his custody and control all registration certificates and certificates of title covering automotive Equipment, as custodian for Lessor, and, if further requested by Lessor, Lessee shall cause such employee to certify annually in a written report to Lessor that all certificates of title required by applicable law and regulations have been obtained and are being held on behalf of Lessor. Pursuant to the provisions of Truth in Mileage Act of 1986 (the "Act") and the regulations relating thereto, certain odometer disclosures must be made by the transferor at the time the title to any motor vehicle is transferred. Lessor hereby appoints Lessee, and Lessee hereby agrees to act, as its agent to make all such disclosures. In addition, the regulations described above require the Lessor to inform the Lessee and Lessor hereby so informs Lessee that failure to comply with the Act and the regulations relating thereto may result in fines and/or imprisonment for the party making the false disclosure or failing to make the required disclosure. Lessee upon written request from Lessor upon the commencement of the lease term, or if necessary or advisable under applicable law, shall attach to each unit of Equipment in a place designated by Lessor (or if no such place has been designated, in a prominent place), a sign, stencil, plaque, or legend disclosing the ownership of Lessor and the interest of any mortgagee or assignee in the Equipment.

(b) Lessor shall have the right to make any security filings necessary or desirable to protect its interest in the Equipment, including, but not limited to, UCC personal property filings, and shall have the right to make UCC personal property filings without the Lessee's signature where authorized by law. Lessee shall cooperate with Lessor and shall pay all costs and expenses incurred by Lessor in completing and making all such filings.

(c) LESSEE SHALL NOT WITHOUT PRIOR WRITTEN CONSENT OF LESSOR SUBLEASE ANY EQUIPMENT NOR PERMIT, OR SUFFER TO EXIST, ANY LIEN OR ENCUMBRANCE OTHER THAN THOSE PLACED THEREON BY LESSOR OR BY PERSONS CLAIMING ONLY AGAINST LESSOR AND NOT AGAINST LESSEE, NOR SHALL LESSEE SELL OR ASSIGN ANY RIGHT OR INTEREST HEREIN OR IN ANY EQUIPMENT, PROVIDED, HOWEVER, THAT LESSEE MAY SUBLET EQUIPMENT TO ANY SUBSIDIARY, AFFILIATE, OFFICER OR EMPLOYEE OF LESSEE, OR TO ANY CONTRACTOR FOR USE IN PERFORMING WORK FOR LESSEE, PROVIDED THAT SUCH SUBLETTING SHALL IN NO WAY AFFECT THE OBLIGATIONS OF LESSEE HEREUNDER, OR THE RIGHTS OF LESSOR HEREUNDER. THE RIGHTS OF THE LESSEE TO ASSIGN ITS INTEREST AS LESSEE HEREUNDER, AS DESCRIBED IN

SECTION 303 OF THE LEASING ARTICLE OF THE UCC, ARE HEREBY WAIVED BY LESSEE.

7. Improvements and Repair of Equipment. (a) Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in good condition and repair, and in good and efficient working order, reasonable wear and tear only excepted. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. In the case of motor vehicles or other automotive Equipment, Lessee shall supply and replace all items required in the operation of such Equipment, including, without limitation, all parts, tires and tubes, gasoline, oil, and grease; shall put and keep such Equipment in condition to meet foreseeable climatic conditions; and shall arrange for the satisfactory storage of such Equipment. All improvements and additions to any of the Equipment shall become and remain the property of Lessor, except that any improvements or additions for which Lessor has not made a payment under Section 3 of this Master Leasing Agreement, which constitute severable improvements and which when attached to or removed from the Equipment will not diminish the value or usefulness of such Equipment, shall become and remain the property of Lessee.

(b) If the Equipment is to be returned to Lessor and is not thereupon purchased by Lessee, Lessee shall, at its own expense, surrender such Equipment by delivering such Equipment to Lessor at any location(s) accessible by common carrier as designated by Lessor within a radius of five hundred (500) miles of the location of the Lessee's authorized use of such Equipment hereunder immediately prior to such surrender. In addition, Lessee shall, at its own expense, be responsible for the removal, de-installation, crating, transportation, storage, insurance, shipping and all other expenses of conveyance to Lessor upon the termination of the lease of any such Equipment in accordance with Lessor's reasonable instructions. Lessee shall, at its own expense, completely sever and disconnect the Equipment from its facility, without any liability whatsoever of Lessor to Lessee or to a third party owner or mortgagee of such facility, or to any person claiming through or under Lessee, for damage or loss caused by such severance and disconnection. Lessee, at its own expense, shall pack or crate the Equipment and its component parts carefully and in accordance with any recommendations of any manufacturer or vendor with respect to similar new Equipment before surrendering the Equipment to Lessor. All plans, specifications, warranties, operating manuals, logs, and maintenance records furnished by the manufacturer or vendor of the Equipment and such other documents in Lessee's possession relating to the maintenance and methods of operation of such Equipment shall be provided to Lessor (in English) in the event of any termination of such Equipment. Equipment returned to Lessor shall be in the condition and repair required pursuant to the provisions of this Section 7, free of any insignia placed on it by Lessee, shall meet all legal and regulatory conditions necessary for Lessor to sell or lease such Equipment to a third party, and shall be free of all liens or encumbrances of any nature whatsoever.

(c) In addition to the other requirements set forth herein regarding the condition, maintenance and servicing of the Equipment, the Lessee shall have the following responsibilities as to each item of computer Equipment upon termination:

(i) Lessee shall provide Lessor with a detailed inventory of the Equipment returned, prepared with reference to the specific ILR to which that Equipment was subject, including (x) the original configuration of the Equipment, (y) a note specifying any deviations from the standard configuration as a result of replacements, attachments, upgrades and additions made to the Equipment during the lease term, and (z) all necessary installed operating software;

(ii) Lessee shall insure that all Equipment shall be properly disassembled, with each major item individually packed to protect it from damage in shipment, and insured against any and all damage to the Unamortized Value and shall include all necessary plugs, cables, connectors, adapters and cords;

(iii) Lessee shall insure that all Equipment shall be reasonably clean, free of labels (excluding manufacturer labels), and the appearance of the Equipment shall be consistent with that of similar used equipment owned or leased by Lessee;

(iv) Lessee shall insure that all monitors having images burnt into their screens and/or batteries that hold less than "half life" charge must be replaced prior to return;

(v) The Equipment must be terminated with (x) at least the original operating software version installed; (y) all software upgrades necessary to operate the Equipment, including all technical data and diskettes (CD's) if any; and (z) all applicable licenses and maintenance records. All other software must be removed;

(vi) Upon advance request (during reasonable business hours but at such times so as to create minimum disruption in Lessee's operations) by the Lessor, Lessee shall make the Equipment available for on-site inspections by potential purchasers; and

(vii) Lessee shall provide the Lessor with: (x) a certification that the Equipment has been inspected, tested and is operating in accordance with the manufacturer's specifications and (y) a report detailing any repairs performed as a result of such tests and inspections.

(d) Lessee shall lease no more than 4,500 laptop personal computers with flat panels and/or stands.

8. Insurance. Lessee shall, at its own expense, with respect to Equipment self insure or maintain insurance insuring the respective interests of Lessor and Lessee and covering (i) physical damage to Equipment and (ii) liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of Equipment including sudden and accidental pollution liability. Policies covering physical damage risks shall be in an amount not

less than the Unamortized Value of Equipment. Lessee shall maintain third-party liability insurance covering personal injury, death and property damage liability as a result of one accident including sudden and accidental pollution liability and auto liability in the same amount as that insurance coverage maintained by Lessee with respect to Lessee's owned equipment of the same types as the Equipment leased hereunder. All policies covering physical damage to Equipment and all third party liability insurance required hereunder shall be subject to the same policy limits and self-insured retention or deductible amounts consistent with the practices of the other companies in the industry of similar size and financial strength as are applicable to Lessee's owned equipment of the same types as the Equipment leased hereunder. Lessor and its direct affiliates shall be named as additional insureds as their interests may appear in all insurance policies required under this Section and named as a loss payee with respect to physical damage insurance. Insurance carriers shall endeavor to provide for at least thirty (30) days' written notice to Lessor of any cancellation or material alteration of such policies. Lessee shall furnish Lessor certificates or other evidence satisfactory to Lessor of compliance by Lessee with the provisions hereof, but Lessor shall be under no duty to examine such certificates or to advise Lessee in the event its insurance is not in compliance herewith. Lessee covenants that it will not use or operate or permit the use or operation of any Equipment at any time when the insurance required by this Section is not in force with respect to such Equipment. Lessee's obligation to maintain insurance with respect to any Equipment shall commence on the actual day of delivery of the Equipment and shall continue until the Equipment is sold or the lease of the Equipment terminates, whichever is later.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless Lessor, any officer, employee or director of Lessor and any parent, subsidiary or affiliate of Lessor against any and all claims, demands and liabilities of whatsoever nature (including all negligence, tort and strict liability claims), judgments, suits and all legal proceedings, and all costs and expenses (including litigation expenses) relating to or in any way arising out of:

(i) the selection, manufacture, purchase, acceptance, ownership, ordering, delivery, non-delivery, acquisition, making of payments (by electronic transfer, check or other means), rejection, installation, possession, leasing, titling, registration, re-registration, custody by Lessee of title and registration documents, use, non-use, misuse, operation, condition, servicing, maintenance, transportation, repair, improvement, alteration, replacement, storage, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment and except for any general administrative or overhead expenses of Lessor;

(ii) all recording and filing fees, stamp taxes and like expenses with respect to security filings on the Equipment or this Master Leasing Agreement incurred by Lessor or its agent;

(iii) all costs, charges, damages or expenses for royalties and claims and expenses arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will to the extent permissible make available to Lessee Lessor's rights under any similar indemnification arising by contract or operation of law from the manufacturer of Equipment;

(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, or the receipt of Rents hereunder, excepting only net income taxes on the net income of Lessor determined substantially in the same manner as net income is presently determined under the Federal Internal Revenue Code, and any excise, sales or use taxes included in the Acquisition Cost of the Equipment;

(v) any violation, or alleged violation, by Lessee of this Master Leasing Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or leases thereof any action or transaction by Lessee with respect thereto or pursuant to this Master Leasing Agreement, including, but not limited to, any costs, expenses or liabilities arising from Lessee's failure to comply with the provisions of the Act and the regulations relating thereto or the violation of any local, state or federal environmental laws or regulations of whatever kind which relate in any way to the use of the Equipment or the violation of any state law or regulation or notice requirement related to fraudulent conveyances or bulk transfers related to the acquisition of the Sale-Leaseback Equipment by Lessor for lease hereunder; or

(vi) tort claims of any kind (whether based on strict liability or otherwise) including claims for injury to or death of persons (including Lessee's employees) and for damage to property related directly or indirectly in any way to the ownership, maintenance, use and operation of any Equipment.

(b) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums expended with respect to any of the foregoing, or shall pay such amounts directly upon request from Lessor. Upon such payment by Lessee, Lessee shall be subrogated to Lessor's right in the affected transaction and shall have a right to determine the settlement of claims therein but in the best interests of Lessor. The foregoing indemnity in this Section shall survive the expiration or earlier termination of this Master Leasing Agreement or any lease of Equipment hereunder.

(c) If any claim is made or action commenced against Lessor for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Equipment, Lessor shall promptly notify Lessee thereof and forward to Lessee a copy of every demand, notice, summons or other process received in connection therewith. Lessee hereby agrees that it shall fully defend and indemnify Lessor and handle all aspects of any such claim or action. Lessee further agrees to keep Lessor reasonably informed as to the progress of any such claim or action. Lessor shall have the right to arrange for its own defense against any such claim or action if, in Lessor's reasonable discretion, Lessor believes a separate defense would be in its best interests.

(d) Lessee shall file all sales, use and property (real or personal) tax returns and reports and remit all such taxes, fees and assessments due which are required, imposed, assessed or levied by any state, county, municipal, or other local taxing authority against any Equipment (or the purchase, ownership, delivery, leasing, possession, use or operation thereof), this Master Leasing Agreement (or any Rents or receipts hereunder), any Individual Leasing Record, Lessor or Lessee during or related to the term of the Master Leasing Agreement. Lessee shall provide Lessor with copies of all such returns no later than ten (10) days following Lessor's request for such returns and after submission of such returns to the appropriate taxing authorities by Lessee. If, notwithstanding the fact that Lessee is filing such returns, the taxing authorities of any such jurisdiction impose any taxes, penalties or other related charges described above in this Section directly against Lessor, Lessor shall notify Lessee and Lessee shall promptly make such payments directly to such taxing authority. Lessee shall be entitled to seek refunds for such amounts against any such taxing authority at Lessee's sole directions, cost and expense.

10. Sale or Disposition of Equipment; Adjustment of Rent. (a) After the expiration of the applicable Non Cancelable Term for any group of Equipment contained on a single Individual Leasing Record (and if the lease term is extended for six (6) month periods pursuant to Section 4 hereof, on each semi-annual anniversary of such expiration), provided that Lessee is not in default hereunder, Lessee may arrange for the termination of the lease of all such Equipment on such Individual Leasing Record in the manner and with the consequences hereinafter set forth. Lessee shall deliver ninety (90) days prior written notice to Lessor, signed by an authorized officer of Lessee, identifying the Individual Leasing Record which Lessee proposes to terminate, the proposed sale price and the terms of the proposed sale. After delivery of such notice, Lessee, on behalf of and in cooperation with Lessor, shall proceed directly with negotiating the sale or disposition of such Equipment to a third party unrelated to Lessor or Lessee and Lessor shall execute and transmit to Lessee all papers needed to effectuate such sale or disposition. In arranging such sale or disposition of any Equipment pursuant to this Section 10, Lessee shall use its best efforts to obtain sale proceeds not less than such Equipment's retail fair market value, delivered to a purchaser or purchasers unrelated to Lessee, giving due consideration to whether the Equipment's value is higher as an aggregate, or as two or more lots of equipment. If the parties cannot agree upon such fair market value or values, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to

agree on the fair market value, jointly name a third, in which event the decisions of a majority of the appraisers as to the fair market value shall be final. All fees and expenses of the appraiser(s) shall be borne by Lessee. If the proposed sale price specified in such notice is less than the Unguaranteed Residual of such Equipment, Lessee shall not proceed to sell the Equipment until it has received the consent of Lessor, which consent shall not be unreasonably withheld.

Lessee shall cause the sale proceeds of such Equipment to be transmitted promptly to Lessor. If, for any reason, Lessee receives any such sales proceeds, it shall forthwith remit same to Lessor and until so remitted to Lessor, shall hold the same in trust for Lessor. The lease of such Equipment and Lessee's obligation to pay Rent shall continue until such sale proceeds and additional Rent, if any, are received by Lessor, or Lessor's assignee, and shall thereupon terminate. If the sale proceeds of such Equipment are less than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessee shall forthwith pay as additional Rent an amount equal to such deficiency. If the sale proceeds of such Equipment are more than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessor, as owner of the Equipment, shall be entitled to receive the difference between said sale proceeds and said Unamortized Value provided, however, in consideration of Lessee's agreement hereunder to repair, maintain and insure the Equipment, Lessee shall be entitled to retain such excess sales proceeds, which funds will be held by Lessee on behalf of the Lessor.

Notwithstanding the foregoing, if the sale proceeds of any group of Equipment are less than the Unamortized Value of such Equipment but equal to or greater than the Unguaranteed Residual of such Equipment, Lessee shall at the same time pay Lessor a sum equal to the difference between the amount of the sale proceeds and the Unamortized Value. If the sale proceeds of any group of Equipment plus Excess Use Reimbursement are less than the Unguaranteed Residual of such Equipment, Lessee shall at the same time pay Lessor a sum equal to the Unamortized Value of such Equipment less the Unguaranteed Residual of such Equipment. In the event a deficiency arises because Lessor does not receive the Unguaranteed Residual, to the extent that in any prior or subsequent sale of any group of similar Equipment the Basic Term of which commenced within ninety (90) days of the commencement date of the Basic Term of the Equipment terminated and sold hereunder, sale proceeds were received or will be received in excess of the Unamortized Value (including the amount of any excess proceeds retained by Lessee on behalf of Lessor as described above), such excess sale proceeds shall be paid to Lessor out of Lessor's funds held by Lessee as described in the paragraph immediately above, with respect to future sales, upon the sale of any group of Equipment, and with respect to prior Equipment sales resulting in excess proceeds, at the time the deficiency arises. Provided that Lessee is not in default hereunder, any sale proceeds of Equipment in excess of the Unamortized Value of the Equipment which has not been paid to Lessor as described in this paragraph (if any) will be released by Lessor to Lessee upon the expiration or termination of the lease terms of all Equipment leased hereunder.

The term "sale proceeds" for purposes of this Master Leasing Agreement shall mean the gross purchase price paid by the purchaser, without charge or reduction in any manner on account

of any costs or expenses of sale, removal, transportation, repair, storage, delivery or similar costs or expenses, and all of such costs and expenses (if any) shall be borne by Lessee.

(b) If Lessee shall, pursuant to the provisions of this Master Leasing Agreement, exercise an option to purchase any Equipment for its fair market value, such purchase shall be treated as a sale of such Equipment under Subsection 10(a) above except that the Unguaranteed Residual shall equal \$0.

11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or of any damage to any Equipment in an amount in excess of \$5,000 and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and liabilities arising out of the loss or damage. In the event of (i) total destruction of any of the Equipment or damage beyond repair or the commandeering, conversion or other such loss of any of the Equipment, or (ii) if Equipment is terminated by Lessee and sold to a third party other than pursuant to all of the specific terms and provisions of Subsection 10(a), or (iii) if Equipment under a particular Individual Leasing Record is terminated and sold to a third party pursuant to Section 10 (a) and all other Equipment leased under such Individual Leasing Record is not terminated at the same time and in the same manner, or (iv) if Equipment leased under a particular Individual Leasing Record under which other Equipment with an Unamortized Value in excess of twenty percent (20%) of the total Unamortized Value of all Equipment originally leased under that Individual Leasing Record has been previously terminated under this Leasing Agreement, is terminated for any reason, or (v) if the use thereof by Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or (vi) if any of the Equipment is attached (other than on a claim against Lessor but not Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event:

(a) Lessee shall promptly notify Lessor in writing of such fact;

(b) Within ten (10) days thereafter Lessee shall pay to Lessor, or Lessor's assignee, an amount equal to the Unamortized Value of such Equipment at the time of payment;

(c) The lease of such Equipment shall continue until such payment has been received by Lessor, or Lessor's assignee, and shall thereupon terminate; and

(d) Upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to Lessee or its designee.

12. Surrender of Equipment. Upon the final termination of the lease as to all Equipment leased under a single Individual Leasing Record (other than a termination as provided for in Sections 10, 11, 14, 15, 16, or 17), Lessee shall surrender such Equipment to Lessor at Lessee's property where the Equipment is then located or at such other place as may be agreed upon. This Section shall not apply to Equipment leased under a particular Individual Leasing

Record if Equipment with an Unamortized Value in excess of twenty percent (20%) of the total Unamortized Value of all Equipment originally leased under that Individual Leasing Record has been previously terminated under this Leasing Agreement. Following such surrender, Lessor, or Lessor's agent, shall effect a sale of all Equipment under a single Individual Leasing Record to a third party. The sales proceeds from any such sale shall be treated in the same manner as the sale proceeds from a sale made pursuant to the terms and provisions of Section 10 hereof and in particular, but without limitation, Lessee shall continue to be responsible for the various costs and expenses described in the last paragraph of Section 10. If the group of Equipment cannot be sold for sales proceeds at least equal to the Unguaranteed Residual, Lessor shall have the option to require that Lessee return the Equipment to Lessor in full compliance with all the terms and conditions of this Leasing Agreement including Section 7 hereof and pay to Lessor an amount equal to the difference between the Unamortized Value for such Equipment and an amount equal to the Unguaranteed Residual of such Equipment. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property.

13. Events of Default. The following events of default by Lessee ("Events of Default") shall give rise to rights on the part of Lessor described in Section 14:

(a) Default in the payment of Rent, Interim Rent or any other payment due from Lessee hereunder beyond ten (10) days from the date the Rent, Interim Rent or other payment is due; or

(b) Default under the provisions of Section 8 hereof requiring Lessee to maintain liability insurance in full force and effect throughout the term of the lease of any Equipment hereunder; or

(c) Default in the payment or performance of any other liability, obligation, or covenant, condition or agreement to be performed or observed by Lessee hereunder or breaches of any provision contained herein or in any other document furnished to Lessor in connection herewith, and such failure or breach shall continue unremedied for thirty (30) days after written notice to Lessee (to the extent Lessor shall exercise any discretion in making a determination that an Event of Default has occurred, Lessee shall exercise such discretion in a commercially reasonable manner); or

(d) The termination of existence, the termination of the business of, or the making of an assignment for the benefit of creditors by, Lessee; or

(e) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against Lessee and, if instituted against Lessee, its consent thereto or the pendency of such proceedings for at least sixty (60) days; or

(f) Lessee shall admit in writing its inability to pay its debts generally when due; or

(g) Lessee shall create, incur, assume or suffer to exist any mortgage, lien, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Equipment or this Master Leasing Agreement or any of Lessor's interests hereunder; or

(h) The dissolution, merger, reorganization or sale of all or substantially all of the assets of the Lessee (all such events collectively herein referred to as a "Merger") without the prior written consent of Lessor; provided, however, that Lessee may engage in a Merger without the prior written consent of Lessor if, following such Merger, the Lessee, or the successor in interest to Lessee resulting from such Merger, will be rated at least Investment Grade by Moody's and S&P.

Lessee shall be obligated to provide Lessor with written notice of any Event of Default and of any event which, with notice, or the lapse of time, or both, would constitute an Event of Default promptly upon Lessee becoming aware of any such event.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the Events of Default and at any time thereafter Lessor may, with or without terminating the Master Leasing Agreement, in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to Lessee;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of Lessor in the possession of Lessee, wherever situated and for such purpose, enter upon any premises without liability for doing so;

(c) Whether or not any action has been taken under Subsections 14(a) or (b) above, Lessor may sell any Equipment (with or without the concurrence or request of Lessee) and Lessor shall retain all proceeds from such sale. In addition, if the sales proceeds (reduced by any legal costs or any costs or expenses of sale, removal, transportation, repair, storage, delivery, or similar costs and expenses) are less than the Unamortized Value of the Equipment sold, Lessee shall pay to Lessor any such shortfall;

(d) Hold, use or lease any Equipment as Lessor in its sole discretion may decide, and continue to hold Lessee liable for any deficiency between the rent received by Lessor from others and the Rent and Interim Rent payable hereunder for the balance of the term of the lease of such Equipment;

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

No remedy referred to in this Section is intended to be exclusive, but shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in

equity. No express or implied waiver by Lessor of any default shall constitute a waiver of any other default by Lessee or a waiver of any of Lessor's rights.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to Lessor for all unpaid Rent and Interim Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Unamortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and Lessor may recover from Lessee all unpaid Rent and Interim Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default.

Notwithstanding the foregoing provisions of this Section 14, if Lessor is exercising remedies due solely to the Event of Default described in Subsection 13(h) above, Lessee shall have an option to purchase all Equipment leased hereunder for its then Unamortized Value within five (5) Business Days of such Event of Default. If Lessee does not exercise such purchase option, Lessee shall immediately pay to Lessor an amount equal to the difference between the Unamortized Value of all Equipment leased hereunder and the Unguaranteed Residual of such Equipment (and additional reimbursement for any unpaid damages caused solely by the Event of Default described in Subsection 13(h) above may not be claimed by Lessor under the provisions of Section 9(a) hereof). Upon receipt of such amount, Lessor shall have the right to either (a) require Lessee to remarket all Equipment leased hereunder or (b) remarket all Equipment leased hereunder on its own behalf. Such remarketing period shall continue for ninety (90) days and if the remarketing party, using reasonable efforts, is unable to sell the Equipment for an amount at least equal to the Unguaranteed Residual of such Equipment within such period (or for an amount less than the Unguaranteed Residual with the prior written approval of Lessor), Lessee shall return all Equipment to Lessor in compliance with the provisions of Sections 6 and 7 hereof. When the Equipment is sold the sales proceeds shall be immediately paid to Lessor. If the sales proceeds received from the sale of Equipment during such remarketing period are in excess of the Unguaranteed Residual for such Equipment but less than its then Unamortized Value, all such amounts in excess of the Unguaranteed Residual shall be for the account of Lessee. Sales proceeds (if any) received in excess of the Unamortized Value of such Equipment shall be for the account of the Lessor.

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of Lessor, by reason of such Equipment being deemed to be real property or a fixture. If, notwithstanding the intention of the parties and the provisions of this Section 15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of Lessor, by reason of such Equipment being, or being deemed to be, a fixture or real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by Lessee as contemplated by this Master Leasing Agreement or any rights of Lessor hereunder or to any such Equipment, then Lessee shall promptly notify Lessor in writing of such

fact (unless the basis for such interference is waived or eliminated to the satisfaction of Lessor within a period of ninety (90) days from the date it is asserted) and Lessee shall within ninety (90) days after such notice pay to Lessor or Lessor's assignee an amount equal to the Unamortized Value of such Equipment at the time of payment. The lease of the Equipment shall continue until such payment has been received and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to Lessee or its designee.

16. Termination. Either Lessor or Lessee may terminate this Master Leasing Agreement at any time with respect to any equipment not yet leased hereunder effective upon the delivery of notice in writing to the other party of such termination; provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination. In the event of any such termination by Lessee, Lessee shall arrange for and effect not later than one (1) year from the termination date or upon the expiration of the Basic Term, whichever occurs first, a termination of the lease of all Equipment hereunder and either a purchase of all Equipment for its then Unamortized Value or a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof provided that in the event of any such termination and sale, the Unguaranteed Residual shall equal \$0. Notwithstanding the foregoing, in no event shall Lessee be obligated to complete such termination and purchase or sale prior to the expiration of the applicable Non Cancelable Term. In addition, in the event Lessor exercises its right to terminate under this Section 16, Lessee shall either sell all Equipment in the manner and with the consequences as provided in Section 10 hereof or purchase all such Equipment for its then Unamortized Value not later than one (1) year from the termination date, or upon the expiration of the Basic Term, whichever occurs first. Notwithstanding the foregoing, in no event shall Lessee be obligated to purchase or sell such Equipment prior to the expiration of the applicable Non Cancelable Term. Notwithstanding the provisions of Section 4 hereof, the lease term for all Equipment, the lease of which is terminated under this Section, and Lessee's obligation to pay Rent and Interim Rent shall continue until Lessor receives the sale proceeds or the purchase price of such Equipment.

17. Purchase of Equipment; Extended Term. (a) At any time and from time to time during the Basic Term for any one or more units of Equipment or after the expiration of the Basic Term for any group of Equipment contained in a single Individual Leasing Record, and provided that Lessee is not in default hereunder, upon ninety (90) days prior notice, Lessee may purchase such unit or group as applicable, leased under a particular Individual Leasing Record for the greater of its then fair market value or its then Unamortized Value. The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price, any due and unpaid Rent and any other amounts due hereunder with respect to such Equipment have been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall follow the appraisal procedures provided in Section 10.

(b) Upon the expiration of the Basic Term for any Equipment leased hereunder, and provided that Lessee is not in default hereunder, upon ninety (90) days prior notice and subject to Lessor's approval, Lessee may extend the term of all Equipment leased under a particular Individual Leasing Record for an additional term to be agreed to by Lessor and Lessee (the

"Extended Term"). During such Extended Term, the Rent payable for such Equipment shall equal an amount calculated in accordance with Subsection 1(o) based on an amortization period as agreed to by Lessor and Lessee and as determined at the commencement of such Extended Term and based on an Expected Residual as mutually agreed by Lessor and Lessee at the commencement of such Extended Term. Once the Aggregate Amortization of any Equipment leased hereunder equals the Acquisition Cost of such Equipment, the Rent for such Equipment thereafter will be an amount equal to one half of one percent (0.5%) of the Acquisition Cost of such Equipment.

(c) If, ninety (90) days prior to the expiration of the Basic Term for any Equipment, Lessee shall fail to elect to purchase such Equipment pursuant to Subsection 17(a), sell such Equipment to an unrelated third party pursuant to Section 10, or extend the term of the lease of such Equipment pursuant to Subsection 17(b), it shall be assumed that Lessee elected to purchase such Equipment pursuant to Subsection 17(a).

18. Finance Lease Status. The parties agree that this lease and each Individual Leasing Record hereunder is a "Finance Lease" as defined by the UCC. Lessee acknowledges that Lessee has reviewed and approved any written "Supply Contract" (as such term is defined in the UCC), covering the Equipment purchased from the "Supplier" (as such term is defined in the UCC) thereof for lease to Lessee. Lessee also acknowledges the following:

- (a) Lessor has not selected, manufactured, or supplied the Equipment;
- (b) Lessor acquired or will acquire the Equipment or the right to possession and use of the Equipment in connection with the Individual Leasing Record; and
- (c) Lessor provides no warranties or other rights with respect to the purchase of the Equipment and any and all rights Lessee has with respect to the purchase of the Equipment are solely against Supplier.

19. Disclaimer of Warranties. LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE OF THE EQUIPMENT FOR LEASE SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, AND THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY LESSEE, THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE, THAT LESSOR IS NOT ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS NOT SELECTED, MANUFACTURED OR SUPPLIED SUCH EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY, OPERATION OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER

REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. Lessor shall, at Lessee's sole expense take all action reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment. The Lessee acknowledges and agrees that neither the manufacturer, the supplier, nor any salesman, representative or other agent of the manufacturer or supplier, is an agent of Lessor. No salesman, representative or agent of the manufacturer or supplier is authorized to waive or alter any term or condition of this Master Leasing Agreement and no representation as to the Equipment or any other matter by the manufacturer or supplier shall in any way affect Lessee's duty to pay Rent and perform its other obligations as set forth in this Master Leasing Agreement.

20. Assignment by Lessor. LESSEE ACKNOWLEDGES NOTICE THAT LESSOR MAY, IN CONNECTION WITH FINANCING ITS ACQUISITION AND OWNERSHIP OF SOME OR ALL OF THE EQUIPMENT, GRANT PARTICIPATIONS OR SECURITY INTERESTS IN OR SELL OR ASSIGN ITS INTERESTS IN SUCH EQUIPMENT, THIS MASTER LEASING AGREEMENT OR ANY RENT, INTERIM RENT OR OTHER AMOUNTS DUE HEREUNDER. Any instrument executed in connection with such assignment shall contain a provision to the effect that as long as Lessee is not in default hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. After such assignment the terms and provisions of this Master Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements. Lessee agrees to permit Lessor to record this Master Leasing Agreement. Upon the written request of such assignee, the Lessee shall make payment of all Rent, Interim Rent and other payments due hereunder with respect to such assignment to the assignee without abatement, deduction or set off. Such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. Lessee further covenants and agrees that it will not assert against Lessor's assignee any defense, counterclaim or set off due to a breach of warranty or otherwise in any action for Rent, Interim Rent or any other amounts due hereunder or for possession of the Equipment which is brought by Lessor's assignee. The assignment by the Lessor to the assignee of rights hereunder shall not impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent, Interim Rent and other amounts due hereunder and to protect the assignee's security interest in Equipment resulting from such assignment. Lessor's rights of assignment under this Section 20 shall be subject to the Lessee's prior consent as to the identity of the proposed assignee only, such consent not to be unreasonably withheld.

21. Leasing of Components. (a) Lessee may lease components of Equipment, no one of which constitutes a completed unit of Equipment but all of which shall be assembled into a completed unit of Equipment. The completed unit of Equipment and each of the components thereof shall be owned by Lessor and leased to Lessee hereunder. A component Individual Leasing Record shall be executed for each component of Equipment leased hereunder, and each such component Individual Leasing Record shall be clearly designated as such on the form of

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such Individual Leasing Record. The lease of each component shall be effective from the date of delivery of such component and the component Individual Leasing Record for such component shall be dated as of such date. When delivery is made on one or more components constituting less than a completed unit of Equipment, Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within six (6) months after the first day of the calendar month following the first of any such deliveries or within such longer period as may be agreed upon in writing by Lessor.

(b) Lessee shall pay Interim Rent to Lessor on a monthly basis for all components not yet assembled into a completed unit of Equipment beginning on the date of the applicable component Individual Leasing Record and continuing to and including the day before the commencement date of the applicable final Individual Leasing Record. As used in this Section "Interim Rent" for components shall equal the product of: (i) The aggregate Acquisition Cost of the components, multiplied by (ii) a fraction having a numerator equal to the number of days such components are under lease during such month and a denominator of 360, multiplied by (iii) the Percentage Rental Factor as provided for in Subsection 1(o)(3).

(c) Upon assembly into a completed unit of Equipment, a final Individual Leasing Record shall be executed, the Monthly Amortization Figure and Rent shall be computed, and the Basic Term shall be deemed to commence for such unit of Equipment as of the date of the final Individual Leasing Record. The final Individual Leasing Record shall be dated as of the first day of the next succeeding month following assembly of the components into a completed unit of Equipment. The component Individual Leasing Records for the components of the completed units of Equipment shall be canceled on the same date the final Individual Leasing Record shall be dated. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Costs of the components thereof and all reasonable labor and other expenses incurred in assembling the unit of Equipment, and shall be amortized as provided in Subsections 1(d) and 1(m).

(d) Notwithstanding the foregoing, at least the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor pursuant to a request from Lessee or from the time such components are delivered to Lessee, whichever shall first occur.

22. Rebuilds. Lessee may, subject to Lessor's approval, prior to the expiration of the lease of any Equipment, rebuild such Equipment if the remaining life thereof is thereby extended, and if such rebuilt Equipment and all components thereof are owned by Lessor and leased to Lessee hereunder. When the rebuilt Equipment is delivered and accepted, a new Individual Leasing Record shall be substituted for the original Individual Leasing Record which shall be canceled. The new Individual Leasing Record shall be dated and the original Individual Leasing Record canceled as of the date of such delivery. The cost of such rebuild, if approved by Lessor, shall be paid by Lessor and added to the Unamortized Value, if any, of the Equipment at the time the new Individual Leasing Record is substituted, and the sum thereof shall be the Acquisition Cost of the rebuilt Equipment. The maximum number of months over which the Acquisition

Cost of the rebuilt Equipment may be amortized shall be as mutually agreed between Lessor and Lessee at the time such new Individual Leasing Record is executed by Lessor and Lessee.

23. Miscellaneous. (a) **THIS MASTER LEASING AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BUT WITHOUT REFERENCE TO ITS PRINCIPLES GOVERNING CONFLICTS OF LAWS.**

(b) Lessee shall maintain detailed records for all Equipment sold pursuant to Section 10(a) or purchased pursuant to Section 17(a) including all data showing the fair market value sales price or purchase price, as applicable, for at least ninety (90) days following the related sale or purchase and Lessee shall provide such information to Lessor upon request.

(c) Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion.

(d) This Master Leasing Agreement shall be binding upon and inure to the benefit of the parties hereto, their permitted successors and assignees.

(e) All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

(f) This Master Leasing Agreement constitutes the entire understanding or agreement between Lessor and Lessee and there is no understanding or agreement, oral or written, which is not set forth herein. The Lessee agrees to do such further acts and things and to execute and deliver to the Lessor such additional agreements, powers and instruments as the Lessor may reasonably require or deem advisable to carry into effect the purposes of this Master Leasing Agreement or to better assure and confirm to the Lessor its rights, powers and remedies under this Master Leasing Agreement.

(g) Notices to Lessee under this Master Leasing Agreement may be delivered to Eastman Chemical Company at 100 N. Eastman Road, B. 75, Kingsport,, TN 37660-5075, Attention: Treasurer, or at such other location as Lessee may direct in writing. Notices to Lessor under this Master Leasing Agreement may be delivered to BLC Corporation at 450 Mamaroneck Avenue, 4th Floor, Harrison, Zone 2, New York 10528, Attention: Legal Department, or at such other location as Lessor may direct in writing.

(h) This Master Leasing Agreement may be executed in two or more counterparts, each of which, when taken together, shall constitute a single agreement binding upon all the parties hereto.

(i) If any provision of this Master Leasing Agreement is in conflict with any statute or rule of law in the jurisdiction where it is sought to be enforced, then such provision shall be deemed null and void to the extent that it may be in conflict therewith, but without invalidating the remaining provisions hereof.

(j) No provisions of this Master Leasing Agreement are to be interpreted for or against any party because that party or that party's legal counsel or representative drafted such provision.

(k) LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MASTER LEASING AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LESSOR AND LESSEE TO ENTER INTO THIS MASTER LEASING AGREEMENT.

(l) NO EXECUTORY AGREEMENT SHALL BE EFFECTIVE TO CHANGE, MODIFY OR DISCHARGE, IN WHOLE OR IN PART, THIS MASTER LEASING AGREEMENT, OR ANY OTHER INSTRUMENT GIVEN IN CONNECTION HERewith UNLESS SUCH AGREEMENT IS IN WRITING AND SIGNED BY LESSOR AND LESSEE.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Leasing Agreement as of the day and year first above written.

BLC Corporation, as Lessor

Attest:

By: *Carla Schultz*
Secretary

By: *VS Clark*

Title: VIRGINIA S. CLARK
vice President

VS
Counsel
Form Approved

Eastman Chemical Company, as Lessee

Attest:

By: *Brian Henry*
Secretary

By: *[Signature]*

Title: TREASURER

SCHEDULE A
TO THE
MASTER LEASING AGREEMENT
DATED AS OF JUNE 1, 2003
BETWEEN
BLC CORPORATION, AS LESSOR
AND
EASTMAN CHEMICAL COMPANY, AS LESSEE

<u>Type of Equipment</u>	<u>Maximum Expected Residual %</u>	<u>Maximum Basic Term</u>	<u>Unguaranteed Residual</u>	<u>Non Cancelable Term</u>	<u>Maximum Acquisition Cost</u>
Lap Tops	10%	36 months	10.75% at 24 mos 15.50% at 30 mos 20.65% at 36 mos	24 months	\$2,075 per unit
Desk Top Computers	10%	36 months	10.75% at 24 mos 15.50% at 30 mos 20.65% at 36 mos	24 months	\$990 per unit
Other Equipment	To be determined	TBD	TBD	TBD	TBD

**SCHEDULE B
TO THE MASTER LEASING AGREEMENT
DATED AS OF JUNE 1, 2003 BETWEEN BLC CORPORATION, AS LESSOR AND
EASTMAN CHEMICAL COMPANY, AS LESSEE**

FOR COMPUTER EQUIPMENT ONLY

Amortization Period	Monthly Amortization	Amortization Period	Monthly Amortization
1	2.91667%	25	1.66667%
2	2.91667%	26	1.66667%
3	2.91667%	27	1.66667%
4	2.91667%	28	1.66667%
6	2.91667%	29	1.66667%
7	2.91667%	30	1.66667%
8	2.91667%	31	1.66667%
9	2.91667%	32	1.66667%
10	2.91667%	33	1.66667%
11	2.91667%	34	1.66667%
12	2.91667%	35	1.66667%
13	2.91667%	36	1.66667%
14	2.91667%		
15	2.91667%	Total	90.00000%
16	2.91667%		
17	2.91667%		
18	2.91667%		
19	2.91667%		
20	2.91667%		
21	2.91667%		
22	2.91667%		
23	2.91667%		
24	2.91667%		

RIDER NO. 1

This Agreement, dated as of March 1, 2004, amending the Master Leasing Agreement, dated as of June 1, 2003 (the "Lease"), by and between BLC Corporation, as lessor (hereinafter called "Lessor"), and Eastman Chemical Company, as lessee (hereinafter called "Lessee").

In consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Subsection 1(f)(ii) of the Lease is hereby redesignated as Subsection 1(f)(iii) and the following Subsection 1(f)(ii) is hereby inserted therefor:

"(ii) New or used Railroad Equipment as further described in Schedule C hereto ('Railroad Equipment'); and"

2. The language in Subsection 1(o)(3) preceeding part (i) thereof shall be deleted and the following language is hereby inserted therefore:

"(3) a percentage (the 'Percentage Rental Factor') equal to the sum of the percentage per annum set forth in Schedule A attached hereto plus the rate per annum obtained by dividing"

3. The third sentence of Section 4 of the Lease is hereby deleted and the following sentence is inserted therefor:

"At the end of such Non Cancelable Term and thereafter, the lease term may be extended for two (2) six (6) month terms unless terminated or, with regard to Railroad Equipment, the lease term may be extended on an annual basis unless terminated, as provided in Sections 10, 11, 14, 15, 16 or 17 hereof.

4. The following sentence is hereby added to the end of Subsection 6(c) of the Lease:

"LESSEE AGREES THAT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, NEITHER IT NOR ANY OF ITS SUBLESSEES, ASSIGNEES OR TRANSFEREES WILL DESIGNATE ANY OF THE RAILROAD EQUIPMENT LEASED HEREUNDER OR UNDER ANY RIDER HERTO AS "MARKET RATE CARS" PURSUANT TO THE RULES OF THE STB (49CFR SECTION 1033.1)"

5. The following Subsection 6(d) is hereby added at the end of Section 6 of the Lease:

"(d) The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation (the "DOT"), the Surface Transportation Board (the 'STB') and, to the extent applicable, the current Interchange Rules or supplements

thereto of the Mechanical Division, Association of American Railroads ('AAR') and the Federal Railroad Administration ('FRA') as the same may be in effect from time to time (the 'Interchange Rules') with respect to the use and maintenance of each unit of Railroad Equipment subject to this Master Leasing Agreement. Lessee agrees (i) to maintain and keep the Railroad Equipment in condition suitable for use in interchange in accordance with the Interchange Rules, (ii) to use the Railroad Equipment only to carry commodities consistent with the applicable DOT rules and regulations for the specific types of railroad equipment leased hereunder, (iii) to ensure that none of the Railroad Equipment is loaded in excess of the load limit stenciled on each car, and (iv) that none of the Railroad Equipment shall be shipped beyond the boundaries of the United States, Canada or Mexico except with prior written consent of Lessor. Lessor or its designated agent shall have the right, from time to time, to inspect the Railroad Equipment and Lessee's records and books with respect to the Railroad Equipment at any reasonable time. Lessee agrees to assist Lessor in performing any such inspection to the extent such assistance does not materially interfere with Lessee's operations. In case any Railroad Equipment or appliance is required to be altered, added, replaced or modified on any Railroad Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that (x) Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor adversely affect the property rights, or interests of the Lessor in the Railroad Equipment hereunder and (y) Lessor agrees to use its reasonable efforts to provide financing to the Lessee to reimburse Lessee for any costs and expenses related to such alteration."

6. The following sentence is hereby added to the end of Subsection 7(b) of the Lease:

"Notwithstanding the foregoing, the provisions of Subsection 7(b) do not apply to the Railroad Equipment"

7. The following Subsection 7(e) is hereby added to the end of Section 7 of the Lease:

"(e) With regard to the Railroad Equipment, Lessee shall, have the following responsibilities as to each item of Railroad Equipment upon termination:

- (i) Lessee shall at its own expense and risk, maintain and repair the Railroad Equipment throughout the lease term in good and fully serviceable condition, suitable for unrestricted revenue service and interchange, and in accordance with all applicable laws, rules and regulations of the FRA, the AAR and any and all other organizations or their successors with authority or jurisdiction over the operation of railroads in the geographic areas in which, or through which, the Railroad Equipment operates or travels. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge that any of the Railroad Equipment has been classified as "heavy bad order" or an equivalent

classification, and of any substantial damage to any of the Railroad Equipment.

- (ii) Lessee shall at all times maintain the interior protective linings or coatings in any of the Railroad Equipment in a condition at least as good as when delivered to and accepted by Lessee, ordinary wear and tear excepted, so long as such wear and tear is caused by use for which such lining was designed, and in any case, free of perforation from corrosion, erosion or other damage. Lessee will not make any material change in the interior protective linings of any car which will negatively impact the value, utility or useful life of the Railroad Equipment. In the event such consent is granted, the removal, modification, maintenance and/or application of any interior protective lining in any Railroad Equipment is to be performed by and at the sole expense and risk of Lessee, unless otherwise specifically provided for in the applicable rider or in such consent.
- (iii) Lessee shall maintain all Railroad Equipment in conformance with the applicable requirements of the AAR and FRA, or any successor organizations, and shall be in at least as good condition as when delivered to Lessee, ordinary wear and tear excepted, including but not limited to (i) having fully functional and wind/water/commodity tight hatches, doors and outlets; (ii) being free from all charges and liens and (iii) being free from all accumulation or deposits, whether from commodities transported in or on the Railroad Equipment while in the service of Lessee or otherwise. In addition, Lessee shall at its own expense and risk, at the sole discretion of Lessor, remove any structural members, bulkheads or any other load carrying or containing devices installed on or attached to any of the Railroad Equipment by Lessee, repair any damage caused by such removal, and restore such Railroad Equipment to the same configuration as when originally delivered to Lessee.
- (iv) Lessee agrees, at its sole expense and risk, to store all Railroad Equipment at the request of Lessor for up to ninety (90) days, at not more than two storage locations reasonably acceptable to Lessor, and, following such delivery period, at the Lessee's sole expense and risk to promptly redeliver such Railroad Equipment to Lessor at such interchange points within the continental United States as Lessor may reasonably specify. All Railroad Equipment shall be subject to Lessor's inspection and acceptance upon redelivery.

8. The following sentence is hereby added to the end of Section 8 of the Lease:

“Notwithstanding the foregoing, with regard to the Railroad Equipment, at all times during the lease term and any storage period applicable hereunder, Lessee shall insure and keep insured each unit of Railcar Equipment, against general liability, including evacuation expense and pollution clean-up expense. In addition, Lessee

shall maintain a minimum general liability limit in the same amount as that insurance coverage maintained by Lessee with respect to Lessee's owned railroad equipment of the same types as the Railroad Equipment leased hereunder.

9. The following Subsection 9(a)(vii) is hereby added to Subsection 9(a) of the Lease:

“(vii) any reclaims, storage charges, mileage allowances, repair costs, switching charges, mileage equalization charges, empty movement charges, track storage, detention or demurrage charges arising from change in law or otherwise, including penalties and interest thereon, levied or imposed by any federal, state or local government, railroad or other agency, or any other charges relating to the Railroad Equipment.

10. The following Subsection 9(e) is hereby added to the end of Section 9 of the Lease:.

(e) Lessor shall not be liable for any loss or damage to any commodity or freight of any kind, or any part thereof, loaded or shipped in or on the Railroad Equipment. Lessee agrees to assume responsibility for, and any liability arising from, any such loss or damage, and further agrees to indemnify Lessor against, and hold Lessor harmless from claims for any such loss or damage.”

11. The parenthetical in the first sentence of Subsection 10(a) of the Lease is hereby deleted in its entirety and the following parenthetical is hereby inserted therefor:

“(and if the lease term is extended for six (6) month periods pursuant to Section 4 hereof, on each semi-annual anniversary of such expiration or, if the lease term is extended for twelve (12) month periods pursuant to Section 4, on each annual anniversary of such expiration)”

12. Subsection 11(iii) and Subsection 11(iv) of the Lease are deleted in their entirety and the following Subsections 11(iii) and 11(iv) are inserted therefor:

“(iii) if any Equipment, other than Railroad Equipment, under a particular Individual Leasing Record is terminated and sold to a third party pursuant to Section 10(a) and all other Equipment leased under such Individual Leasing Record is not terminated at the same time and in the same manner, or (iv) if any Equipment, other than Railroad Equipment, leased under a particular Individual Leasing Record under which other Equipment with an Unamortized Value in excess of twenty percent (20%) of the total Unamortized Value of all Equipment originally leased under that Individual Leasing Record has been previously terminated under this Leasing Agreement, is terminated for any reason,”

13. The second sentence of Section 12 of the Lease is hereby deleted in its entirety and the following sentence is inserted therefor:

“This Section shall not apply to Equipment, other than Railroad Equipment, leased under a particular Individual Leasing Record if Equipment with an

Unamortized Value in excess of twenty percent (20%) of the total Unamortized Value of all Equipment originally leased under that Individual Leasing Record has been previously terminated under this Leasing Agreement.”

14. The following Sections 24 and 25 are hereby added to the Lease as follows:

“24. Identification Markings and Numbering. As soon as is reasonably possible following delivery of any Railroad Equipment to the Lessee, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously marked, placed or fastened upon each unit of Railroad Equipment the following legend in letters not less than one inch in height:

‘PROPERTY OF BLC CORPORATION, OWNER AND LESSOR’

and any other legend requested by the Lessor disclosing the interest of any assignee hereunder with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to each unit of Railroad Equipment, its rights under this Master Leasing Agreement and the rights of any assignee hereunder. As soon as is reasonably possible after delivery of any Railroad Equipment to the Lessee, the Lessee shall cause one of its car reporting marks and designated car numbers to be assigned to and marked and/or placed on each side of each unit of Railroad Equipment delivered. At all times after delivery the Lessee will cause each unit of Railroad Equipment to bear on each side thereof the aforesaid legend and the car number so assigned to it. Such car reporting marks and designated car numbers shall not be changed or removed by the Lessee without the prior written consent of Lessor and any assignee of Lessor except as mandated under requirements of the FRA, the STB, the AAR or other governmental agency or non-governmental organization having jurisdiction over labels or markings on railroad equipment. Any such change shall be in accordance with a statement of new marking numbers to be substituted therefor which statement previously shall have been delivered to the Lessor by the Lessee. In the event any such change in any markings on any Railroad Equipment is mandated by any such organization with jurisdiction, Lessee will immediately notify Lessor in writing prior to effecting such change, and, if requested to do so by Lessor, Lessee will file a statement of new car numbers or otherwise arrange for the re-registration of the Railroad Equipment as required by any governmental or non-governmental agency or organization in order to maintain the existing registration of the Railroad Equipment and in order to protect Lessor’s title and interest in and to the Railroad Equipment and in and to the Master Leasing Agreement. For all purposes of this Master Leasing Agreement, “marking” of Railroad Equipment shall include any required replacement of the automatic equipment identification transponder tag for such Railroad Equipment. Any such changes in or of lettering or markings on Railroad Equipment shall be performed at the expense of the Lessee. Lessee agrees to file all necessary and appropriate documents with the STB and/or any other authority as may be required under Federal, State or local law, rules or regulations with respect to any such change in car reporting marks and designated car numbers. Lessor and Lessee agree that this Master Leasing Agreement and any chattel mortgages executed in connection with the Railroad Equipment shall be filed by Lessor with the STB pursuant to the

provisions of Title 49 United States Code, Section 11303. Lessee hereby authorizes Lessor, and agrees that Lessor shall be entitled, to access UMLER and receive all information thereon with respect to the Railcar Equipment, or the use and operation thereof, together with all other such information as may be available from the AAR, and Lessee agrees to execute such instruments or consents as may be necessary or required in order to obtain any such information.

25. Mileage Allowances. In consideration of the Rent to be paid by the Lessee to or for the account of Lessor hereunder, Lessor agrees that it will promptly make available to Lessee in such manner as Lessor and Lessee agree, all mileage allowances received by or due to Lessor with respect to any Railroad Equipment leased hereunder; provided, however, no such mileage allowances shall be made available to the Lessee if such action is prohibited by or is illegal under any federal or applicable state law. To the extent permitted by applicable law, Lessee's right to receive mileage allowances shall be cumulative during the period covered by this Master Leasing Agreement. Lessee shall in no event claim any abatement of Rent by reason of mileage allowances or set off any amounts received by Lessor as mileage allowances against any Rent payable by Lessee under Section 5 hereof or against any other sums due Lessor or any assignee of Lessor under any other section of this Master Leasing Agreement. As used herein, mileage allowances shall include all sums due from any railroad for the use of any Railroad Equipment leased hereunder. Upon the final termination of the leases of all Railroad Equipment leased hereunder, all mileage allowances which have been received by or are due to Lessor as the result of the leasing during the term hereof of any of the Railroad Equipment leased hereunder, and which are in excess of allowances payable to Lessee hereunder shall be retained by Lessor.

Whether or not this Master Leasing Agreement and the lease of Railroad Equipment hereunder has been terminated, the Lessee shall be liable for and shall promptly pay for any excess empty mileage incurred by the movement of such Railroad Equipment while leased hereunder.

Notwithstanding any provision hereof to the contrary, during any period when there exists any event of default by the Lessee in the payment of Rent hereunder, any mileage allowance which would be otherwise available to Lessee hereunder shall be applied by Lessor to cure such event of default.

Lessee agrees to keep accurate and timely records pertaining to the movements of the Railroad Equipment, and, upon the request of Lessor, from time to time, to promptly provide to Lessor, subject to any applicable STB restrictions on release of such information, complete reports of the Railroad Equipment's movements, including but not limited to dates received, loaded and shipped, commodity or freight loaded, destination, and all other movement information or documents which Lessee may originate or receive from railroad companies or other sources which Lessor may reasonable request. Lessee agrees to handle billing in connection with the mileage allowances relating to the Equipment and to make all claims directly against the railroads for such mileage. In addition to the indemnity provisions contained elsewhere in this Master Leasing Agreement, Lessee agrees to

indemnify and hold harmless the Lessor against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of the operation or application of this Section 25 except for those claims, demands and liabilities which result solely from the gross negligence or willful misconduct of the Lessor.

15 Schedule A of the Lease is hereby deleted in its entirety and the Schedule A attached hereto is inserted therefor.

16 The Schedule B attached hereto is hereby added to the end of Schedule B to the Lease.

17. Schedule C in the form attached hereto is hereby added to the Lease.

18. This Agreement shall be effective as of March 1, 2004.

19. Except as hereinabove set forth, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee, through their authorized officers, have duly executed this Rider No. 1 as of the day and year first above written.

BLC Corporation, as Lessor

Attest:

By: Curt A. Schultz
Secretary

By: V. S. Clark
Title: VIRGINIA S. CLARK
Vice President

Eastman Chemical Company, as Lessee

Attest:

By: Brian J. Henry
ASSISTANT Secretary

By: [Signature]
Title: Treasurer

MS
Counsel
Form Approved

ACKNOWLEDGEMENT

STATE OF)
) SS:
COUNTY OF)

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument as _____ and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

ACKNOWLEDGEMENT

STATE OF Tennessee)
) SS:
COUNTY OF Sullivan)

On March 1, 2004, before me, Tammy C Jones, personally appeared Mary D. Hall, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument as Treasurer, Eastman Chemical Co. and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Tammy C Jones
Notary Public

My Commission Expires: 3/17/07

SCHEDULE A
TO THE
MASTER LEASING AGREEMENT
DATED AS OF JUNE 1, 2003
BETWEEN
BLC CORPORATION, AS LESSOR
AND
EASTMAN CHEMICAL COMPANY, AS LESSEE

<u>Type of Equipment</u>	<u>Maximum Expected Residual %</u>	<u>Maximum Basic Term</u>	<u>Unguaranteed Residual</u>	<u>Non Cancelable Term</u>	<u>Maximum Acquisition Cost</u>	<u>Percentage Per Annum</u>
Lap Tops	10%	36 months	10.75% at 24 mos. 15.50% at 30 mos. 20.65% at 36 mos.	2 years	\$2,075 per unit	1.35%
Desk Top Computers	10%	36 months	10.75% at 24 mos. 15.50% at 30 mos. 20.65% at 36 mos.	2 years	\$990 per unit	1.35%
Railroad Equipment	90%	120 months	13%	2 years	N/A	1.35%
Other Equipment	TBD	TBD	TBD	TBD	TBD	1.35%

SCHEDULE B
TO THE
MASTER LEASING AGREEMENT
DATED AS OF JUNE 1, 2003
BETWEEN
BLC CORPORATION, AS LESSOR
AND
EASTMAN CHEMICAL COMPANY, AS LESSEE

FOR RAILROAD EQUIPMENT:

Amortization Period	Monthly Amortization
1 to 120 months	0.083333%
Total	10.000%

SCHEDULE C
TO RIDER NO. 1
AMENDING THE
MASTER LEASING AGREEMENT
DATED AS OF JUNE 1, 2003
BETWEEN BLC CORPORATION, AS LESSOR
AND EASTMAN CHEMICAL COMPANY, AS LESSEE

DESCRIPTION OF THE RAILROAD EQUIPMENT

<u>Model</u>	<u>Serial Number</u>
111A100W1 Interior Coated Non-Insulated Tank Cars	ETCX 630570
	ETCX 630577
	ETCX 630579
	ETCX 630582
	ETCX 630583
	ETCX 630584
	ETCX 630585
	ETCX 630588
	ETCX 630590
	ETCX 630591
	ETCX 630609
	ETCX 630578
	ETCX 630586
	ETCX 630592
	ETCX 630596
	ETCX 630598
	ETCX 630601
	ETCX 630573
	ETCX 630575
	ETCX 630581
	ETCX 630594
ETCX 630603	
ETCX 360606	
ETCX 630610	
ETCX 630611	